

FINAL OFFICIAL STATEMENT DATED DECEMBER 10, 2018

NEW ISSUE  
NOT BANK QUALIFIED

S&P Rating: AA  
BOOK ENTRY ONLY

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Bonds is exempt from Missouri income taxation by the State of Missouri, and (3) the Bonds have been not designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.

**\$9,625,000**

**City of Blue Springs, Missouri**  
**Neighborhood Improvement District**  
**Limited General Obligation Refunding Bonds**  
**(South Area Sewer Improvement Project), Series 2018A**  
**(Book Entry Only)**

**Dated Date: Date of Delivery**

**Interest Due: Each February 15 and August 15,**  
**commencing August 15, 2019**

The Bonds will mature on February 15 in the years and amounts as follows:

Maturity (February 15)	Amount	Interest Rate	Yield	CUSIP 096045	Maturity (February 15)	Amount	Interest Rate	Yield	CUSIP 096045
2020	\$700,000	5.00%	1.80%	HB 8	2025	\$ 985,000	5.00%	2.20%	HG 7
2021	\$810,000	5.00%	1.88%	HC 6	2026	\$1,035,000	5.00%	2.29%	HH 5
2022	\$845,000	5.00%	1.96%	HD 4	2027	\$1,085,000	5.00%	2.37%	HJ 1
2023	\$885,000	5.00%	2.04%	HE 2	2028	\$1,140,000	4.00%	2.49%*	HK 8
2024	\$935,000	5.00%	2.12%	HF 9	2029	\$1,205,000	4.00%	2.61%*	HL 6

\* Priced to the first optional call date of February 15, 2027.

At the option of the City, the Bonds may be called for redemption and payment prior to maturity on February 15, 2027 and thereafter, in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the outstanding Bonds are to be redeemed, such Bonds shall be redeemed from the stated maturities selected by the City, and Bonds of less than a full stated maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

The City created the South Area Sewer Neighborhood Improvement Districts (the "Districts") and is issuing the Bonds pursuant to the provisions of the Act (as defined herein). The Bonds and the interest thereon will constitute a valid and legally binding indebtedness of the City, payable both as to principal and interest from special assessments (the "Special Assessments") to be assessed on certain real property within the Districts which are benefited by the Project (as defined herein) and if not so paid, to the extent required, from the current income and revenues and surplus funds or other legally available funds of the City. The faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided that the City may not impose any new or increased ad valorem property tax to pay the principal of or interest on the Bonds without the voter approval required by the constitution and laws of the State of Missouri. Proceeds of the Bonds, along with available City funds, will be used to (i) refund the principal of the February 15, 2020 through February 15, 2029 maturities of the City's Neighborhood Improvement District Limited General Obligation Bonds (South Area Sewer Improvement Project), Series 2009, dated February 19, 2009; and (ii) pay the costs of issuance related to the Bonds.

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased (see "THE BONDS-Book-Entry System" herein.) Commerce Bank, Kansas City, Missouri will serve as paying agent and registrar (the "Paying Agent and Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about December 27, 2018.

Please see the "UNDERWRITING" section herein for discussion regarding the Purchaser of the Bonds.



**City of Blue Springs, Missouri**  
**903 West Main Street**  
**Blue Springs, Missouri 64015**  
**Phone (816) 228-0110**

**Mayor and City Council**

		<u>Term Expires</u>
Carson Ross	Mayor	April 2020
Susan Culpepper	Council Member – District 3, Mayor Pro Tem	April 2019
Dale Carter	Council Member – District 1	April 2019
Jerry Kaylor	Council Member – District 1	April 2020
Kent Edmondson	Council Member – District 2	April 2020
Chris Lievsay	Council Member – District 2	April 2019
W. Ronald Fowler	Council Member – District 3	April 2020

**Administrative Officials**

Eric Johnson	City Administrator
Christine Cates	Assistant City Administrator of Finance and Administrative Services
Karen Van Winkle	Director of Finance
Jacqueline Sommer	City Attorney

**Municipal Advisor**

Springsted Incorporated  
Saint Paul, Minnesota and Kansas City, Missouri

**Bond Counsel**

Gilmore & Bell, P.C.  
Kansas City, Missouri

The Official Statement dated December 10, 2018 is a Final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, ordinances, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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## **OFFICIAL STATEMENT**

**\$9,625,000**

**CITY OF BLUE SPRINGS, MISSOURI**

**NEIGHBORHOOD IMPROVEMENT DISTRICT  
LIMITED GENERAL OBLIGATION REFUNDING BONDS  
(SOUTH AREA SEWER IMPROVEMENT PROJECT), SERIES 2018A**

**(BOOK ENTRY ONLY)**

### **INTRODUCTORY STATEMENT**

This Official Statement contains certain information concerning the City of Blue Springs, Missouri (the “City”), and its issuance of \$9,625,000 Neighborhood Improvement District Limited General Obligation Refunding Bonds (South Area Sewer Improvement Project), Series 2018A (the “Bonds”). The Bonds are being issued pursuant to Article III, Section 38(c), Article VI, Sections 26 of the Missouri Constitution, 1945, and Chapters 95 and 108 *et seq.*, of the Revised Statutes of Missouri, all as amended, and the Neighborhood Improvement District Act, Sections 67.453 to 67.475, RSMo (the “Act”). The proceeds of the Bonds will be used to (i) refund the principal of the February 15, 2020 through February 15, 2029 maturities (the “Refunded Maturities”) of the City’s Neighborhood Improvement District Limited General Obligation Bonds (South Area Sewer Improvement Project), Series 2009, dated February 19, 2009 (the “Series 2009 Bonds”); and (ii) pay costs of issuance related to the Bonds.

### **CONTINUING DISCLOSURE**

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in continuing disclosure undertakings, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and the provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in “APPENDIX II – CONTINUING DISCLOSURE CERTIFICATE” to this Official Statement.

The City has engaged in undertakings similar to the Continuing Disclosure Certificate with respect to several series of bonds previously issued by the City to provide to the national information repositories (presently, only the MSRB) the audited financial statements of the City and updates of certain operating data of the City. Except for the failure to file notices of certain material events for rating changes, the City believes it has been in material compliance with its Disclosure Covenants in the previous five years.

## THE BONDS

### General Description

The Bonds are dated as of the date of delivery, with interest payable on the Bonds on February 15 and August 15 of each year, commencing August 15, 2019. The Bonds are issued in book entry form. Interest will be payable to the owner (initially Cede & Co.) registered on the books of the Paying Agent and Registrar as of the first day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled “Book-Entry System.” Commerce Bank, Kansas City, Missouri will act as Paying Agent and Registrar for the Bonds and the City will pay for Paying Agent and Registrar services.

### Redemption Provisions

At the option of the City, the Bonds may be called for redemption and payment prior to maturity on February 15, 2027 and thereafter, in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the outstanding Bonds are to be redeemed, such Bonds shall be redeemed from the stated maturities selected by the City, and Bonds of less than a full stated maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

### Registration, Transfer and Exchange of Bonds

Each Bond when issued shall be registered by the Paying Agent and Registrar in the name of the owner thereof on the Bond Register. Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same aggregate principal amount and maturity upon presentation to the Paying Agent and Registrar, subject to the terms, conditions and limitations set forth in the bond ordinance to be adopted by the City on December 3, 2018 (the “Bond Ordinance”) and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, transfer or exchange.

### Book-Entry System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National

Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or Bond Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, the Bond Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the

responsibility of the Bond Registrar, the City, or the City's agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or its agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## **AUTHORITY AND PURPOSE**

The Bonds are being issued pursuant to Article III, Section 38(c), Article VI, Sections 26 of the Missouri Constitution, 1945, and Chapters 95 and 108 *et seq.*, of the Revised Statutes of Missouri, all as amended, and the Neighborhood Improvement District Act, Sections 67.453 to 67.475, RSMo (the "Act"). The Bonds have been structured as a current refunding, and are being issued to achieve debt service savings. The proceeds of the Bonds, along with available City funds, will be used to (i) refund the principal of the February 15, 2020 through February 15, 2029 maturities (the "Refunded Maturities") of the City's Neighborhood Improvement District Limited General Obligation Bonds (South Area Sewer Improvement Project), Series 2009, dated February 19, 2009 (the "Series 2009 Bonds"); and (ii) pay costs of issuance related to the Bonds. It is anticipated that the Refunded Maturities will be called and prepaid at a price of par plus accrued interest on February 15, 2019, which is within 90 days of settlement of the Bonds.

The Series 2009 Bonds originally financed the redemption of the City's Neighborhood Improvement District Limited General Obligation Temporary Notes (South Area Sewer Improvement Project) Series 2006A (the "Series 2006A Notes") and Neighborhood Improvement District Limited General Obligation Temporary Notes (South Area Sewer Improvement Project), Series 2007A (the "Series 2007A Notes" and, together with the Series 2006A Notes, the "Refunded Notes"). The Refunded Notes financed improvements consisting of a sanitary sewer collection system that transports sewage to the City's Sni-A-Bar Wastewater Treatment Facility (the "Project"). The Project has been completed and consisted of various sewer improvements benefiting the property within the Districts, including multiple series of lift stations and force mains, a two million gallon sanitary sewer holding tank, and a peak flow pump station.

## **NEIGHBORHOOD IMPROVEMENT DISTRICT BONDS**

### **General**

Adopted in 1994, the Act permits cities to form special assessment areas, known as Neighborhood Improvement Districts, to finance local public improvements. The cost of the improvements may be financed through the sale of bonds or notes which are retired by assessments levied on those specific properties which benefit from the improvements. If assessments are not sufficient to retire the bonds or notes, a city is obligated to make up any deficiency with other available funds of the city. However, a city may not levy any additional property taxes to pay debt service on neighborhood improvement district bonds or notes without voter authorization.



The governing body of any city may establish a neighborhood improvement district (a) by submitting the question of creating such district to all qualified voters residing within the district at a general or special election called for that purpose and when the question is approved by the vote of the percentage of voters within the district required for the issuance of general obligation bonds of such city or county under the Missouri Constitution, or (b) when a proper petition has been signed by the owners of record of at least 2/3 by area of all real property located within the proposed district. Following such approval or the filing of such a petition, the governing body may order that the district be established and that preliminary plans and specifications for the improvement be made. The proceedings making such order must state, among other things, the project name for the proposed improvement, the nature of the improvement, the estimated cost of the improvement, the boundaries of the neighborhood improvement district to be assessed, the proposed method of assessment of real property within the district, including any provision for the assessment of maintenance costs of the improvement, and that the final cost of the improvement assessed against the real property within the district. The amount of general obligation bonds issued for the improvement will not, without a new election or petition, exceed the estimated cost of the improvement by more than 25%.

The portion of the cost of any improvement to be assessed against the real property in a neighborhood improvement district must be apportioned against the property in accordance with the benefits accruing to the property by reason of the improvement. The cost may be assessed equally per front foot or per square foot or by any other reasonable assessment plan determined by the governing body which results in imposing substantially equal burdens or share of the cost upon property similarly benefited.

After plans and specifications for the proposed improvements have been prepared, the governing body must order assessments to be made against each parcel of real property deemed to be benefited by an improvement based on the revised estimated cost or, if available, the final cost of the improvement. The governing body must then conduct a hearing to consider the proposed improvements and assessments, at which it must hear and pass upon all objections to, and may amend, the proposed improvements and assessments. Following the hearing, the governing body may order that the improvement be made and direct that financing for the cost of the improvement be obtained.

After construction of the improvement has been completed, the governing body must compute the final costs of the improvement and apportion the costs among the property benefited by the improvement in such equitable manner as the governing body determines, charging each parcel of property with its proportionate share of the cost, and assess the final cost of the improvement or the amount of general obligation bonds issued or to be issued for the improvement as special assessments against the property benefited. Following such assessment, notice must be mailed to each property owner within the district setting forth a description of each parcel of property to be assessed which is owned by such owner, a statement that the property owner may pay such assessment in full, together with accrued interest, on or before a specified date or may pay the assessment in annual installments to be assessed upon the property concurrent with general property taxes. Such special assessment installments are payable in substantially equal annual installments for a duration stated in the ballot or the petition, as applicable, pursuant to which the district was created, and there may also be collected, if authorized and if the governing body determines, assessments for maintenance of the improvement. All assessments bear interest at such rate as the governing body determines, not to exceed the maximum rate permitted under Missouri law. Interest on the assessment between the effective date of the assessment and the date the first installment is payable is added to the first installment, and interest for one year on all unpaid installments is added to each subsequent installment until paid. No suit to set aside special assessments made under the Act or to otherwise question the validity of the proceedings relating to the special assessments may be brought after the expiration of 90 days from the date of the mailing of notice to property owners of the assessments as required by the Act.

After an improvement has been authorized under the Act, the city or county may issue temporary notes to pay the costs of such improvement in an amount not to exceed the estimated cost of the improvement, and such temporary notes constitute general obligations of the city or county. General obligation bonds of the city or county may be issued and sold under the Act to refund such temporary notes and to pay any accrued interest thereon.

A special assessment authorized under the Act constitutes a lien, from the date of the assessment, on the property against which it is assessed on behalf of the city assessing the property to the same extent as a tax upon real property.

### **Constitutionality**

On April 11, 1995, a lawsuit, styled *Spradlin v. City of Fulton*, was brought by a taxpayer in the City of Fulton raising numerous legal challenges to Fulton's authority to issue Neighborhood Improvement District bonds, including an allegation that such bonds could not be issued without voter approval at a city-wide election. Following a hearing on the matter, the trial court enjoined the issuance of the bonds. The trial court's decision was appealed to the Missouri Supreme Court which reversed the holding of the trial court and held that under the Missouri constitutional and statutory provisions relating to Neighborhood Improvement District bonds, the City of Fulton was authorized to issue the bonds without city-wide voter approval, that such bonds are general obligations that pledge the full faith and credit of the city, but that the city was not authorized, absent requisite voter approval, to impose a city-wide property tax to pay for the bonds.

### **Formation of South Area Sewer Neighborhood Improvement Districts**

On February 20, 2006, the City established the South Area Sewer Neighborhood Improvement District (the "First District") and, on March 6, 2006, established the South Area Sewer Neighborhood Improvement District II (the "Second District" and, together with the First District, the "Districts"). The Districts were formed after petitions by owners of more than 2/3 by area of all real property located in the Districts were filed with the City as required by the Act. The Bonds are to be retired from assessments levied for a period of 20 years on the properties benefited by the Project.

The Districts were formed to provide "improvements" as defined in the Act, consisting of the Project. The Districts encompass approximately 1,530 acres of land that has been developed, is under development, or expected to be developed in the future. In December 2005, the then-owners of the eighteen parcels comprising the Districts, together with the projected developers of the parcels, entered into an Owner/Developer Cooperative Agreement for the South Area Neighborhood Improvement District (the "Owner/Developer Agreement"), which set forth, among other things, the respective sewer capacity in the Project for each of the parcels within the Districts. At the same time, the developers of the parcels and the City entered into a South Area Pre-Development Agreement (the "Pre-Development Agreement" and, together with the Owner/Developer Agreement, the "Agreements") which, among other things, sets forth the responsibility of the City to design and construct the improvements. As of the date of this Preliminary Official Statement, no amendments have been made to the Agreements.

The majority of the acreage within the Districts is currently intended to be developed for residential purposes, including both single and multi-family uses. In addition, commercial development is projected to take place on certain parcels, particularly on property fronting Missouri Highway 7. Since the execution of the Agreements, some of the property within the Districts has been sold, and two large parcels have been re-platted and sold to Wal-Mart and another developer for a purpose to be determined later. Three commercial lots have been sold to banking institutions and two commercial lots have been contracted to be developed with fast food restaurants. Much of the remaining acreage is being actively marketed for sale and developed. Property owners and developers are in varying stages of development.

The largest single parcel at the time of execution of the Agreements included approximately 492 acres and was commonly known as Chapman Farms. Shortly after execution of the Agreements, this property was purchased by Green Fields Development, LLC which, by the end of December 2008, had closed on the sale of a majority of the 492 acres. The Chapman Farms parcel is projected to be the site of commercial properties, office space, medical buildings, single family and multi-family units.

There are currently 495 owners of property within the Districts and 1,084 parcels of property. There can be no assurances that all of the property within the Districts will be developed, or, if it is developed, on what schedule or with what end uses or values.

### **Special Assessments**

The Act provides that the cost of any improvement to be assessed against the real property in a neighborhood improvement district shall be apportioned against such property in accordance with the benefits accruing thereto by reasons of such improvement. The cost may be assessed equally per front foot or per square foot against property within the district or by any other reasonable assessment plan determined by the governing body of the issuer which results in imposing substantially equal burdens or share of the cost upon property similarly benefited. All property owners, other than governmental entities, are obligated to pay special assessments.

The method of assessment of real property within the District is as follows: the total cost of the Project together with a pro-rata share of the costs of interest on the Bonds, any other bonds issued to pay the costs of the Project, and/or other Neighborhood Improvement District bonds, reserve funds and associated administrative and legal costs will be divided and assessed equally on the basis of the area of each lot, tract or parcel within the district, measured in gross square feet for a duration of not more than twenty years against each such property benefited by the Project. In the event that a final plat for any portion of the property within the Districts is approved after the date that the final costs of the Project are assessed, then the assessment shall be recalculated and reassessed proportionally to each of the parcels resulting from the division of the original parcel, based on the assessed valuation of each resulting parcel, as required by the Act.

Pursuant to the Act, the City ordered preparation of a proposed assessment roll and held a public hearing on the Project. The City subsequently ordered the Project to be completed and, through the passage of an ordinance, authorized the issuance of the Series 2009 Bonds. In accordance with the Act, upon completion of the Project, property owners within the District were provided a one-time option to pay their special assessment in full. The City mailed notices to the property owners, in accordance with the Act, in September 2008. No suit to set aside the special assessments or to otherwise question the validity of the proceedings relating thereto shall be brought after the expiration of ninety days from the date of mailing of such notice to property owners of the assessments. The property owners that do not pay their special assessment in full will pay special assessments in installments in each year in which neighborhood improvement district bonds remain outstanding (the "Special Assessments"). The proceeds derived from said Special Assessments shall be deposited in a debt service fund, shall be kept separate and apart from all other funds of the City, and shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds as and when the same shall become due.

Bills for annual installments of the Special Assessments will be prepared by the City, mailed to the property owners in October and shall be due on December 31 in each year. Special Assessments are a lien against the real property to which they apply. In the event of any non-payment of a Special Assessment, the City may seek such legal action as is allowed by law for collection of delinquent taxes. Delinquencies in payments of Special Assessments do not affect the City's obligation to pay the principal and interest on the Bonds.

Some of the properties in the Districts have historically not paid their assessments and these properties have been transferred to the land bank pursuant to statutory authorized tax sales. Pursuant to the Act, the City has historically made up for any shortfalls in assessment collections by using current income, revenues, surplus funds, and other legally available City funds to pay debt service on the Series 2009 Bonds. City has provided sufficient funds to make all debt service payments due on the Series 2009 Bonds. The City will continue this practice for the Bonds.

## SOURCES AND USES OF FUNDS

The composition of the Bonds is as follows:

Sources of Funds:	
Principal Amount	\$ 9,625,000.00
Transfer from Prior Issue Debt Service	
Reserve Fund	1,568,250.00
Reoffering Premium	<u>1,187,768.40</u>
Total Sources of Funds	<u>\$12,381,018.40</u>
Uses of Funds:	
Deposit for Refunding Purposes	\$12,275,000.00
Costs of Issuance	76,159.53
Underwriter's Compensation	<u>29,858.87</u>
Total Uses of Funds	<u>\$12,381,018.40</u>

## SECURITY AND FINANCING

The City created the Districts and is issuing the Bonds pursuant to the provisions of the Act. The Bonds and the interest thereon will constitute a valid and legally binding indebtedness of the City, payable both as to principal and interest from the Special Assessments to be assessed on certain real property within the Districts which are benefited by the Project and if not so paid, to the extent required, from the current income and revenues and surplus funds or other legally available funds of the City. The faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided that the City may not impose any new or increased ad valorem property tax to pay the principal of or interest on the Bonds without the voter approval required by the constitution and laws of the State of Missouri.

Special Assessments collected in December 2018 will be used to pay the scheduled principal and interest payment due on the Series 2009 Bonds on February 15, 2019 and the interest payment due on the Bonds on August 15, 2019. Thereafter, each year's collection of Special Assessments will be used to make the following year's principal and interest payment due February 15 and the interest payment due August 15 in each year.

## RISK FACTORS

The following is a discussion of certain risks that could affect the payments to be made by the City with respect to the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including its appendices) in order to make a judgment as to whether the Bonds are an appropriate investment. Prospective purchasers of the Bonds should consider carefully all possible factors that may result in a default in the payment of the Bonds, the redemption of the Bonds prior to maturity, a determination that the interest on the Bonds might be deemed taxable for purposes of federal and Missouri income taxation, or that may affect the market price or liquidity of the Bonds. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

## **Ad Valorem Property Taxes**

Declining property values in the City, whether caused by national or global financial crises, natural disasters, local economic downturns, or other reasons, may require higher levy rates, which may increase the burden on local taxpayers and affect certain taxpayers' willingness or ability to continue timely paying property taxes. In addition, the issuance of additional general obligation bonds by the City or other indebtedness by other political subdivisions in, or overlapping the boundaries of, the City would increase the tax burden on taxpayers in the City. See "Overlapping Indebtedness" in this Official Statement. Missouri law limits the amount of general obligation debt issuable by the City to 20% of the assessed valuation of taxable tangible property in the City. See "APPENDIX III – SUMMARY OF PROPERTY VALUATION AND TAX LEVIES – Legal Debt Capacity" of this Official Statement. Other political subdivisions in the City are subject to similar limitations on general obligation debt imposed by Missouri law, including school districts, counties and certain other political subdivisions, which are limited to general obligation debt of 15%, 10%, and 5% of assessed valuation of taxable tangible property, respectively.

Concentration of property ownership in the City would expose the City's ability to collect ad valorem property taxes to the financial strength and ability and willingness of major taxpayers to pay property taxes. In calendar year 2017, no single property owner owned more than 1.7% of the total taxable property in the City.

## **Secondary Market Prices and Liquidity**

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance is given that any secondary market will develop following the completion of the offering of the Bonds and no assurance is given that the initial offering price for the Bonds will continue for any period of time.

Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operating performance or tax collection patterns of issuers. Particularly, prices of outstanding municipal securities should be expected to decline if prevailing market interest rates rise. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's or the issuer's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

## **No Reserve Fund or Credit Enhancement/Limited General Obligation**

No debt service reserve fund will be funded and no financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to insure payment of the Bonds. Accordingly, any potential purchaser of the Bonds should consider the financial ability of the City to pay the Bonds. As described under "SECURITY AND FINANCING" in this Official Statement, the faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided that the City may not impose any new or increased ad valorem property tax to pay the principal of or interest on the Bonds without the voter approval required by the constitution and laws of the State of Missouri.

## **Rating**

The rating agency assigned the Bonds the rating set forth under "RATING" in this Official Statement. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, by said rating agency if, in its judgment, circumstances warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

## **Bankruptcy**

In addition to the limitations on remedies contained in the Bond Ordinance, the rights and remedies provided by the Bonds may be limited by and are subject to (i) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, (ii) the application of equitable principles, and (iii) the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against political subdivisions in the State of Missouri. Section 108.180 of the Revised Statutes of Missouri, as amended, requires that any interest and sinking fund moneys only be used to pay principal and interest on the Bonds. The City, like all other Missouri political subdivisions, is specifically authorized by Missouri law to institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Bonds.

## **Pensions and Other Postemployment Benefits**

The City contributes to an agent multiple-employer defined-benefit pension plan on behalf of its employees. See "Employee Pensions" in this Official Statement. Future required contribution increases beyond the current fiscal year may require the City to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the City's operations or limit the City's ability to generate additional revenues in the future.

For more information specific to the City's participation, including the City's past contributions, net pension liability, and pension expense, see "Note 9 – Employees' Retirement System and Other Postemployment Benefits," of the City's Comprehensive Annual Financial Report for fiscal year ended September 30, 2017, an excerpt of which is included as Appendix IV of this Official Statement. (The City's Comprehensive Annual Financial Report for fiscal year ended September 30, 2018 is not yet available.)

## **Amendment of the Bond Ordinance**

Certain amendments, effected by ordinance of the City, to the Bonds and the Bond Ordinance may be made with consent of the owners of not less than a majority in principal amount of the Bonds then outstanding. Such amendments may adversely affect the security of the owners of the Bonds.

## **Loss of Premium from Redemption**

Any person who purchases the Bonds at a price in excess of their principal amount or who holds such Bonds trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See "THE BONDS – Redemption Provisions" in this Official Statement.

## **Tax-Exempt Status and Risk of Audit**

The failure of the City to comply with certain covenants set forth in the Bond Ordinance could cause the interest on the Bonds to become included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bond Ordinance does not provide for the payment of any additional interest, redemption premium or penalty if the interest on the Bonds becomes included in gross income for federal income tax purposes. See "TAX MATTERS" in this Official Statement.

