

APPENDIX A
INFORMATION CONCERNING JACKSON COUNTY, MISSOURI

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GENERAL AND DEMOGRAPHIC INFORMATION

General

Jackson County, Missouri (the “County”), incorporated in 1826, is located in the northwestern quadrant of Missouri. The County is one of the fourteen counties which comprise the Kansas City metropolitan area. It is bordered on the west by the Kansas-Missouri state line, on the south by Cass County, on the east by Lafayette County and Johnson County and on the north by the Missouri River and Clay County. Eighteen incorporated municipalities are located within the County, including the cities of Kansas City, Missouri and Independence, Missouri, the County seat. The County is the most populous county in the Kansas City metropolitan area. The County encompasses 605 square miles with a 2021 population of 716,862 according to the U.S. Census Bureau.

Government and Organization of the County

Subject to the State Constitution, the County operates pursuant to a County Charter, and in accordance with other laws governing the County. The Charter, enacted in 1970 and amended in 1978, 1985, 1986, 2010 and 2018 provides for home rule county government. The County operates under an elected County Executive-Legislature form of government. The Charter provides for a separation of the legislative and executive functions. An elected executive is responsible for the administration of all affairs of the County placed in his or her charge by the County Charter, is accountable to the voters, and has the power to appoint the administrative officers of the government. The nine-member legislature is given broad legislative powers and is so constructed as to be representative of all of the people of the County. The prosecuting attorney is also elected, as is the sheriff, who is responsible for law enforcement in the unincorporated areas of the County and operates the County’s detention facilities. All elected officials serve four-year terms.

The County provides some services on a county-wide basis and some services only to unincorporated areas. Within certain jurisdictions, the County provides road construction and maintenance, park facilities and maintenance, tax assessment and collections, law enforcement, court services, prosecution of violations of state statutes, criminal detention, family support services, public health care and sanitary sewer services.

Transportation and Communication Facilities

Jackson County benefits from modern, efficient transportation systems, facilities and services as part of the Kansas City metropolitan area. Eleven main-line rail carriers intersect metropolitan Kansas City with more than 300 freight movements per day that rank the area second nationally as a rail center. Five major highway systems cross the County providing further accessibility. The area is also served by Amtrak passenger service. Kansas City International Airport is located approximately 25 miles north of the Missouri River, the northern boundary of the County, and is served by major airlines and commuter carriers. There are 10 public and 14 private airports located in the metropolitan area. Bus service provided by the Kansas City Area Transportation Authority is available to County residents and the Missouri River provides for barge traffic.

The County is served by numerous television, radio stations and telecable systems. Local news coverage is provided by a number of local newspapers and *The Kansas City Star* newspaper published six days a week.

Educational Institutions and Facilities

Jackson County residents are served by twelve public school districts with a total enrollment of more than 92,400 students for the school year estimates of 2021. The Kansas City metropolitan area has more than two dozen colleges, junior colleges and universities available to the residents of the County. The County also offers special educational facilities for the handicapped, as well as numerous community education programs.

Recreational and Religious Facilities

Year-round activity programs are sponsored by the County's Parks and Recreation Department, which maintains nine parks totaling over 23,000 acres. Fleming Park includes the 970-acre Lake Jacomo and 720-acre Blue Springs Lake, each with a full service marina, campground and beach. Longview Lake is 930 acres with a full service marina, campground, beach and two golf courses.

The Harry S. Truman Sports Complex includes the stadiums of the Kansas City Royals baseball team and the Kansas City Chiefs football team. The T-Mobile Center accommodates basketball games and tournaments, hockey games, concerts and civic events.

The Kauffman Center for the Performing Arts is home for the Kansas City Symphony, the Lyric Opera and the Kansas City Ballet and is open for other shows and entertainment. The Kansas City Nelson Atkins Museum of Art is world-renowned and several permanent theatrical groups are supported by the community. Visitors can enjoy the Harry S. Truman library, home, courtroom and office in Independence, Missouri. Other historical sites include Fort Osage, built in 1808, and Missouri Town, composed of over twenty-five buildings dating from 1820 to 1860.

The County has many churches representing most faiths.

Economy

The County enjoys a diverse commercial and residential tax base. The commercial base consists largely of manufacturing, utility, retail and service industries, which contribute a great amount of stability to the County's economy. The economy in the metropolitan area has remained stable in recent years partially due to the growth in Kansas City and surrounding localities in the metropolitan area. Commonly referred to as the "Heart of America," the greater Kansas City area offers to convention groups a meeting location which is convenient both geographically and in terms of availability of amenities.

