

City of Blue Springs, Missouri

Comprehensive Annual Financial Report
Year Ended September 30, 2012

Prepared by:
Finance Department

Contents

Introductory Section	
Table of contents	i - ii
Principal officials	iii
Organizational chart	iv
Letter of transmittal	v – vii
GFOA Certificate	viii
<hr/>	
Financial Section	
<hr/>	
Independent auditor's report	1 – 2
Management's discussion and analysis	3 – 14
Basic financial statements:	
Statement of net assets	15
Statement of activities	16 – 17
Balance sheet – governmental funds	18
Reconciliation of total governmental fund balances to net assets of governmental activities	19
Statement of revenues, expenditures and changes in fund balances – governmental funds	20
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	21
Statement of net assets – proprietary funds	22
Statement of revenues, expenses and changes in fund net assets – proprietary funds	23
Statement of cash flows – proprietary funds	24 – 25
Statement of net assets– fiduciary funds	26
Notes to basic financial statements	27 – 56
Required supplementary information:	
Employees retirement system	57
Other postemployment benefit plan	58
Schedule of revenues, expenditures and changes in fund balances – budget and actual – General Fund	59 – 60
Schedule of revenues, expenditures and changes in fund balances - budget and actual – Public Safety Sales Tax Fund	61
Note to required supplementary information	62
Supplementary information:	
Combining balance sheet, nonmajor governmental funds	63 – 64
Combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds	65 – 66
Schedule of revenues, expenditures and changes in fund balances - budget and actual – hotel motel tax fund	67
Schedule of revenues, expenditures and changes in fund balances - budget and actual – general obligation debt service fund	68
Schedule of revenues, expenditures and changes in fund balances - budget and actual – COP debt service fund	69
Schedule of revenues, expenditures and changes in fund balances - budget and actual – capital projects fund	70

Contents (Continued)

Financial Section (Continued)	
Combining balance sheet, TIF fund projects	71 – 72
Combining schedule of revenues, expenditures and changes in fund balances – TIF fund projects	73 – 74
Schedule of revenues, expenditures and changes in fund balances – budget and actual - Mall at Fall Creed TIF	75
Schedule of revenues, expenditures and changes in fund balances – budget and actual - Copperleaf Village TIF	76
Schedule of revenues, expenditures and changes in fund balances – budget and actual - Highway 7 and 40 Project B TIF	77
Schedule of revenues, expenditures and changes in fund balances – budget and actual - Woods Chapel TIF	78
Schedule of revenues, expenditures and changes in fund balances – budget and actual - Adams Farm TIF	79
Schedule of revenues, expenditures and changes in fund balances – budget and actual - Highway 7 and 40 Project C TIF	80
Statement of changes in assets and liabilities – agency funds	81
Combining statement of net assets (deficit) – discretely presented component unit Blue Springs Economic Development Corporation	82
Combining statement of activities – discretely presented component unit Blue Springs Economic Development Corporation	83

Statistical Section (Unaudited)	
Statistical section contents	84
Net assets by component	85
Changes in net assets	86 – 87
Fund balances, governmental funds	88
Changes in fund balances, governmental funds	89
Total city taxable sales by category	90
Sales tax rates – direct and overlapping governments	91
Assessed value and estimated actual value of taxable property	92
Direct and overlapping governments	93
Principal property taxpayers	94
Property tax levies and collections	95
Ratios of outstanding debt	96
Ratios of general bonded debt outstanding	97
Direct and overlapping governmental activities debt	98
Legal debt margin information	99
Pledged-revenue coverage	100
Demographic and economic statistics	101
Principal employers	102
Full-time equivalent city government employees by functions/programs	103
Operating indicators by function/program	104
Capital asset statistics by function/program	105

City of Blue Springs, Missouri

Principal Officials September 30, 2012

Mayor and City Council

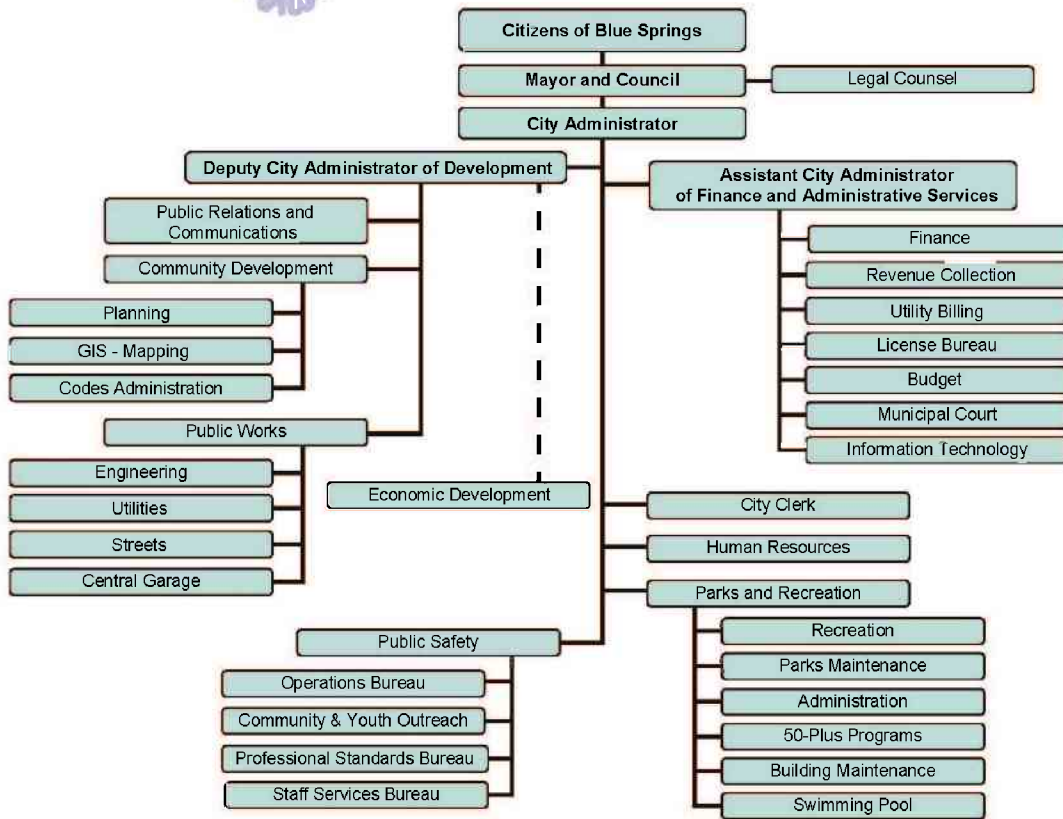
Honorable Carson Ross	Mayor
Honorable Jeff Quibell	District I
Honorable Dale Carter	District I
Honorable Kent Edmondson	District II
Honorable Chris Lievsay	District II
Honorable Grant Bowerman	District III
Honorable Ronald Fowler	District III

Administration

Eric Johnson	City Administrator
Todd Pelham	Deputy City Administrator of Development
Christine Cates	Assistant City Administrator
Bob McDonald	City Attorney
Karen Van Winkle	Director of Finance
Dan Hood	Information Technology Director
Sue Heiman	Director of Human Resources
Wayne McCoy	Chief of Police
Oliver DeGrate	Director of Public Works
Dennis Dovel	Director of Parks and Recreation
Scott Allen	Director of Community Development



City of Blue Springs Organizational Chart





January 23, 2013

Honorable Mayor, Members of the City Council, and Citizens of the City of Blue Springs:

The Comprehensive Annual Financial Report of the City of Blue Springs, Missouri for the fiscal year ended September 30, 2012, is hereby submitted for your review. This report is submitted for your review in compliance with the provisions of Article V, Section 5.4 (f) of the City Charter.

The responsibility for the accuracy of the data and the completeness and fairness of its presentation, including all disclosures, rests with the City of Blue Springs. To the best of our knowledge and belief, the financial statements are accurate in all material aspects and are presented in a manner that fairly depicts the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The report was prepared by the City's Finance Department staff in accordance with generally accepted accounting principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. This report is intended to provide sufficient information to permit the assessment of stewardship and accountability and to demonstrate legal compliance.

The City of Blue Springs' financial statements, as required by the Charter, have been audited by McGladrey LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was reasonable basis for rendering an unqualified opinion that the City of Blue Springs' financial statements for the fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Blue Springs was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the City of Blue Springs' separately issued Compliance Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the City

The City of Blue Springs was incorporated in 1880 and became a fourth-class city in 1904. Under the provisions of the Missouri State Statutes governing fourth-class cities, a Mayor/Board of Alderman/ City Administrator form of government was adopted. On April 6, 1993, the citizens of Blue Springs voted to create a Charter Commission that was charged with the task of drafting a Home Rule Charter. The Commission submitted their proposed Charter to the citizens on April 5, 1994, which recommended the establishment of a Mayor/City Council/City Administrator form of government. Upon approval of the voters, the new City Charter became effective with the first meeting of the City Council on April 18, 1994. In accordance with the newly adopted Home Rule Charter, the registered voters within the City elect a Mayor

for a four-year term and six Council members, two from each of three geographic districts, to serve staggered three-year terms as representatives on the City Council.

All policy making and legislative authority are vested in the City Council. This body is responsible for passing ordinances, adopting the budget, appointing committees and hiring the City Administrator. The City Administrator, as chief administrative officer of the City, is responsible for carrying out the policies and ordinances adopted by the Governing Body, overseeing the day-to-day operations of the City and for appointing the directors of the various City departments. This position serves at the discretion of the City Council.

The City of Blue Springs provides a full range of municipal services including police protection; water and sanitary sewerage utilities; planning, construction and maintenance of highways, streets and infrastructure; emergency medical service; community planning and development; planning, maintenance and construction of parks facilities; recreational activities; youth outreach programs; "50-Plus" social services; and general administrative oversight.

In fulfilling its responsibilities for reliable financial statements, management depends on the City's system of internal control. This system is designed to provide reasonable assurance that assets are effectively safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded.

The City Council is required to adopt a final budget no later than the close of the fiscal year. The annual budget serves as the foundation for the City of Blue Springs' financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department directors may transfer resources within a department as they see fit. Transfers between departments, however, need approval from the City Administrator.

Factors affecting Financial Condition

Local Economy.

Blue Springs is strategically located near the center of Jackson County, Missouri at the eastern edge of the Kansas City metropolitan region and covers 22.21 square miles of territory. The community is served by two state highways (7 and 40) and one Interstate highway (I-70), providing convenient commuter access to the various cultural, educational, social, legal, financial and marketing institutions of the region. The community is also served by Kansas City Southern Railroad, which provides efficient rail service connections for several industrial sites within the City.

Blue Springs has proven to be one of the fastest growing cities in Missouri over the last 30 years. In the 1970's, its total population quadrupled over the previous decade. Following the 1990 census, it was reported that, during the previous decade, Blue Springs was one of the top ten fastest growing cities in the state of Missouri with the population increasing by 54.8% to a total of 40,153 residents. The results of the 2000 Census revealed that the City has again increased in population during the last decade by another 20% to a total of 48,050. The final results of the 2010 Census revealed a slight decrease in population from 2009 to 52,575; however this is an increase of 9.42% over 2000.

Long-term financial planning.

The City of Blue Springs prepares a six-year financial projection of financial condition, which includes capital outlay projections as well as a six-year Capital Improvement Program (CIP). The CIP includes proposed budgets for constructing, maintaining, upgrading, and replacing the City's physical infrastructure, including Water and Sewer capital improvements. The fiscal year 2012-13 budget includes projects totaling an estimated \$19.96 million on capital projects. In preparing the budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated.

During fiscal year 2011, the City Council adopted a stabilization arrangement that sets aside 30% of budgeted General Fund expenditures of the prior fiscal year. The 30% of operating expenditures are divided into two reserve categories, the Emergency Reserve and the Budget Stabilization Reserve. The fund balance in the general fund falls within the policy guidelines set by the Council for budgetary and planning process.

Relevant financial policies

The City's Stabilization Arrangement Policy indicates that the City will maintain thirty percent of general operating expenditures and obligated debt service transfers as emergency reserve and budget stabilization balance. At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,041,570 or 25% of total general fund expenditures. In compliance with the City's Enterprise Fund Policy, a comprehensive rate study was performed in 2010 for both the Water and Sewer Utilities. Minimal rate increases related to this study continue to be implemented during the next year with a new rate study to be performed in fiscal year 2013.

Major initiatives

The City continues to work with the Blue Springs Economic Development Corporation and the University of Missouri on the development of a knowledge based science and technology Innovation Park. Progress continues to be made at the Adams Dairy Landing Shopping Center. In 2011, the City was awarded the Domestic Violence Grant which had not been received in 2010. The City continues to work toward completion of several projects funded by American Recovery and Reinvestment Act funds. Included is the expansion of the Sni-a-bar Wastewater Treatment Plant, which is a \$30 million dollar project that is approximately eighty-five percent complete. In addition, the City completed the Highway 7 & Colbern Rd. intersection project and began work on the \$13 million Woods Chapel Road improvement project (Duncan Rd. to Briarwood). This project is being funded by the 2008 voter approved bond issue.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Blue Springs, Missouri for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2011. The City has been the recipient of this award since 1982.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our 2012 report continues to conform to the Certificate of Achievement program requirements, and we will submit this report to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriation budget dated October 1, 2011. In order to qualify for this Award, the City's budget document must be judged to be proficient in several categories including policy documentation, financial planning and organization.