The Internal Revenue Service (the "IRS") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. Owners of the Bonds are advised that, if an audit of the Bonds was

commenced, the IRS, in accordance with its current published procedures, is likely to treat the City as the taxpayer, and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

### **Defeasance Risks**

When all Bonds are deemed paid and discharged as provided in the Bond Ordinance, the requirements contained in the Bond Ordinance and the pledge of the City's faith and credit thereunder and all other rights granted thereby will terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company moneys and/or Defeasance Obligations that, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the Bonds to the stated maturity or prior redemption date. There is no legal requirement in the Bond Ordinance that Defeasance Obligations be rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets, and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

### **FUTURE FINANCING**

The City does not anticipate issuing any additional general obligation long-term debt within the next 90 days.

### **LITIGATION**

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any other proceedings had in relation to the authorization, issuance or sale thereof, or which might affect the City's ability to meet its obligations to pay the Bonds.

### **APPROVAL OF LEGALITY**

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE BONDS (except for the portion related to the Book-Entry System)," "APPROVAL OF LEGALITY," "TAX MATTERS," "APPENDIX I – PROPOSED FORM OF BOND COUNSEL OPINION," and "APPENDIX II – CONTINUING DISCLOSURE CERTIFICATE." Payment of the legal fee of Bond Counsel is contingent upon delivery of the Bonds.

## TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

### Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

Federal and Missouri Tax Exemption. The interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Not Bank Qualified. The Bonds have **not** been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

### Other Tax Consequences

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.



Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## **RATING**

S&P Global Ratings ("S&P"), 55 Water Street, New York, New York has assigned a rating of "AA" to the Bonds. The rating reflects only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

## **MUNICIPAL ADVISOR**

The City has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota and Kansas City, Missouri ("Springsted"), as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Springsted has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement, and Springsted has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Springsted is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. Springsted is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.



## FINANCIAL INFORMATION CONCERNING THE CITY

### Sources of Revenue – Governmental Funds

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below from the last fiscal year (2017) for which audited financial statements are available:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$27,987,328	65.3%
Activities Taxes, Payment in Lieu of Tax	5,018,954	11.7
Intergovernmental	3,454,177	8.1
Administrative Services	1,874,568	4.4
Charges for Services	1,437,539	3.4
Licenses, Permits & Fees	1,135,665	2.6
Fines and Forfeitures	902,432	2.1
Other Revenue	597,732	1.4
Interest	<u>442,397</u>	<u>1.0</u>
Total	<u>\$42,850,792</u>	<u>100.0%</u>

### Sales and Use Taxes – Governmental Funds

Sales and Use Taxes collected by the City for the last five fiscal years were as follows:

2017	\$16,573,548
2016	16,518,994
2015	15,971,904
2014	15,136,972
2013	14,128,049

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## Property Valuations

### Current Assessed Valuation:

The following table shows the total assessed valuation, including state assessed, by category, of all taxable tangible property situated in the City according to the 2018 assessment (the last completed assessment):

	<u>Taxable Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Market Valuation</u>
Real Estate:			
Residential	\$553,128,990	19%	\$2,911,205,211
Commercial	137,007,429	32%	428,148,216
Agricultural	175,489	12%	1,462,408
Railroad and Utilities	<u>13,665,988</u>	32%	<u>42,706,213</u>
Sub-Total	\$703,977,896		\$3,383,522,047
Personal Property	<u>142,107,728</u>	33 1/3%*	<u>426,749,934</u>
Total	\$846,085,624		\$3,810,271,981

\* 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.

Source: City of Blue Springs.

### History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

<u>Calendar Year</u>	<u>Taxable Assessed Valuation</u>	<u>Percent Change</u>
2018	\$846,085,624	0.57%
2017	841,279,158	5.00
2016	801,207,750	2.91
2015	778,541,930	6.27
2014	732,627,840	--

**Ten of the Largest Taxpayers in the City<sup>(a)</sup>**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2017 Taxable Assessed Value</u>
KCPL – Greater MO Oper. Co. (Aquila)	Electric Utility	\$14,577,451
MPT of Blue Springs LLC	St. Mary’s Hospital	10,125,440
Wal-Mart Stores, Inc.	Retail Sales	6,949,662
Kohl’s Department Store	Distribution Center	5,680,165
Prime Healthcare Services of BS LLC	St. Mary’s Medical Office	4,584,066
Fike Metal Products Co.	Safety Equipment Supplier	4,049,234
HD Development of Maryland Inc.	Retail Sales	3,603,087
Southern Union Co dba Mo Gas Energy	Utility	3,084,279
Blue Springs Senior Community LLC	Benton House Senior Living	2,871,480
George & Jeanette Ward	Developer	<u>2,422,967</u>
Total		\$57,947,831 <sup>(b)</sup>

(a) 2018 Taxable Assessed Valuations are not yet available.

(b) KCPL – Greater MO Oper. Co. (Aquila) represents 1.7% of the City’s 2018 taxable assessed value of \$846,085,624. The remaining nine largest taxpayers represent 5.1% of the City’s 2018 taxable assessed value.

Source: City of Blue Springs.

**CITY INDEBTEDNESS**

**Remaining Debt Authority**

2018 Taxable Assessed Valuation*	\$846,085,624
Debt Limit Ratio	<u>20%</u>
Debt Limit	169,217,124
Outstanding Debt Subject to Debt Limit	
Outstanding General Obligation Debt (Including the Bonds)	<u>(30,115,000)</u>
Debt Authority Remaining December 27, 2018	\$139,102,124

\* Includes state assessed, railroad, and utility property.

**General Obligation Debt<sup>(a)</sup>**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 12-27-18</u>
9-3-04	\$ 1,110,000	General Obligation Bonds (Series 2004A)	3-1-2019	\$ 110,000
2-19-09	18,725,000	Limited General Obligation Bonds (Series 2009)	2-15-2019	925,000 <sup>(b)(c)</sup>
12-1-09	2,440,000	General Obligation Bonds (Series 2009A)	3-1-2019	700,000
6-28-12	7,960,000	General Obligation Bonds (Series 2012)	3-1-2029	6,840,000
12-14-17	11,915,000	General Obligation Refunding Bonds (Series 2017A)	3-1-2029	11,915,000
12-27-18	9,625,000	Limited General Obligation Refunding Bonds (Series 2018A) (the Bonds)	2-15-2029	<u>9,625,000<sup>(c)</sup></u>
Total				\$30,115,000

(a) These issues are subject to the legal debt limit.

(b) Excludes the Refunded Maturities.

(c) The Series 2009 Bonds and the Bonds are neighborhood improvement district bonds that are a general obligation of the City, but are expected to be paid from special assessments and for which the City may not levy a general property tax.

**Revenue Debt\***

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 12-27-18</u>
11-24-09	\$24,255,727	Sewage System Revenue Bonds (Series 2009)	7-1-2031	\$16,611,200

\* This issue is payable from revenues of the combined waterworks and sewerage system and not from the general fund or other funds of the City.

**Certificates of Participation\***

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 12-27-18</u>
6-3-14	\$24,230,000	Refunding and Improvement Certificates of Participation (Series 2014)	9-1-2043	\$21,670,000

\* These obligations were issued for the purpose of refunding the City's Refunding Certificates of Participation, Series 2005, which refunded three outstanding bond issues of the Public Building Authority of Blue Springs. The debt service is paid from annual appropriation rental payments by the City. This issue is not subject to the legal debt limit.

## **Special Obligation Bonds**

On August 18, 2015, the City issued its \$38,050,000 Special Obligation Tax Increment and Special Districts Refunding and Improvement Bonds (Adams Farm Project), Series 2015A (the “Series 2015A Bonds”) and its \$9,566,530 in Subordinate Special Obligation Tax Increment and Special Districts Bonds (Adams Farm Project), Series 2015B (the “Series 2015B Bonds”) to refinance obligations that originally financed redevelopment projects within the Adams Farm Tax Increment Financing redevelopment area. The bonds are expected to be paid from the incremental increase in property taxes and sales taxes generated within the Adams Farm Tax Increment Financing Project, and sales taxes collected from an adjacent and coterminous transportation development district. Tax increment financing revenues and other pledged revenues are projected to produce sufficient funds to meet the debt service requirements of these bonds. As of December 27, 2018, the outstanding principal amount of the Series 2015A Bonds is \$33,745,000. The Series 2015B Bonds are subordinate to the Series 2015A Bonds and are only paid after certain conditions are met. The Series 2015B Bonds are being held by Blue Springs Development Three, LLC (the “Developer”) and debt service payments will be made in accordance with the terms of the agreement between the City and the Developer.

In addition, on August 18, 2015, the City issued \$3,910,000 Taxable Special Obligation Special Assessment Bonds (Adams Farm Project), Series 2015 for the Adams Farm Project. The City is not obligated in any manner for the special assessment debt and is only acting as agent for the Community Improvement District in collection of the assessments and forwarding to the bond trustee for payment of the debt.

On December 29, 2016, the City issued its \$9,265,000 Special Obligation Revenue Bonds (White Oak Marketplace Project), Series 2016 (the “Series 2016 Bonds”) to provide project funding for the reimbursement of specific costs for the White Oak Tax Increment Financing and Community Improvement District projects. The proceeds of the Series 2016 Bonds will be used to provide approximately \$7.5 million in reimbursement to the developer of the project. The bonds are expected to be paid from the incremental increase in property taxes and sales taxes generated within the White Oak Tax Increment Financing Project and sales taxes collected from a coterminous community improvement district. Tax increment financing revenues and other pledged revenues are projected to produce sufficient funds to meet the debt service requirements of the bonds. As of December 27, 2018, the outstanding principal amount of the Series 2016 Bonds is \$9,265,000.

For more information regarding the City with respect to its Special Obligation Bonds, please reference “Note 7 – Long-Term Debt and Other Obligations,” of the City’s Comprehensive Annual Financial Report for fiscal year ended September 30, 2017, an excerpt of which is included as Appendix IV of this Official Statement. (The City’s Comprehensive Annual Financial Report for fiscal year ended September 30, 2018 is not yet available).

## Other Debt Obligations

### Capital Leases

The City has entered into several capital leasing agreements as of September 30, 2017 (most recent information available). Governmental activities capital lease agreements are for a narrow banded public safety radio system and voice over IP phone lines. The scheduled minimum lease payment under the radio system agreement includes interest of 3.47%. The cumulative amount of assets acquired under the capital lease amounted to \$6,016,650 with \$2,349,420 of accumulated depreciation as of September 30, 2017. The future minimum lease obligations and the net present value of these minimum lease payments as of December 27, 2018 are as follows:

<u>Year Ending September 30</u>	
2018	(Paid)
2019	\$ 731,442
2020	731,442
2021	731,442
2022	130,889
Less: imputed interest	<u>(234,628)</u>
Total	\$2,090,587

The City has also entered into capital lease agreements for golf carts, arc trainers, and GPS. The cumulative amount of assets acquired under the capital lease agreements described above amount to \$120,432 with accumulated depreciation of \$59,019 as of September 30, 2017. The future minimum lease obligations and the net present value of these minimum lease payments as of December 27, 2018 are as follows:

<u>Year Ending September 30</u>	
2018	(Paid)
2019	\$ 19,245
2020	12,134
2021	9,765
2022	6,509
Less: imputed interest	<u>(4,968)</u>
Total	\$ 42,685



**Estimated Calendar Year Debt Service Payments Including the Bonds  
and Excluding the Refunded Maturities**

Year	General Obligation Debt		Revenue Debt	
	Principal	Principal & Interest <sup>(a)</sup>	Principal	Principal & Interest
2018 (at 12-27)	(Paid)	(Paid)	(Paid)	(Paid)
2019	\$ 1,910,000	\$ 2,853,051	\$ 1,133,600	\$ 1,381,804
2020	1,765,000	2,808,344	1,156,000	1,386,888
2021	1,915,000	2,880,044	1,178,700	1,391,931
2022	2,015,000	2,886,219	1,201,900	1,397,127
2023	2,110,000	2,892,519	1,225,600	1,402,469
2024	2,200,000	2,888,069	1,249,700	1,407,848
2025	2,320,000	2,909,244	1,274,400	1,413,459
2026	2,415,000	2,917,469	1,299,500	1,419,094
2027	2,500,000	2,917,119	1,325,100	1,424,845
2028	2,585,000	2,914,094	1,351,200	1,430,704
2029	2,695,000	2,933,006	1,377,700	1,436,566
2030	1,805,000	1,964,906	1,404,900	1,442,722
2031	1,885,000	1,980,331	1,432,900	1,449,263
2032	<u>1,995,000</u>	<u>2,026,172</u>		
Total	\$30,115,000 <sup>(b)</sup>	\$37,770,587	\$16,611,200 <sup>(c)</sup>	\$18,384,720

*(a) Includes debt service on the Bonds based on the interest rates shown on the cover of this Official Statement, and excludes the Refunded Maturities.*

*(b) 72.2% of this debt will be retired within ten years.*

*(c) 74.6% of this debt will be retired within ten years.*

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**Estimated Calendar Year Debt Service Payments Including the Bonds  
and Excluding the Refunded Maturities (continued)**

<u>Year</u>	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Principal &amp; Interest</u>
2018 (at 12-27)	(Paid)	(Paid)
2019	\$ 530,000	\$ 1,418,663
2020	265,000	1,137,763
2021	280,000	1,142,163
2022	515,000	1,365,963
2023	880,000	1,710,363
2024	915,000	1,710,163
2025	955,000	1,713,563
2026	660,000	1,370,813
2027	690,000	1,367,813
2028	725,000	1,368,313
2029	765,000	1,372,063
2030	800,000	1,368,813
2031	830,000	1,368,813
2032	860,000	1,367,688
2033	895,000	1,370,438
2034	930,000	1,371,875
2035	965,000	1,372,000
2036	1,000,000	1,368,400
2037	1,040,000	1,368,400
2038	1,080,000	1,366,800
2039	1,125,000	1,368,600
2040	1,170,000	1,368,600
2041	1,215,000	1,366,800
2042	1,265,000	1,368,200
2043	<u>1,315,000</u>	<u>1,367,600</u>
Total	\$21,670,000*	\$34,840,670

\* 29.6% of this debt will be retired within ten years.

**Overlapping Debt**

<u>Taxing Unit<sup>(a)</sup></u>	<u>Est. Debt As of 12-27-18<sup>(b)</sup></u>	<u>Debt Applicable to Value in City</u>	
		<u>Est. Percent</u>	<u>Amount</u>
Blue Springs R-IV School District	\$132,645,000	88.800%	\$117,788,760
Grain Valley R-V School District	44,905,000	4.000	1,796,200
Lee's Summit R-VII School District	180,777,000	0.004	7,231
Central Jackson County Fire Protection District	13,190,000	90.000	<u>11,871,000</u>
Total			\$131,463,191

<sup>(a)</sup> Only those units with outstanding general obligation debt are shown here.

<sup>(b)</sup> Includes certificates of participation.

**Debt Ratios\***

	<u>Est. G.O. Direct Debt</u>	<u>Est. Overlapping &amp; Direct Debt</u>
To 2018 Taxable Assessed Value (\$846,085,624)	3.56%	19.10%
To 2018 Estimated Market Value (\$3,810,271,981)	0.79%	4.24%
Per Capita - (54,945 – 2017 U.S. Census Bureau Estimate)	\$548	\$2,941

\* Excludes revenue debt and certificates of participation.

**CITY TAX RATES, LEVIES AND COLLECTIONS**

**Tax Rates Per \$100 of Assessed Value**

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Levy</u>
2019	\$0.5684	\$0.1500	\$0.7184
2018	0.5684	0.1500	0.7184
2017	0.5781	0.1500	0.7281
2016	0.5781	0.1500	0.7281
2015	0.5989	0.1500	0.7489

NOTE: See Appendix III for further explanation.

**Tax Levies and Collections**

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Taxes Levied</u>	<u>Current and Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>Percent</u>
2018*	0.7184	\$8,051,212	\$7,881,226	97.9%
2017	0.7281	7,605,289	7,532,169	99.0
2016	0.7281	7,424,315	7,391,158	99.6
2015	0.7489	7,168,365	7,139,876	99.6
2014	0.7489	7,052,632	7,025,113	99.6

\* As of September 30, 2018.

Source: City of Blue Springs.

**FUNDS AND INVESTMENTS**  
**As of September 30, 2018**  
**Unaudited**

**Funds on Hand**

General Fund	\$15,635,958
Special Revenues Funds	7,907,709
Debt Service Funds	737,656
Capital Projects Funds	10,105,522
Enterprise Funds	20,058,858
Agency Funds	<u>261,913</u>
Total	\$54,707,616

**City Investments**

The City's investment policy applies to all operating funds of the City. The primary objectives of its investment activities, in priority order, shall be safety, liquidity, and yield. The City only invests in investments authorized by Sections 30.270, 110.010 and 110.220, RSMo. The Cash Management Officer has management responsibility for the investment program. State statute and the City's policy empower the City to invest in the following types of deposits and investments:

- U.S. Treasury Instruments
- Direct obligations of the U.S. Government and its agencies
- Certificates of Deposit
- Bankers' acceptances
- Investment-grade obligations of state, provincial and local governments and public authorities
- Repurchase Agreements
- Money Market Accounts
- Local government investment pools

As of September 30, 2018, the City has investments of \$33,726,000 in Certificates of Deposit and direct obligations of the U.S. Government and its agencies.

**GENERAL INFORMATION CONCERNING THE CITY**

The City is located wholly in Jackson County in the southeastern part of the Kansas City, Missouri metropolitan area. The City encompasses an area of approximately 22 square miles (14,080 acres).

## Population

The City's population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2017 U.S. Census Estimate	54,945	4.5%
2010 U.S. Census	52,575	9.3
2000 U.S. Census	48,080	19.7
1990 U.S. Census	40,153	54.8
1980 U.S. Census	25,936	--

Source: United States Census Bureau.

## Transportation and Communication Facilities

Three major highways intersect the City including Interstate Highway 70, Missouri Highway 7 and U.S. Highway 40. Because of its location, the City's residents have a short commute into the Kansas City metropolitan area. Great Western Railway is the primary railway line of the City, and BNSF Railway, Union Pacific and Chicago North Western Transportation serve the Kansas City area. Kansas City International Airport, approximately 40 minutes from the City, and Kansas City's Charles B. Wheeler Downtown Airport, approximately 18 minutes from the City, provide both commercial and charter flights. The East Kansas City Airport is a private airport operated by Grain Valley Airport Corporation within four miles of the City.

## Labor Force Data

	<u>Annual Average</u>				<u>September</u>
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Labor Force:					
City of Blue Springs	30,245	30,803	31,181	30,706	31,269
Jackson County	363,483	365,434	369,829	363,854	368,937
Kansas City					
Metropolitan Area	1,109,434	1,116,887	1,128,013	1,128,858	1,141,535
State of Missouri	3,059,067	3,096,678	3,111,517	3,050,713	3,056,519
Unemployment Rate:					
City of Blue Springs	5.3%	4.9%	4.1%	3.6%	2.7%
Jackson County	7.0	5.9	5.1	4.4	3.1
Kansas City					
Metropolitan Area	5.6	4.8	4.3	3.8	2.8
State of Missouri	6.1	5.0	4.5	3.8	2.6

Source: Missouri Local Area Unemployment Statistics (LAUS). 2018 data are preliminary.

## Retail Sales and Effective Buying Income (EBI)

### City of Blue Springs

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2017/18	\$1,224,265	\$1,454,301	\$58,489
2016/17	669,975	625,113	58,272

### Jackson County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2017/18	\$14,186,485	\$16,837,963	\$45,134
2016/17	11,818,388	15,538,176	42,694
2015/16	10,344,191	15,119,565	42,460
2014/15	8,760,737	14,067,768	39,913
2013/14	8,626,437	13,786,109	39,063

The 2017/18 Median Household EBI for the State of Missouri was \$45,733. The 2017/18 Median Household EBI for the United States was \$50,620.

Sources: *Envionics Analytics, Claritas, Inc., and The Nielsen Company.*

## Major Employers in the City

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Blue Springs School District	Public Education	2,050
St. Mary's Hospital of Blue Springs	Healthcare	550
Hy-Vee Food Store	Grocery Store	500
Fike Corporation	Safety Equipment Supplier	458
City of Blue Springs	Municipal Government and Services	366
Price Chopper	Grocery Store	352
Wal-Mart Stores, Inc.	Discount Retail	340
Target	Discount Retail	300
Kohl's Distribution Center	Warehouse Distribution	225
Haldex	Brake Manufacturer	190
Blue Springs Ford Sales	Auto Sales	163
Home Depot	Retail Hardware/Home Improvements	135
Central Jackson County Fire Protection	Fire and Emergency Medical Service	131
Rock-Tenn Co.	Fiberboard Container Manufacturer	125
Gaming Partners International (GPI)	Playing Card Manufacturer	111

Sources: *The City's 2018-19 Proposed Budget and the City.*

## Sales Tax and Hotel/Motel Tax

<u>Fiscal Year</u>	<u>Hotel/Motel Tax</u>	<u>Sales Tax</u>
2018*	\$558,410	\$20,876,233
2017	613,430	16,573,548
2016	591,123	16,518,994
2015	591,718	15,971,904
2014	575,237	15,136,972
2013	536,199	14,128,049

\* Unaudited. As of September 30, 2018

## Building Permits

Following are the number and value of building permits issued by the City for the years shown:

<u>Fiscal Year</u>	<u>Total Permits</u>	<u>Total Valuation of Permits Issued</u>
2018 (to 9-30)	1,000	\$78,023,344
2017	1,193	54,066,260
2016	1,009	66,124,669
2015	914	35,676,978
2014	792	45,213,213
2013	704	32,047,831
2012	677	25,049,422
2011	539	25,187,709
2010	505	26,956,410
2009	483	82,938,832

Source: City of Blue Springs.

## Recent Development

*White Oak TIF.* This project includes: (i) acquisition of all property rights by the developer; (ii) demolition of existing buildings located therein; (iii) completion of substantial site work and infrastructure improvements; (iv) construction of an approximately 85,000 square-foot Price Chopper grocery store; (v) construction of approximately 19,250 square feet of additional commercial space; and (vi) construction of an approximately 180-unit senior housing complex. The Price Chopper grocery store opened on October 4, 2017 and Johnny's Tavern opened November 3, 2017. Additional commercial space is currently under construction, including a pad site which will accommodate First Watch Restaurant and Verizon; both scheduled to open before the end of 2018. Orscheln Farm & Home is backfilling the previous Price Chopper building located across the street.

*Downtown Development.* Through the use of CDBG and MCRC 353 tax abatement programs, many commercial and residential improvements have been made in the downtown area. Nine projects were completed between April 2016 and June 2018 with a total investment of \$379,518. East Forty Brewing, which opened June 14, 2018, accounted for \$180,000 of the investment. Additional projects included complete building renovation, window replacement, updated HVAC, plumbing, and electrical work, new deck installation, structural repairs and new home construction.

*South Area Neighborhood Improvement District.* The City has seen substantial growth in residential development in its southern area near Colbern Road and Highway 7. There have been 279 residential permits issued since January 2016 for new construction, fences, decks, sprinklers, pools and miscellaneous additions in the amount of \$25.5 million.

*Planet Fitness.* Planet Fitness added workout and storage room space to its existing fitness facility located at Highways 7 and 40. This project was completed in February 2018 for a cost of \$100,000.

*Tequesta Village.* Tequesta Village consists of the construction of new three and fourplexes. This project began in November 2017 and is currently under construction with costs to-date of \$11.1 million. Construction of Tequesta Village is anticipated to be completed during summer 2019.

*I-HOP Restaurant.* Construction of a new I-HOP restaurant located in the Adams Dairy Landing Shopping Center at I-70 and Adams Dairy Parkway was completed in October 2018, with a total project cost of \$1.3 million.

*The Villas at the Parkway.* The Villas at the Parkway consists of the construction of new four- and five-plexes. This project began in February 2018 and is currently under construction with costs to-date of \$4.8 million. Construction of The Villas at the Parkway is anticipated to be completed during summer 2019.

*North Ridge Cottages.* The North Ride Cottages consist of the construction of new duplexes. This project began in April 2018, and is currently under construction with costs to-date of \$455,954. The North Ridge Cottages are anticipated to be completed during 2020.

*Hampton Inn.* The Hampton Inn improvement project consists of exterior brick veneer renovations to an existing hotel on the City's South Outer Road. This project was completed in October 2018 with costs of \$27,000.

*WalMart Neighborhood Market.* The WalMart Neighborhood Market project is an interior grocery store remodel located at North Highway 7 and Duncan Road. This project began in March 2018 with costs to-date of \$300,000. Construction is anticipated to be completed during the last quarter of 2018.