ECONOMIC INFORMATION CONCERNING THE COUNTY

Commerce and Industry

The ten largest employers in the metropolitan area include:

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
1. Federal Government	Government	31,986
2. Oracle Cerner	Health-Care Technology	11,900
3. The University of Kansas Health System	Health Care	11,255
4. HCA Midwest Health System	Health Care	10,202
5. St. Luke's Health System	Health Care	9,724
6. Children's Mercy Hospital & Clinics	Health Care	7,322
7. Ford Kansas City Assembly Plant	Production Facility	7,100
8. Amazon	Distribution Facility	5,875
9. Honeywell FM&T	Manufacturing	5,400
10. T-Mobile US Inc.	Technology	5,000

Source: *Kansas City Business Journal*, "Public-Sector Employers in the Kansas City Area," February 11, 2022 and "Private-Sector Employers in the Kansas City Area," July 29, 2022.

General and Demographic Information

The following tables set forth certain population information.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Jackson County	629,266	633,232	654,880	674,158	717,204
State of Missouri	4,923,000	5,117,000	5,595,211	5,988,927	6,154,913

Source: Statistical Abstract for Missouri; U.S. Census Bureau, Census 2000, Census 2010 and Census 2020.

Population Distribution by Age

<u>Age</u>	<u>Jackson County</u>	<u>State of Missouri</u>
Under 5	46,068	371,046
5-14 years	92,295	771,695
15-19 years	42,156	396,255
20-44 years	239,815	1,973,205
45-54 years	84,880	752,645
55-64 years	90,560	825,930
65 years and older	<u>104,959</u>	<u>1,033,384</u>
Total	<u>700,733</u>	<u>6,124,160</u>
Median Age	36.8	38.7

Source: U.S. Census Bureau, 2020 American Community Survey 5-Year Estimates.

Employment

The following table sets forth unemployment figures for the five years shown for the County and the State of Missouri.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022*</u>
<i>Jackson County</i>					
Total Labor Force	363,146	363,539	360,213	359,763	358,910
Unemployed	13,558	13,531	25,742	19,660	13,441
Unemployment Rate	3.7%	3.7%	7.1%	5.5%	3.7%
<i>State of Missouri</i>					
Total Labor Force	3,052,386	3,083,245	3,052,700	3,068,268	3,073,539
Unemployed	95,578	101,557	185,538	119,919	96,011
Unemployment Rate	3.2%	3.3%	6.1%	3.9%	3.1%

Source: Missouri Economic Research and Information Center, Local Area Unemployment Statistics.

*Average of January through June.

Income Statistics

The following table sets forth income figures from 2020.

	<u>Per Capita</u>	<u>Median Family</u>
Jackson County	\$32,462	\$74,470
State of Missouri	31,839	72,834

Source: U.S. Census Bureau, 2020 American Community Survey, 5 Year Estimates.

Housing Structures

The following table sets forth statistics regarding housing structures by type in the County for the year 2020.

<u>Housing Type</u>	<u>Number of Units</u>	<u>Percentage of Units</u>
Single-Family	235,743	72.4%
Multi-Family	86,565	26.6
Other	3,451	1.0

The median values of owner occupied housing units in the area of the County and the State of Missouri were, according to the 2020 American Community Survey, as follows:

	<u>Median Value</u>
Jackson County	\$157,200
State of Missouri	163,600

Source: U.S. Census Bureau, 2020 American Community Survey, 5 Year Estimates.

Debt Summary

(as of 8/31/2022)	2021 Assessed Valuation: ⁽¹⁾	\$13,422,795,486
	2021 Estimated Actual Valuation: ⁽¹⁾	\$58,225,469,113
	Population (2021 Estimate)	716,862
	Total Outstanding General Obligation Debt:	\$0
	Overlapping Debt: ⁽²⁾	\$1,328,938,767
	Direct and Overlapping Debt:	\$1,328,938,767
	Ratio of General Obligation Debt to Assessed Valuation:	0%
	Ratio of General Obligation Debt to Estimated Actual Valuation:	0%
	Per Capita General Obligation Debt:	\$0
	Ratio of Direct and Overlapping Debt to Assessed Valuation:	9.90%
	Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	2.28%
	Per Capita Direct and Overlapping Debt:	\$1,852.94

⁽¹⁾ Updated as of August 31, 2022.

⁽²⁾ Includes only general obligation debt of political subdivisions with boundaries overlapping the County. See "Economic Information Concerning the County - Overlapping Indebtedness."

Overlapping Indebtedness

The following table sets forth the approximate overlapping general obligation indebtedness of political subdivisions with boundaries overlapping the County as of August 31, 2022 and the percent attributable (on the basis of current assessed valuation) to the County. The table was compiled from information furnished by the jurisdictions responsible for the obligations and the State Auditor's office, and the County has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or capital leases, the amounts of which cannot be determined at this time.