During this fiscal year, the City received the GFOA's Award of Outstanding Achievement for its Popular Annual Financial Reporting in its first year of submission.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Due credit should also be given to the Mayor and the members of the City Council for their continued interest and support in planning and conducting the affairs of the City in a responsible and progressive manner.

Respectfully submitted,



Karen Van Winkle
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Blue Springs
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Mouill

President

Jeffrey R. Enev

Executive Director



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Blue Springs, Missouri, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Blue Springs, Missouri's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, and the aggregate discretely presented component unit and remaining fund information of the City of Blue Springs, Missouri, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2013 on our consideration of the City of Blue Springs, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 14, the budgetary comparison information on pages 59 through 62 and the schedule of funding progress for other postemployment benefit plan on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blue Springs, Missouri'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 financial statements. The 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 financial statements or to the 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 financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on or provide assurance on it.

McGladrey LLP

Kansas City, Missouri
January 22, 2013

City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

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, 2012. 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 of the City exceeded its liabilities at the close of the fiscal year by \$137,977,858 (net assets). Of this amount, \$21,821,677 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$4.7 million. Business-type activities accounts for an increase of \$3.2 million in net assets while governmental activities net assets decreased by \$7.9 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,242,714 an increase of \$3.3 million in comparison with the prior year.
- Approximately 41 percent or \$17,173,518 of the combined governmental fund balances of \$42,242,714 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 decreased by \$29,068, public safety sales tax fund increased by \$3.5 million and the capital projects fund decreased by \$1.1 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,041,570 or 25 percent of total general fund expenditures.
- The City's total long-term liabilities increased by \$23,538,766 or 23 percent during the current fiscal year. The key factors in this increase were issuance of \$7,690,000 in General Obligation Bonds, \$6,398,363 in Development Agreements, \$5,719,490 in Capital Lease Obligations and \$6,471,928 in Sewer Revenue Bonds for the Sni-A-Bar Waste-Water Treatment Plant expansion. The City retired \$4,638,606 of outstanding long-term liabilities in fiscal year 2012.

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.

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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets.

- Over time, increases or decreases in net assets 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.

City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 and Golf Course Fund are included here.

The government-wide financial statements can be found on pages 15 - 17 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 18 – 21 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, Central Garage, 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 22 - 25 of this report.

Fiduciary funds. Are 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, Coronado Drive Transportation Development District (Wal-Mart TDD) and Adams Farm Transportation Development District agency funds.

City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

The basic fiduciary fund financial statements can be found on page 26 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 27 - 56 of this report.

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, individual fund schedules and individual fund budgetary comparison schedules for nonmajor governmental funds can be found on pages 57 - 83 of this report. Statistical Information can be found beginning on page 84.

Government-Wide Financial Analysis

The following table reflects the condensed statement of net assets:

	City of Blue Springs Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 57,324,585	\$ 43,130,475	\$ 48,464,459	\$ 45,808,398	\$ 105,789,044	\$ 88,938,873
Capital assets	85,244,066	78,768,429	90,755,339	85,119,282	175,999,405	163,887,711
Total assets	142,568,651	121,898,904	139,219,798	130,927,680	281,788,449	252,826,584
Long-term liabilities outstanding	83,794,129	65,481,616	42,372,278	37,090,427	126,166,407	102,572,043
Other liabilities	13,438,875	3,132,649	4,205,309	4,400,589	17,644,184	7,533,238
Total liabilities	97,233,004	68,614,265	46,577,587	41,491,016	143,810,591	110,105,281
Net assets:						
Invested in capital assets, net of related debt	52,611,903	48,629,336	48,535,736	48,753,483	101,147,639	97,382,819
Restricted	12,530,535	17,423,528	2,478,007	2,072,904	15,008,542	19,496,432
Unrestricted (deficit)	(19,806,791)	(12,768,225)	41,628,468	38,610,277	21,821,677	25,842,052
Total net assets	\$ 45,335,647	\$ 53,284,639	\$ 92,642,211	\$ 89,436,664	\$ 137,977,858	\$ 142,721,303

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Blue Springs, assets exceeded liabilities by \$137,977,858 at September 30, 2012.

The largest portion of the City's net assets \$101,147,639 (73 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 assets \$15,008,542 (11 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets total \$21,821,677 (16 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, 2012

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

	City of Blue Springs' Changes in Net Assets					
	Governmental Activities 2012	Governmental Activities 2011	Business-Type Activities 2012	Business-Type Activities 2011	2012 Total	2011 Total
Revenues:						
Program revenues:						
Charges for services	\$ 6,818,101	\$ 6,748,068	\$ 16,181,100	\$ 15,219,942	\$ 22,999,201	\$ 21,968,010
Operating grants and contributions	574,895	567,701	-	-	574,895	567,701
Capital grants and contributions	124,686	4,535,142	3,413,162	7,169,853	3,537,848	11,704,995
General revenues:						
Property taxes	5,675,553	5,345,937	-	-	5,675,553	5,345,937
General sales and use tax	13,710,170	10,227,290	-	-	13,710,170	10,227,290
Franchise tax	5,062,742	5,311,660	-	-	5,062,742	5,311,660
Intergovernmental activity taxes	2,910,479	2,598,427	-	-	2,910,479	2,598,427
Motor vehicle tax	1,785,850	1,622,392	-	-	1,785,850	1,622,392
Hotel tax	544,620	573,835	-	-	544,620	573,835
Other taxes	409,592	442,196	-	-	409,592	442,196
Unrestricted investment earnings	410,317	419,579	1,051,510	137,601	1,461,827	557,180
Other	581,404	588,977	-	-	581,404	588,977
Total revenues	38,608,409	38,981,204	20,645,772	22,527,396	59,254,181	61,508,600
Expenses:						
General government	6,173,185	5,747,148	-	-	6,173,185	5,747,148
Public works	1,235,515	1,165,906	-	-	1,235,515	1,165,906
Highways and streets	12,656,685	14,911,575	-	-	12,656,685	14,911,575
Public safety	12,868,434	12,475,129	-	-	12,868,434	12,475,129
Parks and recreation	4,036,137	4,059,046	-	-	4,036,137	4,059,046
Economic development	6,577,745	625,859	-	-	6,577,745	625,859
Water	-	-	8,322,203	8,215,144	8,322,203	8,215,144
Sewer	-	-	7,348,680	7,315,040	7,348,680	7,315,040
Golf Course	-	-	2,019,349	1,670,943	2,019,349	1,670,943
Interest on long-term debt	2,759,693	2,809,800	-	-	2,759,693	2,809,800
Total expenses	46,307,394	41,794,463	17,690,232	17,201,127	63,997,626	58,995,590
Excess before transfers	(7,698,985)	(2,813,259)	2,955,540	5,326,269	(4,743,445)	2,513,010
Transfers	(250,007)	(363,869)	250,007	363,869	-	-
Change in net assets	(7,948,992)	(3,177,128)	3,205,547	5,690,138	(4,743,445)	2,513,010
Net assets, beginning	53,284,639	56,461,767	89,436,664	83,746,526	142,721,303	140,208,293
Net assets, ending	\$ 45,335,647	\$ 53,284,639	\$ 92,642,211	\$ 89,436,664	\$ 137,977,858	\$ 142,721,303

Governmental activities. Several factors caused net assets for governmental activities to decrease by \$7,948,992. Key elements of these changes are as follows:

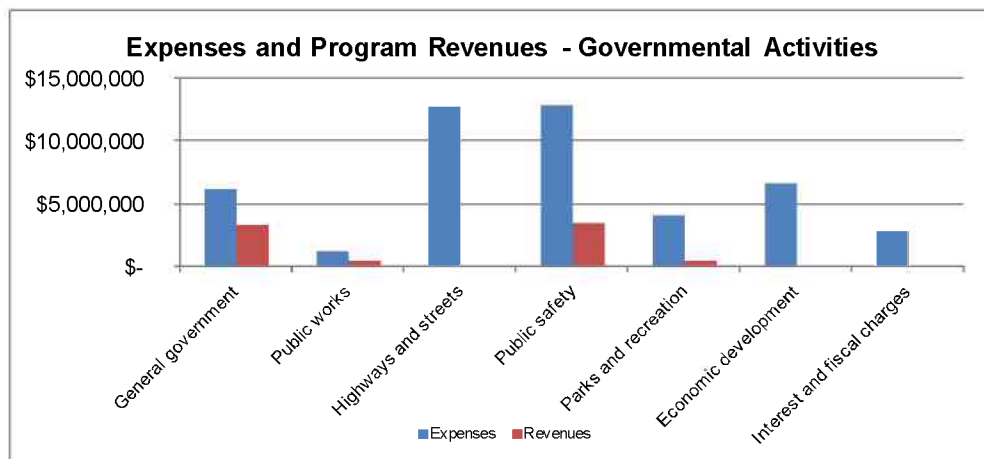
- Overall revenues decreased by \$372,795 due to increases in some revenues and decreases in others. Changes in revenue from 2012 are as follows:
 - Sales taxes increased in total by \$3,482,880 or 34 percent from 2012 primarily due to implementation of a ½ percent public safety sales tax.
 - Property taxes increased by \$329,616 or 6 percent during the year.
 - Intergovernmental activity taxes increased by \$312,052 due to an increase in state motor vehicle fuel taxes, state motor vehicle sales taxes and state vehicle license fees.

City of Blue Springs, Missouri

**Management’s Discussion and Analysis
Fiscal Year Ended September 30, 2012**

- Charges for Services increased by \$70,033 or 1 percent in 2012 mostly due to an increase in EMS fees and construction fees and a decrease in pool revenue due to the Blue Springs School District taking over management of the pool.
- Franchise taxes decreased by \$248,918 or 5 percent. This decrease is due to relatively mild winter that which resulted in lower use of natural gas needed for heat.
- Capital Grants and Contributions decreased by \$4,410,456 or 97 percent due primarily to the completion in 2012 of the 7 Hwy. and Colbern Road Intersection project which included a \$2.9 million dollar grant, completion of ADP & Coronado West and a \$500,000 private contribution.
- Investment interest earnings decreased in 2012 by \$9,262 or 2 percent due to interest rates continuing to remain low with the average yield for the City's portfolio ending the year at 0.50 percent for 2012 down from 0.57 percent in 2011. This decrease is in direct relationship to the current overall economy.
- Overall expenses increased by \$4,512,931 due to increases in some expenses and decreases in others. Changes in expenses from 2012 are as follows:
 - General government expenses increased \$426,037 or 7 percent due to the elimination of two furlough days from 2011 to 2012, an increase in Council expenses of \$60,000 mostly related to election fees and training, IT increase of \$70,000 for capital outlay, Community Development increase of \$40,000 for contractual service and Codes Administration increase of \$42,000 mostly related to nuisance violations.
 - Highways and Streets decreased by \$2.3 million due to the completion of the Highway 7 and Colbern Road Intersection project.
 - Economic development expenses increased by \$5.9 million due to an increase in certified developer costs for the City's TIF projects in 2012 mostly related to 40 & 7 Hwy. Project C.

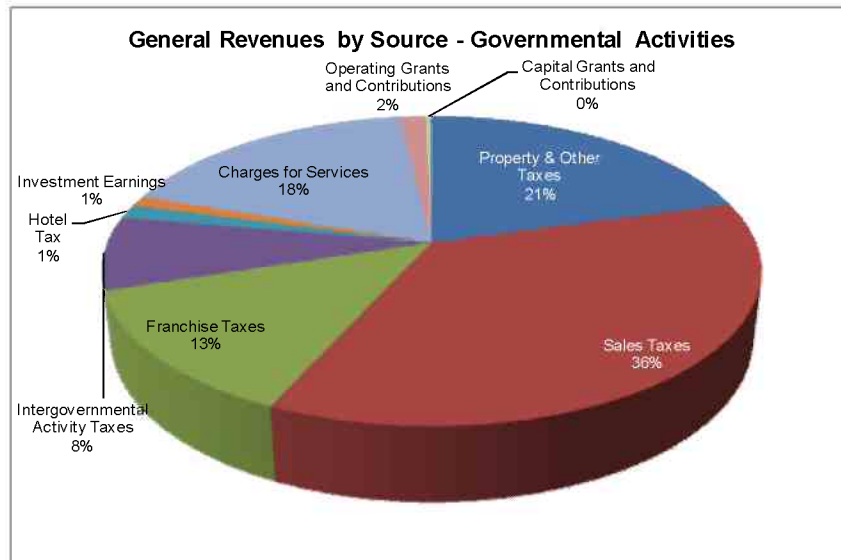
The following table reflects the expenses and revenues from the City's governmental activities:



City of Blue Springs, Missouri

**Management’s Discussion and Analysis
Fiscal Year Ended September 30, 2012**

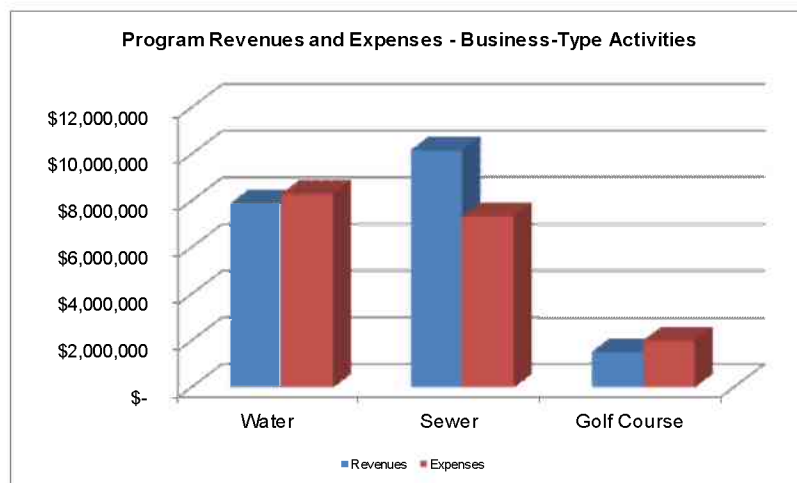
The following table reflects the revenues by source from the City’s governmental activities:



Business-type activities. Business-type activities net assets increased by \$3,205,547 or 4 percent. Key elements of this increase are as follows:

- Net assets for the Sewer Utility Fund increased by \$3,647,115 primarily due to Recovery Act funding related to the expansion of the Sni-a-Bar Wastewater Treatment Plant as well as related receivables from an interlocal agreement.
- Net assets for the Water Utility Fund decreased by \$592,824 due to depreciation of \$862,911 exceeding new assets.
- Net assets for the Golf Course increased by \$151,256. Golf Course expenses continue to exceed revenues causing the need for an operating transfer of \$146,427 from the general fund to assist in covering the cost of debt service for the year. In addition, the Capital Projects Fund transferred \$503,580 to fund various golf course capital projects.