*Aldi's Grocery Store.* This project consists of the demolition of the existing store and construction of a larger, 22,762 square-foot store in the same location at Highway 7 and South Street. This project began in March 2018 and a temporary Certificate of Occupancy has been issued through November 2018. Costs associated with this project to-date are \$2.25 million.

*Sunset Plaza CID.* The Sunset Plaza CID was approved on July 18, 2018. The project will (i) remove the ATM from Lot 4 and construct a 3,100 square-foot fast-food restaurant; (ii) demolish a portion of the commercial building to connect Highway 40 and Sunset Avenue with a private drive; and (iii) re-facade the existing buildings with an updated design. The project is currently under construction with a current cost of \$1.1 million. In July 2018, Anytime Fitness began improvements of \$184,361 to its existing facility located within the CID area. The project is expected to be completed during the last quarter of 2018.

*Faurecia Chapter 100 Bond Project.* This project provides funding for construction of a 250,000 square-foot automotive technology company and related equipment. The company expects to create 300 new jobs within the City. Bonds were approved on May 31, 2018 in amounts, not to exceed, \$36 million for the project site and \$33 million for equipment. This project is currently under construction with an expected completion date in the first quarter of 2019. The project will be completed in three phases over the next three years.



*Blue Springs City Hall.* This project includes improvements to the existing City Hall and City Hall Annex, and will connect the two buildings and make the building and City services more accessible to its residents. In addition, this project will bring the building into compliance with code requirements, including the American's with Disability Act. This project began in March 2018 with an expected completion date of February 2019. Current construction costs of this project are \$4.5 million.

*Mid Continent Public Library.* With the passing of a new tax levy, the Mid Continent Public Library, located on South Highway 7, is being renovated and expanded. This project began in May 2018 and is currently under construction with current costs of \$1.5 million. Construction is anticipated to be completed during the last quarter of 2018.

*Sandy's Restaurant.* Sandy's Restaurant tenants recently finished improvements to the existing facility located at Highway 40 and 15<sup>th</sup> Street. This project was completed in October 2018 with costs totaling \$300,000.

*Blue Springs R-IV School District.* Voters passed a \$99 million referendum in August of 2018 for various District-wide improvements including enhanced security features, laptops, a new library and media center at the high school, and fine arts space. Currently underway are site and sewer improvements to the existing high school, with the addition of a new 70,000 square-foot Freshman Center. These improvements are scheduled to be completed in 2019. This project began in August 2018 with costs to-date of \$507,622.

*Rainbow Center.* American's with Disability Act (ADA) improvements and a new office for the Rainbow Center's existing facility located on Woods Chapel Road began in August 2018. This project is currently under construction with costs to-date of \$104,520. Completion is anticipated during the last quarter of 2018.

*Comcast Cable.* Comcast Cable began a remodel of its existing building located on Duncan Road in August 2018. Costs of the remodel to-date are \$190,000 and completion is anticipated during the last quarter of 2018.

*St. Mary's Medical Center.* The Blue Springs Family Medical Care location of St. Mary's Medical Center is currently undergoing a remodel. This project began in September 2018 with costs of \$325,000. Completion is anticipated to occur during summer of 2019.

## **Education**

Blue Springs R-IV School District serves a large portion of the City. The District's student enrollment for the 2017/18\* school year was approximately 14,430. Portions of the City are served by the school districts of Grain Valley and Lee's Summit. In addition, City residents have access to the Kansas City metropolitan area's 15 colleges and universities, seven community colleges, ten technical institutes, and five seminaries.

\* 2018/19 enrollment figures are not yet available.

*Source: Missouri Department of Elementary & Secondary Education.*

## GOVERNMENTAL ORGANIZATION AND SERVICES

The City is a municipal corporation and constitutional charter city, organized and existing under the laws of the State of Missouri. The City was incorporated in 1904 and is governed by the Mayor-City Council-City Administrator form of government. The City Council consists of six members, two elected from each of the City's three districts to serve staggered three-year terms, plus a mayor who is elected at-large every four years. The present City Council is comprised of the following members:

		<u>Term Expires</u>
Carson Ross	Mayor	April 2020
Susan Culpepper	Council Member – District 3, Mayor Pro Tem	April 2019
Dale Carter	Council Member – District 1	April 2019
Jerry Kaylor	Council Member – District 1	April 2020
Kent Edmondson	Council Member – District 2	April 2020
Chris Lievsay	Council Member – District 2	April 2019
W. Ronald Fowler	Council Member – District 3	April 2020

The City Administrator and the City Attorney are appointed by the Mayor with the approval of the City Council. The City Administrator is Mr. Eric Johnson, who has held that position since January 2006. Prior to holding the position of City Administrator, Mr. Johnson was the Assistant City Administrator for the City. The City Administrator is responsible for appointing all other department heads and for directing the operations of the City in accordance with policies set by the City Council. The City Attorney, Ms. Jacqueline Sommer, was appointed in 2017. Ms. Christine Cates serves as Assistant City Administrator of Finance and Administrative Services and Ms. Karen Van Winkle serves as Director of Finance.

### **Municipal Services and Utilities**

Utility service in the City is provided by a mix of public and private entities. Kansas City Power & Light Company provides electrical service to the City. Both residential and commercial properties receive water service from the City and from Public Water Supply District No. 13 of Jackson County, Missouri. The City purchases its water from the City of Kansas City, Missouri ("Kansas City"), the City of Independence, Missouri and the Tri-County Water Authority. The City's sewer services are provided by the Sni-A-Bar Wastewater Treatment Facility, owned and operated by the City and the Little Blue Valley Sewer District. Missouri Gas Energy provides natural gas service. The City provides police protection for its residents, while fire protection is provided by the Central Jackson County Fire Protection District and the Prairie Township Fire Protection District.

### **Recreational Facilities**

Ample wetlands and woodlands provide plenty of outdoor recreation for City residents. Blue Springs Federal Reservoir, two miles outside the City, features thirteen miles of shoreline for such water activities as swimming, fishing, boating, sailing, and water skiing. Lake Jacomo and Longview Lake are located minutes away and provide additional water sports activities. Burr Oak Woods Conservation Area offers five walking trails and 1,071 acres of woods and wildlife for nature lovers. In or within ten miles of the City, residents can take advantage of 20 public parks, 23 public tennis courts, 12 soccer fields, three public swimming pools, and two country clubs. The Blue Springs Family YMCA provides numerous programs and activities to the community. In 2004, the City issued general obligation bonds to fund the completion of improvements to Gregory O. Grounds Park and Lake Remembrance to provide additional recreational opportunities. In fiscal year 2015, the City purchased and renovated the Sports City building which is now used as a Fieldhouse that offers various community recreation programs as well as a fitness

center and instructor led fitness programs. In 2017, City voters approved a ½ cent Parks sales tax with a sunset of five years to fund deferred maintenance.

### Labor Contracts

The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
Police Officers	80	September 30, 2021
Sergeants	12	September 30, 2021
Lieutenants	<u>3</u>	September 30, 2021
Subtotal	95	
Non-unionized employees	<u>271</u>	
Total employees	<u>366</u>	

### Employee Pensions

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement systems that acts as a common investment and administrative agent for local government entities in the State of Missouri. LAGERS is a defined benefit pension plan that provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by State statute, Sections 70.600 through 70.755, RSMo. As such, it is the System’s responsibility to administer the law in accordance with the express intent of the General Assembly. The Plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

The City’s full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate. The current rate is 6.3% (general) and 7.2% (police) of annual covered payroll.

The City’s contributions to LAGERS for the past five years are as follows:

	<u>LAGERS</u>
2017	\$ 893,308
2016	985,036
2015	1,071,473
2014	1,113,110
2013	1,116,633

For more information regarding the liability of the City with respect to its employees, please reference “Note 9 – Employees’ Retirement System and Other Postemployment Benefits,” of the City’s Comprehensive Annual Financial Report for fiscal year ended September 30, 2017, an excerpt of which is included as Appendix IV of this Official Statement. (The City’s Comprehensive Annual Financial Report for fiscal year ended September 30, 2018 is not yet available.)

Sources: City’s Comprehensive Annual Financial Reports.

## GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 (the "2018 LAGERS CAFR") is available at <http://www.molagers.org/financial.html>. The link to the 2018 LAGERS CAFR is provided for general background information only, and the information in the 2018 LAGERS CAFR is not incorporated by reference into this Official Statement. The City has no means to independently verify any of the information set forth on the LAGERS website.

Sources: *City's Comprehensive Annual Financial Reports.*

### **Other Postemployment Benefits**

The Governmental Accounting Standards Board (GASB) previously issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45), which addresses how state and local governments must account for and report their obligations related to post-employment healthcare and other non-pension benefits (referred to as Other Postemployment Benefits or "OPEB").

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to employees that retire from City employment and who participate in the Missouri Local Government Employees Retirement System (LAGERS). The City provides retiree health care benefits through the Midwest Public Risk (MPR), which is a risk pool comprised of approximately 265 entity members. It has been determined that MPR functions as an agent multiple-employer plan. The plan does not issue separate financial statements.

The City requires the retirees to pay 125% of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. (The retiree insurance is guaranteed; no medical questionnaire is required.) The difference between these amounts is the implicit rate subsidy, which is considered other postemployment benefits (OPEB) under GASB Statement No. 45.

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or if payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

Components of the City's annual OPEB cost, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the plan for the fiscal year ended September 30, 2017 are as follows:

Annual required contribution	\$ 59,098
Interest on net OPEB obligation	24,247
Adjustment to annual required contribution	<u>(31,655)</u>
Annual OPEB cost (expense)	\$ 51,690
Less net employer contributions	<u>(6,000)</u>
Increase in net OPEB obligation	\$ 45,690
Net OPEB obligation– beginning of year	<u>538,818</u>
Net OPEB obligation – end of year	<u>\$584,508</u>

Funded status of the City's OPEB as reported in the actuarial reports received to date:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>UAAL as a percentage of Annual Covered Payroll</u>
July 1, 2015	\$--	\$359,340	\$359,340	2.9%
July 1, 2013	--	546,907	546,907	4.5
July 1, 2011	--	527,810	527,810	5.1

Required contributions as reported in the actuarial reports received to date:

<u>Fiscal Year Ended June 30,</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$51,690	11.6%	\$584,508
2016	52,327	11.5	538,818
2015	75,783	9.2	492,491
2014	75,783	9.2	423,708
2013	72,333	8.3	354,925

For more information regarding the liability of the City with respect to its employees, please reference "Note 9 – Employees' Retirement System and Other Postemployment Benefits," of the City's Comprehensive Annual Financial Report for fiscal year ended September 30, 2017, an excerpt of which is included as Appendix IV of this Official Statement. (The City's Comprehensive Annual Financial Report for fiscal year ended September 30, 2018 is not yet available.)

Sources: *City's Comprehensive Annual Financial Reports.*

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## General Fund Budget Summary

	2017-18 <u>Budget</u>	2017-18 <u>Estimated</u>	2018-19 <u>Proposed</u>
Revenues:			
Taxes	\$17,359,733	\$17,747,720	\$18,110,534
Licenses, permits & fees	965,603	972,562	1,100,498
Other government sources	3,208,913	3,321,276	3,310,412
Charges for services	1,111,964	1,286,504	1,311,174
Fines & forfeitures	840,179	1,026,735	1,037,647
Interest income	97,518	150,101	205,096
Other	<u>425,058</u>	<u>460,695</u>	<u>496,322</u>
Total Revenues	\$24,008,968	\$24,965,593	\$25,571,683
Expenditures:			
General government	\$ 6,170,966	\$ 6,009,044	\$ 6,523,981
Public works	811,989	777,564	864,475
Highways and streets	2,941,154	2,933,828	2,971,120
Public safety	11,418,251	11,727,504	12,411,503
Social services	421,554	517,726	559,819
Parks	<u>3,755,424</u>	<u>3,582,514</u>	<u>3,754,143</u>
Total Expenditures	\$25,519,338	\$25,548,180	\$27,085,041
Excess of revenues over (under) expenditures	(1,510,370)	(582,587)	(1,513,358)
Other financing sources (uses):			
Operating transfers in	\$ 2,010,370	\$ 2,011,069	\$ 2,013,359
Operating transfers out	<u>(3,500,000)</u>	<u>(5,907,855)</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	\$ (1,489,630)	\$ (3,896,786)	\$ 1,513,359
Increase (decrease) in available net assets	(3,000,000)	(4,479,373)	1
Available net assets – Beginning of year	<u>\$15,548,188</u>	<u>\$15,548,188</u>	<u>\$ 11,068,815</u>
Available net assets – End of year	<u>\$12,548,188</u>	<u>\$11,068,815</u>	<u>\$ 11,068,816</u>

Sources: The City's 2017-18 Budget Manual and 2018-19 Proposed Budget.

The City received the Government Finance Officers Association of the United States and Canada's (GFOA) Award for Distinguished Budget Presentation for its annual budget dated October 1, 2017 for the fiscal year ended September 30, 2018. This was the 31<sup>st</sup> consecutive year the City has received this award.

## Major General Fund Revenue Sources

<u>Revenue</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Taxes	\$16,785,153	\$17,064,320	\$17,399,799	\$17,322,254	\$17,355,176
Intergovernmental revenues	2,843,100	2,995,392	2,948,820	2,874,061	3,210,284
Administrative charges	1,676,501	1,764,935	1,840,000	1,839,701	1,874,568
Charges for services	2,322,751	1,512,856	1,305,934	1,361,123	1,437,539
Licenses and permits	688,903	865,546	777,265	977,939	1,135,665
Fines and forfeits	870,291	1,114,347	1,127,246	1,033,510	902,432
Other revenues	575,652	695,182	540,948	406,072	499,768

Sources: City's Comprehensive Annual Financial Reports.

PROPOSED FORM OF BOND COUNSEL OPINION



GILMORE & BELL PC  
2405 GRAND BOULEVARD, SUITE 1100  
KANSAS CITY, MISSOURI 64108-2521  
816-221-1000 | 816-221-1018 FAX  
GILMOREBELL.COM

December 27, 2018

City of Blue Springs, Missouri  
Blue Springs, Missouri

Janney Montgomery Scott LLC  
Philadelphia, Pennsylvania

Re: \$9,625,000 City of Blue Springs, Missouri, Neighborhood Improvement District Limited General Obligation Refunding Bonds, Series 2018A

Ladies and Gentlemen:

We have acted as bond counsel to the City of Blue Springs, Missouri (the “Issuer”), in connection with the issuance of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and such certified proceedings, certifications and other documents that we deem necessary to render this opinion. Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are in proper form, have been duly authorized in accordance with the constitution and statutes of the State of Missouri, and, when duly issued, delivered and paid for, will constitute valid and legally binding neighborhood improvement district limited general obligation bonds of the City.
2. The Bonds and the interest thereon will constitute a valid and legally binding indebtedness of the City, payable both as to principal and interest from special assessments to be assessed on real property benefited by the projects refinanced with the proceeds of the Bonds and if not so paid, to the extent required, from the current income and revenues and surplus funds or other legally available funds of the City. The City is not authorized to impose any new or increased ad valorem property tax to pay principal of or interest on the Bonds without the voter approval required by the constitution and laws of the State of Missouri.
3. The interest on the Bonds (i) is excludable from gross income for federal and Missouri income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from

gross income for federal and Missouri income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,



## CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE**, dated as of December 27, 2018 (the “*Continuing Disclosure Certificate*”), is executed and delivered by the **CITY OF BLUE SPRINGS, MISSOURI** (the “*City*”).

## RECITALS

1. This Continuing Disclosure Certificate is executed and delivered in connection with the issuance by the City of \$9,625,000 Neighborhood Improvement District Limited General Obligation Refunding Bonds, Series 2018A (the “*Bonds*”), pursuant to an Ordinance adopted on December 3, 2018 (the “*Ordinance*”).

2. The City is entering into this Continuing Disclosure Certificate for the benefit of the Beneficial Owners (as defined below) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “*Rule*”). The City is the only “*obligated person*” (as defined by the Rule) with responsibility for continuing disclosure under this Continuing Disclosure Certificate.

The City covenants and agrees as follows:

***Section 1. Definitions.***

In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Continuing Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report filed by the City pursuant to, and as described in, **Section 2** of this Continuing Disclosure Certificate.

“*Beneficial Owner*” means any registered owner of any Bonds and any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*City*” means the City of Blue Springs, Missouri, a political subdivision of the State of Missouri, and its successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

“*Fiscal Year*” means the 12-month period beginning on October 1 and ending on September 30 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“*Material Events*” means any of the events listed in **Section 3** of this Continuing Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“*Participating Underwriter*” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

***Section 2. Provision of Annual Reports.***

The City shall not later than **six months** immediately following the end of the City’s Fiscal Year, commencing with the Fiscal Year ended September 30, 2018, file with the MSRB, through EMMA, the following financial information and operating data (the “*Annual Report*”):

- (1) The audited financial statements of the City for the prior Fiscal Year. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available. The audited financial statements of the City are currently prepared on a modified accrual basis of accounting, which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. If the City changes the basis of accounting principles used in its financial statements pursuant to **Section 6**, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.
- (2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an “*obligated person*” (as defined by the Rule), which have been filed with the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be filed as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the City may be filed separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

### ***Section 3. Reporting of Material Events.***

No later than 10 business days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“*Material Events*”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the City has not filed the Annual Report with the MSRB by the date required in **Section 2**, the City shall send a notice to the MSRB of the failure of the City to file on a timely basis the Annual Report, which notice shall be given by the City in accordance with this **Section 3**.

### ***Section 4. Termination of Reporting Obligation.***

The City’s obligations under this Continuing Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City’s obligations under this Continuing Disclosure Certificate are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Certificate in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

### ***Section 5. Designated Agents.***

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to this Continuing Disclosure Certificate.

***Section 6. Amendment; Waiver.***

Notwithstanding any other provision of this Continuing Disclosure Certificate, the City may amend this Continuing Disclosure Certificate and any provision of this Continuing Disclosure Certificate may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Certificate.

If a provision of this Continuing Disclosure Certificate is amended or waived, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

***Section 7. Additional Information.***

Nothing in this Continuing Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Certificate, the City shall have no obligation under this Continuing Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

***Section 8. Default.***

In the event of a failure of the City to comply with any provision of this Continuing Disclosure Certificate, the Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Continuing Disclosure Certificate. A default under this Continuing Disclosure Certificate shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Continuing Disclosure Certificate in the event of any failure of the City to comply with this Continuing Disclosure Certificate shall be an action to compel performance.

***Section 9. Beneficiaries.***

This Continuing Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriter and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

***Section 10. Severability.***

If any provision in this Continuing Disclosure Certificate, the Ordinance or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

***Section 11. Counterparts.***

This Continuing Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

***Section 12. Electronic Transactions.***

The arrangements described herein may be conducted and related documents may be stored, delivered or received by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

***Section 13. Governing Law.***

This Continuing Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Missouri.

*[remainder of page intentionally left blank]*

**IN WITNESS WHEREOF**, the City has caused this Continuing Disclosure Certificate to be executed as of the day and year first above written.

**CITY OF BLUE SPRINGS, MISSOURI**

By: \_\_\_\_\_  
Title: Mayor

**EXHIBIT A  
TO CONTINUING DISCLOSURE CERTIFICATE**

**FINANCIAL INFORMATION AND OPERATING DATA TO BE  
INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in the following described sections and tables contained in the final Official Statement relating to the Bonds:

FINANCIAL INFORMATION CONCERNING THE CITY

Sources of Revenue – Governmental Funds

Sales and Use Taxes – Governmental Funds

Property Valuations

History of Property Valuation

CITY INDEBTEDNESS

Remaining Debt Authority

General Obligation Debt

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Rates Per \$100 of Assessed Value

Tax Levies and Collections

**SUMMARY OF PROPERTY VALUATION AND TAX LEVIES**

**Accounting, Budgeting and Auditing Procedures**

United States of America applicable to local governments. The modified accrual basis of accounting is utilized by all governmental and agency fund types. Under the modified accrual basis of accounting, revenues are recorded as collected unless susceptible to accrual, i.e., amount measurable and available to finance the City’s operations or of a material amount and not received at the normal time of receipt. Significant revenues that are considered susceptible to accrual include property taxes, sales taxes, interest, and certain state and federal grants and entitlements. Expenditures, other than interest on long-term debt, are recorded when the fund liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and expenditures are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the available and measurable criteria.

Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until received. City policies require an annual independent audit to be made of the financial statements of the various funds and account groups by an independent certified public accounting firm selected by the City Council. The annual audit for the fiscal year ending September 30, 2017 was performed by RSM US LLP, Kansas City, Missouri.

**Property Valuations**

Assessment Procedure:

All taxable real and personal property within the City 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%

Assessors are now required, by Section 137.115.1, RSMo, to prepare and submit a two year assessment plan on or before January 1 of each even-numbered year. Such plan must be approved by the county commission and the State Tax Commission. Section 137.750, RSMo authorizes the state to reimburse 60% of most of the costs of reassessment provided that the county is in compliance with its assessment and equalization maintenance plan.

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.



## **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 City to 10 percent of the assessed valuation of the City by two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a City may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10 percent for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a City does not exceed 20 percent of the assessed valuation. Article VI, Section 26(e) provides that a City may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the City, provided that the total general obligation indebtedness of a City does not exceed 20 percent of the assessed valuation.

## **Tax Rates, Levies and Collections**

### Tax Collection Procedure:

Property taxes are levied by the City. The City 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 City's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than October first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to them by the City in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January, and February.

### Tax Rates:

*Debt Service Levy.* Once indebtedness has been approved by the constitutionally required percentage of the voters voting thereon and bonds are issued, the City 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 City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

*Operating Levy.* The general fund levy cannot exceed the “tax rate ceiling” for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy that, when charged against the newly assessed valuation of the City 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. Reductions in the tax rate due to this limitation are commonly referenced as the “Hancock rollback.” 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 city’s actual operating tax levy if its current tax levy was less than its current tax levy ceiling, due to the city’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 city’s actual operating tax levy, regardless of whether that levy is at the city’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 city’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 tax levy for debt service on the City’s 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 City’s general fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

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**EXCERPT OF 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

The City is audited annually by an independent certified public accounting firm. Data on the following pages was extracted from the City's comprehensive annual financial report for fiscal year ended September 30, 2017. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here. (The City's Comprehensive Annual Financial Report for fiscal year ended September 30, 2018 is not yet available).

The City's comprehensive annual financial report for the year ended 2017 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This was the 34<sup>th</sup> consecutive year that the City has received this award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The City will submit its CAFR for the 2018 fiscal year to GFOA upon its completion.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of Blue Springs, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Springs, Missouri (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the City of Blue Springs, Missouri, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of City Contributions for the Local Government Employees Retirement System, the schedule of funding progress for the other postemployment benefits, and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

**RSM US LLP**

Kansas City, Missouri  
February 7, 2018

City of Blue Springs, Missouri

Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017

This discussion and analysis of the City of Blue Springs (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

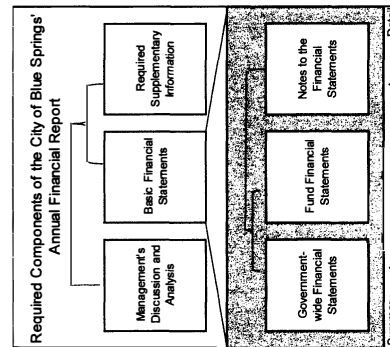
Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$132,235,460 (net position). Of this amount, \$14,744,152 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$5.4 million. Business-type activities account for a decrease of \$0.7 million in net position while governmental activities net position decreased by \$4.7 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$38,205,530, an increase of \$7.5 million in comparison with the prior year.
- Approximately 48 percent or \$18,239,201 of the combined governmental fund balances of \$38,205,530 is available for discretionary spending by the City. The remaining fund balance is either restricted by outside parties or not in spendable form. The general fund increased by \$1,238,825, public safety sales tax fund increased by \$233,373, the capital projects fund increased by \$606,180 and the TIF funds increased by \$5,231,092.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,337,706 or 5.4 percent of total general fund expenditures.
- The City's total long-term liabilities increased by \$2,748,102 or 2 percent during the current fiscal year. The key factors in this increase were the issuance of White Oak Special Obligation Bonds in the amount of \$9.2 million and minor increases in debt related to capital leases and developer agreements in excess of the retirement of long term debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

1. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
2. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements.
3. Notes to the statements are included which provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



City of Blue Springs, Missouri

Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017

The Basic Financial Statements are followed by a section of required supplementary information which explains and supports the information in the financial statements. In addition to this required information, the City has included a section that provides other supplementary information.

Scope	Major Features of the City of Blue Springs' Government-wide and Fund Financial Statements		
	Government-Wide Statements	Governmental Funds	Fund Statements
Required Financial Statements	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, public works, and parks	Activities the City operates for private business, water, sewer, and golf courses
Accounting Basis and Measurement Focus	Statement of Net Position Statement of Revenues, Expenditures and Changes in Fund Balances	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows
Type of Asset/Liability Information	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resource focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Asset/Liability Information	All revenues and expenses during year regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the reporting period and expenses for which cash is disbursed during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the assets/deferred outflows of resources and the liabilities/deferred inflows of resources reported as net position.

- Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Blue Springs is improving or deteriorating.

- Other nonfinancial factors to consider are changes in the City's property tax base and the condition of the City's capital assets (roads, buildings and water and sewer lines) to assess the overall health of the City.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the City can be divided into two categories:

- Governmental activities—Most of the City's basic services are reported in this category, including General Government, Public Works, Highways and Streets, Public Safety, Parks & Recreation and Economic Development. Property taxes, sales taxes, gross receipts taxes, user fees, interest income, and state and federal grants finance these activities.
- Business-type activities—The City charges a fee to customers to cover all or most of the cost of certain services it provides. The Water Fund, Sewer Fund, Golf Course Fund, and Fieldhouse Fund are included here.

**City of Blue Springs, Missouri**

**Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017**

The government-wide financial statements can be found on pages 16 – 18 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Blue Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The City uses three types of funds to manage resources: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** - Most of the City's basic services are reported in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found on pages 19 – 26 of this report.

- **Proprietary funds** - Business operations for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
  - The City's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - The City uses one internal service fund, Fleet Maintenance, to report activities that provide supplies and services for the City's other programs and activities.

The basic proprietary fund financial statements can be found on pages 27 – 34 of this report.

- **Fiduciary funds** - Used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Blue Springs own programs. The City is the fiduciary for the Jackson County Tax, Employees Flex Benefits, Eastern Jackson County Betterment Council, Adams Dairy Landing Community Improvement District (CID), Woods Chapel CID, White Oak CID, Coronado Drive Transportation Development District (Wal-Mart TDD) and Adams Farm Transportation Development District agency funds. The City also discloses the activity of the Blue Springs Land Bank Agency Trust Fund.

The basic fiduciary fund financial statements can be found on pages 35 – 36 of this report.

**Notes to basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are on pages 37 – 73 of this report.

**City of Blue Springs, Missouri**

**Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017**

**Other information**

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning budgetary comparison schedules for the general fund. Required and other supplementary information, including combining statements, pension schedules, individual fund schedules and individual fund budgetary comparison schedules for non-major governmental funds can be found on pages 74 – 101 of this report. Statistical information can be found beginning on page 102.

**Government-Wide Financial Analysis**

The following table reflects the condensed statement of net position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Blue Springs, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$132,235,460 at September 30, 2017.

	City of Blue Springs Net Position				
	Governmental Activities		Business-Type Activities		Total
	2017	2016	2017	2016	2017
Current and other assets	\$ 85,263,081	\$ 44,891,283	\$ 44,052,131	\$ 44,022,110	\$ 96,316,192
Capital assets	100,004,136	105,224,922	84,946,115	88,010,587	184,950,233
<b>Total assets</b>	<b>185,267,199</b>	<b>149,916,205</b>	<b>128,998,246</b>	<b>132,032,697</b>	<b>281,266,446</b>
Deferred outflows of resources	3,802,084	7,556,111	425,843	828,008	4,227,727
Long-term liabilities outstanding	107,633,976	102,861,173	34,833,008	37,097,307	142,528,692
Other liabilities	3,756,294	3,166,763	1,455,288	1,956,947	5,210,660
<b>Total liabilities</b>	<b>111,389,870</b>	<b>105,947,936</b>	<b>36,346,272</b>	<b>39,055,254</b>	<b>147,737,142</b>
Deferred inflows of resources	8,500,166	7,749,998	20,414	27,066	8,520,870
<b>Net position:</b>					
Net investment in capital assets	48,066,930	50,835,488	50,407,616	51,265,320	96,498,745
Restricted	17,419,056	10,861,853	1,676,505	1,576,649	16,994,663
Unrestricted (deficit)	(28,327,731)	(18,022,929)	41,071,863	40,936,396	14,744,152
<b>Total net position</b>	<b>\$ 39,160,257</b>	<b>\$ 43,674,422</b>	<b>\$ 93,055,203</b>	<b>\$ 93,777,355</b>	<b>\$ 132,235,460</b>
					<b>\$ 137,651,777</b>

The largest portion of the City's net position \$98,496,745 (74 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any outstanding related debt used to acquire those assets. The City of Blue Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position \$18,994,563 (14 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position totals \$14,744,152 (11 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Blue Springs, Missouri

Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017

The following table reflects the revenues and expenses from the City's activities:

	City of Blue Springs' Change in Net Position			
	Governmental Activities 2017	Business-Type Activities 2017	2016	2016
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 5,735,680	\$ 20,806,555	\$ 19,402,970	\$ 24,946,156
Operating grants and contributions	642,130	-	-	471,559
Capital grants and contributions	2,246,519	244,589	230,991	840,814
General revenues:				
Property taxes	5,940,624	-	-	6,122,937
General sales and use tax	16,373,546	-	-	16,516,894
Franchise tax	4,766,919	-	-	4,860,305
Intergovernmental activity taxes	4,890,028	-	-	3,952,005
Motor vehicle tax	1,889,309	-	-	1,844,525
Hotel tax	613,430	-	-	591,123
Other taxes	383,330	-	-	364,960
Unrestricted investment earnings	442,397	897,342	950,212	1,336,960
Other	534,546	-	-	410,308
<b>Total revenues</b>	<b>44,357,473</b>	<b>21,952,486</b>	<b>20,654,173</b>	<b>62,260,346</b>
<b>Expenses:</b>				
General government	7,257,755	-	-	6,420,523
Public works	735,017	-	-	701,230
Highways and streets	10,975,662	-	-	8,365,757
Public safety	15,198,731	-	-	16,788,117
Parks and recreation	4,514,963	-	-	4,269,900
Economic development	5,324,067	-	-	267,098
Water	-	10,317,418	9,424,854	9,424,854
Sewer	-	9,713,317	9,599,824	9,599,824
Golf Course	-	1,736,689	1,658,105	1,658,105
Non-major, Fieldhouse	-	1,122,638	1,012,307	1,012,307
Interest on long-term debt	4,929,799	-	-	4,054,700
<b>Total expenses</b>	<b>48,856,014</b>	<b>22,890,282</b>	<b>21,695,080</b>	<b>62,572,415</b>
Excess (deficiency) before transfers	(4,478,541)	(937,776)	(1,110,917)	(312,069)
Transfers	(215,624)	215,624	311,824	-
Change in net position	(4,694,165)	(722,152)	(799,093)	(312,069)
Net position, beginning	43,874,422	93,777,355	94,576,448	137,963,946
Net position, ending	\$ 39,180,257	\$ 43,874,422	\$ 93,055,203	\$ 137,651,877

**Governmental activities.** Several factors caused net position for governmental activities to decrease by

\$4,694,165 or 11 percent due to expenditures in excess of revenue.

Overall revenues increased from fiscal year 2016 by \$2,681,300 due to increases in some revenue categories and decreases in other revenue categories.

City of Blue Springs, Missouri

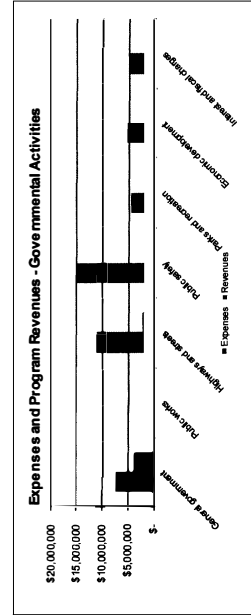
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017

- Charges for Services increased by \$192,507 or 3.5 percent in 2017 due to an increase in building permits and right of way fees.
- Operating Grants increased by \$170,571 or 36.2 percent primarily due to receipt of the Department of Justice Domestic Violence Grant.
- Capital Grants and Contributions increased by \$1,635,696 or 268 percent primarily due to an increase in contributed capital of \$1.6 million for Adams Pointe Street and Colonial Highlands Street.
- Property taxes decreased by \$182,313 or 3 percent as a result of more taxes being recognized in the prior fiscal year, but not actually received until this fiscal year.
- Intergovernmental activity taxes increased by \$638,023 or 16 percent due to prior year PILOTS for the Adams Farm TIF that were paid under protest and released to the City in 2017.
- Unrestricted investment earnings increased by \$55,949 or 14.5 percent due to a slight increase in interest rates and additional funds being invested.
- Miscellaneous revenues increased by \$124,238 or 30 percent primarily due to the refund of an overpayment for Woods Chapel Road and insurance settlements for damaged street lights and vehicles.

Overall expenses increased from fiscal year 2016 by \$7,958,689 due to increases in some functions and decreases in others.

- General Government increased by \$837,232 or 13 percent from 2016 due to a legal settlement for Ridgewood Place, increases in CDBG program expenses and overall increases in personnel expenses.
- Highways and Streets increased by \$2.6 million or 31 percent due to increase in the allocation of capital outlay.
- Public Safety decreased by \$1.5 million or 9 percent due to a decrease in the allocation of capital outlay.
- Economic Development increased by \$5.1 million from 2016 due to additional certified costs related to various TIF projects and the issuance of the 2016 Special Obligation bonds in fiscal year 2017.
- Interest and Fiscal Charges increased by \$765,099 primarily due to increased interest on debt for the 2015A, 2015B, and 2016 Special Obligation Bonds.

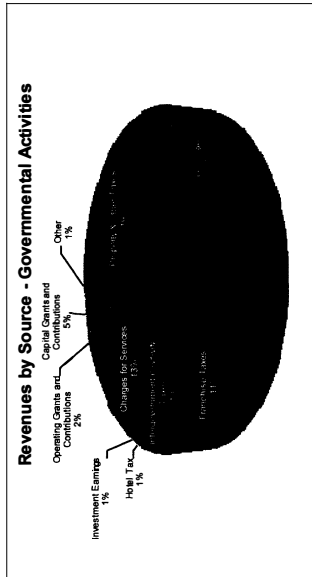
The following table reflects the expenses and revenues from the City's governmental activities:



**City of Blue Springs, Missouri**

**Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017**

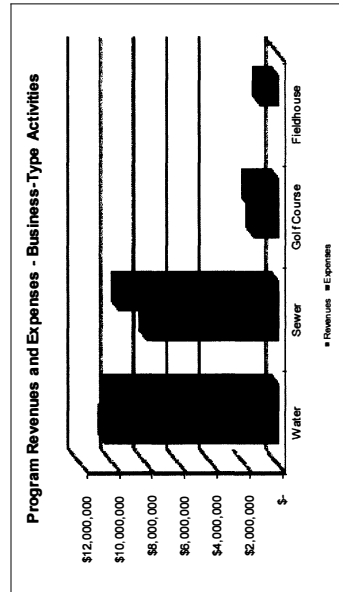
The following table reflects the revenues by source from the City's governmental activities:



**Business-type activities.** Business-type activities net position decreased by \$722,152 or 0.8 percent. Key elements of this increase are as follows:

- Net position for the Water Utility Fund increased by \$477,755 due to operating revenues exceeding operating expenses and an increase in Charges for Services related to water sales.
- Net position for the Sewer Utility Fund decreased by \$1,234,541 due to citywide sewer maintenance and the City's need to subsidize the Neighborhood Improvement District Limited Obligation Bonds debt service payments in the amount of \$535,591.
- Net position for the Golf Course increased by \$131,579 primarily due to the transfer in from parks sales tax for bunkers and increase in transfer for operations compared to prior year.
- Net position of the Fieldhouse Fund decreased by \$96,945 due to the operating expenses exceeding revenues primarily due to depreciation of assets.

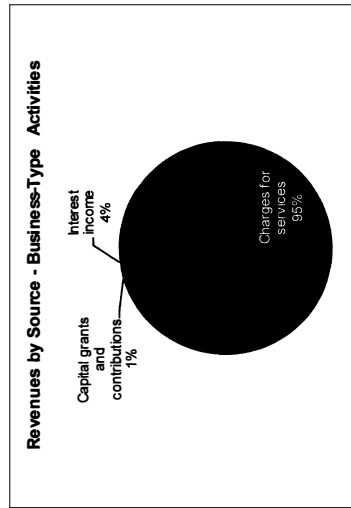
The following table reflects the expenses and revenues from the City's business-type activities:



**City of Blue Springs, Missouri**

**Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017**

The following table reflects the revenues by source from the City's business-type activities:



**Financial Analysis of the City's Funds**

As noted earlier, the City of Blue Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$39,205,530 an increase of \$7,487,126 in comparison with the prior year. Approximately 48 percent or \$18,239,201 of the combined governmental fund balance is available for discretionary spending and is made up of the committed, assigned and unassigned categories. The general fund increased by \$1,238,825, public safety sales tax fund increased by \$233,373, the capital projects fund increased by \$606,180 and the TIF fund increased by \$5,231,092.

During fiscal year 2011, the City Council adopted a stabilization arrangement that sets aside 30 percent of budgeted General Fund expenditures of the prior fiscal year. The 30 percent of operating expenditures are divided into two reserve categories, the Emergency Reserve and the Budget Stabilization Reserve.

The Emergency Reserve is set at 20 percent of budgeted General Fund expenditures of the prior fiscal year and shall only be used if one of the following three things occurs: (1) the City directly experiences a natural disaster or urgent event that jeopardizes public safety; (2) the Federal Government and/or State of Missouri formally declare a disaster or emergency; or (3) no reasonable budget adjustments are available to continue providing essential services to the public.



**City of Blue Springs, Missouri**

**Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017**

The Budget Stabilization Reserve is set at 10 percent of budgeted General Fund expenditures of the prior fiscal year. The Budget Stabilization Reserve shall only be used if one of the following four things occur: (1) the City experiences a sudden and unexpected decline in ongoing revenues greater than 10 percent of General Fund operating revenues; (2) short term stabilization is needed to minimize significant changes in insurance rates or premiums; (3) funds are needed as part of a matching grant for a major project or (4) sudden or unexpected capital outlay replacement is needed (this includes equipment or facility failures).

The fund balance of the City's general fund increased by \$1,238,825 during the current fiscal year. The key factors in the increase are reductions in budgeted expenditures including carryover encumbrances of \$719,523 and revenues in excess of budget by \$352,434. Tax collection fees were not budgeted for the year, but the termination effective date of the contract occurred on January 31, 2017, four months after the start of the fiscal year.

The public safety sales tax fund is used to account for the collection of the City's public safety sales tax and related expenditures including equipment, additional personnel and facility renovations. At the end of the current fiscal year the fund balance is \$4,797,839 which is an increase of \$233,373 from last year. The fund balance increase is primarily related to fewer expenditures for the completion of the Public Safety building expansion.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). These projects are reported separately from ongoing operating activities to enhance the understanding of the City's capital activities and to avoid distortions in financial resources trend information. At the end of the current fiscal year the fund balance of the capital projects fund is \$5,637,222, which is an increase of \$606,180 from last year. The fund balance increase is related to fewer projects being completed in fiscal year 2017 and large projects including Woods Chapel Road Phase I and II being substantially completed in prior years.

The TIF fund is used to account for resources of the City's tax increment financing activities. At the end of the current fiscal year the fund balance of the TIF fund is \$10,494,064, which is an increase of \$5,231,092 from last year. The fund balance increase is related primarily to bond proceeds in the current year. The related cash is held by the trustee as fund restricted for future debt service payments.

The encumbrances for the General Fund increased to \$972,917 from \$719,523 for a difference of \$253,394 primarily due to purchase orders for new police patrol vehicles and the related equipment. Public Safety Sales Tax Fund encumbrances decreased to \$1,240,743 from \$1,334,884 for a difference of \$94,141. Capital Projects Fund encumbrances decreased to \$667,644 from \$846,315 for a difference of \$278,671, primarily related to additional expenditures for the completion of the Woods Chapel Phase II project and the purchase of a 2017 International Truck with an encumbrance from fiscal year 2016.

**Proprietary Funds.** The City's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail.

Unrestricted net position of the water and sewer funds at the end of the year amounted to \$10,263,907 and \$33,581,765 respectively. The golf course fund has an unrestricted net deficit of \$1,736,004 for a decrease in the unrestricted deficit of \$28,775 from last year. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

**City of Blue Springs, Missouri**

**Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017**

**General Fund Budgetary Highlights**

The general fund revenues for the year ended September 30, 2017 were \$26,574,700 or \$2,368,569 over budget. Expenditures ended the year at \$25,077,315 or \$1,241,332 below the final budget amount of \$26,318,650.

General Fund Revenues exceeded budget by \$2,368,269:

- Licenses & Permits – Licenses and permits exceeded budget by \$135,308 or 14 percent due to a continued increase in building permits.
- Intergovernmental revenues – Intergovernmental revenues were under budget by \$76,280 or 2.3 percent due to first year expenses for the Domestic Violence Grant being less than anticipated.
- Charges for Services - Charges for services revenues, primarily construction and property tax collections, exceeded budget by \$358,181 or 33 percent. Tax collection fees were not budgeted for the year, but the termination effective date of the contract occurred on January 31, 2017, four months after the start of the fiscal year.
- Interest revenue exceeded budget by \$42,552 due to slight increases in interest rates during the fiscal year.
- Fines - Fines were \$75,555 or 8 percent below budget due to the implementation of Senate Bill 572 that went into effect August 28, 2016. This new bill further impacted the City's municipal court revenue that started with Senate Bill 5 that went into effect August 28, 2015. The City continues to see the impact of these caps on court fines.
- Other – Other Revenues exceeded budget by \$76,886 due to miscellaneous revenue of \$32,210 and the sale of surplus Parks and Public Safety Equipment.

General Fund Expenditures were below budget by \$1,241,332 due to less than anticipated spending. Key factors are noted below:

- Materials & Supplies were under budget by \$354,941 primarily due to savings related to street maintenance materials and snow and ice supplies.
- Contractual Services were under budget by \$554,169 due to savings on Utilities and contracted repair of equipment and Economic Development was originally budgeted in Contractual Services, but was brought in house so the expenditures are reflected in Personal Services.
- Capital Outlay was under budget \$641,679 due to savings in Parks facility improvements and police patrol vehicles that were encumbered in 2017 and received in fiscal year 2018.

During the fiscal year, the City Council revised the budget as expenditures were increased \$905,607 in the General Fund. Two times during the year funds appropriation from fund balance were requested resulting in the following budget amendments:

- Increase in appropriations for Hidden Valley Softball Field Improvements.
- Increase in appropriations for Police grants, rifle sights replacement and vehicle replacement.
- Increase in appropriations for Domestic Violence Grant.
- Increase in appropriations for Parks scoreboard replacement.
- Increase in appropriations for Public Works sign repair.
- Carry-over encumbrances from fiscal year 2016 account for \$719,523 of the increase.

Outstanding General Fund encumbrances as of September 30, 2017 totaled \$972,917.

City of Blue Springs, Missouri

Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017

Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$184,950,253, net of accumulated depreciation. This investment in capital assets includes land and other non-depreciable assets, buildings, improvements, machinery and equipment, park facilities, and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$8,285,256 or 4.3 percent (a 3.5 percent decrease for business-type activities and a 5 percent decrease for governmental activities). The decrease in governmental activities is primarily due to depreciation of \$8.4 million exceeding net increases in asset additions of \$2.7 million primarily for infrastructure contributed capital. For business-type activities, depreciation of \$4.2 million exceeded asset retirements of \$570,848.

	City of Blue Springs' Capital Assets (Net of Depreciation)				
	Governmental Activities		Business-Type Activities		Total
	2017	2016	2017	2016	
Land and land rights	\$ 16,206,643	\$ 16,031,345	\$ 4,006,033	\$ 4,006,033	\$ 20,215,576
Construction-in-progress	185,137	-	686,408	366,152	885,545
Buildings and improvements	23,744,712	25,276,411	11,971,949	12,502,201	35,716,661
Equipment and vehicles	5,674,687	6,109,930	1,232,485	1,024,081	6,907,152
Infrastructure	54,160,089	57,607,236	67,039,280	70,112,120	121,225,319
	\$ 100,004,138	\$ 105,224,922	\$ 84,946,115	\$ 88,010,587	\$ 184,950,253

Additional information on the City's capital assets can be found in Note 6 on pages 52 – 53 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Blue Springs had total outstanding debt obligations of \$142,526,582. Of this amount, \$21,155,000 comprises debt backed by the full faith and credit of the government and \$14,100,000 is Neighborhood Improvement District debt for which the government is liable in the event of default by the property owners subject to the assessment. The Certificates of Participation debt outstanding total of \$22,185,000 is subject to annual appropriation by the City and was used to finance the City's golf course and conference center. This debt was refunded in 2014 with new money issued to also fund the new Public Safety building. The total Special Obligation Bond debt related to the Adams Farm and White Oak TIFs is \$52,576,530. Subject to annual appropriation, the City collects TIF revenues on behalf of the districts and transfers those revenues for repayment of this debt. The development agreement outstanding debt listed below represents the outstanding loan for the Fall Creek Tax Increment Financing District and the certified developer costs associated with the 'pay as you go', Hwy 7 & 40 Hwy, Woods Chapel and Coppernate Village TIFs. In 2010, the City obtained a direct loan through the Department of Natural Resources to fund the Sni-a-bar Sewer Plant expansion. As of the end of the fiscal year, the total loan amount of just over \$24.2 million less principal payments of \$6.5 million resulting in a loan balance of \$17.7 million.

The City's total debt increased by \$2,748,102 or 2 percent during the current fiscal year. The key factors were scheduled debt service payments exceeded by the issuance of the White Oak Special Obligation bonds in the amount of \$9,265,000 and minor increases to debt related to both capital leases and developer agreements.

City of Blue Springs, Missouri

Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2017

Capital Leases, General Obligation Bonds, Revenue Bonds and Long-Term Debt

	City of Blue Springs' Outstanding Debt				
	Governmental Activities		Business-Type Activities		Total
	2017	2016	2017	2016	
Capitalized leases	\$ 2,822,029	\$ 3,412,143	\$ 61,831	\$ 54,542	\$ 3,466,685
General obligation bonds	21,155,000	22,030,000	-	-	21,155,000
Compassionate absences	1,919,802	1,479,676	161,702	155,834	1,881,304
Development agreements	8,880,208	8,745,327	-	-	8,880,208
Certificates of participation	19,905,000	20,160,000	2,280,000	2,520,000	22,185,000
Neighborhood improvement	-	-	14,100,000	14,950,000	14,100,000
Net OPEB obligation	528,440	495,655	56,068	42,153	584,508
Special obligation bonds	52,576,530	46,061,550	-	-	52,576,530
Discouragement on issuance	286,767	295,652	510,405	561,578	777,172
LAGERS obligation	-	-	-	-	-
State revolving fund	-	-	17,722,900	18,813,200	17,722,900
	\$ 107,633,576	\$ 102,681,173	\$ 34,893,006	\$ 37,037,307	\$ 142,526,582

Missouri statutes limit the amount of general obligation debt that a unit of government can issue to twenty percent of the total assessed value of taxable property located within the City's boundaries. The legal debt limit for the City is \$160,241,550.

Additional information regarding the City's long-term debt can be found in Note 7 on pages 54 – 61 of this report.

Economic Factors and Next Year's Budgets and Rates

General Fund revenues for fiscal year 2018 are projected to total \$24,038,968. This represents an overall increase of 0.52 percent. General Fund budgeted expenditures are projected to total \$25,549,338 compared to \$25,366,259 in fiscal year 2017; an increase of 0.72 percent. The very slight increases in both revenues and expenditures are primarily a result of very little change expected in revenues and management's decision to maintain budgeted expenditures consistent with fiscal year 2017. During 2018, staff will review fund balance reserve policies for all funds to ensure appropriate reserve levels are maintained.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$1,337,706. The City has not appropriated this amount in the 2018 fiscal year.

In order to reduce operational costs, two positions in the Administration Department have been eliminated in the 2018 budget.

The voter approved 1/2 cent public safety sales tax went into effect October 1, 2011 and was projected to raise approximately \$3.0 million annually. The total budgeted public safety sales tax expenditures for fiscal year 2018 are \$3,604,722. Included in this amount is funding for supplies, contractual services and capital outlay, personal service costs, building improvements and debt service including a capital lease. The public safety building improvements were substantially completed in fiscal year 2015 and the building was put into use in January 2016. As of fiscal year 2018, there are still minor encumbrances open on this project.

The City performs water and sewer rate studies every three years with the most recent being completed in 2016. This study resulted in incremental rate increases over the subsequent three years. The rate increases provide funding for ongoing operating costs and capital improvements as well as plans to repay debt. The City will perform another rate study in 2019.

## **City of Blue Springs, Missouri**

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2017**

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The City's budget includes a 2 percent salary increase for employees and continues the longevity plan which rewards employees for their years of service. Employees will receive a 2.5 percent pay increase upon completion of each five-year increment of employment.

The City's 2018 budget includes \$2.85 million for construction of NE Roanoke Drive from Adams Dairy Parkway east to NE Porter Road. In addition, \$330,000 has been budgeted to address sidewalk maintenance citywide which is funded by the Water Fund and the remainder of a one-time allocation of \$1.183 million the City Council had previously authorized. The budget also includes \$900,000 for citywide sewer inspection and maintenance and \$409,000 for snow plow and aeration equipment replacement.