<u>Taxing Jurisdiction</u>	<u>Outstanding Indebtedness</u>	<u>Percent Applicable to County</u>	<u>Amount Applicable to County</u>
<u>Cities</u>			
Blue Springs	\$22,510,000	100%	\$22,510,000
Buckner	0	100	0
Grain Valley	19,120,000	100	19,120,000
Grandview	14,570,000	100	14,570,000
Greenwood	2,005,000	99	
Independence	20,000	100	20,000
Kansas City	436,265,000	58	
Lake Lotawana	0	100	0
Lake Tapawingo	890,000	100	890,000
Lee's Summit	33,570,000	97	
Lone Jack	0	100	0
Oak Grove	4,445,000	98	
Raytown	0	100	0
Sugar Creek	0	100	0
<i>Subtotal</i>	\$533,395,000		\$
<u>Schools</u>			
Blue Springs R-IV	\$258,470,000	100%	\$258,470,000
Center #58	54,575,000	100	54,575,000
Fort Osage R-I	52,415,000	100	52,415,000
Grain Valley R-V	52,585,000	100	52,585,000
Grandview C-IV	62,759,400	100	62,759,400
Hickman Mills C-I	58,965,000	100	58,965,000
Independence #30	162,850,000	100	162,850,000
Kansas City #33	0	100	0
Lee's Summit R-VII	299,982,000	98	
Lone Jack C-VI	9,370,000	95	
Oak Grove R-VI	22,395,000	89	
Raytown C-II	93,600,000	100	93,600,000
<i>Subtotal</i>	\$1,227,966,400		\$

Other Entities

Central Jackson County			
Fire Protection District (8/31)	\$26,470,000	100%	\$26,470,000
Sni-Valley Fire Protection District	5,445,000	81	
Fort Osage Fire Protection District	3,220,000	100	3,220,000
Inter City Fire Protection District	110,000	75	
Raytown Fire Protection District	4,175,000	100	4,175,000
Southern Jackson County Fire District ⁽¹⁾	4,185,000	100	4,185,000
Metropolitan Community College	0	62	0
Kansas City Missouri Public Library	0	100	0
Mid-Continent Public Library	0	52	0
Jackson Co. PWSD #17	0	100	0
Developmental Disability Services	0	100	0
<i>Subtotal</i>	\$43,605,000		\$
<u>Total</u>	\$1,804,966,400		\$

⁽¹⁾ Debt for Southern Jackson County Fire District includes general obligation bonds issued by Lake Lotawana Fire Protection District. Lake Lotawana Fire Protection merged into Southern Jackson County Fire District as of January 1, 2021.

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DEBT STRUCTURE OF THE COUNTY

General Obligation Indebtedness of the County

The County does not have any general obligation debt outstanding. The last payment of general obligation bonds was during 1991.

Other Obligations

Obligation Under Agreement with the United States Government. The County entered into an agreement with the United States Army Corps of Engineers (Corps) to share in the enhancement costs of the Blue Springs and Longview Reservoirs. The County's portion of annual payments, payable over fifty years, is \$365,137 for the Longview Reservoir and \$277,557 for the Blue Springs Reservoir. Payments for the Longview Reservoir commenced in 1986 and payments for the Blue Springs Reservoir commenced in 1990. In addition, the County is required to operate, maintain and provide major improvements for each reservoir.

Special Obligation Refunding Bonds Series 2012. On September 4, 2012, the County issued \$39,025,000 of its Special Obligation Refunding Bonds Series 2012. The Bonds were issued to refund the Tax Exempt Special Obligation Refunding and Improvement Bonds (Truman Medical Center Project), Series 2001A and the County's Special Obligation Bonds, Series 2002. The Series 2001A Bonds and the Series 2002 Bonds were issued to provide funds to renovate and improve health care facilities of the County managed and operated by Truman Medical Center. The Series 2012 Bonds have an outstanding principal amount of \$14,950,000.

Special Obligation Refunding and Improvement Bonds Series 2013. On March 28, 2013, the County issued \$36,620,000 of its Special Obligation Refunding and Improvement Bonds Series 2013. The Bonds were issued to (a) refund the \$23,945,000 Public Building Corporation Leasehold Revenue Bonds (Jackson County, Missouri) Series 2003 and the County's \$25,845,000 Public Building Corporation Leasehold Revenue Bonds (Jackson County, Missouri Capital Improvements Project) Series 2005, (b) funding the costs to purchase a parking garage for the County, and (c) paying costs related to the issuance of the Bonds and the refunding of the refunded bonds. The 2003 Bonds were issued to finance construction, renovation, repair and improvements to Jackson County facilities located in the downtown Kansas City and Independence Square areas. The 2005 Bonds were issued to finance the costs to acquire, construct, reconstruct, renovate, furnish and equip certain facilities and roads located within the County. The Series 2013 Bonds have an outstanding principal amount of \$17,520,000.

