

Agenda

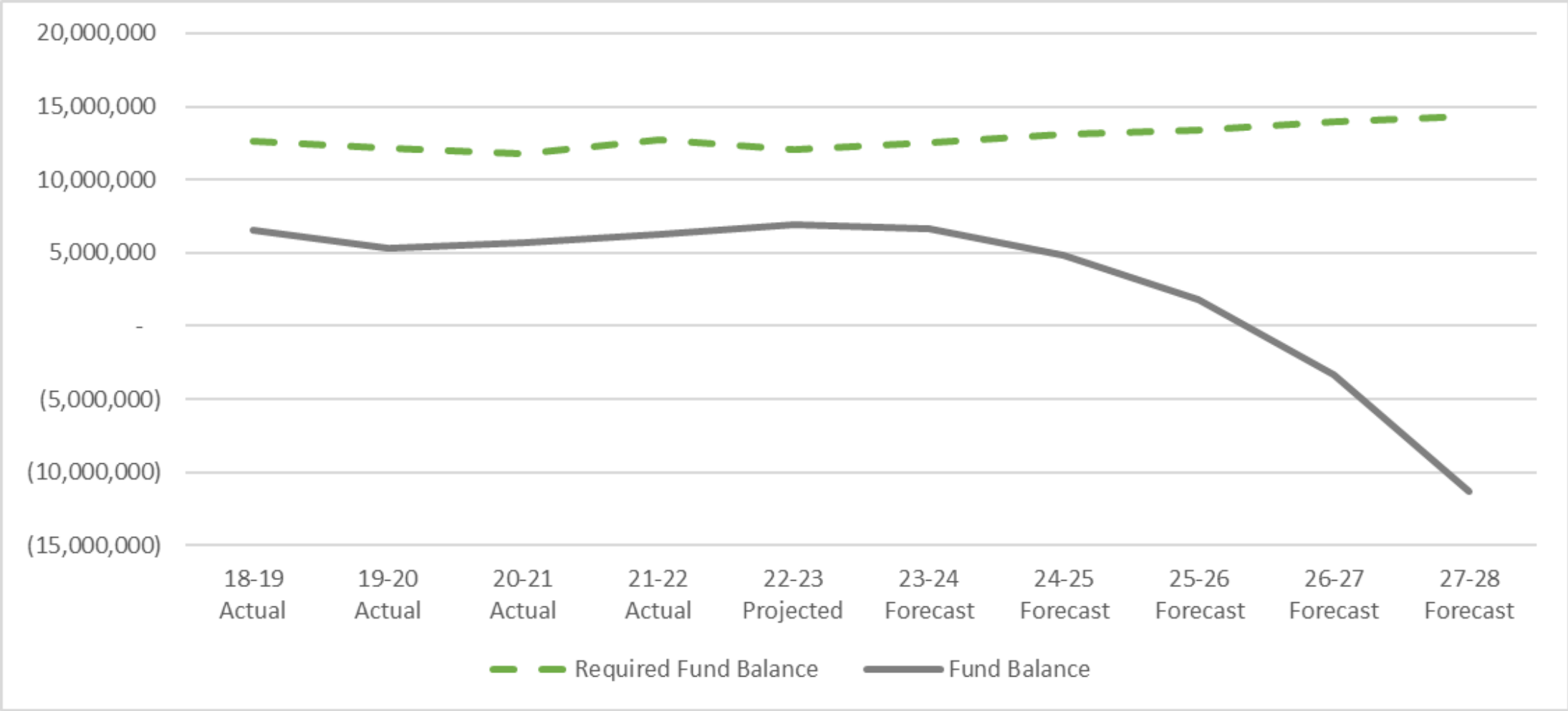
- Financial Update
 - Expenditure Outlook
 - Economic Growth Indicators
 - General Fund Balance Forecast
- What are the City's primary expenses and how are they trending?
 - Expenditures
 - 2023 Breakdown by Department for General Fund
 - Budget Pressures
 - General Fund Expenditures
 - Pension Contributions
 - Budget Pressures