Also included in the 2018 budget is \$6.2 million for the renovation of City Hall to provide better ADA accessibility, improve customer service, better utilize existing space and improve operational efficiencies. Construction is scheduled to begin in April 2018 with an expected completion date of January 2019.

On April 1, 2017, voters approved a 5-year ½ cent sales tax for Parks deferred maintenance. The Parks and Recreation Department implemented an Open Space Master Plan to provide guidance and strategic direction for managing the 816 acres of park land located throughout the Blue Springs community as well as addressing programs for both youth and adults. The 2018 budget includes \$1.6 million to address some of the identified parks projects and a \$500,000 transfer for golf course projects.

In fiscal year 2015, City entered into negotiations with the Fraternal Order of Police and contracts were signed in December 2015. Terms of these agreements were implemented during fiscal year 2016. The budget for 2018 includes \$30,000 for review of step plans for the City's compensation package.

#### **Requests for Information**

This report is designed to provide an overview of the City of Blue Springs' finances for all those with an interest in the government's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Blue Springs, 903 W. Main St., Blue Springs, Missouri 64015 or by visiting the City's website at [www.bluespringsgov.com](http://www.bluespringsgov.com).

# City of Blue Springs, Missouri

## Statement of Net Position September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 29,936,969	\$ 16,737,419	\$ 46,674,388
Receivables (net of allowances for uncollectibles):			
Property taxes	8,239,852	-	8,239,852
Other taxes	2,842,182	-	2,842,182
Accounts	263,721	2,400,931	2,664,652
Accrued interest	35,096	28,712	63,808
Internal balances	2,000,055	(2,000,055)	-
Inventories	152,470	330,965	483,435
Prepaid items	703,612	481,673	1,185,285
Special assessments:			
Due in one year	-	2,405,975	2,405,975
Due in more than one year	-	13,200,000	13,200,000
Due from other governments:			
Due in one year	1,135,623	396,696	1,532,319
Due in more than one year	-	7,890,320	7,890,320
Restricted cash and investments	4,161,059	1,575,505	5,736,564
Net pension asset	5,792,422	603,990	6,396,412
Capital assets:			
Land and construction-in-progress, nondepreciable	16,398,680	4,702,441	21,101,121
Other capital assets, net of depreciation	83,605,458	80,243,674	163,849,132
<b>Total assets</b>	<b>155,267,199</b>	<b>128,998,246</b>	<b>284,265,445</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	669,837	136,936	806,773
Pension-related amounts	3,132,247	288,707	3,420,954
<b>Total deferred outflows</b>	<b>3,802,084</b>	<b>425,643</b>	<b>4,227,727</b>
<b>Liabilities</b>			
Accounts payable	1,020,812	799,612	1,820,424
Accrued liabilities	780,132	58,505	838,637
Due to other governments	5,956	-	5,956
Court bonds	83,617	-	83,617
Accrued interest	1,053,895	100,586	1,154,481
Customer deposits	747,464	482,225	1,229,689
Unearned revenue	63,418	14,338	77,756
Noncurrent liabilities:			
Due in one year	3,053,671	2,321,780	5,375,451
Due in more than one year	104,579,905	32,571,226	137,151,131
<b>Total liabilities</b>	<b>111,388,870</b>	<b>36,348,272</b>	<b>147,737,142</b>
<b>Deferred Inflows of Resources</b>			
Property taxes	8,051,212	-	8,051,212
Pension-related amounts	448,944	20,414	469,358
<b>Total deferred inflows</b>	<b>8,500,156</b>	<b>20,414</b>	<b>8,520,570</b>
<b>Net Position</b>			
Net investment in capital assets	48,088,930	50,407,815	98,496,745
Restricted for:			
Debt service	11,880,259	1,575,505	13,455,764
Public safety building improvements	4,744,824	-	4,744,824
Tourism	566,058	-	566,058
Other	227,917	-	227,917
Unrestricted (deficit)	(26,327,731)	41,071,883	14,744,152
<b>Total net position</b>	<b>\$ 39,180,257</b>	<b>\$ 93,055,203</b>	<b>\$ 132,235,460</b>

See notes to basic financial statements.

City of Blue Springs, Missouri  
Statement of Activities  
Year Ended September 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 7,257,755	\$ 3,838,541	\$ 9,796	\$ (3,409,418)	\$ -
Public works	735,017	208,751	-	(526,266)	-
Highways and streets	10,975,662	-	2,183,192	(8,792,470)	-
Public safety	15,198,731	1,197,688	607,334	(13,386,794)	-
Parks and recreation	4,514,983	490,733	25,000	(3,943,858)	-
Economic development	5,324,067	-	-	(5,324,067)	-
Interest and fiscal charges	4,829,799	-	-	(4,829,799)	-
<b>Total governmental activities</b>	<b>48,836,014</b>	<b>5,735,693</b>	<b>642,130</b>	<b>(40,212,672)</b>	<b>-</b>
Business-type activities:					
Water	10,317,418	10,516,119	21,612	-	220,313
Sewer	9,713,317	7,814,538	-	-	(1,671,802)
Golf course	1,736,689	1,497,416	-	-	(239,273)
Fieldhouse	1,122,838	976,482	-	-	(144,356)
<b>Total business-type activities</b>	<b>22,890,262</b>	<b>20,806,555</b>	<b>248,589</b>	<b>-</b>	<b>(1,835,118)</b>
<b>Total primary government</b>	<b>\$ 71,726,276</b>	<b>\$ 26,542,248</b>	<b>\$ 642,130</b>	<b>(40,212,672)</b>	<b>(1,835,118)</b>

General Revenues	Net (Expense) Revenue and Changes in Net Position	
	Governmental Activities	Primary Government Business-Type Activities
Taxes:		
Sales	16,573,548	-
Property	5,940,624	-
Franchise	4,766,919	-
Intergovernmental activity taxes	4,580,028	-
Motor vehicle	1,889,309	-
Hotel	613,430	-
Other taxes	383,330	-
Interest	442,397	897,342
Miscellaneous	534,546	-
<b>Transfers</b>	<b>(215,624)</b>	<b>215,624</b>
<b>Total general revenues and transfers</b>	<b>35,518,507</b>	<b>1,112,966</b>
Changes in net position	(4,694,165)	(722,152)
Net position, beginning	43,874,422	93,777,355
Net position, ending	\$ 39,180,257	\$ 93,055,203

See notes to basic financial statements.

City of Blue Springs, Missouri

**Balance Sheet  
Governmental Funds  
September 30, 2017**

	General	Public Safety Sales Tax	Capital Projects	TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 12,890,232	\$ 4,313,906	\$ 4,859,430	\$ 6,037,685	\$ 1,835,716	\$ 29,936,969
Receivables, (net of allowances for uncollectibles):						
Property taxes	4,904,742	-	-	2,107,703	1,227,407	8,239,852
Other taxes	1,666,491	548,479	548,499	15,641	63,072	2,842,182
Accounts	257,743	-	-	-	-	257,743
Accrued interest	25,126	-	9,970	-	-	35,096
Due from other funds	31,869	-	-	221,927	-	253,796
Due from other governments	463,365	-	18,609	653,649	-	1,135,623
Advances to other funds	1,823,464	-	326,911	-	-	2,150,375
Prepaid items	613,413	53,015	-	31,228	-	697,656
Restricted cash and investments	19,532	-	-	4,029,307	112,220	4,161,059
<b>Total assets</b>	<b>\$ 22,695,977</b>	<b>\$ 4,915,400</b>	<b>\$ 5,763,419</b>	<b>\$ 13,097,140</b>	<b>\$ 3,238,415</b>	<b>\$ 49,710,351</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 581,773	\$ 39,428	\$ 71,001	\$ 268,976	\$ 2,309	\$ 963,487
Accrued liabilities	733,158	21,795	-	-	-	754,953
Due to other funds	110,393	56,338	55,196	2,119	29,750	253,796
Due to other governments	5,956	-	-	-	-	5,956
Court bonds	83,617	-	-	-	-	83,617
Customer deposits	747,464	-	-	-	-	747,464
Unearned revenue	63,418	-	-	-	-	63,418
<b>Total liabilities</b>	<b>2,325,779</b>	<b>117,561</b>	<b>126,197</b>	<b>271,095</b>	<b>32,059</b>	<b>2,872,691</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue - property taxes	4,901,556	-	-	2,107,703	1,226,474	8,235,733
Unavailable revenue - other	24,106	-	-	224,278	-	248,384
Unavailable revenue - intergovernmental	148,013	-	-	-	-	148,013
<b>Total deferred inflows of resources</b>	<b>5,073,675</b>	<b>-</b>	<b>-</b>	<b>2,331,981</b>	<b>1,226,474</b>	<b>8,632,130</b>
<b>Fund balance:</b>						
<b>Nonspendable:</b>						
Prepaid items	613,413	53,015	-	-	-	666,428
Interfund advances	1,823,464	-	-	-	-	1,823,464
<b>Restricted:</b>						
Debt service	-	-	-	10,494,064	1,443,574	11,937,638
Tourism	-	-	-	-	566,058	566,058
Public safety building improvements	-	4,744,824	-	-	-	4,744,824
Other purposes	77,917	-	150,000	-	-	227,917
<b>Committed:</b>						
Budget stabilization reserve	2,467,771	-	-	-	-	2,467,771
Emergency reserve	4,935,542	-	-	-	-	4,935,542
Other purposes	3,566,066	-	1,909,037	-	-	5,475,103
<b>Assigned:</b>						
Capital projects	-	-	3,578,185	-	-	3,578,185
Other purposes	474,644	-	-	-	-	474,644
Unassigned	1,337,706	-	-	-	(29,750)	1,307,956
<b>Total fund balance</b>	<b>15,296,523</b>	<b>4,797,839</b>	<b>5,637,222</b>	<b>10,494,064</b>	<b>1,979,882</b>	<b>38,205,530</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 22,695,977</b>	<b>\$ 4,915,400</b>	<b>\$ 5,763,419</b>	<b>\$ 13,097,140</b>	<b>\$ 3,238,415</b>	<b>\$ 49,710,351</b>

See notes to basic financial statements.

**City of Blue Springs, Missouri**

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities  
September 30, 2017**

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Total governmental fund balances	\$	38,205,530
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of those assets is capitalized and shown at cost, net of accumulated depreciation.		99,982,902
Net pension asset not reported in the funds		5,792,422
Long-term assets are not available to pay for current period expenditures and are therefore deferred inflows of resources in the fund statements.		580,918

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Other long-term liabilities, including accrued compensated absences and OPEB obligations, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt liabilities:

Accrued interest payable	\$	(1,053,895)	
Accrued compensated absences		(1,519,602)	
OPEB obligation		(516,749)	
Deferred charge on refunding		669,837	
Net discount/premium on bond issues		(266,767)	
Development agreements		(8,860,208)	
Capital lease obligations		(2,822,029)	
Bonds and certificates of participation		(93,636,530)	(108,005,943)

Pension-related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:

Deferred outflows of resources - pension-related amounts		3,132,247
Deferred inflows of resources - pension-related amounts		(448,944)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are reported with governmental activities in the statement of net position.

(58,875)

**Net position of governmental activities**

\$ 39,180,257

See notes to basic financial statements.

City of Blue Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year Ended September 30, 2017

	General	Public Safety Sales Tax	Capital Projects	TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 17,355,176	\$ 3,580,409	\$ 3,658,810	\$ 1,542,621	\$ 1,850,312	\$ 27,987,328
Intergovernmental activity taxes	-	-	-	5,018,954	-	5,018,954
Licenses and permits	1,135,665	-	-	-	-	1,135,665
Intergovernmental revenues	3,210,284	-	243,893	-	-	3,454,177
Charges for services	1,437,539	-	-	-	-	1,437,539
Administrative charges	1,874,568	-	-	-	-	1,874,568
Fines and forfeits	902,432	-	-	-	-	902,432
Interest	115,789	26,355	40,912	14,096	245,235	442,397
Donations	43,469	28,554	25,941	-	-	72,023
Other	489,768	-	25,941	-	-	525,709
<b>Total revenues</b>	<b>26,574,700</b>	<b>3,806,764</b>	<b>3,986,110</b>	<b>6,575,671</b>	<b>2,095,547</b>	<b>42,850,792</b>
<b>Expenditures:</b>						
Current:						
General government	6,031,722	-	-	-	165,315	6,197,037
Public works	676,063	-	-	-	-	676,063
Highways and streets	2,581,952	-	-	-	-	2,581,952
Public safety	11,242,749	1,925,708	-	-	-	13,168,457
Parks and recreation	3,753,671	-	-	-	-	3,753,671
Economic development	-	-	-	3,743,117	-	3,743,117
Capital outlay	487,516	-	3,341,930	-	-	3,829,446
Debt service:						
Principal retirement	49,890	540,124	-	4,216,062	1,130,000	5,936,176
Interest and fiscal charges	-	907,559	-	2,317,196	1,034,440	4,259,195
Bond issue costs	-	-	-	300,406	-	300,406
<b>Total expenditures</b>	<b>24,823,663</b>	<b>3,373,361</b>	<b>3,341,930</b>	<b>10,576,781</b>	<b>2,329,755</b>	<b>44,445,520</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,751,037</b>	<b>233,373</b>	<b>656,180</b>	<b>(4,001,110)</b>	<b>(234,208)</b>	<b>(1,694,728)</b>
<b>Other financing sources (uses):</b>						
Transfers in	385,637	-	756,975	-	915,290	2,057,902
Transfers out	(897,849)	-	(806,975)	(32,798)	(603,426)	(2,241,048)
Bond proceeds	-	-	-	9,285,000	-	9,285,000
<b>Total other financing sources (uses)</b>	<b>(512,212)</b>	<b>-</b>	<b>(60,000)</b>	<b>9,232,202</b>	<b>411,864</b>	<b>9,081,854</b>
<b>Net change in fund balance</b>	<b>1,238,825</b>	<b>233,373</b>	<b>606,180</b>	<b>5,231,092</b>	<b>177,656</b>	<b>7,487,126</b>
Fund balances, beginning	14,057,698	4,584,466	5,031,042	5,262,972	1,802,226	30,718,404
Fund balances, ending	15,296,523	4,797,839	5,637,222	10,494,064	1,979,882	38,205,530

See notes to basic financial statements.



City of Blue Springs, Missouri

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended September 30, 2017

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Total net change in fund balances - governmental funds	\$ 7,487,126
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the effect of capital outlay, depreciation expense and other capital asset transactions in the current period:

Capital outlays	1,348,106
Depreciation expense	(8,408,285)
Loss on disposal of capital assets	(60,566)
Capital assets contributed	1,887,299

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred inflows of resources	(380,625)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Bond issuance	(9,265,000)
Principal payments	4,470,114
Certified developer obligations	(1,580,943)
Reduction of amount owed for certified developer obligations	1,466,062
Amortization of premium, discount and deferred charges on refunding	(33,393)
Change in accrued interest payable	(236,804)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	(39,926)
Pension-related amount, pension expense	(1,311,364)
Change in other postemployment benefit obligations	(30,814)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.

(5,152)

**Change in net position of governmental activities**

**\$ (4,694,165)**

See notes to basic financial statements.

City of Blue Springs, Missouri

Statement of Net Position  
Proprietary Funds  
September 30, 2017

Assets	Business-Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Fund	
	Water Utility		Sewer Utility				Golf Course
	Water Utility	Sewer Utility	Water Utility	Sewer Utility			
<b>Current assets:</b>							
Cash and investments		6,741,165	\$	117,200	\$	16,737,419	
Receivables (net of allowances for uncollectibles):							
Accounts	1,248,743	1,123,798		22,572	5,818	2,400,931	
Accrued interest	14,046	14,664		-	-	28,712	
Special assessments	-	2,405,975		-	-	2,405,975	
Due from other governments	-	396,686		-	-	396,686	
Inventory	164,272	22,555		144,138	-	330,965	
Prepaid items	230,270	235,289		-	16,104	481,673	
<b>Total current assets</b>	<b>11,111,312</b>	<b>10,940,152</b>		<b>283,910</b>	<b>446,997</b>	<b>22,782,371</b>	
<b>Noncurrent assets:</b>							
Restricted cash and investments	-	1,344,011		231,494	-	1,575,505	
Due from other governments	-	7,890,320		-	-	7,890,320	
Noncurrent special assessments	-	13,200,000		-	-	13,200,000	
Advances to other funds	-	1,500,000		-	-	1,500,000	
Net pension asset	270,571	306,653		-	26,766	603,990	
Capital assets:							
Land and construction in progress, nondepreciable	343,205	1,835,194		2,273,247	250,785	4,702,441	
Other capital assets, net of depreciation	18,488,221	51,091,329		5,197,756	5,466,368	80,243,674	
<b>Total noncurrent assets</b>	<b>19,101,997</b>	<b>77,167,507</b>		<b>7,702,497</b>	<b>5,743,929</b>	<b>109,715,930</b>	
<b>Total assets</b>	<b>30,213,309</b>	<b>88,107,659</b>		<b>7,986,407</b>	<b>6,190,926</b>	<b>132,498,301</b>	
<b>Deferred Outflows of Resources</b>							
Deferred charge on refunding	-	-		136,836	-	136,836	
Pension related amounts	129,333	146,590		-	12,784	288,707	
<b>Total deferred outflows of resources</b>	<b>129,333</b>	<b>146,590</b>		<b>136,836</b>	<b>12,784</b>	<b>425,643</b>	
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	599,300	187,312		2,581	10,419	799,612	
Accrued liabilities	29,087	20,719		-	6,699	56,505	
Accrued interest	-	93,144		7,442	-	100,586	
Customer deposits	482,225	-		-	-	482,225	
Unearned revenue	4,502	-		9,836	-	14,338	
Long-term debt due in one year	28,144	2,021,498		263,235	8,903	2,321,780	
<b>Total current liabilities</b>	<b>1,143,258</b>	<b>2,322,673</b>		<b>283,094</b>	<b>28,021</b>	<b>3,777,046</b>	
<b>Noncurrent liabilities:</b>							
Advances from other funds	-	-		2,000,055	1,500,000	3,500,055	
Long-term debt	94,906	30,229,362		2,231,061	15,897	32,571,228	
<b>Total noncurrent liabilities</b>	<b>94,906</b>	<b>30,229,362</b>		<b>4,231,116</b>	<b>1,515,897</b>	<b>36,071,281</b>	
<b>Total liabilities</b>	<b>1,238,164</b>	<b>32,552,035</b>		<b>4,514,210</b>	<b>1,543,918</b>	<b>39,848,327</b>	
<b>Deferred Inflows of Resources, Pension related amounts</b>							
<b>Net Position</b>							
Net investment in capital assets	18,831,426	20,766,064		5,113,643	5,666,682	50,407,615	
Restricted for debt service	-	1,344,011		231,494	-	1,575,505	
Unrestricted (deficit)	10,263,907	33,581,765		(1,736,094)	(1,037,765)	41,071,683	
<b>Total net position (deficit)</b>	<b>\$ 29,095,333</b>	<b>\$ 55,691,840</b>		<b>\$ 3,609,133</b>	<b>\$ 4,653,897</b>	<b>\$ 93,055,203</b>	

See notes to basic financial statements.

City of Blue Springs, Missouri

Statement of Revenues, Expenses and Changes in Fund Net Position  
 Proprietary Funds  
 Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Internal Service Fund	
	Water Utility	Sewer Utility	Golf Course	Nonmajor, Fieldhouse	Total
<b>Revenues:</b>					
Charges for services	\$ 10,498,500	\$ 7,811,060	\$ 1,494,998	\$ 959,777	\$ 20,764,335
Other	17,619	3,478	2,418	18,705	42,220
<b>Total operating revenues</b>	<u>10,516,119</u>	<u>7,814,538</u>	<u>1,497,416</u>	<u>978,482</u>	<u>20,806,555</u>
<b>Operating expenses:</b>					
Personnel services	965,213	1,001,509	589,224	400,999	2,976,945
Administrative and support services	1,127,446	747,122	-	-	1,874,568
Materials and supplies	677,323	1,283,808	506,496	71,460	2,539,087
Purchased water and sewer services	5,622,231	1,978,964	-	-	7,601,195
Contractual services	857,735	722,864	310,179	146,845	2,037,623
Utilities	55,549	447,570	-	-	503,119
Depreciation	983,812	2,483,521	237,441	457,977	4,162,751
<b>Total operating expenses</b>	<u>10,309,309</u>	<u>8,665,358</u>	<u>1,643,340</u>	<u>1,077,281</u>	<u>21,695,288</u>
<b>Operating income (loss)</b>	<u>206,810</u>	<u>(850,820)</u>	<u>(145,924)</u>	<u>(98,799)</u>	<u>(888,733)</u>
<b>Nonoperating revenues (expenses):</b>					
Interest income	77,101	132,602	546	2,093	212,342
Interest income - special assessments	-	685,000	-	-	685,000
Interest expense and fiscal charges	-	(1,032,736)	(93,349)	(45,557)	(1,171,642)
Loss on sale of capital assets	(8,109)	(15,223)	-	-	(23,332)
<b>Total nonoperating revenues (expenses)</b>	<u>68,992</u>	<u>(230,357)</u>	<u>(92,803)</u>	<u>(43,464)</u>	<u>(297,632)</u>
<b>Income (loss) before contributions and transfers</b>	<u>275,802</u>	<u>(1,081,177)</u>	<u>(238,727)</u>	<u>(142,263)</u>	<u>(1,186,365)</u>
Capital contributions	21,612	226,977	-	-	248,589
Transfers in	280,341	-	370,306	45,318	695,965
Transfers out	(100,000)	(380,341)	-	(96,945)	(480,341)
<b>Change in net position</b>	<u>477,755</u>	<u>(1,234,541)</u>	<u>131,579</u>	<u>(96,945)</u>	<u>(722,152)</u>
Net position (deficit), beginning of year	28,617,578	56,926,381	3,477,554	4,755,842	93,777,355
<b>Net position (deficit), end of year</b>	<u>\$ 29,095,333</u>	<u>\$ 55,691,840</u>	<u>\$ 3,609,133</u>	<u>\$ 4,658,897</u>	<u>\$ 93,055,203</u>

See notes to basic financial statements.