Special Obligation Refunding Bonds Series 2014. In August 2006, the County issued \$447,240,000 of its Special Obligation Bonds (Harry S. Truman Sports Complex Project), Series 2006, for the purpose of (a) financing major renovations to the Harry S. Truman Sports Complex, (b) funding or purchasing a surety bond for a debt service reserve fund; and (c) paying costs related to the issuance of the Series 2006 Bonds. These Bonds were refunded with the proceeds of the Special Obligation Refunding Bonds Series 2014 issued in November 2014 in the principal amount of \$338,980,000 and other available funds of the County. The Series 2014 Bonds have an outstanding principal amount of \$231,880,000.

Special Obligation Refunding Bonds Series 2015. In October 2006, the County issued \$14,010,000 of its Leasehold Improvement Revenue Bonds, Series 2006B to: (a) acquire, construct, renovate, repair, install and equip Jackson County facilities; (b) fund a debt service reserve fund; and (c) pay costs of issuance associated with the Bonds. These Bonds were refunded with the proceeds of the Special Obligation Refunding Bonds, Series 2015 issued in January 2015 in the principal amount of \$10,750,000. The Series 2015 Bonds have an outstanding principal amount of \$8,180,000.

Special Obligation Bonds (RIRR Right of Way Project) Series 2016. In April 2016, the County issued \$51,950,000 of its Special Obligation Bonds, Series 2016. These Bonds were issued for the following purposes: (a) to pay the costs of the acquisition of a right-of-way held by Union Pacific Railroad Company along a 17.7 mile stretch from mile 270.6 to mile 288.3 (the "Union Pacific Right-of-Way") of an existing railroad corridor within the cities of Kansas City, Raytown and Lee's Summit, all within the geographic

boundaries of the County, located with the State of Missouri, (b) to pay certain clean-up costs and other costs related to the acquisition of the Union Pacific Right-of-Way and (c) to pay costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds have an outstanding principal amount of \$46,695,000.

Special Obligation Refunding Bonds Series 2020. On March 15, 2010, the County issued \$5,500,000 of its Taxable Special Obligation Bonds (Animal Shelter Project) (Build America Bonds), Series 2010, for the purpose of financing the costs of the construction of an animal shelter facility located in Independence, Missouri. These bonds were refunded with the proceeds of the Special Obligation Refunding Bonds, Series 2020 issued in December 2020 in the principal amount of \$4,060,000. The Series 2020 Bonds have an outstanding principal amount of \$3,680,000.

Special Obligation Refunding Bonds (Truman Medical Center D/B/A University Health Project) – Series 2021A. Special Obligation Refunding Bonds (Truman Medical Center D/B/A University Health Project) – Series 2021A. On May 17, 2011, the County issued \$35,570,000 of its Special Obligation Refunding and Improvement Bonds (Truman Sports Complex and Truman Medical Center Projects), Series 2011. The Bonds were issued in two separate series. The County’s \$24,485,000 Special Obligation Bonds (Truman Medical Center Project), Series 2011B, were issued for the purpose of funding the costs of improvements to the Medical Centers. These Bonds were refunded with the proceeds of the Special Obligation Refunding Bonds, Series 2021 issued in December 2021 in the principal amount of \$9,760,000. The Series 2021 Bonds have an outstanding principal amount of \$9,760,000.

Obligations Under Capital Leases. The County has entered into various cancelable agreements for equipment and vehicles. The agreements qualify as capital leases for accounting purposes.

Amortization of Obligations. The requirements to amortize all long-term obligations, including interest, outstanding as of December 31, 2021, are as follows:

	Special Obligation Bonds	Obligations to U.S. Government	Other	Total
2022	\$41,972,254	\$642,693	\$105,011	\$42,719,958
2023	41,930,582	642,693	105,012	42,678,287
2024	41,330,120	642,693	0	41,972,813
2025	41,305,605	642,694	0	41,948,299
2026	41,315,857	642,693	0	41,958,550
2027-2031	180,892,272	3,213,467	0	184,105,739
2032-2036	15,389,969	2,848,331	0	18,238,300
2037-2041	14,785,157	832,670	0	15,617,827
2042-2046	<u>14,008,550</u>	<u>0</u>	<u>0</u>	<u>14,008,550</u>
Principal and Interest	\$432,930,366	\$10,107,934	\$210,023	\$443,248,323
Less Interest	<u>100,105,366</u>	<u>2,368,554</u>	<u>0</u>	<u>102,473,920</u>
Total				
Principal	<u>\$332,825,000</u>	<u>\$7,739,380</u>	<u>\$210,023</u>	<u>\$340,774,403</u>

The County has never defaulted on the payment of any of its debt obligations.