Economic Indicator – Retail Sales

| City of Independence | | | | | | | |
|--|--------------------|--------------------------|---------------------------------|-----------------------------------|-------------------------------|--|---|
| 1% City Sales Tax Receipts Reported by Filing Period from MO DOR | | | | | | | |
| Rolling 12-Month Retail Sales by Business Activity Month | | | | | | | |
| | Receipts Totals | | | Growth | | | Over-the-Year % Change in CPI (Midwest) |
| Filing Month | Total Receipts @1% | Total Retail Sales Value | % Chg. From Same Month Last Yr. | Last 12 Month Retail Sales Values | Annual Growth in Retail Sales | Independence Annual Growth Rate in Economy | |
| Jan-21 | 1,698,227.42 | 169,822,742 | 11.3% | 2,001,462,035 | (1,609,640) | -0.1% | 1.2% |
| Feb-21 | 1,478,790.91 | 147,879,091 | -1.4% | 1,999,429,460 | (8,852,821) | -0.4% | 1.7% |
| Mar-21 | 2,011,904.81 | 201,190,481 | 18.6% | 2,030,946,842 | 25,949,237 | 1.3% | 3.0% |
| Apr-21 | 1,892,334.65 | 189,233,465 | 40.3% | 2,085,335,670 | 106,874,818 | 5.4% | 4.9% |
| May-21 | 1,830,048.59 | 183,004,859 | 25.0% | 2,121,896,949 | 161,280,244 | 8.2% | 5.6% |
| Jun-21 | 1,937,014.67 | 193,701,467 | 9.3% | 2,138,454,527 | 180,465,769 | 9.2% | 5.8% |
| Jul-21 | 1,860,802.87 | 186,080,287 | 0.2% | 2,138,810,908 | 157,656,614 | 8.0% | 5.9% |
| Aug-21 | 1,784,034.49 | 178,403,449 | 7.1% | 2,150,615,777 | 171,241,083 | 8.7% | 5.7% |
| Sep-21 | 1,943,042.91 | 194,304,291 | 10.0% | 2,168,221,197 | 178,656,513 | 9.0% | 5.7% |
| Oct-21 | 1,859,493.49 | 185,949,349 | 10.6% | 2,186,104,274 | 192,457,585 | 9.7% | 6.6% |
| Nov-21 | 1,802,458.57 | 180,245,857 | 9.2% | 2,201,291,240 | 210,540,940 | 10.6% | 7.3% |
| Dec-21 | 2,221,487.88 | 222,148,788 | 16.0% | 2,231,964,126 | 247,741,830 | 12.5% | 7.5% |
| Jan-22 | 1,637,033.40 | 163,703,340 | -3.6% | 2,225,844,724 | 224,382,689 | 11.2% | 7.9% |
| Feb-22 | 1,646,607.86 | 164,660,786 | 11.3% | 2,242,626,419 | 243,196,959 | 12.2% | 8.0% |
| Mar-22 | 2,094,485.17 | 209,448,517 | 4.1% | 2,250,884,455 | 219,937,613 | 10.8% | 8.6% |
| Apr-22 | 1,865,337.39 | 186,533,739 | -1.4% | 2,248,184,729 | 162,849,059 | 7.8% | 8.2% |
| May-22 | 1,905,758.37 | 190,575,837 | 4.1% | 2,255,755,707 | 133,858,758 | 6.3% | 8.8% |
| Jun-22 | 1,975,272.62 | 197,527,262 | 2.0% | 2,259,581,502 | 121,126,975 | 5.7% | 9.5% |
| Jul-22 | 1,936,952.55 | 193,695,255 | 4.1% | 2,267,196,470 | 128,385,562 | 6.0% | 8.6% |
| Aug-22 | 2,069,771.35 | 206,977,135 | 16.0% | 2,295,770,156 | 145,154,379 | 6.7% | 8.1% |
| Sep-22 | 1,998,032.25 | 199,803,225 | 2.8% | 2,301,269,090 | 133,047,893 | 6.1% | 8.1% |
| Oct-22 | 1,882,323.38 | 188,232,338 | 1.2% | 2,303,552,079 | 117,447,805 | 5.4% | 7.4% |
| Nov-22 | 1,917,927.54 | 191,792,754 | 6.4% | 2,315,098,976 | 113,807,736 | 5.2% | 6.8% |
| Dec-22 | 2,252,348.16 | 225,234,816 | 1.4% | 2,318,185,004 | 86,220,878 | 3.9% | 6.0% |