City of Blue Springs, Missouri  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2017**

	Business-Type Activities - Enterprise Funds			Business-Type Activities - Enterprise Funds		Business-Type Activities - Enterprise Funds		Business-Type Activities - Enterprise Funds		Business-Type Activities - Enterprise Funds		Business-Type Activities - Enterprise Funds	
	Water Utility	Sewer Utility	Golf Course	Water Utility	Sewer Utility	Golf Course	Water Utility	Sewer Utility	Golf Course	Water Utility	Sewer Utility	Golf Course	Water Utility
Cash flows from operating activities:													
Receipts from customers and users	10,266,863	7,657,905	1,465,243	10,266,863	7,657,905	1,465,243	975,118	20,397,149	1,043,504	975,118	20,397,149	1,043,504	975,118
Payments to suppliers and service providers	(6,420,811)	(5,610,180)	(620,105)	(6,420,811)	(5,610,180)	(620,105)	(243,003)	(15,094,099)	(766,286)	(243,003)	(15,094,099)	(766,286)	(243,003)
Payments to employees	(893,530)	(978,289)	(589,224)	(893,530)	(978,289)	(589,224)	(453,692)	(2,894,905)	(223,705)	(453,692)	(2,894,905)	(223,705)	(453,692)
Net cash provided by operating activities	954,542	1,069,436	85,914	954,542	1,069,436	85,914	288,253	2,408,145	53,513	288,253	2,408,145	53,513	288,253
Cash flows from noncapital financing activities:													
Increase (decrease) in interfund advances	-	-	370,306	-	-	370,306	45,318	696,985	(3,860)	45,318	696,985	(3,860)	45,318
Transfers in	(100,000)	(380,341)	-	(100,000)	(380,341)	-	-	(480,341)	(32,478)	-	(480,341)	(32,478)	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	180,341	(380,341)	370,306	180,341	(380,341)	370,306	45,318	216,624	(36,338)	45,318	216,624	(36,338)	45,318
Cash flows from capital and related financing activities:													
Acquisition and construction of capital assets	(187,860)	(724,250)	(84,073)	(187,860)	(724,250)	(84,073)	(56,272)	(1,052,455)	(17,175)	(56,272)	(1,052,455)	(17,175)	(56,272)
Proceeds from the sale of capital assets	-	1,000	-	-	1,000	-	-	1,000	-	-	1,000	-	-
Intergovernmental grants	-	698,843	-	-	698,843	-	-	698,843	-	-	698,843	-	-
Special assessments received	-	476,014	(22,572)	-	476,014	(22,572)	-	453,442	-	-	453,442	-	-
Proceeds from capital leases	-	-	-	-	-	-	27,036	27,036	-	27,036	27,036	-	27,036
Principal payments on debt	-	(1,940,300)	(263,092)	-	(1,940,300)	(263,092)	(6,555)	(2,199,947)	-	(6,555)	(2,199,947)	-	(6,555)
Interest payments on debt and interfund loans	-	(1,066,890)	(98,437)	-	(1,066,890)	(98,437)	(45,557)	(1,210,894)	-	(45,557)	(1,210,894)	-	(45,557)
Net cash used in capital and related financing activities	(187,860)	(2,555,583)	(468,174)	(187,860)	(2,555,583)	(468,174)	(81,348)	(3,282,965)	(17,175)	(81,348)	(3,282,965)	(17,175)	(81,348)
Cash flows from investing activities:													
Purchases of investments	(4,505,973)	(5,256,756)	-	(4,505,973)	(5,256,756)	-	-	(9,762,729)	-	-	(9,762,729)	-	-
Sale of investments	2,500,000	4,249,000	-	2,500,000	4,249,000	-	-	6,749,000	-	-	6,749,000	-	-
Interest on special assessments	-	685,000	-	-	685,000	-	-	685,000	-	-	685,000	-	-
Interest on investments	67,234	122,460	546	67,234	122,460	546	2,093	192,333	-	2,093	192,333	-	2,093
Net cash provided by (used in) investing activities	(1,938,739)	(2,002,296)	546	(1,938,739)	(2,002,296)	546	2,093	(2,136,396)	-	2,093	(2,136,396)	-	2,093
Net increase (decrease) in cash and cash equivalents	(991,716)	(2,066,794)	(1,408)	(991,716)	(2,066,794)	(1,408)	264,316	(2,796,592)	-	264,316	(2,796,592)	-	264,316
Cash and cash equivalents, beginning of year	3,950,717	2,894,549	275,945	3,950,717	2,894,549	275,945	180,759	7,281,970	-	180,759	7,281,970	-	180,759
Cash and cash equivalents, end of year	2,959,001	827,755	274,537	2,959,001	827,755	274,537	425,075	4,485,378	-	425,075	4,485,378	-	425,075
Reconciliation of amounts reported on the statement of net position:													
Cash and cash equivalents	2,959,001	827,755	274,537	2,959,001	827,755	274,537	425,075	4,485,378	-	425,075	4,485,378	-	425,075
Investments	6,494,978	7,257,411	74,157	6,494,978	7,257,411	74,157	-	13,826,546	-	-	13,826,546	-	-
Total cash and investments	9,453,979	8,085,176	348,694	9,453,979	8,085,176	348,694	425,075	18,311,924	-	425,075	18,311,924	-	425,075
Reconciliation of operating income (loss) to net cash provided by operating activities:													
Operating income (loss)	206,810	(850,820)	(145,924)	206,810	(850,820)	(145,924)	(88,796)	(888,733)	27,326	(88,796)	(888,733)	27,326	(88,796)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:													
Depreciation	983,812	2,483,521	237,441	983,812	2,483,521	237,441	457,977	4,162,751	4,513	457,977	4,162,751	4,513	457,977
(Increase) decrease in accounts receivable	(218,868)	(156,633)	-	(218,868)	(156,633)	-	(3,364)	(376,869)	2,762	(3,364)	(376,869)	2,762	(3,364)
(Increase) decrease in inventories	16,228	2,481	(5,932)	16,228	2,481	(5,932)	-	12,788	(10,014)	-	12,788	(10,014)	-
(Increase) decrease in prepaid items	(35,128)	(36,383)	-	(35,128)	(36,383)	-	(11,765)	(63,276)	3,546	(11,765)	(63,276)	3,546	(11,765)
Increase (decrease) in accounts payable	(61,628)	(395,960)	2,502	(61,628)	(395,960)	2,502	(12,933)	(466,019)	25,750	(12,933)	(466,019)	25,750	(12,933)
Increase (decrease) in accrued expenses	1,574	(1,431)	(1,844)	1,574	(1,431)	(1,844)	5,792	5,835	(1,331)	5,792	5,835	(1,331)	5,792
Increase (decrease) in customer deposits	(28,368)	-	(328)	(28,368)	-	(328)	-	(30,212)	-	-	(30,212)	-	-
Increase (decrease) in unearned revenue	9,872	4,041	(328)	9,872	4,041	(328)	-	(329)	-	-	(329)	-	-
(Increase) decrease in other postemployment benefits	214,412	183,630	-	214,412	183,630	-	(12,794)	382,248	961	(12,794)	382,248	961	(12,794)
(Increase) decrease in deferred outflows of resources	(4,892)	(3,095)	-	(4,892)	(3,095)	-	905	(6,682)	-	905	(6,682)	-	905
Increase (decrease) in deferred inflows of resources	(128,993)	(160,015)	-	(128,993)	(160,015)	-	(26,766)	(316,374)	-	(26,766)	(316,374)	-	(26,766)
Decrease (increase) in LAGERS net pension asset	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by operating activities	954,542	1,069,436	85,914	954,542	1,069,436	85,914	288,253	2,408,145	53,513	288,253	2,408,145	53,513	288,253
Supplemental information, noncash capital and related financing activities:													
Capital contributions	2,612	48,545	-	2,612	48,545	-	-	70,157	-	-	70,157	-	-
Special assessment receivable write-off for uncollectibles	-	96,845	-	-	96,845	-	-	96,845	-	-	96,845	-	-

See notes to basic financial statements.

**City of Blue Springs, Missouri**

**Statement of Net Position - Fiduciary Funds  
September 30, 2017**

	Blue Springs Land Bank Agency Trust Fund	Agency Funds
<b>Assets</b>		
Cash and investments	\$ 14,784	\$ 606,541
Taxes receivable	-	309,303
Capital assets, land, nondepreciable	456,801	-
<b>Total assets</b>	<b>\$ 471,585</b>	<b>\$ 915,844</b>
<b>Liabilities</b>		
Trade accounts payable	\$ 491	\$ -
Due to other governments	-	860,238
Membership and employee flexible benefits deposits	-	55,606
<b>Total liabilities</b>	<b>\$ 491</b>	<b>\$ 915,844</b>
<b>Net Position</b>		
Investment in capital assets	\$ 456,801	
Restricted for land	14,293	
	<b>\$ 471,094</b>	

See notes to basic financial statements.

City of Blue Springs, Missouri

Statement of Changes in Net Position - Fiduciary Funds  
Year Ended September 30, 2017

	Blue Springs Land Bank Agency Trust Fund
<b>Additions</b>	
Property taxes	\$ 74,986
Contributions and donations from private sources	224,676
Interest income	389
<b>Total additions</b>	<u>300,051</u>
<b>Deductions</b>	
Administrative expenses	4,768
Remittance of special assessment collections on land sale to Sewer Fund	70,783
Loss on sale of capital assets	9
<b>Total deductions</b>	<u>75,560</u>
<b>Change in net position</b>	224,491
Net position held in trust for Land Bank, beginning	<u>246,603</u>
Net position held in trust for Land Bank, ending	<u>\$ 471,094</u>

See notes to basic financial statements.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies**

**Nature of operations:**

The City of Blue Springs, Missouri (City) was incorporated in 1904 and covers an area of approximately 22.0 square miles in Jackson County, Missouri. The City is a home rule chartered city and operates under the mayor/council/administrator form of government. The City Administrator is the chief administrative officer of the City. The City provides services to approximately 53,000 residents in many areas, including law enforcement, water and sewer services, community enrichment and development, and various social services. Elementary, secondary, and junior college education services are provided by various school districts, fire protection services are provided by a separate fire protection district, all of which are separate governmental entities.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represent the more significant accounting and reporting policies and practices of the City.

**Reporting entity:**

Blue Springs, Missouri is a home rule chartered city in which citizens elect the Mayor and six council members from three districts. In evaluating the City's financial reporting entity, management has considered all potential component units. The accompanying basic financial statements present the City and the component units over which the City is financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

The following component units are blended in the City's basic financial statements:

**The Tax Increment Financing (TIF) Commission:** is governed by an eleven-member board of which six members are appointed by the City Council. The remaining five members are appointed by the respective taxing districts' boards. Although it is legally separate from the City, the TIF is reported as if it were part of the primary government because its sole function is to use TIF as a method to finance infrastructure improvements through payments in lieu of taxes and economic activity taxes. The TIF Commission does not issue separate financial statements.

**Blue Springs Land Bank Agency:** Legislation which became effective August 28, 2012, authorized the City to create a Land Bank Agency (the Agency). That legislation provided that any property owned by the County's Land Trust to be transferred to the Land Bank Agency and provided that any properties located in the City limits of Blue Springs which were sold for back taxes where the bid was not sufficient to pay the judgment would be transferred to the Blue Springs Land Bank Agency rather than the Jackson County Land Trust. This is specifically important for the properties that are located in the City's Neighborhood Improvement District.

The purpose of the Agency is to return nonrevenue generating and nontax producing land to usefulness. The Land Bank Agency is composed of a Board of Commissioners consisting of five members, all of whom are residents of the City. Three Commissioners are appointed by the Mayor of the City, one Commissioner is appointed by Jackson County and the other Commissioner by the School District. Management of the primary government has oversight responsibility for the component unit. The Agency has been reported as a Trust Fund within the City's financial statements. The Agency does not issue separate financial statements.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Basis of presentation:**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

**Government-wide financial statements:** The statement of net position and the statement of activities display information about the City, the primary government, as a whole, with the exclusion of fiduciary funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Internal activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, each of the governmental fund financial statements includes a reconciliation with brief explanations to better identify the relationship between the governmental fund statements and the government-wide statements.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

**Fund financial statements:** Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

**Governmental Fund Types:** Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The following are the City's major governmental funds:

**General Fund** is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

**Public Safety Sales Tax Fund,** a special revenue fund, accounts for the collection of the City's public safety sales tax and related expenditures including equipment, additional personnel and facility renovations.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Capital Projects Fund** accounts for resources used for the acquisition and/or construction of capital facilities, except those accounted for in proprietary funds.

**TIF Fund**, a capital projects fund, accounts for resources of the City's tax increment financing activities.

**Proprietary Fund Types:** Proprietary funds are used to account for the City's ongoing activities that are similar to those often found in the private sector. The following are the City's major proprietary funds:

**Water Utility Fund** accounts for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**Sewer Utility Fund** accounts for the provision of sewer services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**Golf Course Fund** accounts for all golf activity services related to the City golf course plus professional shop sales. All activities to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

The City reports one nonmajor proprietary fund:

**Fieldhouse Fund:** Accounts for indoor recreational space related to all recreation activity services. All activities to provide these services are accounted for in this fund, including, but not limited to, administration, operations, maintenance and financing.

In addition, the City reports an Internal Service Fund which accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis. The City's internal service fund is the Central Garage Fund.

**Fiduciary Fund Types:** Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund types:

**Private-Purpose Trust Fund:** The Blue Springs Land Bank Agency Trust Fund accounts for foreclosed properties taken by the County.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Agency Funds:** The City maintains eight agency funds, the Jackson County Tax Agency Fund, which accounts for property taxes collected and remitted to Jackson County, Missouri; Employee Flex Benefit Agency Fund, which accounts for funds contributed by City employees to a tax-exempt flexible benefits plan; Eastern Jackson County Betterment Council Agency Fund, which accounts for membership deposits of the Council; Adams Dairy Landing CID, Woods Chapel CID and White Oak CID which account for funds received by the community improvement districts; Coronado Drive TDD Fund and Adams Farm TDD Fund account for funds received by these transportation development districts. Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the City, these funds are not incorporated into the government-wide statements.

**Measurement focus and basis of accounting:**

All governmental funds utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet of the fund financial statements. Under the modified accrual basis of accounting, revenues are recorded as collected unless susceptible to accrual, i.e., amounts measurable and available to finance the City's operations or of a material amount and not received at the normal time of receipt. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current period.

Significant revenues that are considered susceptible to accrual include sales taxes, interest, and certain state and federal grants and entitlements. Expenditures, other than interest on long-term debt, are recorded when the fund liability is incurred. However, debt service expenditures, as well as those related to compensated absences and pensions, are recorded in the governmental funds only when payment is due.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or on the specific project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the available and measurable criteria.

Property tax revenue is recognized independent of receivable recognition in the fiscal year for which the taxes have been levied (budgeted). Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are classified as deferred inflows of resources within the governmental fund financial statements. Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.



City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets, liabilities and deferred inflows/outflows of resources (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

**Summary of significant accounting policies:**

The significant accounting policies followed by the City include the following:

**Cash, cash equivalents and investments:** The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet/statement of net position as "cash and investments." The City's cash and cash equivalents are primarily considered to be cash on hand, amounts in demand deposits and certificates of deposits. For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, if any, and pooled cash and investments are considered cash equivalents.

Most of the City's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. Purchases and sales of securities are recorded on a trade-date basis. See Note 2 for additional information regarding fair value measures.

**Inventories and prepaid items:** Inventories are valued at cost using the first-in, first-out method. Inventory quantities are determined by physical count at each year-end. Inventory in the Water Utility Fund consists primarily of water meters and water line maintenance materials. Inventory in the Sewer Utility Fund consists primarily of sewer line maintenance materials. Inventory in the Central Garage Fund consists of vehicle maintenance materials. Inventory in the Golf Course Fund consists of pro-shop merchandise and food supplies. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Accounts receivable:** Accounts receivable result primarily from sales of water and sewer services accounted for in the Water Utility and Sewer Utility Funds, respectively. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year. Accounts receivable are expressed net of allowances for doubtful accounts of \$98,552 for the business-type activities. Allowances for doubtful accounts are based on historical collection trends for the related receivables.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Special assessments receivable:** Special assessments receivable reflects the property taxes collectable by the City for the purpose of repaying the Special Assessment debt held by the City. The amount collectable by the City is reduced each year as the taxes are levied against the property and, subsequently, collected by the City. Special assessments receivable is expressed net of allowances for doubtful accounts, based on foreclosed properties. At September 30, 2017, the City had \$15,605,975 in special assessments receivable in the Sewer Utility Fund.

**Interfund activity:** Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

The City has the following types of interfund activity:

**Advances to/from other funds** – amounts provided with a requirement for repayment. Advances to other funds are reported as receivables in lender funds and payables in borrower funds, and are considered long-term in nature.

**Transfers** – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

**Capital assets:** Capital assets acquired for general governmental purposes are recorded as expenditures in the governmental fund financial statements and are capitalized at cost or estimated historical cost in the governmental activities column in the government-wide financial statements. Capital assets owned by the proprietary funds are stated at cost or estimated historical cost in the proprietary fund financial statements and in the business-type activities column in the government-wide financial statements. All contributed capital assets received from federal, state or local sources are recorded at acquisition value at the time received. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Additions, improvements and costs that significantly extend the useful life of an asset are capitalized. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the basic financial statements. Fully depreciated assets are included in the capital asset accounts until their disposal.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized in 2017.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Infrastructure - water and sewer lines, storm sewers, reservoirs, wells, roads and bridges	20 to 60 years
Buildings and improvements	20 to 60 years
Equipment and vehicles	5 to 15 years
Computer equipment and software	3 years

**Unearned revenue:** Unearned revenue arises when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, revenue is recognized.

**Deferred outflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second deferred outflow item consists of unrecognized items not yet charged to pension expense related to the net pension asset and contributions paid by the City after the measurement date but before the end of the City's reporting period.

**Deferred inflows of resources:** In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from several sources: property taxes, other and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the City's government-wide statements, the property tax revenues remain as a deferred inflow of resources and will become an inflow in the year for which the taxes are levied. The City's government-wide and proprietary fund statements also include the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the City's contributions and proportionate share of contributions all related to the net pension asset.

**Pensions:** For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Bond premiums, discounts and issuance costs:** In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are recognized as an expense in the year in which the costs were incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and any related premiums or discounts are reported as other financing sources/uses. Issuance costs are reported as a debt service expenditure in the year in which the costs were incurred.

**Compensated absences:** Under terms of the City's personnel policy, City employees are granted Paid Time Off (PTO) and Extended Illness Bank (EIB) in varying amounts. In the event of termination, an employee is paid for accumulated unused PTO days. Employees with five years of service and a minimum of 100 hours of accumulated, unused EIB time are paid 15 percent of the hours up to 500 hours and 20 percent of the hours between 501 and 1,000.

Vested or accumulated PTO and EIB is accounted for as follows:

**Governmental funds:** The accumulated liabilities for employee PTO and EIB are recorded in the governmental activities column of the government-wide financial statements. Certain amounts may be recorded in the governmental fund financial statements as part of accrued liabilities, when such amounts come due (mature) during the current fiscal year.

**Proprietary funds:** The costs of PTO and EIB are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

**Net position classifications:** In the government-wide and proprietary fund financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three components:

**Net investment in capital assets**—consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets for the governmental activities, \$25,307,750 of the Special Obligation bonds have been excluded as they were for purposes other than capital asset additions by the City.

**Restricted net position**—consisting of net position with constraints placed on its use either by

(1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities for which restricted and unrestricted net position is available. Net position restricted through enabling legislation consists of \$566,058 for tourism.

**Unrestricted net position**—all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Fund balances:** In the fund financial statements, governmental funds report the following fund balance classifications:

**Nonspendable**—This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**Restricted**—This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Committed**—This consists of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through ordinance approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified amounts by use of the same formal action that it employed to previously commit the funds.

**Assigned**—This consists of amounts which are constrained by City management's intent to be used for a specific purpose but are neither formally restricted by external sources nor committed by City Council action. It is the City's Governmental Fund Balance Policy (as approved by Resolution 60-2011) that the Authority to assign fund balance has been delegated by the City Council to the City Administrator. Likewise, the City Administrator has the authority to take necessary actions to unassign amounts in this category.

**Unassigned**—This consists of the residual fund balance that does not meet the requirements for the nonspendable, restricted, committed or assigned classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The City has stabilization arrangements that set aside 30 percent of the prior year's budgeted General Fund expenditures. The 30 percent is divided into two reserve categories, the emergency reserve at 20 percent and the budget stabilization reserve at 10 percent. These reserves were established as committed fund balance by the City Council with Resolution 60-2011. The emergency reserve shall only be used if the City directly experiences a natural disaster that jeopardizes public safety, the Federal Government or State of Missouri formally declare a disaster or emergency or if no reasonable budget adjustments are available to continue providing essential services to the public. The budget stabilization reserve shall only be used if there is a sudden or unexpected decline in ongoing revenues greater than 10 percent of General Fund operating revenues, short term stabilization is needed to minimize significant changes in insurance rates or premiums, funds are needed as part of a matching grant for a major project for which budgeted funds are not available or for sudden or unexpected capital outlay replacement needs such as a facility failure. If the reserves are spent below the minimum required level, the City will develop and implement a plan to replenish the reserves. This plan will restore the reserves within 2 years for the emergency reserve and 5 years for the budget stabilization reserve. During an economic downturn, the timeline for restoring the reserves will not begin until revenues have stabilized.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)**

**Budgetary data:** The City Council follows these procedures in establishing the budget:

1. Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of control is at the fund level. City management cannot amend the budget without receiving the approval of the City Council. The City Administrator is authorized to approve overspending of budgeted line items within any fund as long as the total expenditures within the fund do not exceed the total approved budgeted expenditures for that fund. However, overspending of total expenditures of any fund requires approval by the City Council.

**Use of estimates:** The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**Note 2. Deposits and Investments**

As of September 30, 2017, the carrying values of deposits and investments are summarized as follows:

Investments:	
Short-term investments held in trust (money market fund)	\$ 8,365,952
U.S. agency securities	25,171,500
Repurchase agreement	12,311,000
Total investments	45,848,452
Deposits	3,195,825
Certificates of deposit	3,988,000
Total	<u>\$ 53,032,277</u>

Deposits and investments are reflected in the financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and investments	\$ 52,410,952	\$ 621,325	<u>\$ 53,032,277</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 2. Deposits and Investments (Continued)

**Investment policy:** Missouri State Statutes authorize the City to deposit funds in open accounts and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100 percent of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by State Statutes and approved by the State.

The City maintains a cash and investment pool, which is available for use by most funds. Each fund type's portion of this pool is displayed as "Cash and investments." Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Funds with overdrawn balances are charged for interest. All investments are reported at fair value. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

The City's repurchase agreement invests in U.S. government agency securities, which as of September 30, 2017 consisted of Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association investments.

**Fair value measurements:** The City categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

**Level 1 input:** Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

**Level 2 input:** Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

**Level 3 input:** Inputs that are unobservable for the asset or liability which are typically based upon the City's own assumptions as there is little, in any, related market activity.

**Hierarchy:** The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

**Inputs:** If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

For the City, the following fair value techniques were utilized in measuring the fair value of its investments:

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 2. Deposits and Investments (Continued)

**U.S. Government agency securities:** U.S. Government securities are reported at fair value based on bullet (noncall) spread scale for each issuer for maturities going out to 40 years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

**Credit risk:** The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to limit its investments to certificates of deposit and bonds or other obligations of the United States. Presented below is the actual rating by Moody's Investor Service as of year-end for the City's debt securities:

Investment Type	Fair Value	Rating as of September 30, 2017
Federal Home Loan Banks (FHLB)	\$ 6,610,820	Aaa
Federal National Mortgage Association (FNMA)	7,800,049	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	1,821,581	Aaa
Short-term investments held in trust (money market fund)	8,365,952	Aaa
Freddie Mac	3,995,654	Aaa
Federal Farm Credit Banks Funding Corp (FFCB)	4,943,396	Aaa
Repurchase agreement	12,311,000	Aaa
	<u>\$ 45,848,452</u>	

**Custodial credit risk:** The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name.

At September 30, 2017, the City's deposits and repurchase obligations were insured by Federal depository insurance and uninsured deposits and repurchase obligations were fully collateralized by securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits or investments was exposed to custodial credit risk as of September 30, 2017. Investments in government agency securities are registered in the name of the City, or held in money market mutual funds, and therefore, are not exposed to custodial credit risk.

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 2. Deposits and Investments (Continued)**

**Interest rate risk:** The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of September 30, 2017, the City's investments had the following maturities:

	Investment Maturities (in years)			Fair Value Hierarchy Level
	Fair Value	Less Than 1	1 - 5	
Investments recorded at fair value:				
Debt securities, U.S. agencies				
FHLB	\$ 6,610,820	\$ 2,177,505	\$ 4,433,315	2
FNMA	7,800,049	2,997,025	4,803,024	2
FHLMC	1,821,581	821,862	999,719	2
FFCB	4,943,396	1,038,190	3,905,206	2
Freddie Mac	3,995,654	2,997,496	998,158	2
Investments recorded at cost:				
Short-term investments held in trust (money market fund)	8,365,952	8,365,952	-	
Repurchase agreement	12,311,000	12,311,000	-	
Total	<u>\$ 45,848,452</u>	<u>\$ 30,709,030</u>	<u>\$ 15,139,422</u>	

The short-term investments held in trust (mutual fund) are presented as an investment with a maturity of less than one-year because they are redeemable in full immediately.

**Concentration of credit risk:** As of September 30, 2017, approximately 51 percent of the City's investments were issued by Federal National Mortgage Association, Federal Farm Credit Banks Funding Corp, Freddie Mac and Federal Home Loan Banks. These securities represent 17.01 percent, 10.8 percent, 8.7 percent and 14.4 percent of the City's total investments, respectively.

**Note 3. Tax Revenues and Taxes Receivable**

The City's property tax is levied each September 1 on the assessed value as of the prior January 1 for all real and personal property located in the City. On January 1, a lien attaches to all property. Property taxes are billed in total by November 1 following the levy date and considered delinquent after December 31. Property taxes are recognized as a receivable at the time they become an enforceable legal claim (the lien date), and revenue is recognized in the year for which the property tax is levied. Taxes remaining unpaid for two years after that date are submitted to Jackson County for collection through foreclosure proceedings.

Assessed values are established by the Jackson County Assessor subject to review by the County's Board of Equalization. The assessed value for property, including railroad and utility properties located in the City as of January 1, 2016 on which the fiscal year ended September 30, 2017, levy was based, was \$801,207,750. During the year ended September 30, 2017, the City collected approximately 98 percent of property taxes which were levied in the period.

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 3. Tax Revenues and Taxes Receivable (Continued)**

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services (General Fund), other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended September 30, 2017 were as follows:

	Levy (Dollars)
General Fund	\$ 0.5684
Debt Service Fund	0.1500
Total	<u>\$ 0.7184</u>

The City has established TIF Districts that allow the City to provide public improvements by encouraging developers to construct and make new investments within blighted, conservation, or economic areas. Through the use of TIF Districts, the City can utilize the taxes generated by the incremental increase in property values and economic activities from the date the TIF District was established and the combined levies of all taxing jurisdictions for infrastructure improvements. Tax revenue collected in the current year for the Districts is recorded in the TIF Fund.