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a county to 10 percent of the assessed valuation of the county by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. The current legal debt limit of the County is \$1,342,279,549 for an election to be held in 2023. The County currently has no outstanding general obligation indebtedness.

Future Debt Plans

Commented [GS(1)]: Any additional debt plans?

The County does not have plans to issue new debt in the next six to twelve months, however the County periodically reviews existing debt for potential refunding opportunities.

Once costs are finalized for the detention center facility, the County will issue bonds to finance the remaining costs. The County expects this issuance to occur in 2024.

Pension Liabilities

Description of the Plan. The County participates in the Jackson County, Missouri Revised Pension Plan (the Plan), which is a cost-sharing multiple-employer defined benefit pension plan providing for retirement and disability benefits for all eligible employees of Jackson County, the Little Blue Valley Sewer District, the Jackson County Board of Election Commissioners, the Kansas City Board of Election Commissioners, the Jackson County Sports Complex Authority, the Jackson County Law Library, Inc. and the Eastern Jackson County Multi-Jurisdictional Anti-Drug Task Force. The benefit provisions are provided under the authority of Section 50.337, RSMO. The County is the administrator of this cost-sharing multiple-employer plan

Summary of Benefits. Employees become eligible for the Plan on January 1 after completion of one year of full-time service. Employees are fully vested after five years of full-time service. The Plan calls for a normal retirement benefit at age 65 of 1.5% of their average monthly earnings for each year of credited service (computed average monthly earnings for the highest 36 consecutive months, from the previous 120 months). Effective December 15, 1997, the Plan was amended to also provide a normal retirement benefit to those active employees who have reached the age of 55 and whose years of age and credited service total 80 years. The Plan permits early retirement with reduced benefits for vested employees at the age of 55. The Plan also provides death and disability benefits. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Effective November 5, 2003, the Plan was amended to provide a benefit schedule applicable to elected officials. The Plan allows for a normal retirement benefit calculation of 4.167% of average monthly earnings for each year of the first 12 years of credited services, plus 5% of average monthly earnings times years of credited service from years 12 to 16. The elected official is required to contribute 4% of his or her salary to the Plan.

Schedule of Employer Contributions. Participating employers' contributions to the Plan are determined through actuarial valuations on an annual basis. Under County Ordinances (Chapter 15), the actuarially determined contributions from participating employers of the Plan are calculated by an actuary. The contribution rates are based on a level percentage of covered-employee payroll to pay normal cost and contribute to the unfunded liability of the Plan. The normal cost contribution rate for all participating employers was computed to be 5.98% of active member payroll for the plan year ended June 30, 2021. The County's contributions to the Plan for the year ended December 31, 2022 were \$11,048,304.

Funding Status. The County has agreed to voluntarily contribute such amounts as are necessary to provide assets sufficient to meet benefits to be paid to Plan members. The Little Blue Valley Sewer District, the Jackson County Board of Election Commissioners, the Kansas City Board of Election Commissioners, the

Jackson County Sports Complex Authority, the Jackson County Law Library, Inc. and the Eastern Jackson County Multi-Jurisdictional Anti-Drug Task Force also contribute to the Plan. There are no non-employer entities contributing to the Plan. The County has the right under the Plan to discontinue such contributions at any time and terminate the Plan. Employer contributions are subject to annual appropriation by Jackson County, Missouri and other related political subdivisions. The Plan receives an annual actuarial valuation for the purpose of determining recommended contribution rates. The method of valuation at June 30, 2021 is the entry age, normal cost method. The actuary provides a range of contribution recommendations depending on how rapidly the past service liability is funded. The actuarially determined required minimum contribution, including amortization of past service liability over 30 years, amounted to \$7,863,724 or 12.33% of covered payroll for 2021. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions.

See Footnote 2(i) to the County's audited financial statements for a more detailed discussion of the liabilities of the County related to funding the pension and retirement benefits of its employees.

Other Post-Employment Benefits

In addition to providing the pension benefits, the County provides employees that retire under the plan, at the same time they end their service to the County, the opportunity for continuation of medical and dental insurance coverage as part of the single-employer defined benefit OPEB plan. Retirees who elect to continue coverage in the medical and dental plans are required to pay a contribution until the employee becomes eligible for Medicare. Because the retirees pay the premiums each year, the County's share of any premium costs is determined on the basis of blended rate or implicit rate subsidy calculations. See Footnote 2(l) to the County's audited financial statements for a more detailed discussion of the liabilities of the County related to these post-employment benefits to its employees.