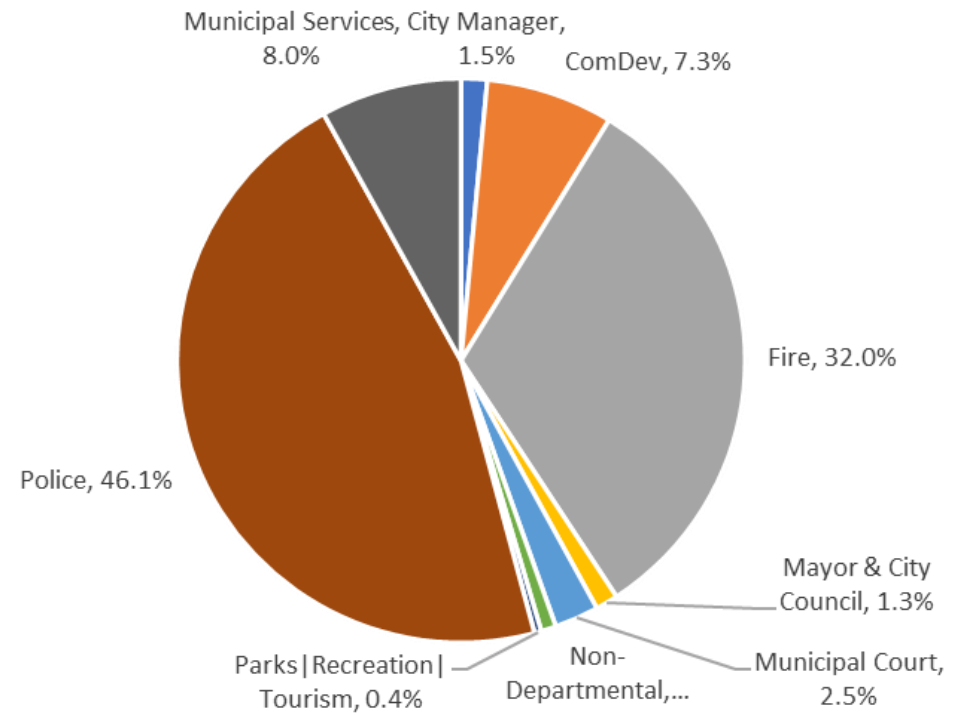
- Shows all retail sales in City of Independence
- Ended 2022 calendar year with 3.9% growth
 - Growth is slowing, but not significantly
 - Numbers updated on a monthly basis
- Lower than change in CPI