**Note 4. Tax Collection Services**

Jackson County, Missouri prepares and mails the City's property tax bills. The County and City collect property and other taxes on behalf of each other. The County and City receive a fee equal to 1.00 percent of the gross amount of current taxes collected. The City also has the County bill the motor vehicle licenses fee on the City's behalf. The County receives a fee of 1.00 percent of the gross amount collected.

The County collected approximately \$11,690,000 of the City's taxes, PILOTS, City sticker fees and Special Assessments, resulting in a collection charge of \$117,305 paid by the City to the County for the year ended September 30, 2017.

The City accounts for its collection of County taxes in the Jackson County Tax Fund (an Agency Fund). The City collected and remitted approximately \$9.68 million of County taxes resulting in collection fees of \$86,781 for the year ended September 30, 2017.

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 5. Interfund Activity**

Interfund transfers for the year were as follows:

Transfers To	General	TIF	Transfers From			Total
			Capital Projects	Other Governmental	Sewer Fund	
General Fund	\$ -	\$ 32,786	\$ 13,386	\$ -	\$ -	\$ 32,786
Capital Projects Fund	566,975	-	306,975	-	100,000	973,950
Nonmajor Governmental Funds	-	-	-	415,290	-	415,290
Water Fund	-	-	-	-	280,341	280,341
Golf Course Fund	340,556	-	-	29,750	-	370,306
Fieldhouse Fund	318	-	-	45,000	-	45,318
<b>Total</b>	<b>\$ 897,849</b>	<b>\$ 32,786</b>	<b>\$ 606,975</b>	<b>\$ 503,426</b>	<b>\$ 380,341</b>	<b>\$ 2,453,867</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

**Charges for services:** The General Fund provides administrative and other support services for Water and Sewer enterprise funds. Amounts charged to these funds for such services were \$1,127,446 and \$747,122, respectively. In the General Fund, these charges are reported as administrative charges revenue. In Water and Sewer funds these charges are reported as administrative and support services expenses.

Interfund receivable and payable balances at year-end were as follows:

Interfund Receivables	General	Public Safety	Sales Tax	Capital Projects	Governmental	Interfund Payables		Total
						Capital Projects	Governmental	
General Fund	\$ 110,393	\$ -	\$ -	\$ 55,196	\$ 29,750	\$ -	\$ -	\$ 195,339
TIF	\$ 110,393	\$ 56,338	\$ 56,338	\$ 55,196	\$ 29,750	\$ 29,750	\$ 2,119	\$ 318,869
<b>Total</b>	<b>\$ 220,786</b>	<b>\$ 56,338</b>	<b>\$ 56,338</b>	<b>\$ 110,392</b>	<b>\$ 59,500</b>	<b>\$ 29,750</b>	<b>\$ 2,119</b>	<b>\$ 414,732</b>

Advances to and from other funds at year-end were as follows:

Advance to Other Funds	General Fund	Golf Course	Advance From Other Funds		Total
			Central	Fieldhouse	
General Fund	\$ 1,673,144	\$ 150,320	\$ -	\$ -	\$ 1,823,464
Capital Projects Fund	326,911	-	-	-	326,911
Sewer Fund	-	-	1,500,000	1,500,000	3,000,000
<b>Total</b>	<b>\$ 2,000,055</b>	<b>\$ 150,320</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 3,650,375</b>

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 5. Interfund Activity (Continued)**

The advances payable of the Golf Course Fund represent advances to the Golf Course Fund for operating expenses and debt service payments and is not expected to be repaid within the next fiscal year. The City has reported a nonspendable fund balance in the General Fund in the amount of \$1,853,214. The City Council has passed a resolution requiring the advanced funds to be paid when the corresponding debt has been paid off. The advances payable of the Fieldhouse represent a loan payable from the Sewer Fund. In May 2014, the City Council approved the purchase of the Sports City building to be renovated into a recreation center for the residents of Blue Springs. On June 16, 2014 Council made an offer to purchase the facility for \$1.9 million. On July 7, 2014 Council approved the funding of the \$4.5 million project budget as follows: \$3 million from existing fund balances in the General and Capital Projects Funds and \$1.5 million through an inter-fund loan from the Sewer Fund. The loan from the Sewer Fund will be repaid by the Hotel/Motel Tax Fund over a maximum of 15 years at a rate of 3 percent interest. The borrowing rate of 3 percent allows the Sewer Fund to receive a rate of return higher than current investment and allows the Fieldhouse project funds to be borrowed below market rates of at least 4 percent. Staff will evaluate additional revenue sources that might become available to expedite early loan payoff. Such sources could include unreserved fund balances from the General Fund or Capital Projects Fund identified during year-end audits, grants, private donations dedicated for parks/parks facilities and proceeds from the sale of property and/or facilities.

**Note 6. Capital Assets**

Capital assets activity for the year ended September 30, 2017, was as follows:

Governmental activities	Beginning Balance	Increases	Transfers/Decreases	Ending Balance
Capital assets, not being depreciated:				
Land and easements	\$ 16,031,345	\$ 186,198	\$ 8,000	\$ 16,209,543
Construction in progress	-	189,137	-	189,137
Total capital assets, not being depreciated	16,031,345	375,335	8,000	16,398,680
Capital assets, being depreciated:				
Buildings and building improvements	40,879,895	44,832	4,704	40,929,023
Equipment and vehicles	16,922,033	924,062	508,375	17,337,720
Infrastructure	195,671,666	1,908,351	-	197,580,037
Total capital assets being depreciated	253,473,614	2,877,245	513,079	255,837,760
Less accumulated depreciation for:				
Buildings and building improvements	15,603,484	1,576,531	4,704	17,175,311
Equipment and vehicles	10,812,103	1,306,739	455,809	11,663,033
Infrastructure	137,864,450	5,528,528	-	143,393,978
Total accumulated depreciation	164,280,037	8,412,798	460,513	172,232,322
Total capital assets being depreciated, net	89,193,577			83,605,458
Governmental activities capital assets, net	\$ 105,224,922			\$ 100,004,138

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Capital Assets (Continued)

Capital assets, not being depreciated:	Beginning Balance	Increases	Transfers/Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 4,006,033	\$ -	\$ -	\$ 4,006,033
Construction in progress	366,152	714,178	383,922	686,408
Total capital assets, not being depreciated	4,372,185	714,178	383,922	4,702,441
Capital assets, being depreciated:				
Buildings and building improvements	18,657,810	6,418	14,333	18,649,895
Equipment and vehicles	4,015,198	715,784	171,592	4,559,390
Infrastructure	112,760,514	70,157	1,001	112,829,670
Total capital assets being depreciated	135,433,522	792,359	186,926	136,038,955
Less accumulated depreciation for:				
Buildings and building improvements	6,155,609	536,667	14,330	6,677,946
Equipment and vehicles	2,991,117	484,068	148,260	3,326,925
Infrastructure	42,648,394	3,142,016	-	45,790,410
Total accumulated depreciation	51,795,120	4,162,751	162,590	55,795,281
Total capital assets being depreciated, net	83,638,402			80,243,674
Business-type activities capital assets, net	\$ 88,010,587			\$ 84,946,115

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 472,779
Highways and streets	5,510,704
Public safety	1,953,575
Parks and recreation	475,740
Total depreciation expense for governmental activities	\$ 8,412,798
Business-type activities:	
Water utility	\$ 983,812
Sewer utility	2,483,521
Golf course	237,441
Fieldhouse	457,977
Total depreciation expense for business-type activities	\$ 4,162,751

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 7. Long-Term Debt and Other Obligations

The following is a summary of changes in long-term debt and other obligations of the City for the year ended September 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Compensated absences*	\$ 1,479,676	\$ 1,279,743	\$ 1,239,817	\$ 1,519,602	\$ 1,239,817
General obligation bonds	22,000,000	-	875,000	21,155,000	945,000
Certificates of participation	20,160,000	-	285,000	19,905,000	280,000
Special obligation bonds	46,061,530	9,285,000	2,750,000	52,576,530	-
Net discount/premium on issuances	295,632	-	29,065	266,767	-
Development agreements	8,745,327	1,580,943	1,466,062	8,860,208	-
Capital lease obligations	3,412,143	-	590,114	2,822,029	608,854
Net OPEB obligation*	685,685	31,775	-	727,460	-
	102,881,173	12,157,461	7,295,058	107,683,576	3,053,671
<b>Business-type activities:</b>					
Compensated absences	155,834	148,451	142,593	161,702	37,942
Certificates of participation	2,520,000	-	240,000	2,280,000	255,000
Special assessment-neighborhood	-	-	-	-	-
Improvement bonds	14,950,000	-	850,000	14,100,000	900,000
Net discount/premium on issuances	561,578	-	51,173	510,405	-
Capital lease obligations	54,542	27,036	19,647	61,931	17,138
Sewer revenue bonds	18,813,200	-	1,090,300	17,722,900	1,111,700
Net OPEB obligation	42,153	13,915	-	56,068	-
	37,097,307	189,402	2,393,703	34,893,006	2,321,780
Total primary government	\$ 139,778,480	\$ 12,346,863	\$ 9,598,761	\$ 142,526,582	\$ 5,375,451

\* Primarily liquidated by the General Fund.

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 7. Long-Term Debt and Other Obligations (Continued)**

Governmental activities, general obligation bonds, certificates of participation and special obligation bonds as of September 30, 2017 are comprised of the following:

General obligation bonds:		
\$1,110,000 - 2004A General Obligation Bonds due in installments of \$20,000 to \$110,000 through March 1, 2019; interest at 2.4% to 4.4%	\$	215,000
\$2,440,000 - 2009A General Obligation Bonds due in installments of \$520,000 to \$700,000 through March 1, 2019; interest at 3.0% to 3.5%		1,350,000
\$12,560,000 - 2009B General Obligation Build America Bonds due in installments of \$880,000 to \$1,695,000 through March 1, 2019; interest at 5.39% to 5.89%		12,560,000
\$7,690,000 - 2012 General Obligation Bonds due in installments of \$25,000 to \$1,995,000 through March 1, 2032; interest at 2.0% to 3.5%		7,030,000
Total general obligation bonds		<u>\$ 21,155,000</u>
Certificates of participation:		
\$20,960,000 - 2014 refunding certificates of participation in installments of \$250,000 to \$1,315,000 through September 1, 2043; interest at 2.0% to 5.0%	\$	19,905,000
Special obligation bonds:		
\$9,566,530 - 2015B - Adams Farm Project due in full June 1, 2039; interest at 5.25%	\$	9,566,530
\$38,050,000 - 2015A special obligation bonds - Adams Farm Project in installments of \$5,500,000 to \$18,525,000 through June 1, 2039; interest at 4.00% to 5.25%		33,745,000
\$9,265,000 - 2016 special obligation bonds - White Oak Marketplace Project in installments of \$1,635,000 to \$7,630,000 through May 1, 2040 interest at 3.75% to 5.15%		9,265,000
		<u>\$ 52,576,530</u>

**Special obligation bonds and development agreements:** The City's Special Obligation Bonds are recorded as a liability of the City to match revenue streams to the related debt for which they have been pledged.

On August 18, 2015, the City also issued \$9,566,530 in Subordinate Special Obligation Tax Increment and Special Districts Bonds, Series 2015B, maturing June 1, 2039 with an interest rate of 5.25 percent. The Series 2015B Bonds are subordinate to the Series 2015A Bonds and are only paid after certain conditions are met. These bonds are being held by Blue Springs Development Three, LLC and are paid according to the simplified version of the revenue waterfall below:

1. To the Interest Account of the debt service fund to pay interest on the next interest payment date for the 2015A Bonds.
2. To the Principal Account of the debt service fund to pay principal due on the next principal payment date for the 2015A Bonds.

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 7. Long-Term Debt and Other Obligations (Continued)**

3. To the Redemption Account to redeem bonds up to the amounts shown in Case 1 Scenario of the 2015A Bond repayment schedule.
4. To the Debt Service Reserve Fund, if the DSRF isn't full (the DSRF Fund is currently full).
5. 50 percent of remaining revenues to pay interest on the Series B developer bonds.
6. 50 percent of remaining revenues to redeem additional Series A Bonds over and above Case 1 Scenario of the 2015A Bond repayment schedule.
7. If the Series 2015A Bonds are fully paid off and there are no Additional Parity Bonds outstanding, all remaining revenues flow to the Series B developer bonds.

The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay the \$38.05 million in Series 2015A and \$9,566 million in Series 2015B Special Obligation Bonds issued to finance redevelopment projects within the Adams Farm Tax Increment Financing (TIF) project. The bonds are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plan as well as revenues pledged by other taxing districts through cooperative agreements. TIF revenues and other pledged revenues were projected to produce sufficient funds to meet debt service requirements over the life of the bonds.

On December 29, 2016, the City issued \$9,265,000 in Special Obligation Revenue Bonds, Series 2016, maturing May 1, 2040 with an interest rates of 3.75 and 7.15 percent. The Series 2016 bond proceeds are to be used for the White Oak Marketplace Project which was completed as of December 31, 2017.

Additionally, the City has entered into certain developer agreements (six as of September 30, 2017) whereby developer financed project costs that have been certified by the City as eligible are reimbursed from tax increment financing revenues attributable to each respective project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City.

At September 30, 2017, total principal remaining on the Special Obligation Bonds was \$52.58 million and the outstanding developer obligations was \$8.86 million. The bonds are scheduled to mature at varying amounts through 2039 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on the bonds and developer obligations totaled \$9,815,505. Incremental revenues from the City included \$1,560,215 in sales taxes. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues from the Adams Farm TDD, the Coronado Drive TDD, as well as taxes from other districts and governmental entities, developer contributions, and debt trust funds.



**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 7. Long-Term Debt and Other Obligations (Continued)**

Business-type activities, certificates of participation and special assessments as of September 30, 2017 are comprised of the following:

Certificates of participation:	
Golf course fund, \$3,270,000 - 2014 refunding certificates of participation in installments of \$240,000 to \$325,000 through September 1, 2025; interest at 3.0% to 4.0%	\$ 2,280,000
Special assessments - neighborhood improvement bonds:	
Sewer fund, \$18,725,000 - 2009 neighborhood improvement district bonds in installments of \$400,000 to \$1,530,000 through February 15, 2029; interest at 3.0% to 5.0%	\$ 14,100,000

**Sewer revenue bonds:** In 2010, the City issued its not to exceed \$30,789,000 Sewage System Revenue Bonds (State of Missouri-Direct Loan Program), Series 2010. The City is participating in the State of Missouri's Direct Loan Program of the DNR and the Clean Water Commission of the State of Missouri. The 2010 revenue bonds mature through 2030 with interest at 1.52 percent. As eligible project costs are incurred, the City requests reimbursements from project funds held by the bond trustee. As the City receives reimbursements, the outstanding balance of the bonds increases. The City anticipates utilizing the full amount of the bonds to fund current and future projects. As of September 30, 2017, the outstanding balance of the bonds was \$17,722,900. The City has pledged future sewer revenues, net of operating expenses to repay the Sewage System Revenue Bonds. The bonds are to be paid solely from sewer net revenues and are payable through 2031. The total principal and interest remaining to be paid on the bonds is \$19,761,605. Principal and interest paid for the current year and sewer net revenues for the current year were \$1,372,138 and \$2,450,301, respectively. The revenue bonds contain certain covenants. The covenants require that net revenues of the sewer system, as defined by the debt agreement, are not less than 110 percent of the annual debt service requirement.

In November 2009, the City authorized the issuance of \$30,789,000 of revenue bonds from the State Revolving Fund of Missouri for the upgrade and expansion of the Shi-A-Bar Wastewater Treatment Plant. As of September 30, 2017, the City has drawn \$24,255,728 from these funds, and the outstanding balance as of September 30, 2017 is \$17,722,900 as recorded on the Sewer Utility Fund statement of net position. The project was completed during fiscal year 2015, and no additional funds are expected to be drawn. In November 2009, the City entered into an agreement with the City of Grain Valley, Missouri which provides that the City of Grain Valley will pay for 47.5 percent of the debt issued for the expansion. The amount due from the City of Grain Valley as of September 30, 2017 is \$8,287,016 and is recorded as due from other governments on the Sewer Utility Fund statement of net position.

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 7. Long-Term Debt and Other Obligations (Continued)**

Debt service requirements on long-term debt with scheduled maturities as of September 30, 2017 are as follows:

Governmental Activities Years ending September 30:	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2018	\$ 945,000	\$ 979,763	\$ 260,000	\$ 814,813
2019	985,000	946,270	270,000	807,013
2020	1,040,000	906,562	-	798,913
2021	1,100,000	854,143	-	798,913
2022	1,170,000	797,967	230,000	798,913
2023-2027	6,885,000	2,958,115	3,165,000	3,687,163
2028-2032	9,030,000	867,841	3,980,000	2,865,688
2033-2037	-	-	4,830,000	2,021,113
2038-2042	-	-	5,855,000	984,000
2043-2044	-	-	1,315,000	52,600
	<b>\$ 21,155,000</b>	<b>\$ 8,312,661</b>	<b>\$ 19,905,000</b>	<b>\$ 13,629,129</b>

Special Obligation Bonds ** Years ending September 30:	Special Obligation Bonds **		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2018	\$ -	\$ 464,258	\$ 1,205,000	\$ 2,248,834
2019	75,000	464,258	1,330,000	2,209,541
2020	275,000	451,445	1,315,000	2,156,920
2021	315,000	436,543	1,415,000	2,091,589
2022	365,000	423,930	1,765,000	2,020,810
2023-2027	16,765,000	1,830,163	26,815,000	8,475,441
2028-2032	9,565,000	1,065,878	22,575,000	4,819,407
2033-2037	1,625,000	83,688	6,455,000	2,104,801
2038-2042	23,591,530	-	29,446,530	984,000
2043-2044	-	-	1,315,000	52,600
	<b>\$ 52,576,530</b>	<b>\$ 5,222,163</b>	<b>\$ 93,636,530</b>	<b>\$ 27,163,953</b>

\* The interest payment schedule represents estimated future payments. Interest will be calculated every six months with no significant differences expected from the above schedule.

\*\* The 2015B Special Obligation bonds do not have a specified principal and interest maturity schedule. Debt service payments will be made in accordance with the terms of the agreement.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 7. Long-Term Debt and Other Obligations (Continued)

Years ending September 30:	Certificates of Participation		Neighborhood Improvement Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 255,000	\$ 89,300	\$ 900,000	\$ 651,530
2019	260,000	81,650	925,000	615,030
2020	265,000	73,850	975,000	577,030
2021	280,000	63,250	1,025,000	531,905
2022	285,000	52,050	1,075,000	479,405
2023-2027	935,000	85,550	6,230,000	1,532,835
2028-2030	-	-	2,970,000	150,750
	<u>\$ 2,280,000</u>	<u>\$ 445,650</u>	<u>\$ 14,100,000</u>	<u>\$ 4,538,485</u>
Years ending September 30:	Sewer Revenue Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 1,111,700	\$ 265,184	\$ 2,286,700	\$ 1,006,014
2019	1,133,600	248,203	2,318,600	944,883
2020	1,156,000	230,888	2,386,000	881,768
2021	1,178,700	213,230	2,483,700	808,385
2022	1,201,900	195,227	2,561,900	726,692
2023-2027	6,374,300	693,416	13,539,300	2,311,801
2028-2031	5,566,700	192,557	8,536,700	343,307
	<u>\$ 17,722,900</u>	<u>\$ 2,038,705</u>	<u>\$ 34,102,900</u>	<u>\$ 7,022,840</u>

Years ending September 30:	Total Primary Government	
	Principal	Interest
2018	\$ 3,471,700	\$ 3,254,848
2019	3,648,600	3,154,424
2020	3,711,000	3,038,688
2021	3,895,700	2,899,984
2022	4,326,900	2,747,492
2023-2027	40,354,300	10,787,242
2028-2032	31,111,700	5,162,714
2033-2037	6,455,000	2,104,801
2038-2042	29,446,530	994,000
2043-2044	1,315,000	52,600
	<u>\$ 127,739,430</u>	<u>\$ 34,186,793</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 7. Long-Term Debt and Other Obligations (Continued)

**Capital lease obligations:** The City has entered into several capital leasing agreements as of September 30, 2017. Governmental activities capital lease agreements are for a narrow banded public safety radio system and voice over IP phone lines. The scheduled minimum lease payment under the radio system agreement includes interest of 3.47 percent. The cumulative amount of assets acquired under the capital lease described above amounted to \$6,016,650 with \$2,349,420 of accumulated depreciation as of September 30, 2017.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 were as follows:

Years ending September 30:	
2018	\$ 731,442
2019	731,442
2020	731,442
2021	731,442
2022	130,889
	<u>(234,628)</u>
	<u>\$ 2,822,029</u>

**Business-type activities** have entered into capital lease agreements for golf carts, Arc Trainers and GPS. The cumulative amount of assets acquired under the capital lease agreements described above amount to \$120,432 with accumulated depreciation of \$59,019 as of September 30, 2017.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 were as follows:

Years ending September 30:	
2018	\$ 19,246
2019	19,245
2020	12,134
2021	9,765
2022	6,509
	<u>(4,968)</u>
	<u>\$ 61,931</u>

**Restricted assets:** The 2009 Neighborhood Improvement Bonds and the 2014 Certificates of Participation trust indentures require the City to establish certain special trust funds in the name of the City restricted for future debt service payments. Assets of these special funds consist of cash and investments stated at fair value, and are reported in the accompanying balance sheet as restricted cash and investments as follows:

Account	TIF Fund	Sewer Fund	Course Fund	Golf	C.O.P. Debt	Total
Debt service and other reserve funds	\$ 4,029,307	\$ 1,344,011	\$ 231,494	\$ 112,220	\$ 5,717,032	

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 7. Long-Term Debt and Other Obligations (Continued)**

**Legal debt margin:** The State Constitution permits a City, by vote of four-sevenths of the voting electorate in a general election or by vote of two-thirds of the voting electorate in a special election, to incur general obligation indebtedness for "city purposes" not to exceed 10 percent of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10 percent of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric, or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20 percent of the assessed valuation of taxable property.

At September 30, 2017, based on the assessed valuation as of January 1, 2016, of \$801,207,750, the constitutional total general obligation debt limit for "City purposes" was \$160,241,550, which, after reduction for outstanding general obligation bonds of \$21,304,597, net of amounts available in the General Obligation Bond Debt Service fund of \$837,157, provides a general obligation debt margin of \$139,774,110.

**Adams Farm Project Special Obligation Special Assessment Bonds:** On August 18, 2015, the City issued \$3,910,000 in Taxable Special Obligation Special Assessment Bonds for the Adams Farm Project. The City is not obligated in any manner for the special assessment debt and is only acting as agent for the Community Improvement District in collection of the assessments and forwarding to the bond Trustee for payment of the debt.

**Conduit debt:** The City has issued taxable industrial revenue bonds to provide financial assistance to private business for economic development. Under related agreements, the City will lease the projects to the businesses and the rental therefrom shall be applied to pay the debt service on the bonds. The bonds and the interest thereon are special obligations of the City payable solely from the rental payments and shall not constitute obligations of the City. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of September 30, 2017, there were two series of taxable industrial revenue bonds outstanding, with an aggregate principal amount payable of \$961,632.

**Note 8. Sewerage Service Agreement**

In 1971, the City entered into an agreement to provide sewer service to the City of Grain Valley. In return, the City of Grain Valley is billed for operating costs incurred by the City of Blue Springs based on percentages of users. Service charges for the City of Grain Valley were \$456,106 for the year ended September 30, 2017 and were recorded as charges for services in the Sewer Utility Fund.

**Note 9. Employees' Retirement System and Other Postemployment Benefits**

**Plan description:** The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSM. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 9. Employees' Retirement System and Other Postemployment Benefits (Continued)**

**Benefits provided:** LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

2017 Valuation

Benefit multiplier 2.0%  
Final average salary 3 years  
Member contributions 0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4 percent per year.

**Employees covered by benefit terms:** At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits 158  
Inactive employees entitled to but not yet receiving benefits 110  
Active employees 261  
529

**Contributions:** The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Employees do not contribute to the pension plan. Employer contribution rates are 6.3 percent (General) and 7.2 percent (Police) of annual covered payroll.

**Net pension asset:** The employer's net pension asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2017. Standard update procedures were used to roll forward the total pension liability to June 30, 2017.