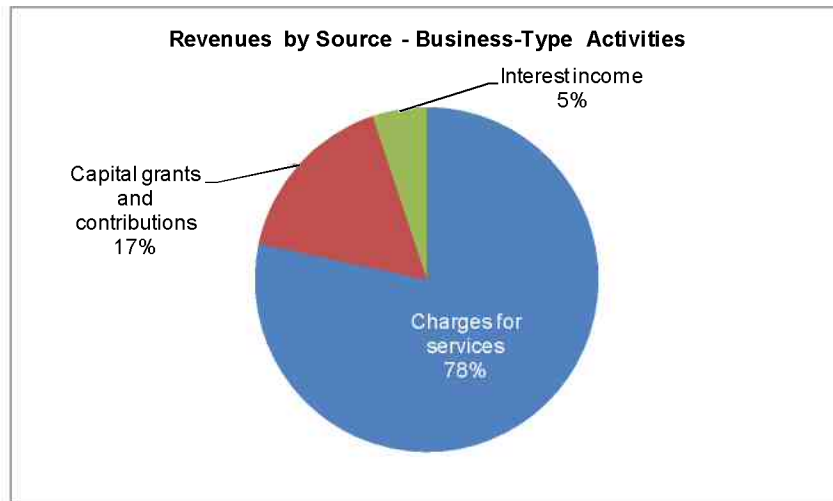
The following table reflects the expenses and revenues from the City's business-type activities:



City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

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 \$42,242,714 an increase of \$3,269,023 in comparison with the prior year. Approximately 41 percent or \$17,173,518 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 decreased by \$29,068, public safety sales tax fund increased by \$3.5 million and the capital projects fund decreased by \$1.1 million.

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.

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 occurs: (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).

City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

The fund balance of the City's general fund decreased by \$29,068 during the current fiscal year. Key factors in this decrease are a result of the transfer from the General Fund to the Capital Projects Fund for the purchase of land, higher than anticipated revenues and overall reductions in expenditures throughout the year and are noted as follows:

- Transfer of \$1,874,234 from the General Fund to the Capital Projects Fund for the purchase of land for the Missouri Innovation Park.
- Tax revenues were \$646,368 or 4.2 percent over budget. This increase is primarily due to an increase in sales taxes of \$150,085, electrical franchise tax increase of \$492,830, video franchise tax increase of \$125,598 and cell phone franchise tax increase of \$160,442. These increases were partially offset by a decrease in natural gas franchise tax of \$270,126.
- Charges for Services were \$484,372 or 16 percent over budget. The majority of this increase is due to an adjustment to EMS fees allowance for uncollectible. Based upon four years of billing history with the 3rd party billing company, the allowance has been reduced from 60 percent to 55 percent.
- Licenses and Permits revenue ended the year \$194,716 or 44 percent over budget primarily due to building permit revenue exceeding budget by \$159,631. New residential construction permits totaled \$7.7 million and new and altered commercial construction totaled over \$10 million.
- Intergovernmental revenues were \$205,719 or 7 percent over budget due to an increase of \$224,889 in state motor vehicle fuel tax, state motor vehicle sales tax and state vehicle license fees.
- Other revenue ended the year \$129,433 or 32 percent over budget primarily due to the receipt of a workers compensation dividend from Midwest Public Risk in the amount of \$101,198.
- Personal Services were \$287 or less than one percent over budget. Materials and Supplies were \$135,052 or 8 percent below budget for the year. A significant portion of this variance is due to savings in Public Safety in the amount of \$53,664. All departments experienced some savings in materials and supplies during this fiscal year.
- Contractual Services were \$1,060,474 or 13 percent below budget. All departments experienced some savings in contractual services during this fiscal year. The largest portion of the savings is a result of the Blue Springs School District taking over the management of the City's pool. This resulted in savings of \$284,946 in Parks & Recreation. The City amended the budget for Economic Development in the amount of \$415,000 for the Missouri Innovation Park and did not spend much of that money in fiscal year 2012.
- Capital Outlay was \$158,366 or 25 percent below budget. The majority of this savings was realized in the Police Department as patrol cars were ordered but not received in fiscal year 2012. Outstanding General Fund encumbrances at September 30, 2012, totaled \$787,000.

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 of the fund is \$3,678,713, which is an increase of \$155,225 from last year. The fund balance increase is related to the receipt of revenue for the new PSST that went into effect in October 2011 and it was during fiscal year 2012 that the new positions related to this fund were filled. In addition, the facility renovations will begin in fiscal year 2014.

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 \$14,963,645, which is a decrease of \$1,090,200 from last year. The fund balance decrease is related to the spending down of General Obligation Bonds and Build America Bonds that were issued to complete various street projects including; Colbern & 7 Hwy and Woods Chapel Road.

City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

The Encumbrances for the General Fund increased to \$787,000 from \$310,234 for a difference of \$476,766. Public Safety Sales Tax Fund increased to \$2,729,919 from \$155,225 for a difference of \$2,574,694. Capital Projects Fund increased to \$10,005,073 from \$3,863,918 for a difference of \$6,141,155.

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 assets of the water and sewer funds at the end of the year amounted to \$6,989,710 and \$36,416,116, respectively. The golf course fund has an unrestricted net assets deficit of \$1,777,358 for a decrease in the deficit of \$101,511 from last year. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The general fund revenues for the year ended September 30, 2012 were \$26,293,039 or \$3,116,688 over budget. During the year there was no change in appropriations between the original and the final budget. Expenditures ended the year at \$24,370,915 or \$566,597 below the final budget amount of \$24,937,512. Below is an analysis of variances between final budget and actual revenues and expenditures.

Revenues:

- Tax revenues were \$646,368 or 4.2 percent over budget. This increase is primarily due to an increase in sales taxes of \$150,085, electrical franchise tax increase of \$492,830, video franchise tax increase of \$125,598 and cell phone franchise tax increase of \$160,442. These increases were partially offset by a decrease in natural gas franchise tax of \$270,126.
- Charges for Services were \$484,372 or 16 percent over budget. The majority of this increase is due to an adjustment to EMS fees allowance for uncollectible. Based upon four years of billing history with the 3rd party billing company, the allowance has been reduced from 60 percent to 55 percent.
- Licenses and Permits revenue ended the year \$194,716 or 30 percent over budget primarily due to building permit revenue exceeding budget by \$159,631. New residential construction permits total \$7.7 million and new and altered commercial construction totaled over \$10 million.
- Intergovernmental revenues were \$205,719 or 7 percent over budget due to an increase of \$224,889 in state motor vehicle fuel tax, state motor vehicle sales tax and state vehicle license fees.
- Other revenue ended the year \$129,433 or 24 percent over budget primarily due to the receipt of a workers compensation dividend from Midwest Public Risk in the amount of \$101,198.
- Interest Income ended the year \$30,050 or 46 percent over budget. There were more funds available to invest this fiscal year.
- Fines and forfeitures ended the year \$29,436 or 3 percent below budget. This decrease is due to a decreased number of tickets written and processed and collected in Municipal Court.

Expenditures:

- General government was under budget by \$72,970 due to overall operational savings.
- Public works was under budget by \$15,620 due to overall operational savings.
- Highways and streets were over budget by \$30,020 primarily due to savings in the category of Contractual Services related to street lights.
- Public safety was under budget by \$95,931 due to overall operational savings.
- Parks was under budget by \$412,096 primarily due to savings in the categories of contractual services and personal services. The majority of the savings was due to the reductions the departments made to keep costs down in the category of Materials and Supplies.

City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

Outstanding General Fund encumbrances as of September 30, 2012 totaled \$787,000.

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, 2012, amounts to \$175,999,405, 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 increase in the City's investment in capital assets for the current fiscal year was \$12,111,694 or 7.4 percent (a 6.6 percent increase for business-type activities and an 8.2 percent increase for governmental activities). The increase is a result of current year capital additions exceeding depreciation expense. Significant capital asset additions include land purchased for the Missouri Innovation Park and additional construction in progress related to Woods Chapel Road, the Public Safety radio communications system and the Sni-A-Bar Wastewater Treatment Plant expansion and the Public Utilities building expansion.

City of Blue Springs' Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and land rights	\$ 15,269,427	\$ 12,924,205	\$ 3,747,184	\$ 3,747,184	\$ 19,016,611	\$ 16,671,389
Construction-in-progress	17,018,287	12,085,101	28,473,456	20,651,124	45,491,743	32,736,225
Buildings and improvements	4,961,249	5,128,708	5,803,026	5,952,539	10,764,275	11,081,247
Equipment and vehicles	1,839,165	1,939,541	464,190	328,573	2,303,355	2,268,114
Infrastructure	46,155,938	46,690,874	52,267,483	54,439,862	98,423,421	101,130,736
	\$ 85,244,066	\$ 78,768,429	\$ 90,755,339	\$ 85,119,282	\$ 175,999,405	\$ 163,887,711

Additional information on the City's capital assets can be found in Note 6 on pages 39 - 41 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 \$126,166,407. Of this amount, \$25,445,000 comprises debt backed by the full faith and credit of the government and \$17,475,000 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 \$5,975,000 is subject to annual appropriation by the City and was used to finance the City's golf course and conference center. The total Special Obligation Bond debt related to the Adams Farm TIF is \$30,310,000. Subject to annual appropriation, the City collects TIF revenues on behalf of the district and transfers those revenues for repayment of this debt. The development agreement outstanding debt listed below represents the outstanding bonds for the Fall Creek Tax Increment Financing District and the certified developer costs associated with the 'pay as you go', Hwy 7 & 40 Hwy & Copperleaf Village TIFs and additional certified costs for the Adams Farm TIF. 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 loan amount was just over \$20.5 million; at completion, the loan is expected to be approximately \$27 million.

The City's total debt increased by \$23,538,766 or 23 percent during the current fiscal year. The key factors were the increase of \$7,690,000 in General Obligation Bonds, increase of \$6,398,363 in Development Agreements, increase of \$5,719,490 in Capital Lease Obligations and increase of \$6,471,928 in the State Revolving Fund loan to fund the Sni-a- bar Sewer Plant expansion.

City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

	City of Blue Springs' Outstanding Debt					
	Capital Leases, General Obligation Bonds, Revenue Bonds and Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capitalized leases	\$ 5,482,622	\$ -	\$ -	\$ 7,472	\$ 5,482,622	\$ 7,472
General obligation bonds	25,445,000	18,605,000	-	-	25,445,000	18,605,000
Compensated absences	1,145,236	574,762	126,469	55,598	1,271,705	630,360
Development agreements	19,155,006	13,386,972	-	-	19,155,006	13,386,972
Certificates of participation	2,095,000	2,350,000	3,880,000	4,100,000	5,975,000	6,450,000
Neighborhood improvement	-	-	17,475,000	17,900,000	17,475,000	17,900,000
Deferred amount on refunding	(268,235)	(329,004)	(129,945)	(140,772)	(398,180)	(469,776)
Net OPEB obligation	271,269	211,603	17,323	10,656	288,592	222,259
Special obligation bonds	30,310,000	30,845,000	-	-	30,310,000	30,845,000
Discount/premium on issuance	(148,142)	(339,118)	485,399	514,967	337,257	175,849
LAGERS obligation	306,373	176,401	8,883	8,883	315,256	185,284
State revolving fund	-	-	20,509,149	14,689,221	20,509,149	14,689,221
	\$ 83,794,129	\$ 65,481,616	\$ 42,372,278	\$ 37,146,025	\$ 126,166,407	\$ 102,627,641

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 \$143,664,929.

Additional information regarding the City's long-term debt can be found in Note 7 on pages 42 - 49 of this report.

Economic Factors and Next Year's Budgets and Rates

General Fund revenues for fiscal year 2013 are projected to total \$23,941,626. This represents an overall decrease of 8.94 percent. This decrease is primarily due to a one-time adjustment in fiscal year 2012 to EMS revenue and a one-time construction fee revenue for commercial properties in the Adams Dairy Landing redevelopment area.