General Fund Balance Forecast



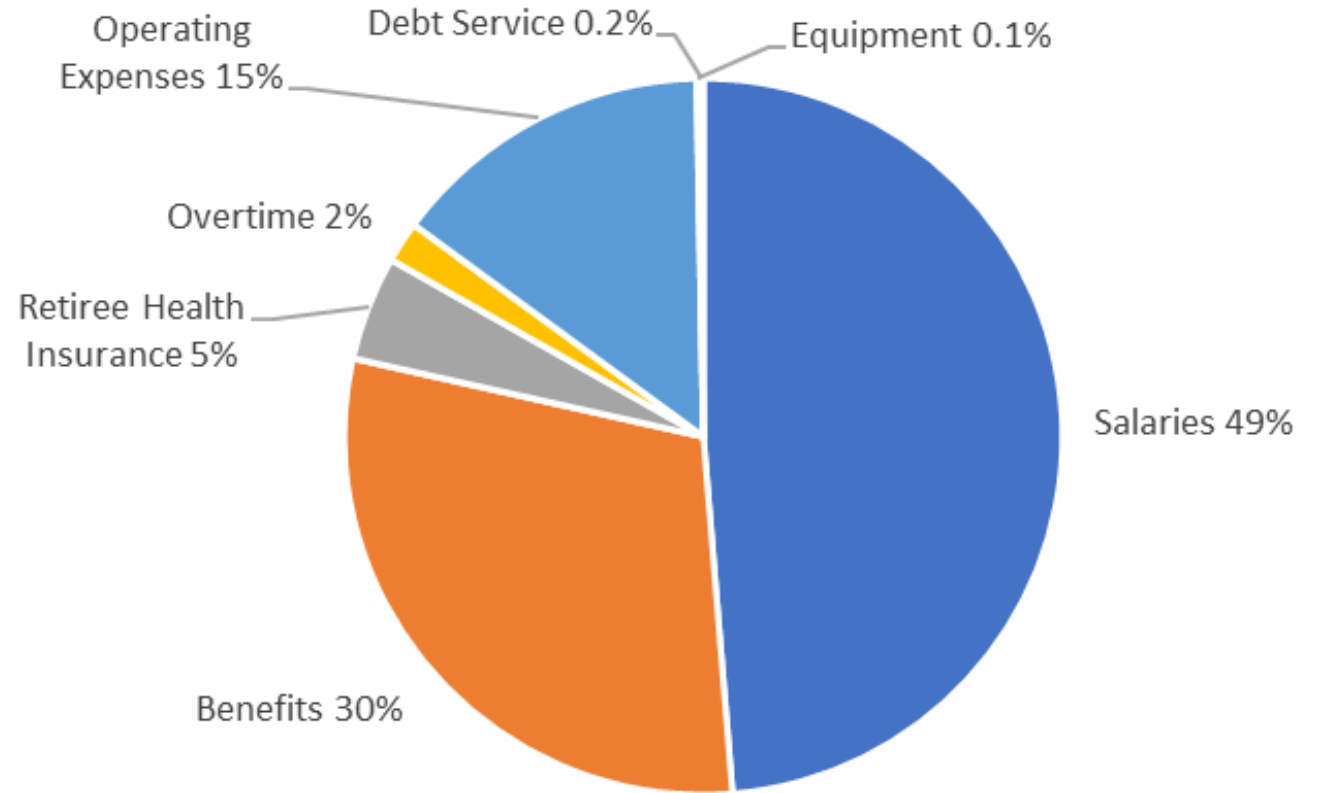
FY 2022-23 General Fund by Department

| Department | Budget |
|--------------------------|---------------------|
| Police | \$34,273,528 |
| Fire | 23,811,497 |
| Municipal Services | 5,972,696 |
| Community Development | 5,387,456 |
| Municipal Court/Law | 1,869,784 |
| City Manager | 1,101,987 |
| Mayor & City Council | 953,306 |
| Non-Departmental | 636,644 |
| Parks Recreation Tourism | 296,239 |
| Total | \$74,303,137 |