Employee Relations

The County considers its relationship with its employees to be good. Approximately 60% of its employees are represented by collective bargaining units. Under Missouri law, employees of the County have "meet and confer rights," and may have a labor agreement (subject to limitations provided by law) but do not have any rights to strike or picket. The County has not had a work stoppage or slow-down by employees and has been able to reach agreement with the bargaining units in the past on employment matters.

FINANCIAL INFORMATION CONCERNING THE COUNTY

Accounting, Budgeting and Auditing Procedures

Governmental fund financial statements are reported using the current financial resources measurement of focus and the modified accrual basis of accounting. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

An annual budget prepared under the modified accrual basis of accounting (except that encumbrances are treated as expenditures for budget purposes) is adopted in accordance with State law and County Code for all Governmental Funds except the Asset and Bond Forfeiture Fund, Persistent DWI Fund, Prosecuting Attorney Sales Tax Collection Fee Fund, General Debt and Interest Fund, the Criminal Justice Improvement Fund, and Truman Medical Center Fund. The County's annual budget is recommended by the County Executive and adopted (subject to certain veto requirements) by the County Legislature. Public hearings are held prior to adoption and establishment of a tentative tax levy. If recommended by management and approved by ordinance, the budget can be amended to make supplemental or emergency appropriations. Budgetary transfers of less than \$10,000 between two departments within a division require the approval of the Director of Finance and the County Executive. The County Legislature must approve transfers greater than \$10,000 between departments and all transfers between divisions.

Unencumbered appropriations lapse at the end of the fiscal year. Appropriations in the Governmental Fund Types are charged as encumbrances when the commitments are made. Fund balances are restricted or assigned for outstanding encumbrances which serve as authorization for expenditures in subsequent years.

Under the County Code, budgetary control is exercised at the department level, that being the level on which expenditures may not legally exceed appropriations. Under State law, control of budget appropriations is exercised at the fund level.

In accordance with State law, the County is required to budget an amount not less than three percent of total estimated General Fund revenues as an emergency fund. Transfers from this account shall be made only for unforeseen emergencies. During the year ended December 31, 2021, the County appropriated \$0 to this emergency fund.

Commented [GS(2): From audit. Please verify.

The financial records of the County are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending December 31, 2021 was performed by Allen, Gibbs & Houlik, L.C., Overland Park, Kansas. Copies of the audit reports for the past 5 years are on file in the office of the Director of Finance and are available for review.

Sources of Revenue

The County finances its operations through the following taxes and other miscellaneous sources as indicated below for the last fiscal year (ended December 31, 2021) for which audited financial statements are available:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Sales Taxes	\$126,703,019	36.79%
Property Taxes	83,046,071	24.23
Other Taxes	3,642,878	1.08
Intergovernmental	74,780,591	21.82
Charges for Services	50,449,777	14.72
Fines & Forfeitures	1,557,697	0.47
Licenses & Permits	2,049,758	0.62
Investment Income	41,089	0.01
Other Revenue	<u>815,287</u>	<u>0.26</u>
Total	<u>\$343,086,167</u>	<u>100.00%</u>

The County receives revenue from intergovernmental transfers from the Federal Government, the State of Missouri and the City of Kansas City, Missouri. For fiscal year ended December 31, 2021, the County received \$49,060,062 from the Federal Government, including transfers from the Department of Treasury for CARES Act funding, and Department of Justice and the Department of Transportation, among others. For fiscal year ended December 31, 2021, the County received \$15,412,031 from the State of Missouri and \$10,307,898 from local entities, including the City of Kansas City, Missouri and the Jackson County Sports Authority. For more information, including a breakdown of intergovernmental transfers by source, see Note 2(b) of the County’s 2021 Audited Financial Statements.

The “Charges for Services” revenue item includes tax collection fees and penalties, recording fees, public administrator fees, prisoner board, leases and rental charges and other fees and commissions. Court costs and court fees, however, are included in the “Fines and Forfeitures” revenue item. For more information, including a breakdown of Charges for Services by source, see the County’s 2021 Audited Financial Statements.

The County is permitted by State law to levy ad valorem taxes up to \$0.35 per \$100 of assessed valuation for general governmental services (General Fund) other than the payment of principal and interest on long-term debt, up to \$0.35 per \$100 for Special Road and Bridge Fund, up to \$0.38 per \$100 for Health Fund, up to \$0.20 per \$100 for Parks and Recreation Fund, up to \$0.10 per \$100 for Developmentally Disabled (Component Unit), and in unlimited amounts for the payment of principal and interest on general obligation debt. Pursuant to authorization granted in the Missouri Revised Statutes, Jackson County voters approved a County-wide sales tax which required the total County property tax levy be reduced by 70% of sales tax revenues collected in the year.