**Actuarial assumptions:** The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.25% wage inflation; 2.50% price inflation  
Salary Increase 3.25% to 6.55% including wage inflation  
Investment Rate of Return 7.25%, net of investment expenses

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 9. Employees' Retirement System and Other Postemployment Benefits (Continued)**

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.00%	4.81%
Fixed Income	28.50	1.72
Real Assets	23.50	3.42
	<u>100.00%</u>	

**Discount rate:** The discount rate used to measure the total pension liability is 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 9. Employees' Retirement System and Other Postemployment Benefits (Continued)**

Changes in the Net Pension Liability (Asset):

	Increase (Decrease)	
	Plan Fiduciary Liability (a)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2016	\$ 54,292,103	\$ 57,687,661
Changes for the year:		
Service cost	1,174,608	-
Interest	3,901,187	-
Difference between expected and actual experience	(405,769)	-
Contributions - employer	-	908,467
Contributions - employee	-	-
Net investment income	-	6,846,631
Benefit payments, including refunds	(2,157,053)	(2,157,053)
Administrative expense	-	(39,868)
Other changes	-	(44,350)
Net changes	2,512,973	5,513,827
Balances at September 30, 2017	\$ 56,805,076	\$ 63,201,488

**Sensitivity of the net pension liability (asset) to changes in the discount rate:** The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.25 percent, as well as what the employer's Net Pension Liability (Asset) would be using a discount rate that is 1 percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Total pension liability	\$ 65,262,729	\$ 56,805,076	\$ 49,883,041
Plan fiduciary net position	63,201,488	63,201,488	63,201,488
Net pension liability (asset)	\$ 2,061,241	\$ (6,396,412)	\$ (13,318,447)

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 9. Employees' Retirement System and Other Postemployment Benefits (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** For the year ended September 30, 2017 the employer recognized pension expense of \$2,266,286. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	\$ 335,920	\$ (469,358)
Assumption changes	1,213,542	-
Net differences between projected and actual earnings on pension plan investments	1,626,411	-
Contributions subsequent to the measurement date*	245,081	-
<b>Total</b>	<b>\$ 3,420,954</b>	<b>\$ (469,358)</b>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an increase in the net pension asset for the year ending September 30, 2018.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended:	
2018	\$ 1,241,160
2019	1,241,158
2020	647,439
2021	(440,495)
2022	59,817
Thereafter	<u>(42,564)</u>
	<u>\$ 2,706,515</u>

Deferred inflows and outflows of resources related to the difference between expected and actual plan experience and assumption changes are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of each measurement period. The deferred outflows of resources related to the difference between expected and actual investment returns is being amortized over a closed five-year period as of the beginning of each measurement period.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 9. Employees' Retirement System and Other Postemployment Benefits (Continued)**

**Postemployment health benefits:** In addition to providing pension benefits the City provides the postemployment health care benefits described below:

**Plan description:** The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to employees that retire from City employment and who participate in the Missouri Local Government Employees Retirement System (LAGERS). The City provides retiree health care benefits through the Midwest Public Risk (MPR), which is a risk pool comprised of approximately 265 entity members. It has been determined that MPR functions as an agent multiple-employer plan. The plan does not issue separate financial statements.

The City requires the retirees to pay 125 percent of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. (The retiree insurance is guaranteed; no medical questionnaire is required.) The difference between these amounts is the implicit rate subsidy, which is considered other postemployment benefits (OPEB) under GASB Statement No. 45.

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or if payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

**Funding policy:** GASB Statement No. 45 does not require funding of the OPEB liability, and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they become due.

**Annual OPEB cost and net OPEB obligation:** The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 59,098
Interest on net OPEB obligation	24,247
Adjustment to annual required contribution	(31,655)
Annual OPEB cost (expense)	51,690
Less net employer contributions	6,000
Increase in net OPEB obligation	45,690
Net OPEB obligation, October 1, 2016	538,818
Net OPEB obligation, September 30, 2017	<u>\$ 584,508</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 9. Employees' Retirement System and Other Postemployment Benefits (Continued)**

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan and the net OPEB obligation for the fiscal year ending September 30, 2017 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2015	\$ 75,783	923.7%	\$ 492,491
September 30, 2016	52,327	11.5	538,818
September 30, 2017	51,690	11.6	564,508

**Funded status and funding progress:** As of July 1, 2015, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City was \$359,340. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$12,287,504, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 2.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial methods and assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method is used in the July 1, 2015 actuarial valuation. At this valuation date, actuarial present value of benefits is determined for each participant. The sum of these actuarial present values of benefits allocated to the current valuation year is the normal cost for the plan year. The sum of actuarial present values of benefits allocated to all valuation years preceding the valuation date represents the actuarial accrued liability.

The actuarial assumptions include a 4.5 percent investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 7.0 percent for the first year and then declining by 0.25 percent per year until 5.0 percent is reached. The UAAL will be amortized over a period of 30 years using an open level-dollar basis.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 9. Employees' Retirement System and Other Postemployment Benefits (Continued)**

**Deferred compensation plan:** The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was approved to comply with IRC Section 457(g) which allows for the plan to hold its assets in trust. Under these requirements, the assets of the plan are not subject to the general creditors of the City, the City does not own the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements, since the City does not perform investment functions and does not have significant administrative involvement.

**Note 10. Risk Management**

**Insurance:** The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the Midwest Public Risk (MPR), formerly Mid-America Regional Council Insurance Trust (MARCIT), a not-for-profit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool to cover health and dental, workers' compensation and property and casualty claims for its members. MPR has been established as assessable pools and accounting records are maintained for each line of coverage on a policy-year basis. The City pays annual premiums to MPR for all coverages. The agreement with MPR provides that MPR will be self-sustaining through member premiums. MPR has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MPR has not had deficiencies in any of the past three fiscal years.

**Note 11. Commitments and Contingencies**

**Contractual commitments:** The City has commitments resulting from construction contracts totaling approximately \$177,825, \$365,614, \$17,235 and \$674,784 in the General, Capital Project, Public Safety Sales Tax and Enterprise Funds, respectively. The City expects to receive the contracted services during fiscal year 2018.

The City has entered into a contract to purchase a maximum of 2,000,000 gallons of water per day from the City of Kansas City, Missouri. The contract expires in November 2033. The total amount paid for purchased water under this agreement for the year ended September 30, 2017 totaled \$1,263,988.

The City has entered into a contract to purchase a maximum of 2,300,000 gallons of water per day from the City of Independence, Missouri. The contract expires in November 2032. The total amount paid for purchased water under this agreement for the year ended September 30, 2017 totaled \$1,474,612.

In 2012, the City had entered into an agreement with the City of Grain Valley to purchase a maximum of 2,000,000 gallons of water per day from Tri-County Water Authority. In July 2013, the City entered directly into a new agreement with Tri-County Water Authority to move forward on a project to upgrade the TCWA treatment plant; upon substantial completion of this project in 2016, the City entered into another 20 year agreement to purchase an additional 6 million gallons per day. The total amount paid under this agreement for the year ended September 30, 2017 totaled \$1,777,750. The total amount paid under the agreement for capital project charges for the year ended September 30, 2017, totaled \$1,777,750 -- \$1,102,845 for the 2005 agreement and \$674,905 for the 2016 agreement.

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 11. Commitments and Contingencies (Continued)**

The City has entered into an agreement with RMT of Blue Springs for the operation of the Conference Center. Under the agreement, the City is to pay RMT \$140,000 each year through 2025 or until such time that RMT achieves a profit on the operation of the Center. In any year that RMT achieves a profit, the City is to negotiate with RMT to pay an amount deemed to allow RMT to operate the Center on a "break even" basis. If no such amount can be agreed upon, the City is not obligated to pay RMT for the operation of the Center.

**Encumbrances:** The City utilizes encumbrances for budgetary reporting purposes. Encumbrances relating to certain contractual agreements, supplies and equipment that have been ordered but not received are reported in the year the commitment arises for budgetary reporting purposes. However, for financial reporting purposes, the goods or services are reported when they are received. The City had encumbrances in the General fund, Public Safety Sales Tax fund, and Capital Projects fund of \$972,917, \$1,240,747 and \$567,643, respectively.

**Litigation:** The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

**Federal assistance:** The City has received financial assistance from various federal and state agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

**Note 12. Tax Abatements**

Missouri State Statutes provide for several economic development tools that State and local governments can offer as incentives for businesses to locate, build and/or expand operations in a target area.

**Chapter 100 – Industrial Revenue Bonds:** Pursuant to Chapter 100 of the Revised Statutes of Missouri (RSMo), a municipality can issue Industrial Revenue Bonds to finance the cost of the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facility, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants, including the real estate either within or without the limits of such municipality, buildings, fixtures and machinery.

In a Chapter 100 agreement, the municipality holds fee title to the project once the revenue bonds are issued and leases the project to the private company. Because the municipality is the legal owner of the property while the revenue bonds are outstanding, the project is exempt from ad valorem taxes.

Under Chapter 100, the City has three agreements:

1. In February 2004, the City issued Industrial Revenue Bonds in an amount not to exceed \$3,500,000 to provide 100 percent tax abatement to Meyer Laboratory for the construction and furnishing of an expansion of their existing facility at 2401 NW Jefferson. Payments in lieu of taxes (PILOTS) based on the 2004 property tax amount will be imposed for 2004-2016 and at full value for years 2017 to the end of the lease. The bonds are payable solely from lease payments made by Meyer Laboratory and are not payable from City funds. Total projected value of abatement is \$925,747. Value of abatement for FY 2017 is \$80,387.

**City of Blue Springs, Missouri**

**Notes to the Basic Financial Statements**

**Note 12. Tax Abatements (Continued)**

2. In December 2013, the City issued Industrial Revenue Bonds in an amount not to exceed \$800,000 to provide 100 percent tax abatement to Walnut Street Partners LLC for the renovation of a vacant building of approximately 45,560 sq. feet located on approximately 5.29 acres for use as an office-industry and commercial project and the expansion for parking on or adjacent to the project site at 101-105 SE Magellan Drive. Walnut Street Partners will sublease the building and project site to Xceligent Holdings Inc. The bonds are payable solely from lease payments made by Xceligent and are not payable from City funds. Total projected value of abatement is \$933,840. Value of abatement for FY 2017 is \$72,402.

3. In March 2017, the City issued Industrial Revenue Bonds in an amount not to exceed \$7,550,000 to provide 100 percent tax abatement to Kohl's Department Stores, Inc. for the capital investment in equipment and mechanical controls at the Blue Springs Distribution Center. The Bond Purchase Agreement and Lease Agreement allow the City to maintain ownership of the project equipment, making it exempt from taxation for the term of the Lease Agreement, producing twelve years of tax abatement, starting with tax year 2018. During the term of the Lease Agreement, Kohl's will make annual payments in lieu of taxes (PILOTS) at 50 percent of the value of taxes otherwise due on the project equipment. Total projected value of abatement is \$305,808.

**Chapter 353 – Redevelopment Corporations:** Under Chapter 353, RSMo, real property tax abatement is available within "blighted areas." An Urban Redevelopment Corporation is created under the general corporations laws of Missouri and, once created, it has the power to operate one or more redevelopment projects pursuant to a city-approved redevelopment plan.

With this program, an eligible city may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible for the abatement, the Urban Redevelopment Corporation must take title to the property to be redeveloped. During the first 10 years of tax abatement, (1) 100 percent of the incremental increase in real property taxes on the land are abated, (2) 100 percent of the real property taxes on all improvements are abated, and (3) the property owner continues to pay real property taxes on the land in the amount of such taxes in the year before the redevelopment corporations takes title.

During the next 15 years, between 50 percent and 100 percent of the incremental real property taxes on all land and all improvements are abated. Payments in lieu of taxes (PILOTS) may be imposed on the Urban Redevelopment Corporation by contract with the city, as applicable, to achieve an effective tax abatement that is less than the abatement established by statute. PILOTS are paid on an annual basis and allocated to each taxing district according to their proportionate share of ad valorem property taxes.

Under Chapter 353, the City has ten projects:

1. In 1994, the City approved a redevelopment project with the Blue Springs Adams Dairy Parkway Corridor Phase I Redevelopment Corporation for the construction of a new 70,000 sq. foot corporate headquarters/manufacturing facility, providing 100 percent tax abatement for the first 10 years and 50 percent tax abatement for the next 15 years. Full taxation resumes in 2020. Total projected value of abatement is \$1,084,371. Value of abatement for FY 2017 is \$27,226.
2. In 1997, the City approved a redevelopment project with the Adams Pointe Redevelopment Corporation for the construction of a new 40,519 sq. foot corporate headquarters building, providing 100 percent tax abatement for the first 10 years and 50 percent tax abatement for the next 15 years. This agreement was amended in 2014, authorizing a 50 percent tax abatement for 5 years followed by a 25 percent tax abatement for another 5 years. Full taxation resumes in 2024. Total projected value of abatement is \$1,663,413. Value of abatement for FY 2017 is \$34,761.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 12. Tax Abatements (Continued)

3. In 1997, the City approved a redevelopment project with the Adams Pointe Redevelopment Corporation for the construction of a 5-story Courtyard Marriott hotel, providing a 100 percent tax abatement for 10 years. This agreement was amended in 2011, providing an additional 10-year 100 percent tax abatement from 2011 to 2020. Full taxation resumes in 2021. Total projected value of abatement is \$2,579,108. Value of abatement for FY 2017 is \$179,406.
4. In 2006, the City approved a redevelopment project with the Village Gardens Redevelopment Corporation for the construction of a two-story, 8,600 sq. foot retail building, providing 100 percent tax abatement for the first 10 years and 50 percent tax abatement for the next 15 years. Full taxation resumes in 2020. Total projected value of abatement is \$367,263. Value of abatement for FY 2017 is \$17,421.
5. In 2010, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of an office building located at 901 West Main Street, providing 100 percent tax abatement for 10 years. Full taxation resumes in 2021. Total projected value of abatement is \$136,530. Value of abatement for FY 2017 is \$13,728.
6. In 2013, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of 1105 West Main Street for Pizza Shoppe, providing 50 percent tax abatement for 15 years. Full taxation resumes in 2029. Total projected value of abatement is \$57,034. Value of abatement for FY 2017 is \$3,681.
7. In 2013, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of the America's Community Bank building at 1100 West Main Street, providing 100 percent tax abatement for 10 years and 50 percent tax abatement for the next 15 years. Full taxation resumes in 2039. Total projected value of abatement is \$151,026. Value of abatement for FY 2017 is \$10,771.
8. In 2015, the City approved a redevelopment project with Target Time Defense Redevelopment Corporation for the renovation and conversion of a vacant fitness center and swimming pool to a 12,700-sq. foot indoor shooting range and firearms store, providing 100 percent tax abatement for 10 years. Payments in lieu of taxes (PILOTS) based on the 2015 property tax amount, less any taxes actually paid on the basis of the assessed value of the land exclusive of improvements, during those 10 years of tax abatement. Full taxation resumes in 2026. Total projected value of abatement is \$295,524. Value of abatement for FY 2017 is \$26,165.
9. In 2016, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of an apartment complex at 110 South 10th Street, providing 100 percent tax abatement for 1 year. Full taxation resumes in 2018. Value of abatement for FY 2017 is \$1,901.
10. In 2016, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of an apartment complex at 903 SW Jones Street, providing 100 percent tax abatement for 5 years. Full taxation resumes in 2021. Total projected value of abatement is \$10,417. Value of abatement for FY 2017 is \$2,035.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 12. Tax Abatements (Continued)

- Tax Increment Financing:** The Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, as amended, commonly referred to as the TIF Act, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city to be a "blighted area", "conservation area", or "economic development area", each as defined in the TIF Act. Tax Increment Financing does not diminish the amount of property tax revenues currently collected by the City in an affected area, but instead acts to freeze such revenues at current levels and deprives the City and other taxing districts of future increases (in whole or in part, depending on the terms of the agreement) in ad valorem property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas until the tax increment financing obligations issued are repaid or the reimbursable project costs have been reimbursed.
- Note 13. Pending Governmental Accounting Standards Board (GASB) Statements**
- The GASB has issued several statements that are not yet effective and have not yet been implemented by the City of Blue Springs, Missouri. The statements which might impact the City are as follows:
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the City beginning with its fiscal year ending September 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.
  - GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending September 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability, and other relevant information.



City of Blue Springs, Missouri

Notes to the Basic Financial Statements

**Note 13. Pending Governmental Accounting Standards Board (GASB) Statements (Continued)**

• GASB Statement No. 84, *Fiduciary Activities*, issued February 2017, will be effective for the City beginning with its fiscal year ending September 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

• GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending September 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

**Note 14. Subsequent Events**

On November 6, 2017, the City Council adopted ordinance 4697 authorizing the issuance of not to exceed \$12,735,000 in General Obligation Refunding Bonds, Series 2017A. The City issued Series 2009B Build America Bonds for \$12,500,000 in December 2009 to provide funding for street projects that were approved by the voters in 2008. This 2017 issue refunded the 2009B bonds with the term of the bonds remaining unchanged. The refunding results in present value interest cost savings of just over \$1.2 million.

City of Blue Springs, Missouri

Required Supplementary Information  
Schedule of Changes in Net Pension Liability and Related Ratios  
Local Government Employees Retirement System

Fiscal year ending September 30,	2017	2016	2015
<b>Total Pension Liability</b>			
Service cost	\$ 1,174,608	\$ 1,125,184	\$ 1,079,631
Interest on the total pension liability	3,901,187	3,545,150	3,377,170
Benefit changes	(405,769)	369,842	(135,197)
Difference between expected and actual experience	-	1,918,944	-
Assumption changes	-	(1,990,945)	(2,062,203)
Benefit payments, including refunds	(2,157,053)	4,968,175	2,259,401
<b>Net change in total pension liability</b>	<b>2,512,973</b>	<b>4,968,175</b>	<b>2,259,401</b>
<b>Total pension liability, beginning</b>	<b>54,292,103</b>	<b>49,323,928</b>	<b>47,064,527</b>
<b>Total pension liability, ending</b>	<b>\$ 56,805,076</b>	<b>\$ 54,292,103</b>	<b>\$ 49,323,928</b>
<b>Plan Fiduciary Net Position</b>			
Contributions-employer	\$ 908,467	\$ 977,911	\$ 1,078,892
Contributions-employee	-	-	-
Pension plan net investment income	6,846,631	(114,992)	1,120,945
Benefit payments, including refunds	(2,157,053)	(1,990,945)	(2,062,203)
Pension plan administrative expense	(39,866)	(40,384)	(43,154)
Other	(44,350)	973,177	151,943
<b>Net change in plan fiduciary net position</b>	<b>5,513,927</b>	<b>(195,233)</b>	<b>246,423</b>
<b>Plan fiduciary net position, beginning</b>	<b>57,687,661</b>	<b>57,882,894</b>	<b>57,636,471</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 63,201,488</b>	<b>\$ 57,687,661</b>	<b>\$ 57,882,894</b>
<b>Employer net pension liability (asset)</b>	<b>\$ (6,396,412)</b>	<b>\$ (3,395,556)</b>	<b>\$ (8,558,966)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>96%</b>	<b>97%</b>	<b>104%</b>
<b>Covered employee payroll</b>	<b>\$ 13,391,262</b>	<b>\$ 13,200,061</b>	<b>\$ 12,622,334</b>
<b>Employer's net pension liability (asset) as a percentage of covered employee payroll</b>	<b>(47.77)%</b>	<b>(25.72)%</b>	<b>(67.61)%</b>

Ultimately 10 fiscal years will be displayed. Information for prior years is not available. Amounts presented for the year-end were determined as of June 30, the measurement date.

Note: Changes in assumptions - in 2016, amounts reported as changes in assumptions resulted primarily from the changes in the mortality table, inflation rate and salary increase.

City of Blue Springs, Missouri

Required Supplementary Information  
Schedule of Contributions  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 893,308	\$ 985,036	\$ 1,071,473	\$ 1,113,110	\$ 1,177,037	\$ 1,086,646	\$ 1,126,274	\$ 750,127	\$ 722,994	\$ 711,515
Contributions in relation to the actuarially determined contribution	893,308	985,036	1,071,473	1,113,110	1,116,633	968,153	850,885	750,127	722,994	711,515
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 60,404	\$ 118,493	\$ 275,389	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 13,776,909	\$ 14,033,009	\$ 12,999,252	\$ 12,529,095	\$ 11,891,443	\$ 11,600,167	\$ 11,577,175	\$ 11,817,024	\$ 11,144,986	\$ 11,131,182
Contributions as a percentage of covered-employee payroll	6.48%	7.02%	8.24%	8.86%	9.39%	8.35%	7.35%	6.35%	6.49%	6.39%

Actuarial Assumptions: See Note 9 to the basic financial statements for summary of actuarial assumptions.

City of Blue Springs, Missouri

Required Supplementary Information  
Other Postemployment Benefit Plan

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAA) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAA as a Percentage of Covered Payroll ((b-a)/c)
9/30/2013	7/1/2011	\$ -	\$ 527,810	\$ 527,810	- %	\$ 10,260,190	5.1%
9/30/2014	7/1/2013	-	546,907	546,907	-	12,129,017	4.5
9/30/2015	7/1/2013	-	546,907	546,907	-	12,129,017	4.5
9/30/2016	7/1/2015	-	359,340	359,340	-	12,287,504	2.9
9/30/2017	7/1/2015	-	359,340	359,340	-	12,287,504	2.9

The information presented above was determined as part of the actuarial valuation date as of July 1, 2015. Additional information is as follows:

- a. The actuarial method used to determine the ARC is the projected unit credit method.
- b. There are no plan assets.
- c. The actuarial assumptions included: a) 4.5 percent annual discount rate and b) a health care cost trend rate of 7.0 percent for the first year and then declining by 0.25 percent per year until 5.0 is reached.
- d. The amortization method is level-dollar on an open basis over 30 years.

City of Blue Springs, Missouri

Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
Year Ended September 30, 2017

Revenues:	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget
Taxes	\$ 17,329,806	\$ 17,329,806	\$ 17,355,175	\$ 25,369
Licenses and permits	1,000,357	1,000,357	1,135,665	135,308
Intergovernmental revenues	3,063,252	3,284,789	3,208,509	(76,280)
Charges for services	1,085,661	1,085,363	1,443,544	358,181
Administrative charges	-	-	1,874,568	1,874,568
Fines and forfeits	977,987	977,987	902,432	(75,555)
Interest	73,247	73,247	115,799	42,552
Donations	-	35,927	43,469	7,542
Other	385,087	418,652	495,538	76,886
<b>Total revenues</b>	<b>23,915,397</b>	<b>24,206,128</b>	<b>26,574,699</b>	<b>2,368,571</b>
<b>Expenditures:</b>				
General government:				
City Council	425,777	427,635	450,396	22,761
Legal services	289,876	328,088	345,019	216,951
Municipal court	419,402	419,402	394,731	(24,671)
City administration	793,185	804,567	796,552	(8,015)
Public relations and communications	332,009	332,009	316,461	(15,548)
Human resources	371,259	371,259	352,031	(19,228)
Economic development	225,000	225,000	219,590	(5,420)
Community development	770,288	820,102	744,297	(75,805)
Business services	155,881	167,218	220,118	52,900
Codes administration	788,752	818,693	806,485	(12,208)
Geographic information systems	122,121	131,020	122,901	(8,119)
Finance - accounting and budget	549,759	549,759	455,428	(94,331)
Information systems	819,266	886,398	773,977	(112,421)
Revenue collections	-	-	-	-
Public works, engineering and administration	838,696	894,745	688,893	(205,852)
Highways and streets, street maintenance	2,957,001	3,040,353	2,740,987	(289,366)
Public safety:				
Police administration	571,308	577,336	688,665	111,329
Staff services	2,062,789	2,232,756	2,191,350	(41,406)
Operations	6,144,911	6,874,725	6,398,875	(474,850)
Community youth outreach unit	2,186,192	2,191,192	2,169,714	(21,478)
Emergency medical services	-	-	-	-
Parks:				
Parks administration	450,987	450,987	482,685	31,698
Recreation	471,625	480,989	439,399	(41,590)
Swimming pools	-	-	154	154
Parks maintenance	1,721,899	1,979,991	1,895,566	(44,425)
Vesper hall (50+ programs)	383,785	412,727	423,074	10,347
Building maintenance	901,444	901,724	718,977	(182,747)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>24,793,212</b>	<b>26,318,655</b>	<b>25,077,315</b>	<b>(1,241,340)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(877,815)</b>	<b>(2,112,527)</b>	<b>1,497,384</b>	<b>3,609,911</b>

**City of Blue Springs, Missouri**

**Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 Budget and Actual - General Fund  
 Year Ended September 30, 2017**

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget
Other financing sources (uses):				
Transfers in	\$ 250,000	\$ 1,950,638	\$ 385,637	\$ (1,565,001)
Transfers out	(250,000)	(500,000)	(897,849)	(397,849)
<b>Total other financing sources         (uses)</b>	<b>-</b>	<b>1,450,638</b>	<b>(512,212)</b>	<b>(1,962,850)</b>
<b>Net change in fund balance</b>	<b>\$ (877,815)</b>	<b>\$ (661,889)</b>	<b>985,172</b>	<b>\$ 1,647,061</b>
Fund balance, beginning of year			13,338,167	
Fund balance, end of year - budget basis			14,323,339	
Adjustments, encumbrances			973,184	
Fund balance, end of year - GAAP basis			<u>\$ 15,296,523</u>	
Net change in fund balance - budget basis			\$ 985,172	
Adjustments:				
Encumbrances - beginning of year			(719,531)	
Encumbrances - end of year			973,184	
Net change in fund balance - GAAP basis			<u>\$ 1,238,825</u>	

See note to required supplementary information.