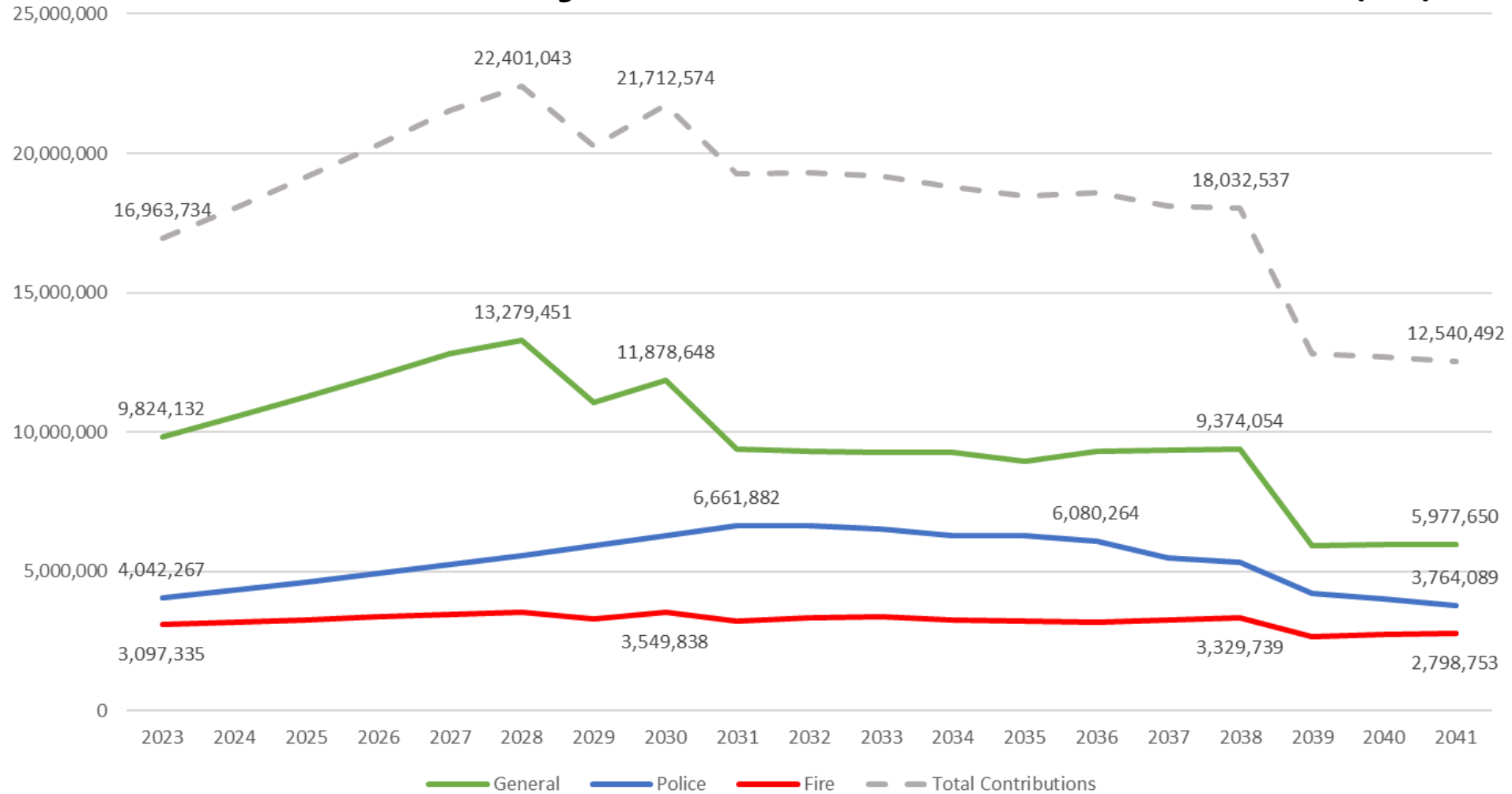


FY 2022-23 General Fund Expenditures

| Category | Budget |
|--------------------------|---------------------|
| Salaries | \$36,185,621 |
| Benefits | 22,142,196 |
| Operating Expenses | 5,870,098 |
| Retiree Health Insurance | 3,499,000 |
| Professional Services | 2,777,031 |
| ERP Interfund Charges | 2,217,168 |
| Overtime | 1,379,900 |
| Debt Service | 165,400 |
| Equipment | 56,723 |
| Transfers Out | 10,000 |
| Contingency | - |
| Total | \$74,303,137 |