General Fund budgeted expenditures are projected to total \$25,166,483 compared to \$24.3 million in fiscal year 2012. This represents a 3.57 percent increase. There will be an increase in personnel salaries and benefits.

During the current fiscal year, unassigned fund balance in the general fund increased to \$6,041,570. The City has not appropriated this amount in the 2013 fiscal year.

In April 2011, the citizens of Blue Springs voted to enact a new 1/2 cent sales tax dedicated to public safety. This sales tax went into effect October 1, 2011 and is projected to raise approximately \$3.0 million annually. The total budgeted public safety sales tax expenditures for fiscal year 2013 are \$18,000,691. Included in this amount is funding for supplies, contractual services and capital outlay, personal service costs, building improvements in the amount of \$16,144,400 and the equipment lease in the amount of \$681,452 for the federally mandated radio system upgrade which became operational in 2012. The public safety building improvement plan evaluations are underway and construction is expected to be bid in fiscal year 2013.

City of Blue Springs, Missouri

Management's Discussion and Analysis Fiscal Year Ended September 30, 2012

During fiscal year 2012, the City implemented the second annual rate increase resulting from the 2011 water and sewer rate study. The rate increase provides funding for ongoing operating costs and capital improvements as well as plans to repay debt. The City will again perform a new rate study in 2013. During August 2008, the voters approved bond issuances in the amount of \$35 million for sewer improvements and a no tax increase issue of \$28 million for street projects. The City has issued bonds and continues to work on the street and sewer projects. Moreland School Road extension was completed in 2010, the Hwy 7 & Colbern Road intersection project was completed in December 2011 and the Woods Chapel Road project began in May 2012. In addition to these street projects, the Sni-a-Bar wastewater treatment plant expansion is 85 percent complete and schedule for completion March 2013.

During fiscal year 2013, the City will perform a Community Center Feasibility Study and will update the City's Comprehensive Plan.

Requests for Information

This report is designed to provide an overview of the City of Blue Springs's 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.

City of Blue Springs, Missouri

Statement of Net Assets
September 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	\$ 20,404,073	\$ 16,634,451	\$ 37,038,524	\$ 14,856
Receivables (net of allowances for uncollectibles):				
Property taxes	7,435,536	-	7,435,536	-
Other taxes	2,685,082	-	2,685,082	-
Accounts	1,339,159	2,002,694	3,341,853	58
Accrued interest	87,369	44,963	132,332	-
Internal balances	2,000,055	(2,000,055)	-	-
Inventories	174,174	232,805	406,979	-
Prepaid items	319,367	318,891	638,258	-
Special assessments:				
Due in one year	-	1,323,583	1,323,583	-
Due in more than one year	-	17,025,000	17,025,000	-
Due from other governments:				
Due in one year	855,085	627,182	1,482,267	-
Due in more than one year	-	9,113,324	9,113,324	-
Restricted cash and investments	20,893,158	2,478,007	23,371,165	-
Unamortized bond issue costs	1,131,527	663,614	1,795,141	-
Capital assets:				
Land and construction-in-progress, nondepreciable	32,287,714	32,220,640	64,508,354	-
Other capital assets, net of depreciation	52,956,352	58,534,699	111,491,051	6,783
Total assets	142,568,651	139,219,798	281,788,449	21,697
Liabilities				
Accounts payable	4,286,048	3,568,091	7,854,139	25,356
Accrued liabilities	894,253	26,027	920,280	23,899
Court bonds	57,430	-	57,430	-
Accrued interest	548,228	111,345	659,573	-
Customer deposits	607,504	482,701	1,090,205	-
Unearned revenue	7,045,412	17,145	7,062,557	-
Noncurrent liabilities:				
Due in one year	3,550,947	2,093,581	5,644,528	-
Due in more than one year	80,243,182	40,278,697	120,521,879	-
Total liabilities	97,233,004	46,577,587	143,810,591	49,255
Net Assets (Deficit)				
Invested in capital assets, net of related debt	52,611,903	48,535,736	101,147,639	6,783
Restricted for:				
Debt service	7,649,786	2,478,007	10,127,793	-
Tourism	500,301	-	500,301	-
Public safety	3,673,183	-	3,673,183	-
Other	707,265	-	707,265	-
Unrestricted	(19,806,791)	41,628,468	21,821,677	(34,341)
Total net assets (deficit)	\$ 45,335,647	\$ 92,642,211	\$ 137,977,858	\$ (27,558)

See Notes to Basic Financial Statements.

City of Blue Springs, Missouri

Statement of Activities
Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,173,185	\$ 3,171,600	\$ 34,385	\$ -
Public works	1,235,515	332,068	-	-
Highways and streets	12,656,685	-	-	86,127
Public safety	12,868,434	2,915,982	515,510	7,867
Parks and recreation	4,036,137	398,451	25,000	30,692
Economic development	6,577,745	-	-	-
Interest and fiscal charges	2,759,693	-	-	-
Total governmental activities	46,307,394	6,818,101	574,895	124,686
Business-type activities:				
Water	8,322,203	7,886,884	-	-
Sewer	7,348,680	6,773,648	-	3,413,162
Golf course	2,019,349	1,520,568	-	-
Total business-type activities	17,690,232	16,181,100	-	3,413,162
Total primary government	\$ 63,997,626	\$ 22,999,201	\$ 574,895	\$ 3,537,848
Component unit - economic development	\$ 544,813	\$ -	\$ 501,315	\$ -

General Revenues

Taxes:

Sales

Property

Franchise

Intergovernmental activity taxes

Motor vehicle

Hotel

Other taxes

Interest

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net assets

Net assets, beginning

Net assets (deficit), ending

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental Activities	Business-Type Activities	Total	Component Unit	
\$ (2,967,200)	\$ -	\$ (2,967,200)	\$ -	-
(903,447)	-	(903,447)	-	-
(12,570,558)	-	(12,570,558)	-	-
(9,429,075)	-	(9,429,075)	-	-
(3,581,994)	-	(3,581,994)	-	-
(6,577,745)	-	(6,577,745)	-	-
(2,759,693)	-	(2,759,693)	-	-
(38,789,712)	-	(38,789,712)	-	-
-	(435,319)	(435,319)	-	-
-	2,838,130	2,838,130	-	-
-	(498,781)	(498,781)	-	-
-	1,904,030	1,904,030	-	-
(38,789,712)	1,904,030	(36,885,682)	-	-
-	-	-	(43,498)	-
13,710,170	-	13,710,170	-	-
5,675,553	-	5,675,553	-	-
5,062,742	-	5,062,742	-	-
2,910,479	-	2,910,479	-	-
1,785,850	-	1,785,850	-	-
544,620	-	544,620	-	-
409,592	-	409,592	-	-
410,317	1,051,510	1,461,827	279	-
581,404	-	581,404	2,075	-
(250,007)	250,007	-	-	-
30,840,720	1,301,517	32,142,237	2,354	-
(7,948,992)	3,205,547	(4,743,445)	(41,144)	-
53,284,639	89,436,664	142,721,303	13,586	-
\$ 45,335,647	\$ 92,642,211	\$ 137,977,858	\$ (27,558)	-

City of Blue Springs, Missouri

Balance Sheet
Governmental Funds
September 30, 2012

	General	Public Safety Sales Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 12,702,488	\$ 1,566,247	\$ 4,150,991	\$ 1,984,347	\$ 20,404,073
Receivables, net of allowances for uncollectibles):					
Property taxes	4,580,358	-	-	2,855,178	7,435,536
Other taxes	1,517,945	450,834	451,340	264,963	2,685,082
Accounts	824,118	-	491,475	-	1,315,593
Accrued interest	67,948	-	17,296	2,125	87,369
Due from other governments	421,956	-	7,887	425,242	855,085
Advances to other funds	1,820,014	-	326,911	-	2,146,925
Prepaid items	304,171	5,530	7,953	-	317,654
Restricted cash and investments	48,086	4,575,929	10,605,106	5,664,037	20,893,158
Total assets	\$ 22,287,084	\$ 6,598,540	\$ 16,058,959	\$ 11,195,892	\$ 56,140,475
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ 664,722	\$ 2,913,515	\$ 604,979	\$ 50,975	\$ 4,234,191
Accrued liabilities	871,642	6,312	-	-	877,954
Court bonds	57,430	-	-	-	57,430
Customer deposits	607,504	-	-	-	607,504
Deferred revenue	4,635,517	-	490,335	2,994,830	8,120,682
Total liabilities	6,836,815	2,919,827	1,095,314	3,045,805	13,897,761
Fund balance:					
Nonspendable:					
Prepaid items	304,171	5,530	7,953	-	317,654
Interfund advances	1,820,014	-	326,911	-	2,146,925
Restricted:					
Capital projects	-	-	10,074,082	-	10,074,082
Debt service	-	-	-	7,649,786	7,649,786
Tourism	-	-	-	500,301	500,301
Public safety	-	3,673,183	-	-	3,673,183
Other purposes	107,265	-	600,000	-	707,265
Committed:					
Budget stabilization reserve	2,379,632	-	-	-	2,379,632
Emergency reserve	4,759,265	-	-	-	4,759,265
Other purposes	6,135	-	287,667	-	293,802
Assigned:					
Capital projects	-	-	3,667,032	-	3,667,032
Other purposes	32,217	-	-	-	32,217
Unassigned	6,041,570	-	-	-	6,041,570
Total fund balance	15,450,269	3,678,713	14,963,645	8,150,087	42,242,714
Total liabilities and fund balance	\$ 22,287,084	\$ 6,598,540	\$ 16,058,959	\$ 11,195,892	\$ 56,140,475

See Notes to Basic Financial Statements.

City of Blue Springs, Missouri

**Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities
September 30, 2012**

Total governmental fund balances \$ 42,242,714

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of those assets is capitalized and shown at cost, net of accumulated depreciation. This is the amount of net capital assets reported in the statement of net assets. 85,222,310

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements. 1,075,270

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 assets. Also, governmental funds report the effect of issuance costs, 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:

Accrued interest payable	(548,228)	
Accrued compensated absences	(1,145,236)	
LAGERS and OPEB obligations	(574,084)	
Bond issuance costs, net	1,131,527	
Deferred amount on refunding	268,235	
Net discount/premium on bond issues	148,142	
Development agreements	(19,155,006)	
Capital lease obligations	(5,482,622)	
Bonds and certificates of participation	(57,850,000)	(83,207,272)

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 assets. 2,625

Net assets of governmental activities **\$ 45,335,647**

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, 2012

	General	Public Safety Sales Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 16,214,378	\$ 2,959,963	\$ 3,138,553	\$ 2,373,929	\$ 24,686,823
Intergovernmental activity taxes	-	-	-	2,843,750	2,843,750
Licenses and permits	639,179	-	-	-	639,179
Intergovernmental revenues	2,908,019	-	71,662	-	2,979,681
Charges for services	3,559,085	-	-	-	3,559,085
Administrative charges	1,382,522	-	-	-	1,382,522
Fines and forfeits	882,785	-	-	-	882,785
Interest	95,289	1,155	46,141	267,732	410,317
Donations	72,944	-	14,465	-	87,409
Other	538,838	-	-	43,066	581,904
Total revenues	26,293,039	2,961,118	3,270,821	5,528,477	38,053,455
Expenditures:					
Current:					
General government	5,512,992	-	-	163,371	5,676,363
Public works	820,337	-	-	-	820,337
Highways and streets	2,487,103	-	-	-	2,487,103
Public safety	11,695,194	4,640,269	-	-	16,335,463
Parks	3,378,523	-	-	-	3,378,523
Economic development	-	-	-	431,682	431,682
Capital outlay	-	-	13,994,620	-	13,994,620
Debt service:					
Principal retirement	-	236,868	-	2,018,029	2,254,897
Interest and fiscal charges	-	103,858	-	2,521,287	2,625,145
Bond issuance costs	-	-	158,350	-	158,350
Total expenditures	23,894,149	4,980,995	14,152,970	5,134,369	48,162,483
Excess (deficiency) of revenues over expenditures	2,398,890	(2,019,877)	(10,882,149)	394,108	(10,109,028)
Other financing sources (uses):					
Proceeds from issuance of long-term debt	-	5,719,490	7,690,000	-	13,409,490
Premium on bond issuance	-	-	185,701	-	185,701
Transfers in	722,038	-	3,403,569	849,480	4,975,087
Transfers out	(3,149,996)	(176,125)	(1,487,321)	(378,785)	(5,192,227)
Total other financing sources (uses)	(2,427,958)	5,543,365	9,791,949	470,695	13,378,051
Net change in fund balance	(29,068)	3,523,488	(1,090,200)	864,803	3,269,023
Fund balances, beginning	15,479,337	155,225	16,053,845	7,285,284	38,973,691
Fund balances, ending	\$ 15,450,269	\$ 3,678,713	\$ 14,963,645	\$ 8,150,087	\$ 42,242,714

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, 2012**

Total net change in fund balances - governmental funds \$ 3,269,023

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 amount by which capital outlay exceeded depreciation in the current period:

Capital outlays	13,518,508
Depreciation expense	(7,036,177)

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

Deferred revenue	554,954
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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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issues, 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:

Issuance of long-term debt	(13,409,490)
Premium on bond issuance	(185,701)
Bond issuance costs	158,350
Principal payments	2,507,197
Certified developer obligations	(6,398,363)
Amortization of issuance costs, premium and deferred amounts on refunding	(141,062)
Change in accrued interest payable	6,514

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	(570,474)
Change in LAGERS net pension obligation	(129,972)
Change in other postemployment benefit obligations	(58,745)

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.