County Sales Tax. For fiscal year ended 2021, the County imposed a total sales tax of 1.375%. The County's general sales tax is currently imposed at a rate of one-half of one percent.

The County also receives one-eighth of one percent (1/8%) for the purpose of supporting zoological activities within the Kansas City Zoological District (the "Zoological District Sales Tax"). The voters of the County approved the sales tax on November 8, 2011. This tax is limited in purpose and cannot be used to fund general operations of the County.

The County also receives a one-quarter of one percent (1/4%) sales tax for the purpose of providing prosecution, incarceration, treatment, prevention and law-enforcement activities to combat illegal drugs (the "Anti-Crime Sales Tax"). The citizens approved this tax for seven years in November 1995, extended this tax for an additional seven years in August 2003, for an additional seven years in November 2009, and for an additional nine years in November 2016. The drug enforcement sales tax will expire in March of 2027. This tax is limited in purpose and cannot be used to fund general operations of the County.

On April 4, 2006, voters in Jackson County approved a county-wide sales tax at the rate of three-eighths of one percent (3/8%) for a period of twenty-five years from the date on which such tax is first imposed for the purpose of improving, renovating and modernizing the Harry S. Truman Sports Complex (the "Sports Complex Sales Tax"). This tax is limited in purpose and cannot be used to fund general operations of the County. The Sports Complex Sales Tax will sunset in 2031.

On November 8, 2016, voters in the County approved a county-wide sales tax at a rate of one-eighth of one percent (1/8%) for a period of seven years from the date on which such tax is first imposed for the purpose of providing services to protect the well-being and safety of children and youth nineteen years of age or less and to strengthen families (the "Children's Services Sales Tax"). This tax is limited in purpose and cannot be used to fund general operations of the County.

History of Sales Tax Collections:

The total sales taxes collected by the County in each of the following years, has been as follows:

<u>Fiscal Year</u>	<u>Sales Tax Collection</u>	<u>Percent Change</u>
2021	\$126,703,019	13.10%
2020	112,024,417	-5.53
2019	118,580,418	2.72
2018	115,434,923	1.18
2017	114,092,590	1.34

Tax Increment Financing and Tax Abatement

There are numerous tax increment financing redevelopment areas within the County to reimburse redevelopment project costs associated with certain developments. These costs are payable solely from moneys on deposit in a "special allocation fund." The moneys deposited into a special allocation fund may consist of (a) certain payments in lieu of taxes, attributable to the increase in assessed valuation of the real property within the districts as a result of development, and (b) fifty percent of the total additional revenue from taxes (including the sales taxes of the County but excluding certain other taxes) of local taxing districts which are generated by economic activities within the districts over the amount of such taxes generated by economic activities within the year in the calendar year in which the districts were created. As a result, the payments in lieu of taxes and up to fifty percent (50%) of the additional revenues generated by the economic activity taxes within such districts over the amount so generated in the year in which such districts were created may not be available to the County but instead might be deposited into the special allocation fund and used to pay redevelopment project costs related to the development. The County does not expect that the amount paid into special allocation funds from these projects will materially affect its ability to pay the Bonds.

In addition, property tax abatements have also been implemented within the County providing property tax abatement in whole or in part for projects that in some cases would be for 25 years. The County does not expect that these agreements will materially affect its ability to the Bonds.

For more information, see footnote 2(d) of the County's 2021 Audited Financial Statements.

Property Valuations

Assessment Procedure:

All taxable real and personal property within the County is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the County according to the assessment of 2022 (the last completed assessment) including state and local railroad and utilities:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$7,719,734,216	19%	\$40,630,180,084
Commercial	3,295,401,924	32%	10,298,131,013
Agricultural	<u>13,908,746</u>	12%	<u>115,906,217</u>
Sub-Total	11,029,044,886		51,044,217,314
Personal Property	<u>2,393,750,600</u>	*33-1/3%	<u>7,181,251,800</u>
Total	<u>\$13,422,795,486</u>		<u>\$58,225,469,113</u>

* Assumes all personal property is assessed at 33-1/3%; because certain subclasses of tangible personal property are assessed at less than 33-1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the County according to the assessments of January 1 in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percentage Change</u>
2022	\$	%
2021	13,422,795,486	8.75
2020	12,342,886,135	-3.98
2019	12,855,147,736	19.75
2018	10,735,382,364	1.26

The large increase of assessed value in 2019 was a result of reassessment of properties within the County.

Property Tax Levies and Collections

Tax Collection Procedure:

Property taxes are levied and collected by the County. The County is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the County's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk.

The County levies property taxes on September 1 for the current year based on assessed values as of the prior January 1 of all real and personal property located in the County. Property taxes are billed after all levies are set, and the taxes extended following the levy date and are due on December 31.