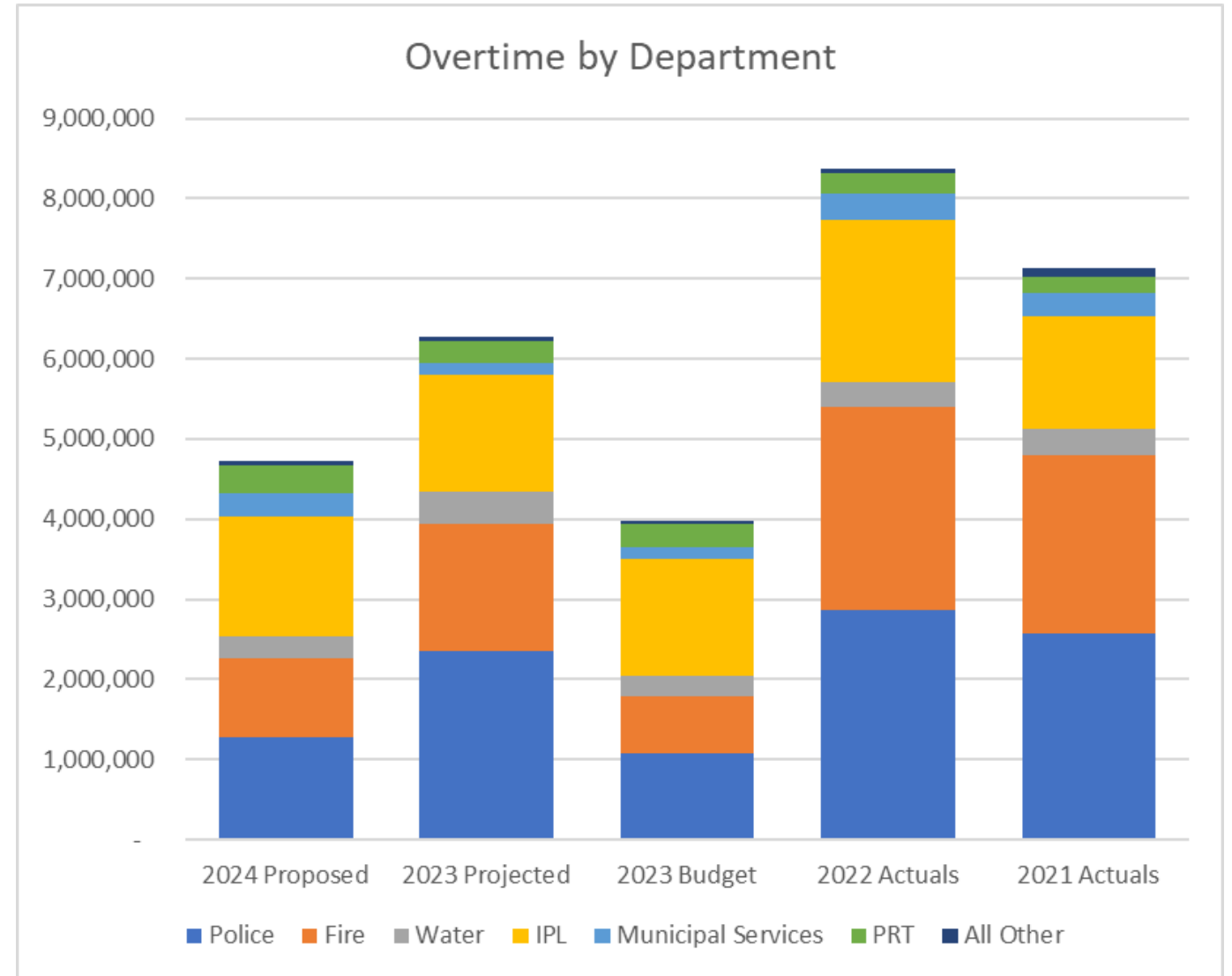


LAGERS Projected Contributions (\$)



What's driving increase
in LAGERS
contributions?

- Headcount
- Salaries
- **Overtime**
- **Other pays**



Example of OT on LAGERS Increase

| Example | | |
|--|-----------------------------|--------------------------|
| How overtime drives increase in Lagers rates | | |
| | John Doe 40 hr work week | John Doe including OT |
| 3 Years Wages | 239,232 | 591,497 |
| Average Monthly Salary | 6,645 | 16,430 |
| Years of Service at age 55 | 25.00 | 25.00 |
| Lagers Benefit Multiplier | 2.00% | 2.00% |
| Monthly Lagers Benefit | 3,323 | 8,215 |
| Projected Lifetime Benefit for 25 years | 996,900 | 2,464,500 |

| Year | Sum of OT Hours |
|-------------|--------------------|
| 2018 | 96 |
| 2019 | 105 |
| 2020 | 863.42 |
| 2021 | 2173.5 |
| 2022 | 1927.75 |
| 2023 | 121 |
| Grand Total | 5286.67 |