	(33,554)
Change in net assets of governmental activities	\$ (7,948,992)

See Notes to Basic Financial Statements.

City of Blue Springs, Missouri

Statement of Net Assets
 Proprietary Funds
 September 30, 2012

Assets	Business-Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Golf Course		Activities - Internal
					Service Fund
Current assets:					
Cash and investments	\$ 6,675,586	\$ 9,841,665	\$ 117,200	\$ 16,634,451	\$ -
Receivables, net of allowances for uncollectibles):					
Accounts	1,045,153	957,541	-	2,002,694	23,566
Accrued interest	13,971	30,992	-	44,963	-
Special assessments	-	1,323,583	-	1,323,583	-
Due from other governments	-	627,182	-	627,182	-
Inventory	137,107	33,683	62,015	232,805	174,174
Prepaid items	164,247	147,820	6,824	318,891	1,713
Total current assets	8,036,064	12,962,466	186,039	21,184,569	199,453
Noncurrent assets:					
Restricted cash and investments	-	1,990,084	487,923	2,478,007	-
Unamortized bond issue costs	-	530,385	133,229	663,614	-
Due from other governments	-	9,113,324	-	9,113,324	-
Noncurrent special assessments	-	17,025,000	-	17,025,000	-
Capital assets:					
Land and construction in progress, nondepreciable	1,643,570	28,326,626	2,250,444	32,220,640	-
Other capital assets, net of depreciation	19,234,772	33,143,047	6,156,880	58,534,699	21,756
Total noncurrent assets	20,878,342	90,128,466	9,028,476	120,035,284	21,756
Total assets	28,914,406	103,090,932	9,214,515	141,219,853	221,209
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	471,829	3,032,371	63,891	3,568,091	51,857
Accrued liabilities	17,436	8,591	-	26,027	16,299
Accrued interest	-	98,098	13,247	111,345	-
Customer deposits	480,413	-	2,288	482,701	-
Unearned revenue	-	-	17,145	17,145	-
Long-term debt due in one year	47,465	1,816,116	230,000	2,093,581	-
Total current liabilities	1,017,143	4,955,176	326,571	6,298,890	68,156
Noncurrent liabilities:					
Advances from other funds	-	-	2,000,055	2,000,055	146,870
Long-term debt	29,211	36,729,431	3,520,055	40,278,697	3,558
Total noncurrent liabilities	29,211	36,729,431	5,520,110	42,278,752	150,428
Total liabilities	1,046,354	41,684,607	5,846,681	48,577,642	218,584
Net assets:					
Invested in capital assets, net of related debt	20,878,342	23,000,125	4,657,269	48,535,736	21,756
Restricted for debt service	-	1,990,084	487,923	2,478,007	-
Unrestricted (deficit)	6,989,710	36,416,116	(1,777,358)	41,628,468	(19,131)
Total net assets	27,868,052	61,406,325	3,367,834	92,642,211	2,625
Total liabilities and net assets	\$ 28,914,406	\$ 103,090,932	\$ 9,214,515	\$ 141,219,853	\$ 221,209

See Notes to Basic Financial Statements.

City of Blue Springs, Missouri

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 Year Ended September 30, 2012

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Golf Course		Activities - Internal Service Fund
Revenues:					
Charges for services	\$ 7,872,377	\$ 6,765,461	\$ 1,515,021	\$ 16,152,859	\$ 1,122,175
Other	14,507	8,187	5,547	28,241	-
Total operating revenues	7,886,884	6,773,648	1,520,568	16,181,100	1,122,175
Operating expenses:					
Personal services	892,320	843,708	558,261	2,294,289	134,003
Administrative and support services	678,120	704,402	-	1,382,522	-
Materials and supplies	521,615	1,126,573	402,335	2,050,523	701,234
Purchased water and sewer services	4,651,224	1,475,204	-	6,126,428	-
Contractual services	648,112	525,361	634,281	1,807,754	280,931
Utilities	67,901	363,497	-	431,398	-
Depreciation	862,911	1,456,233	234,467	2,553,611	6,694
Total operating expenses	8,322,203	6,494,978	1,829,344	16,646,525	1,122,862
Operating income (loss)	(435,319)	278,670	(308,776)	(465,425)	(687)
Nonoperating revenues (expenses):					
Interest income	38,600	215,175	30	253,805	-
Interest income - special assessments	-	797,705	-	797,705	-
Interest expense and fiscal charges	-	(853,702)	(190,005)	(1,043,707)	-
Total nonoperating revenues (expenses)	38,600	159,178	(189,975)	7,803	-
Income (loss) before contributions, special assessments and transfers	(396,719)	437,848	(498,751)	(457,622)	(687)
Capital contributions	-	3,101,067	-	3,101,067	-
Special assessments	-	312,095	-	312,095	-
Transfers in	203,895	-	650,007	853,902	-
Transfers out	(400,000)	(203,895)	-	(603,895)	(32,867)
Change in net assets	(592,824)	3,647,115	151,256	3,205,547	(33,554)
Net assets, beginning of year	28,460,876	57,759,210	3,216,578	89,436,664	36,179
Net assets, end of year	\$ 27,868,052	\$ 61,406,325	\$ 3,367,834	\$ 92,642,211	\$ 2,625

See Notes to Basic Financial Statements.

City of Blue Springs, Missouri

Statement of Cash Flows
 Proprietary Funds
 Year Ended September 30, 2012

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Golf Course		Activities - Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 7,676,822	\$ 6,776,149	\$ 1,523,205	\$ 15,976,176	\$ 1,114,108
Payments to suppliers and service providers	(6,662,442)	(4,288,895)	(1,006,710)	(11,958,047)	(1,005,303)
Payments to employees	(853,752)	(804,388)	(558,261)	(2,216,401)	(125,432)
Net cash provided by (used in) operating activities	160,628	1,682,866	(41,766)	1,801,728	(16,627)
Cash flows from noncapital financing activities:					
Increase in interfund advances	-	-	-	-	49,494
Transfers in	203,895	-	650,007	853,902	-
Transfers out	(400,000)	(203,895)	-	(603,895)	(32,867)
Net cash provided by (used in) noncapital financing activities	(196,105)	(203,895)	650,007	250,007	16,627
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(913,102)	(7,064,667)	(211,899)	(8,189,668)	-
Intergovernmental grants	-	337,940	-	337,940	-
Proceeds from issuance of debt	-	6,471,928	-	6,471,928	-
Special assessments received	-	744,868	-	744,868	-
Principal payments on debt	-	(1,077,000)	(227,472)	(1,304,472)	-
Interest payments on debt	-	(854,538)	(168,900)	(1,023,438)	-
Net cash (used in) capital and related financing activities	(913,102)	(1,441,469)	(608,271)	(2,962,842)	-
Cash flows from investing activities:					
Purchases of investments	(5,983,553)	(8,128,679)	-	(14,112,232)	-
Sale of investments	6,505,000	7,000,000	-	13,505,000	-
Interest on special assessments	-	797,705	-	797,705	-
Interest on investments	36,273	213,193	30	249,496	-
Net cash provided by (used in) investing activities	557,720	(117,781)	30	439,969	-
Net (decrease) in cash and cash equivalents	(390,859)	(80,279)	-	(471,138)	-
Cash and cash equivalents, beginning of year	1,030,686	1,949,571	605,123	3,585,380	-
Cash and cash equivalents, end of year	\$ 639,827	\$ 1,869,292	\$ 605,123	\$ 3,114,242	\$ -

(Continued)

City of Blue Springs, Missouri

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended September 30, 2012

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund	
	Water Utility	Sewer Utility	Golf Course			
Reconciliation of amounts reported on the statement of net assets:						
Cash and cash equivalents	\$ 639,827	\$ 1,869,292	\$ 605,123	\$ 3,114,242	\$	-
Investments	6,035,759	9,962,457	-	15,998,216		-
Total cash and investments	\$ 6,675,586	\$ 11,831,749	\$ 605,123	\$ 19,112,458	\$	-
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (435,319)	\$ 278,670	\$ (308,776)	\$ (465,425)	\$	(687)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	862,911	1,456,233	234,467	2,553,611		6,694
(Increase) decrease in accounts receivable	(224,730)	2,501	11,945	(210,284)		(8,067)
(Increase) decrease in inventories	19,444	4,910	(16,621)	7,733		(23,345)
(Increase) in prepaid items	(6,076)	(11,328)	(6,824)	(24,228)		(271)
Increase (decrease) in accounts payable	(108,838)	(87,440)	53,351	(142,927)		478
Increase in accrued expenses	34,471	36,750	-	71,221		7,650
Increase (decrease) in customer deposits	14,668	-	(12,806)	1,862		-
Increase in unearned revenue	-	-	3,498	3,498		-
Increase in other postemployment benefits and LAGERS obligation	4,097	2,570	-	6,667		921
Net cash provided by (used in) operating activities	\$ 160,628	\$ 1,682,866	\$ (41,766)	\$ 1,801,728	\$	(16,627)
Supplemental Information, noncash capital and related financing activities, capital contributions	\$ -	\$ 3,074,166	\$ -	\$ 3,074,166	\$	-

See Notes to Basic Financial Statements.

City of Blue Springs, Missouri

Statement of Net Assets - Fiduciary Funds

September 30, 2012

	Agency Funds
Assets	
Cash and investments	\$ 260,644
Taxes receivable	213,708
Total assets	<u>\$ 474,352</u>
Liabilities	
Due to other governments	\$ 436,469
Employee flexible benefit deposits	2,564
Membership deposits	35,319
Total liabilities	<u>\$ 474,352</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 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 56,000 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) applicable to local governments. 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 unit is 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.

The following component unit is discretely presented in the City's basic financial statements:

The Blue Springs Economic Development Corporation (EDC) is a not-for-profit business development organization funded by both public and private sector monies. Although it is legally separate from the City, the EDC is reported as a component unit because the City is financially accountable for the EDC as it provides a major source of revenue. The EDC is governed by a twelve-member board of which five members are appointed by the City Council. The EDC does not issue separate financial statements. Included within EDC is The Missouri Innovation Park, Inc. (MIP) (formerly the Blue Springs Growth Initiatives, Inc.) which is a not-for-profit business development organization funded by both public and private sector monies. The board of the MIP is comprised entirely of board members of the EDC. Although it is legally separate from the EDC, the MIP has been consolidated in the accompanying financial statements as it is financially interrelated to the EDC.

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 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 assets 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 accounts for the collection of the City's public safety sales tax and related expenditures including equipment, additional personnel and facility renovations.

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

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 Policies (Continued)

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.

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: The City maintains six fiduciary 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 which accounts for funds received by the community improvement district; 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.

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 Policies (Continued)

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. However, debt service expenditures, as well as those related to compensated absences, 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 purposes 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 revenue 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.

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 and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets. 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. The proprietary funds of the City apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, unless the guidance conflicts with or contradicts GASB pronouncements. The City also has the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements, unless these pronouncements conflict with or contradict GASB pronouncements.

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 assets 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, are considered cash equivalents.

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 Policies (Continued)

Investments are recorded on the financial statements at fair value, based on quoted market prices, except for non-negotiable certificates of deposit which are stated at amortized cost, which approximates fair value.

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.

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. Allowances for doubtful accounts are based on historical collection trends for the related receivables.

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. At September 30, 2012, the City had \$18,348,583 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.

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 Policies (Continued)

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 fair value at the time received. Capital assets are defined by the government 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.

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. A total of \$250,654 of interest expense was included as part of the cost of the capital assets under construction in connection with sewer plant expansion projects.

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

Deferred and unearned revenues: Governmental funds report deferred revenue on their balance sheets. Deferred revenue arises in governmental funds when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. 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 government has a legal claim to the resources, revenue is recognized.

In the government-wide financial statements, deferred revenue not meeting the “measurable” and “available” criteria has been recognized as revenue. In the governmental funds, the City has reported as deferred revenue amounts relating to property taxes and grants that have been determined to be measure, but not available until future years. Unearned revenue in the statement of net assets consists of the succeeding year’s property tax revenue that will not be recognized as revenue until the year for which it is levied.

Bond premiums, discounts and issuance costs: In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, 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.

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 Policies (Continued)

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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the maximum accruable over two years. Employees are not paid for accumulated sick leave upon termination.

Vested or accumulated vacation leave is accounted for as follows:

Governmental funds: The accumulated liabilities for employee vacation leave is 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 vacation leave 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 asset classifications: In the government-wide and proprietary fund financial statements, net assets represents the difference between assets and liabilities and is classified into three components:

Invested in capital assets, net of related debt—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 assets invested in capital assets, net of related debt, excludes unspent bond proceeds of \$10,074,082 and \$20,210,000 of the special obligation bonds as they were issued for purposes other than capital asset additions by the City.

Restricted net assets—consisting of net assets with constraints placed on their 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 assets are available. Net assets restricted through enabling legislation consist of \$7,649,786 for debt service, \$3,673,183 for public safety and \$500,301 for tourism.