On January 1, the County may attach a lien to all property for which taxes are unpaid. The delinquent penalty consists of a 1.5% per month interest penalty up to a maximum of 18% plus a one-time 8% commission charge. Taxes remaining unpaid for two years after that date are collected through foreclosure proceedings.

Because of the tax collection procedure described above, the County receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

Debt Service Levy. The County's debt service levy is \$0.00 because there are no general obligation bonds outstanding. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefor and bonds are issued, the County is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The County Legislature may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levies. The General Fund, Special Road and Bridge Fund, Parks Fund and Health Fund levies cannot exceed their respective "tax rate ceilings" for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly-received assessed valuation of the County for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate. The tax levy for debt service on general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the County's General Fund levy above \$0.3500 must be approved by two-thirds of the voters voting on the proposition. The current General Fund levy is \$0.2162 and the current tax rate ceiling for the General Fund levy is \$0.2043 per \$100 of assessed valuation. The 2022 General Fund levy includes a recoupment rate of \$0.0119 per \$100 of assessed valuation that does not apply toward the tax rate ceiling. The current Special Road and Bridge Fund levy is \$0.0633 and the current tax rate ceiling for the Special Road and Bridge Fund levy is \$0.2466 per \$100 of assessed valuation. The current Parks Fund levy is \$0.1108 and the current tax rate ceiling for the Parks Fund levy is \$0.1280 per \$100 of assessed valuation. The current Health Fund levy is \$0.1921 and the current tax rate ceiling for the Health Fund levy is \$0.2637 per \$100 of assessed valuation. See "FINANCIAL INFORMATION CONCERNING THE COUNTY - Sources of Revenue" herein which discusses the requirement that the County reduce its property tax levy by 70% of sales tax revenues collected from its general sales tax imposed at the rate of one-half of one percent.

In 2008, through the enactment of Senate Bill 711 ("SB 711"), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a county's actual operating tax levy if its current tax levy was less than its current tax levy ceiling, due to the county's voluntary rollback from the maximum authorized tax levy. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a county's actual operating tax levy, regardless of whether that levy is at the county's tax levy ceiling. This further reduction is sometimes referred to as an "SB 711 rollback." In non-reassessment years (even-numbered years), the operating levy may be increased to the county's tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

The following table shows the County's tax levies (per \$100 of assessed valuation) for each of the last five fiscal years.

<u>Fiscal Year Ended</u>	<u>General Fund</u>	<u>Health Fund</u>	<u>Park Fund</u>	<u>Debt Service Fund</u>	<u>Special Road and Bridge Fund</u>	<u>Total Levy</u>
2022	\$	\$	\$	\$0.0000	\$	\$
2021	0.2162	0.1921	0.1108	0.0000	0.0633	0.5824
2020	0.2123	0.2095	0.1204	0.0000	0.0688	0.6110
2019	0.2446	0.1801	0.1203	0.0000	0.0660	0.6110
2018	0.1349	0.2259	0.1416	0.0000	0.1989	0.7013
2017	0.1331	0.1409	0.0822	0.0000	0.1287	0.4849

Tax Collection Record:

The following table sets forth tax collection information for the County for the five fiscal years shown.

<u>Year Ended</u>	<u>Total Levy</u>	<u>Taxes Levied</u>	<u>Current and Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>%</u>
2021	\$0.5824	\$78,174,361	\$83,046,071	106.2%
2020	0.6110	79,033,394	78,483,600	99.3
2019	0.6110	81,036,249	78,249,988	96.6
2018	0.7013	78,162,586	77,966,361	99.7
2017	0.4849	53,623,886	55,839,423	104.1
2016	0.5025	52,122,234	53,208,368	102.1

Major Property Taxpayers:

The following table sets forth the ten largest property taxpayers in the County based upon their 2021 assessed valuation.

<u>Name of Taxpayer</u>	<u>Local Assessed Valuation</u>	<u>Description of Business</u>	<u>% of Total Local Assessed Valuation</u>
1. Evergy/Kansas City Power & Light	\$278,802,906	Utilities	2.08%
2. Evergy West/KCPL-GMOC	123,792,209	Utilities	0.92
3. Southern Union Company	94,918,080	Transportation	0.71
4. Country Club Plaza JV LLC	83,734,316	Real Estate Investment	0.62
5. Google Fiber	53,643,150	Communications	0.40
6. Hallmark & Crown Properties	49,763,384	Cards/Hotel/Retail	0.37
7. Union Pacific Railroad	36,079,745	Railroad	0.27
8. Sprint	34,079,711	Communications	0.25
9. Federal Reserve Bank of KC	31,084,480	Finance	0.23
10. Cerner	29,561,522	Electronic Health Records	0.22

Source: Jackson County Collector.