Benefit calculation is equal to: Avg. Monthly Salary x Yrs. Service x Benefit Multiplier

Other Post-Employment Benefits

- The City's defined benefit Other Post-Employment Benefits (OPEB) plan provides OPEB for all active and retired employees and their eligible dependents
- Coverage is available for the lifetime of the retiree and their spouses upon payment of required retiree contribution premiums
 - The City establishes rates based upon an actuarially determined rate. As of June 30, 2022, the premiums were split as follows:

| Insurance Plan | Retiree Premium | City Premium |
|---------------------------|-----------------|--------------|
| Open Access Plan 1 | 20% | 80% |
| Open Access Plan 2 | 18% | 82% |
| Local Plus | 14% | 86% |
| Medicare Stand-Alone Plan | 20 - 56% | 44 - 80% |

- As of January 1, 2022, total OPEB plan participants were 1,705, not including eligible dependents
- As of June 30, 2022, the City's total OPEB liability was \$179,981,116, 298.70% of covered payroll at the time
 - As of January 1, 2020, Medicare eligible retirees became covered under a fully-insured, stand-alone plan and have been moved from the self-funded group plan
 - Retirees that were hired after July 1, 2018 must contribute 100% of the plan premiums.
 - Premiums for retirees that were hired prior to July 1, 2018 are split between the retiree and the City at percentages that are comparable to active City employees, and may be amended at any time by the City Council.

Source: City of Independence, MO FY2020 Comprehensive Annual Financial Report

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Personnel Services Costs in General Fund

Independence is higher in this category, primarily due to retiree health and health insurance costs

- Health and dental = 10% of personnel exp in GF (\$7.4M)
- Retiree Health ins = 5% of personnel exp in GF(\$3.5M)

| | Independence | | Overland Park | | Lee's Summit | | Olathe | |
|---------------------|--|---------|--|---------|-------------------------------------|-------|-------------------------------------|------|
| | Budget | FTE | Budget | FTE | Budget | FTE | Budget | FTE |
| General Fund | 74,303,137 | | 268,020,000 | | 63,113,981 | | 130,274,230 | |
| Total | 337,239,095 | 1176.01 | 374,365,000 | 1198.29 | 216,645,546 | 839.6 | 340,135,170 | 1037 |
| | Personnel Services are 85% of GF Expenditures | | Personnel Services are 43% of GF Expenditures | | Personnel Services are 67% of GF | | Personnel Services are 65% of GF | |

Public Safety Cost Per Capita

| Municipality | | Police | | | Fire | | |
|--|------------|------------|------------|-------|------------|------------|-------|
| | Population | Budget | Per Capita | FTE | Budget | Per Capita | FTE |
| Independence | 123,011 | 41,314,064 | \$ 335.86 | 324.3 | 30,706,583 | \$ 249.62 | 198.5 |
| Overland Park* | 197,106 | 46,115,807 | \$ 233.96 | 369.9 | 29,946,191 | \$ 151.93 | 218.0 |
| Lee's Summit* | 102,781 | 26,193,906 | \$ 254.85 | 216.5 | 23,194,660 | \$ 225.67 | 167.0 |
| Olathe | 143,014 | 34,676,970 | \$ 242.47 | 229.0 | 26,952,264 | \$ 188.46 | 172.0 |
| Average of comparison cities (excl. Wyandotte Co.) | | | \$ 243.76 | | | \$ 188.69 | |
| *Fire Department includes EMS/Paramedics | | | | | | | |
| Budget numbers including all expense categories | | | | | | | |

Transit System



Summary

- Continue push of reallocation of existing resources to find “savings” and ensure dollars flow to programs most aligned to the strategic plan
- Budget pressures, including constantly increasing costs:
 - Transit
 - City Share of Employee Health Insurance
 - Retiree Health Insurance
 - 1% LAGERS Increase (annual)
 - Overtime
 - Overall personnel costs increasing
 - Costs of goods and services expected to increase with inflation