Unrestricted net assets—all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

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 Policies (Continued)

Committed—This consists of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. 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. 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.

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. 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.

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.

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 Policies (Continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 2. Deposits and Investments

As of September 30, 2012, the carrying values of deposits and investments are summarized as follows:

Investments:	
Short-term investments held in trust (mutual fund)	\$ 6,228,023
U.S. agency securities	31,344,070
Repurchase agreement	14,976,000
Total investments	52,548,093
Deposits	
Certificates of deposit	5,399,346
Petty cash	2,728,000
Total	9,750
	\$ 60,685,189

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

	Government- Wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total Primary Government	Component Unit	Total
Cash and investments	\$ 60,409,689	\$ 260,644	\$ 60,670,333	\$ 14,856	\$ 60,685,189

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 carried at amortized cost, which approximates 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, 2012 consisted of Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Government National Mortgage Association investments.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 2. Deposits and Investments (Continued)

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, 2012
Federal Home Loan Banks	\$ 9,439,480	Aaa
Federal National Mortgage Association	14,214,447	Aaa
Federal Home Loan Mortgage Corporation	7,690,143	Aaa
Short-term investments held in trust (mutual fund)	6,228,023	Aaa
Repurchase agreement	14,976,000	Aaa
	\$ 52,548,093	

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, 2012, 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, 2012.

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, 2012, the City's investments had the following maturities:

Investment type:	Fair Value	Investment Maturities (in years)	
		Less Than 1	1 - 5
Debt securities, U.S. agencies	\$ 31,344,070	\$ -	\$ 31,344,070
Short-term investments held in trust (mutual fund)	6,228,023	6,228,023	-
Repurchase agreement	14,976,000	14,976,000	-
Total	\$ 52,548,093	\$ 21,204,023	\$ 31,344,070

Concentration of credit risk: As of September 30, 2012, more than 5 percent of the City's investments are issued by Federal Home Loan Banks, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. These securities represent 18 percent, 27 percent and 15 percent of the City's total investments, respectively.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all property for which taxes are unpaid. 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, 2011, on which the fiscal year ended September 30, 2012, levy was based, was \$718,324,643. During the year ended September 30, 2012, the City collected approximately 97 percent of property taxes which were levied in the period.

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, 2012 were as follows:

	Levy (Dollars)
General Fund	\$ 0.5988
Debt Service Fund	0.1501
Total	\$ 0.7489

The City has established TIF Districts that allows 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 \$6,910,000 of the City's taxes and City sticker fees, resulting in a collection charge of \$69,100 paid by the City to the County for the year ended September 30, 2012.

The City accounts for its collection of County taxes in the Jackson County Tax Fund (an Agency Fund). The City collected and remitted approximately \$18.4 million of County taxes resulting in collection fees of \$184,100 for the year ended September 30, 2012.

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	Transfers From							Total
	General	Public Safety Sales Tax	Capital Projects	Other Governmental	Water Fund	Sewer Fund	Internal Service	
General Fund	\$ -	\$ 176,125	\$ 483,741	\$ 29,305	\$ -	\$ -	\$ 32,867	\$ 722,038
Capital Projects Fund	3,003,569	-	-	-	400,000	-	-	3,403,569
Nonmajor Governmental Funds	-	-	500,000	349,480	-	-	-	849,480
Water Fund	-	-	-	-	-	203,895	-	203,895
Golf Course Fund	146,427	-	503,580	-	-	-	-	650,007
Total	\$ 3,149,996	\$ 176,125	\$ 1,487,321	\$ 378,785	\$ 400,000	\$ 203,895	\$ 32,867	\$ 5,828,989

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 \$1,078,120 and \$704,402, respectively.

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

Advance to Other Funds	Advance From Other Funds		
	Golf Course	Central Garage	Total
General Fund	\$ 1,673,144	\$ 146,870	\$ 1,820,014
Capital Projects Fund	326,911	-	326,911
Total	\$ 2,000,055	\$ 146,870	\$ 2,146,925

The interfund payable of the Golf Course Fund represent advances to the Golf Course Fund for operating expenses and debt service payments and are not expected to be repaid within the next fiscal year. The City has reported a nonspendable fund balance in the General Fund and Capital Projects Fund in the amounts of \$1,820,014 and \$326,911, respectively.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Capital Assets

Capital assets activity for the year ended September 30, 2012, was as follows:

Governmental activities	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 12,924,205	\$ 2,345,222	\$ -	\$ 15,269,427
Construction in progress	12,085,101	10,584,308	5,651,122	17,018,287
Total capital assets, not being depreciated	25,009,306	12,929,530	5,651,122	32,287,714
Capital assets, being depreciated:				
Buildings and building improvements	21,237,524	405,055	7,900	21,634,679
Equipment and vehicles	9,179,854	552,480	204,493	9,527,841
Infrastructure	156,043,052	5,282,565	-	161,325,617
Total capital assets being depreciated	186,460,430	6,240,100	212,393	192,488,137
Less accumulated depreciation for:				
Buildings and building improvements	16,108,816	572,514	7,900	16,673,430
Equipment and vehicles	7,240,313	652,856	204,493	7,688,676
Infrastructure	109,352,178	5,817,501	-	115,169,679
Total accumulated depreciation	132,701,307	\$ 7,042,871	\$ 212,393	139,531,785
Total capital assets being depreciated, net	53,759,123			52,956,352
Governmental activities capital assets, net	<u>\$ 78,768,429</u>			<u>\$ 85,244,066</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 3,747,184	\$ -	\$ -	\$ 3,747,184
Construction in progress	20,651,124	7,822,332	-	28,473,456
Total capital assets, not being depreciated	24,398,308	7,822,332	-	32,220,640
Capital assets, being depreciated:				
Buildings and building improvements	10,707,257	28,927	15,906	10,720,278
Equipment and vehicles	4,197,450	338,409	356,718	4,179,141
Infrastructure	83,775,618	-	-	83,775,618
Total capital assets being depreciated	98,680,325	367,336	372,624	98,675,037
Less accumulated depreciation for:				
Buildings and building improvements	4,754,718	178,440	15,906	4,917,252
Equipment and vehicles	3,868,877	202,792	356,718	3,714,951
Infrastructure	29,335,756	2,172,379	-	31,508,135
Total accumulated depreciation	37,959,351	\$ 2,553,611	\$ 372,624	40,140,338
Total capital assets being depreciated, net	60,720,974			58,534,699
Business-type activities capital assets, net	<u>\$ 85,119,282</u>			<u>\$ 90,755,339</u>
Component unit				
Capital assets, being depreciated:				
Leasehold improvements	\$ 6,035	\$ -	\$ -	\$ 6,035
Equipment	18,257	-	-	18,257
Total capital assets being depreciated	24,292	-	-	24,292
Less accumulated depreciation for:				
Leasehold improvements	609	221	-	830
Equipment	15,627	1,052	-	16,679
Total accumulated depreciation	16,236	\$ 1,273	\$ -	17,509
Total capital assets being depreciated, net	\$ 8,056			\$ 6,783

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 373,820
Public works	377,492
Highways and streets	5,502,850
Public safety	195,758
Parks	592,951
Total depreciation expense for governmental activities	\$ 7,042,871
Business-type activities:	
Water utility	\$ 862,911
Sewer utility	1,456,233
Golf course	234,467
Total depreciation expense for business-type activities	\$ 2,553,611
Component unit:	
Economic development	\$ 1,273

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 transactions of the City for the year ended September 30, 2012:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Compensated absences*	\$ 574,762	\$ 1,354,333	\$ 783,859	\$ 1,145,236	\$ 783,859
General obligation bonds	18,605,000	7,690,000	850,000	25,445,000	890,000
Certificates of participation	2,350,000	-	255,000	2,095,000	270,000
Deferred amount on refunding	(329,004)	-	(60,769)	(268,235)	-
Special obligation bonds	30,845,000	-	535,000	30,310,000	835,000
Net discount/premium on issuances	(339,118)	185,701	(5,275)	(148,142)	-
Development agreements	13,386,972	6,398,363	630,329	19,155,006	275,000
Capital lease obligations	-	5,719,490	236,868	5,482,622	497,088
LAGERS obligation*	176,401	129,972	-	306,373	-
Net OPEB obligation*	211,603	59,666	-	271,269	-
	<u>65,481,616</u>	<u>21,537,525</u>	<u>3,225,012</u>	<u>83,794,129</u>	<u>3,550,947</u>
Business-type activities:					
Compensated absences	55,598	161,252	90,381	126,469	90,381
Certificates of participation	4,100,000	-	220,000	3,880,000	230,000
Special assessment-neighborhood improvement bonds	17,900,000	-	425,000	17,475,000	450,000
Net discount/premium on issuances	514,967	-	29,568	485,399	-
Capital lease obligations	7,472	-	7,472	-	-
Deferred amount on refunding	(140,772)	-	(10,827)	(129,945)	-
Sewer revenue bonds	14,689,221	6,471,928	652,000	20,509,149	1,323,200
LAGERS obligation	8,883	-	-	8,883	-
Net OPEB obligation	10,656	6,667	-	17,323	-
	<u>37,146,025</u>	<u>6,639,847</u>	<u>1,413,594</u>	<u>42,372,278</u>	<u>2,093,581</u>
Total primary government	<u>\$ 102,627,641</u>	<u>\$ 28,177,372</u>	<u>\$ 4,638,606</u>	<u>\$ 126,166,407</u>	<u>\$ 5,644,528</u>

* 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 long-term debt as of September 30, 2012 is 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%	\$ 695,000
\$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%	2,440,000
\$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
\$3,590,000 - 2010 General Obligation Refunding Bonds due in installments of \$435,000 to \$825,000 through March 1, 2015; interest at 2.375% to 5.0%	2,060,000
\$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%	<u>7,690,000</u>
Total general obligation bonds	<u>25,445,000</u>

Certificates of participation:

\$4,225,000 - 2005 - refunding certificates of participation in installments of \$210,000 to \$415,000 through September 1, 2019; interest at 3.0% to 4.5%	<u>2,095,000</u>
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Special obligation bonds:

\$14,500,000 - 2009 special obligation bonds - Adams Farm Project in installments of \$230,000 to \$1,005,000 through December 1, 2039; interest at 3.0% to 6.375%	13,565,000
\$16,805,000 - 2010 special obligation bonds - Adams Farm Project in installments of \$60,000 to \$1,065,000 through December 1, 2039; interest at 3.0% to 5.0%	<u>16,745,000</u>
Total special obligation bonds	<u>30,310,000</u>

Development agreements	<u>19,155,006</u>
Capital lease obligations	<u>5,482,622</u>
Net discount/premium on issuances	<u>(148,142)</u>
Deferred amount on refunding	<u>(268,235)</u>
Compensated absences	<u>1,145,236</u>
LAGERS obligation	<u>306,373</u>
Net other postemployment benefit obligations	<u>271,269</u>
Total governmental activities long-term debt	83,794,129
Less amounts due within one year	<u>(3,550,947)</u>
Total governmental activities long-term debt due in more than one year	<u>\$ 80,243,182</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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.

The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay the \$14.5 million in Series 2009 Special Obligation Bonds and \$16.805 million in Series 2010 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. Should these revenues not be sufficient to meet the required debt service obligations, the City, subject to annual appropriation, is obligated to make such debt service payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's funds will be required to make up any deficiency in bond payments during the next fiscal year.

Additionally, the City has entered into certain developer agreements (five as of September 30, 2012) 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, 2012, total principal and interest remaining on the Special Obligation Bonds was \$50.4 million and the outstanding developer obligations was \$19.2 million. The bonds are scheduled to mature at varying amounts through 2040 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 \$2,695,154. Incremental revenues from the City included \$818,041 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 long-term debt is comprised of the following:

Certificates of participation:

Golf course fund, \$5,575,000 - 2005 refunding certificates of participation in installments of \$185,000 to \$380,000 through September 1, 2005; interest at 3.0% to 4.5%

\$ 3,880,000

Special assessments - neighborhood improvement bonds:

Sewer fund, \$18,725,000 - 2009 neighborhood improvement district bonds installments of \$400,000 to \$1,530,000 through February 15, 2029; interest at 3.0% to 5.0%

17,475,000

Sewer revenue bonds

20,509,149

Net discount/premium on issuances

485,399

Deferred amount on refunding

(129,945)

Compensated absences

126,469

LAGERS obligation

8,883

Net other postemployment benefit obligations

17,323

Total business-type activities long-term debt

42,372,278

Less amounts due within one year

(2,093,581)

Total business-type activities long-term due in more than one year

\$ 40,278,697

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, 2012, the outstanding balance of the bonds was \$20,509,149.

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, 2012 are as follows:

Governmental Activities

Year Ending September 30:	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2013	\$ 890,000	\$ 1,142,877	\$ 270,000	\$ 79,919
2014	910,000	1,077,317	275,000	70,469
2015	785,000	1,055,018	290,000	60,500
2016	310,000	1,032,880	310,000	49,625
2017	305,000	1,007,922	305,000	38,000
2018-2022	5,630,000	4,486,705	645,000	39,000
2023-2027	7,585,000	2,958,115	-	-
2028-2032	9,030,000	867,840	-	-
	<u>\$ 25,445,000</u>	<u>\$ 13,628,674</u>	<u>\$ 2,095,000</u>	<u>\$ 337,513</u>

Year Ending September 30:	Special Obligation Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2013	\$ 835,000	\$ 1,292,071	\$ 1,995,000	\$ 2,514,867
2014	890,000	1,266,196	2,075,000	2,413,982
2015	960,000	1,238,446	2,035,000	2,353,964
2016	1,015,000	1,208,821	1,635,000	2,291,326
2017	1,090,000	1,176,843	1,700,000	2,222,765
2018-2022	5,155,000	5,306,188	11,430,000	9,831,893
2023-2027	5,685,000	4,262,038	13,270,000	7,220,153
2028-2032	7,860,000	2,714,944	16,890,000	3,582,784
2033-2037	3,330,000	1,335,978	3,330,000	1,335,978
2038-2039	3,490,000	320,681	3,490,000	320,681
	<u>\$ 30,310,000</u>	<u>\$ 20,122,206</u>	<u>\$ 57,850,000</u>	<u>\$ 34,088,393</u>

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		Neighborhood Improvement Bonds	
	Principal	Interest	Principal	Interest
	Year Ending September 30:			
2013	\$ 230,000	\$ 158,969	\$ 450,000	\$ 784,780
2014	250,000	150,919	450,000	771,280
2015	260,000	141,856	800,000	750,530
2016	250,000	132,106	825,000	720,030
2017	270,000	122,106	850,000	686,530
2018-2022	1,535,000	437,130	4,900,000	2,854,900
2023-2027	1,085,000	96,469	6,230,000	1,532,835
2028-2032	-	-	2,970,000	150,750
	<u>\$ 3,880,000</u>	<u>\$ 1,239,555</u>	<u>\$ 17,475,000</u>	<u>\$ 8,251,635</u>

Business-Type Activities	Sewer Revenue Bonds *		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
	Year Ending September 30:			
2013	\$ 1,323,200	\$ 453,079	\$ 2,003,200	\$ 1,396,828
2014	1,349,300	432,867	2,049,300	1,355,066
2015	1,375,900	412,257	2,435,900	1,304,643
2016	1,403,000	391,241	2,478,000	1,243,377
2017	1,430,600	369,811	2,550,600	1,178,447
2018-2022	7,586,800	1,512,551	14,021,800	4,804,581
2023-2027	8,364,000	909,849	15,679,000	2,539,153
2028-2032	7,304,200	252,655	10,274,200	403,405
2033-2037	-	-	-	-
2038-2039	-	-	-	-
	<u>\$ 30,137,000</u>	<u>\$ 4,734,310</u>	<u>\$ 51,492,000</u>	<u>\$ 14,225,500</u>

Business-Type Activities	Total Primary Government	
	Principal	Interest
2013	\$ 3,998,200	\$ 3,911,695
2014	4,124,300	3,769,048
2015	4,470,900	3,658,607
2016	4,113,000	3,534,703
2017	4,250,600	3,401,212
2018-2022	25,451,800	14,636,474
2023-2027	28,949,000	9,759,306
2028-2032	27,164,200	3,986,189
2033-2037	3,330,000	1,335,978
2038-2039	3,490,000	320,681
	<u>\$ 109,342,000</u>	<u>\$ 48,313,893</u>

* The debt service requirement schedule is based on the total approved drawdown amount for the revenue bond. As of September 30, 2012, the outstanding balance of the bonds was \$20,509,149.

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 one capital leasing agreement as of September 30, 2012 for narrow banded public safety radio system. The scheduled minimum lease payment under the agreement includes interest of 3.470 percent. The cumulative amount of assets acquired under the capital lease described above amounted to \$5,482,622 with no related accumulated depreciation as of September 30, 2012.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012 were as follows:

Year ending September 30:	
2013	\$ 681,452
2014	681,452
2015	681,452
2016	681,452
2017	681,452
2018 - 2022	3,066,534
Less imputed interest	(991,172)
Present value of minimum lease payments	<u><u>\$ 5,482,622</u></u>

Restricted assets: The 2009 Special Obligation Bonds, 2009 Neighborhood Improvement Bonds, and the 2005 Certificates of Participation trust indentures require the City to establish certain special trust funds in the name of the City. 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	COP Debt Service Fund	Sewer Fund	Golf Course Fund	Total
Debt service and other reserve funds	<u>\$ 5,310,713</u>	<u>\$ 353,324</u>	<u>\$ 1,990,084</u>	<u>\$ 487,923</u>	<u>\$ 8,142,044</u>

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, 2012, based on the assessed valuation as of January 1, 2011, of \$718,324,643, the constitutional total general obligation debt limit for "City purposes" was \$143,664,929, which, after reduction for outstanding general obligation bonds of \$25,445,000 and neighborhood improvement bonds of \$17,475,000, provides a general obligation debt margin of \$101,846,505.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

Short-term note payable – component unit: The EDC has a short-term promissory note for the purpose of funding ongoing operations. In September 2011, the City remitted \$100,000 to the EDC in order to pay off this note.

	Beginning Balance	Additions	Retired	Ending Balance
Short-term note payable	\$ 100,000	\$ -	\$ 100,000	\$ -

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 there from 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, 2012, there was one series of taxable industrial revenue bonds outstanding, with an aggregate principal amount payable of \$1.3 million.

Note 8. Leases

Conference Center: In 1998, the City entered into a lease agreement with RMT of Blue Springs for the lease of the property on which the hotel portion of the building housing the conference center stands. The lease term began in the 2000 fiscal year when construction of the conference center was completed.

The capital lease is a 15-year lease with annual rental payments of \$32,689. The lease contains an option for RMT of Blue Springs to purchase the property at the end of the lease term for \$150. If the tenant opts to exercise the purchase option, the annual rental payments for the first three years of the lease term may be deferred until the purchase option is exercised. At this time, the annual rental payments deferred from the first three years will be due plus interest calculated at 4 percent per year. However, the tenant will not be required to pay the interest accrued if the lease payments deferred from the first three years are paid in the sixth, seventh, and eighth years of the lease agreement.

During 2004, the agreement was amended. A new provision was added deferring the payment of rent, whereby RMT is to pay the City the base rent plus the amount in arrears at such time that RMT achieves a profit. Should RMT exercises the purchase option, the provision for payment in lieu of base rent in the event of a profit shall survive and be in full force for thirty-six months after the exercise of the option.

As of September 30, 2012, the total future minimum lease payments were \$490,335 and are recorded on the City's fund financial statements as Accounts Receivable and Deferred Revenue in the Capital Projects Fund.

Note 9. 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 \$358,402 for the year ended September 30, 2012 and were recorded as charges for services in the Sewer Utility Fund.

Note 10. Federal Forfeiture Activity

The City's police department participates in a federal forfeiture and seizure revenue sharing program along with other law enforcement jurisdictions. During the year ended September 30, 2012, the City had revenues of \$3,135 and expenditures of \$9,727 related to this program, leaving an ending balance of none in their federal forfeiture account.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Commitments and Contingencies

Employees' retirement system:

Plan description: The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Statute, Section RSMo. 70.600 - 70.755. As such, it is the system's 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 it is tax-exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding status: The City's full-time employees do not contribute to the pension plan. The City is required by State Statute to contribute at an actuarially determined rate; the current rate is 7.6 percent (General) and 9.5 percent (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by State Statute.

Annual pension cost: The City's annual pension cost and net pension obligation (NPO) were as follows:

Annual required contribution	\$ 1,057,033
Interest on net pension obligation	13,433
Adjustment to annual required contribution	<u>(10,305)</u>
Annual pension cost	1,060,161
Actual contributions	<u>930,189</u>
Increase in NPO	129,972
NPO beginning of year	<u>185,284</u>
NPO end of year	<u><u>\$ 315,256</u></u>

The required annual contribution (ARC) was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.25 percent per year, compounded annually, (b) projected salary increases of 3.5 percent per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75 percent of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) postretirement mortality based on 105 percent of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 30 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2010 was 30 years for the General division and 30 years for the Police division.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Commitments and Contingencies (Continued)

Fiscal Year Ending	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2010	\$ 742,719	100.0%	\$ -
09/30/2011	1,046,800	82.3	185,284
09/30/2012	1,060,161	87.7	315,256

As of February 29, 2012, the most recent actuarial valuation date, the plan was 99.6 percent funded. The actuarial accrued liability for benefits was \$26,405,620 and the actuarial value of assets was \$26,290,750, resulting in an unfunded actuarial accrued liability (UAAL) of \$114,870. The covered payroll (annual payroll of active employees covered by the plan) was \$11,474,005, and the ratio of the UAAL to the covered payroll was 1 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 115 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.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Commitments and Contingencies (Continued)

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	\$ 74,990
Interest on net OPEB obligation	11,113
Adjustment to annual required contribution	<u>(13,770)</u>
Annual OPEB cost (expense)	72,333
Less net employer contributions	<u>6,000</u>
Increase in net OPEB obligation	66,333
Net OPEB obligation, October 1, 2011	<u>222,259</u>
Net OPEB obligation, September 30, 2012	<u><u>\$ 288,592</u></u>

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, 2012 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, 2010	\$ 58,252	5.2%	\$ 167,525
September 30, 2011	57,734	5.2	222,259
September 30, 2012	72,333	8.3	288,592

Funded status and funding progress: As of July 1, 2011, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City was \$527,810. 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 \$10,260,190, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 5.1percent.

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.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Commitments and Contingencies (Continued)

The projected unit credit actuarial cost method is used in the July 1, 2011 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 5.0 percent investment rate of return. The actuarial assumptions for health care cost trend is a growth factor of 8.5 percent for the first year and then declining by 0.5 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.

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.

Street, wastewater treatment plant and water treatment plant improvements:

In 1981, the voters approved a revenue bond issue in the amount of \$19 million to finance the construction of a water treatment plant and for improvements to the City's water system. In 1984, the City issued \$3.8 million in revenue bonds to construct a water line to Kansas City, Missouri. The City has no immediate plans to issue the remaining \$15.3 million bonds and construct the plant.

In August 2008, the voters of Blue Springs approved a no tax increase bond issue for \$28 million for improvements to Woods Chapel Road, Moreland School Road and the intersection of Colbern Road and Highway 7. In December 2009, the City issued \$15 million in General Obligation and Build America Bonds to begin work on these projects. The remaining bonds will be issued in the future as needed for the completion of these projects.

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 Sni-A-Bar Wastewater Treatment Plant. As of September 30, 2012, the City has drawn \$21,161,149 from these funds, and the outstanding balance as of September 30, 2012 is \$20,509,149 as recorded on the Sewer Utility Fund statement of net assets. The remaining funds are expected to be drawn and the project completed by the end of 2012. 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, 2012 is \$9,430,806 and is recorded as due from other governments on the Sewer Utility Fund statement of net assets.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Commitments and Contingencies (Continued)

Contractual commitments:

The City has commitments resulting from construction contracts totaling approximately \$10,900,000, \$344,900 and \$910,500 in the Capital Project, Public Safety Sale Tax and Enterprise Funds, respectively. The City expects to receive the contracted services during fiscal year 2013.

The City has entered into a contract to purchase a minimum of 1,875,000 gallons of water per day from the City of Kansas City, Missouri. This minimum may be recalculated on a monthly basis based upon actual usage of the City as defined in the agreement. The contract expired in May 2011 and purchases are currently being made on a month to month basis while a new contract is being negotiated. The total amount paid for purchased water under this agreement for the year ended September 30, 2012 totaled \$1,757,351. During 2010, the City of Kansas City, Missouri informed the City that it had not been meeting its minimum requirements for the past several years. Although the City of Kansas City, Missouri has made no formal claim, management estimates that the maximum possible for any potential claim is \$2.7 million.

The City had entered into a contract with the City of Independence, Missouri for purchased water that expired in December 2010. Purchases are being made on a month to month basis while a new contract is being negotiated. The total amount paid for purchased water under this agreement for the year ended September 30, 2012 totaled \$1,044,523.

The City entered into a contract to purchase a minimum of 1,000,000 gallons of water per day from the City of Grain Valley, Missouri. This contract runs through February 2025. The total amount paid for purchased water under this agreement for the year ended September 30, 2012 totaled \$804,493. In addition, under the agreement the City is to pay charges for capital projects associated with the water contract not to exceed the monthly amortization of the project costs of \$19,100,000. The total amount paid under this agreement for capital project charges for the year ended September 30, 2012, totaled \$1,044,857.

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 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.

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.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 12. 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. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the City beginning with its year ending September 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the City beginning with its year ending September 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the City beginning with its year ending September 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 12. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the City beginning with its year ending September 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City beginning with its year ending September 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

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

City of Blue Springs, Missouri

**Required Supplementary Information
Employee Retirement System**

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2010	\$ 22,514,383	\$ 23,465,036	\$ 950,653	95.9%	\$ 11,379,494	8%
02/28/2011	24,756,142	26,251,669	1,495,527	94.3	11,674,417	13
02/29/2012	26,290,750	26,405,620	114,870	99.6	11,474,005	1

Note: The above assets and actuarial liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 29, 2012 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

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 Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2008	07/01/2007	\$ -	\$ 335,543	\$ 335,543	- %	\$ 9,843,910	3.4%
09/30/2010	07/01/2009	-	330,869	330,869	-	10,023,631	3.3
09/30/2011	07/01/2011	-	527,810	527,810	-	10,260,190	5.1

The information presented above was determined as part of the actuarial valuation date as of July 1, 2011. 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) 5.0 percent annual discount rate and b) a health care cost trend rate of 8.5 percent for the first year and then declining by 0.5 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, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 15,568,010	\$ 15,568,010	\$ 16,214,378	\$ 646,368
Licenses and permits	444,463	444,463	639,179	194,716
Intergovernmental revenues	2,702,300	2,702,300	2,908,019	205,719
Charges for services	3,074,713	3,074,713	3,559,085	484,372
Administrative charges	-	-	1,382,522	1,382,522
Fines and forfeits	912,221	912,221	882,785	(29,436)
Interest	65,239	65,239	95,289	30,050
Donations	-	-	72,944	72,944
Other	409,405	409,405	538,838	129,433
Total revenue	23,176,351	23,176,351	26,293,039	3,116,688
Expenditures:				
General government:				
City Council	352,193	392,276	418,230	25,954
Municipal court	399,872	401,940	358,321	(43,619)
Legal services	168,943	170,018	159,139	(10,879)
City administration	566,487	570,390	564,989	(5,401)
Public relations and communications	172,000	172,588	169,372	(3,216)
Human resources	287,907	289,068	284,205	(4,863)
Economic development	285,000	700,000	701,438	1,438
Community development	730,719	733,798	714,681	(19,117)
Codes administration	594,260	597,636	615,576	17,940
Geographic information systems	112,347	112,855	117,793	4,938
Finance - accounting and budget	479,619	482,220	468,457	(13,763)
License bureau	326,515	328,430	303,700	(24,730)
Revenue collections	223,837	224,796	224,735	(61)
Information systems	709,977	722,217	724,626	2,409
Public works, engineering and administration	830,821	835,957	820,337	(15,620)
Highways and streets, street maintenance	2,447,110	2,567,109	2,597,129	30,020
Public safety:				
Police administration	311,510	312,533	343,616	31,083
Staff services	1,704,191	1,714,277	1,710,724	(3,553)
Operations	5,383,500	5,413,751	5,321,646	(92,105)
Community youth outreach unit	2,075,984	2,088,111	2,025,600	(62,511)
Emergency medical services	2,301,467	2,301,467	2,332,622	31,155
Parks:				
Parks administration	403,878	408,569	387,556	(21,013)
Recreation	331,410	332,351	318,738	(13,613)
Swimming pools	391,500	391,500	106,554	(284,946)
Parks maintenance	1,614,450	1,621,733	1,579,555	(42,178)
Vesper hall (50+ programs)	341,985	343,741	314,325	(29,416)
Building maintenance	707,380	708,181	687,251	(20,930)
Total expenditures	24,254,862	24,937,512	24,370,915	(566,597)
Excess (deficiency) of revenues over expenditures	(1,078,511)	(1,761,161)	1,922,124	3,683,285

(Continued)

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, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Other financing sources (uses):				
Transfers in	2,095,908	2,095,908	722,038	(1,373,870)
Transfers out	(816,578)	(3,086,407)	(3,149,996)	(63,589)
Total other financing sources (uses)	<u>1,279,330</u>	<u>(990,499)</u>	<u>(2,427,958)</u>	<u>(1,437,459)</u>
Net change in fund balance	<u>\$ 200,819</u>	<u>\$ (2,751,660)</u>	<u>(505,834)</u>	<u>\$ 2,245,826</u>
Fund balance, beginning of year			15,169,103	
Fund balance, end of year - budget basis			<u>14,663,269</u>	
Adjustments:				
Encumbrances			787,000	
Fund balance, end of year - GAAP basis			<u>\$ 15,450,269</u>	
Net change in fund balance - budget basis			\$ (505,834)	
Adjustments:				
Encumbrances - beginning of year			(310,234)	
Encumbrances - end of year			787,000	
Net change in fund balance - GAAP basis			<u>\$ (29,068)</u>	

See Note to Required Supplementary Information.

City of Blue Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Safety Sales Tax Fund
Year Ended September 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 2,350,000	\$ 2,350,000	\$ 2,959,963	\$ 609,963
Interest	-	-	1,155	1,155
Total revenues	2,350,000	2,350,000	2,961,118	611,118
Expenditures:				
Current, public safety	11,360,943	11,369,325	7,214,963	(4,154,362)
Debt service:				
Principal retirement	-	-	236,868	236,868
Interest and fiscal charges	-	-	103,858	103,858
Total expenditures	11,360,943	11,369,325	7,555,689	(3,813,636)
Excess (deficiency) of revenues over expenditures	(9,010,943)	(9,019,325)	(4,594,571)	4,424,754
Other financing sources (uses):				
Proceeds from issuance of long-term debt	18,390,000	18,390,000	5,719,490	(12,670,510)
Transfers out	(200,820)	(200,820)	(176,125)	24,695
Total other financing sources (uses)	18,189,180	18,189,180	5,543,365	(12,645,815)
Net change in fund balances	\$ 9,178,237	\$ 9,169,855	948,794	\$ (8,221,061)
Fund balance, beginning of year			-	
Fund balance, end of year - budget basis			948,794	
Adjustments:				
Encumbrances			2,729,919	
Fund balance, end of year - GAAP basis			<u>\$ 3,678,713</u>	
Net change in fund balance - budget basis			\$ 948,794	
Adjustments:				
Encumbrances - beginning of year			(155,225)	
Encumbrances - end of year			2,729,919	
Net change in fund balance - GAAP basis			<u>\$ 3,523,488</u>	

See Note to Required Supplementary Information.

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City of Blue Springs, Missouri

Note to Required Supplementary Information

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.

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.

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NON-MAJOR GOVERNMENTAL FUNDS

Hotel Motel Tax Fund – established to account for the financial activity related to the collection of the hotel occupancy taxes.

TIF Fund – established to account for resources of the City's tax increment financing activities.

General Obligation Bond Debt Service Fund – established to account for the accumulation of resources for, and the payment of, principal, interest, and other related costs of the City's general obligation bonds.

COP Debt Service Fund – established to account for the accumulation of resources for, and the payment of, principal, interest, and other related costs of the City's certificates of participation debt.

City of Blue Springs, Missouri

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2012**

	Hotel Motel Tax	TIF Fund	General Obligation Debt Service
Assets			
Cash and investments	\$ 435,587	\$ 384,052	\$ 1,095,532
Receivables, net of allowance for uncollectibles:			
Property taxes	-	1,738,868	1,116,310
Other taxes	110,458	154,505	-
Accrued interest	-	-	2,125
Due from other governments	-	425,242	-
Restricted cash and investments	-	5,310,713	-
Total assets	\$ 546,045	\$ 8,013,380	\$ 2,213,967
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ 50,557	\$ 418
Deferred revenue	45,744	1,837,113	1,111,973
Total liabilities	45,744	1,887,670	1,112,391
Fund balance:			
Restricted:			
Debt service	-	6,125,710	1,101,576
Tourism	500,301	-	-
Total fund balance	500,301	6,125,710	1,101,576
Total liabilities and fund balance	\$ 546,045	\$ 8,013,380	\$ 2,213,967

C.O.P. Debt Service	Total Nonmajor Governmental Funds
\$ 69,176	\$ 1,984,347
-	2,855,178
-	264,963
-	2,125
-	425,242
353,324	5,664,037
<u>\$ 422,500</u>	<u>\$ 11,195,892</u>

\$ -	\$ 50,975
-	2,994,830
<u>-</u>	<u>3,045,805</u>

422,500	7,649,786
-	500,301
<u>422,500</u>	<u>8,150,087</u>
<u>\$ 422,500</u>	<u>\$ 11,195,892</u>

City of Blue Springs, Missouri

**Combining Statement of Revenues, Expenditures and
Changes In Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2012**

	Hotel Motel Tax	TIF Fund	General Obligation Debt Service
Revenues:			
Taxes	\$ 498,876	\$ 818,041	\$ 1,057,012
Intergovernmental activity taxes	-	2,843,750	-
Interest	496	11,284	255,917
Other	-	43,066	-
Total revenues	499,372	3,716,141	1,312,929
Expenditures:			
Current:			
General government	145,000	-	18,371
Economic development	-	431,682	-
Debt service:			
Principal	-	913,029	850,000
Interest and fiscal charges	-	1,529,825	896,947
Total expenditures	145,000	2,874,536	1,765,318
Excess (deficiency) of revenues over expenditures	354,372	841,605	(452,389)
Other financing sources (uses):			
Transfers in	-	-	500,000
Transfers out	(361,864)	(16,921)	-
Total other financing sources (uses)	(361,864)	(16,921)	500,000
Net change in fund balances	(7,492)	824,684	47,611
Fund balances, beginning	507,793	5,301,026	1,053,965
Fund balances, ending	\$ 500,301	\$ 6,125,710	\$ 1,101,576

C.O.P. Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 2,373,929
-	2,843,750
35	267,732
-	43,066
<u>35</u>	<u>5,528,477</u>
-	163,371
-	431,682
255,000	2,018,029
94,515	2,521,287
<u>349,515</u>	<u>5,134,369</u>
<u>(349,480)</u>	<u>394,108</u>
349,480	849,480
-	(378,785)
<u>349,480</u>	<u>470,695</u>
-	864,803
422,500	7,285,284
<u>\$ 422,500</u>	<u>\$ 8,150,087</u>

City of Blue Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Hotel Motel Tax Fund

Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 485,180	\$ 485,180	\$ 498,876	\$ 13,696
Interest	630	630	496	(134)
Total revenues	485,810	485,810	499,372	13,562
Expenditures:				
Current, general government	145,000	145,000	145,000	-
Excess of revenues over expenditures	340,810	340,810	354,372	13,562
Other financing (uses), transfers out	(362,033)	(362,033)	(361,864)	169
Net change in fund balances	\$ (21,223)	\$ (21,223)	(7,492)	\$ 13,731
Fund balance, beginning of year			507,793	
Fund balance, end of year			<u>\$ 500,301</u>	

City of Blue Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Obligation Debt Service Fund
Year Ended September 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 1,062,951	\$ 1,062,951	\$ 1,057,012	\$ (5,939)
Interest income	262,161	262,161	255,917	(6,244)
Total revenues	1,325,112	1,325,112	1,312,929	(12,183)
Expenditures:				
Current, general government	-	-	18,371	18,371
Debt service:				
Principal retirement	845,000	845,000	850,000	5,000
Interest and fiscal charges	847,952	927,802	896,947	(30,855)
Total expenditures	1,692,952	1,772,802	1,765,318	(7,484)
Excess (deficiency) of revenues over expenditures	(367,840)	(447,690)	(452,389)	(4,699)
Other financing sources, transfers in	500,000	500,000	500,000	-
Net change in fund balances	\$ 132,160	\$ 52,310	47,611	\$ (4,699)
Fund balance, beginning of year			1,053,965	
Fund balance, end of year			<u>\$ 1,101,576</u>	

City of Blue Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - COP Debt Service Fund

Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues, interest	\$ 45	\$ 45	\$ 35	\$ (10)
Expenditures:				
Debt service:				
Principal retirement	255,000	255,000	255,000	-
Interest and fiscal charges	94,694	94,694	94,515	(179)
Total expenditures	349,694	349,694	349,515	(179)
Excess (deficiency) of revenues over expenditures	(349,649)	(349,649)	(349,480)	169
Other financing sources, transfers in	349,649	349,649	349,480	(169)
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			422,500	
Fund balance, end of year			<u>\$ 422,500</u>	

City of Blue Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
Year Ended September 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 3,039,254	\$ 3,039,254	\$ 3,138,553	\$ 99,299
Intergovernmental revenues	183,500	218,433	71,662	(146,771)
Interest	55,000	55,000	46,141	(8,859)
Donations	-	13,242	14,465	1,223
Total revenues	3,277,754	3,325,929	3,270,821	(55,108)
Expenditures:				
Capital outlay	9,337,900	25,052,922	20,135,775	(4,917,147)
Debt service, bond issuance costs	-	-	158,350	158,350
Total expenditures	9,337,900	25,052,922	20,294,125	(4,758,797)
Excess (deficiency) of revenues over expenditures	(6,060,146)	(21,726,993)	(17,023,304)	4,703,689
Other financing sources (uses):				
Proceeds from issuance of long-term debt	-	7,760,351	7,690,000	(70,351)
Premium on bond issuance	-	-	185,701	185,701
Transfers in	702,500	2,972,328	3,403,569	431,241
Transfers out	(1,456,080)	(1,456,080)	(1,487,321)	(31,241)
Total other financing sources (uses)	(753,580)	9,276,599	9,791,949	515,350
Net change in fund balances	\$ (6,813,726)	\$ (12,450,394)	(7,231,355)	\$ 5,219,039
Fund balance, beginning of year			12,189,927	
Fund balance, end of year - budget basis			4,958,572	
Adjustments, encumbrances			10,005,073	
Fund balance, end of year - GAAP basis			<u>\$ 14,963,645</u>	
Net change in fund balance - budget basis			\$ (7,231,355)	
Adjustments:				
Encumbrances - beginning of year			(3,863,918)	
Encumbrances - end of year			10,005,073	
Net change in fund balance - GAAP basis			<u>\$ (1,090,200)</u>	

City of Blue Springs, Missouri

Combining Balance Sheet -
TIF Fund Projects
September 30, 2012

	Mall at Fall Creek TIF	Copperleaf Village TIF	Highway 7 & 40 Project B TIF
Assets			
Cash and investments	\$ 18,839	\$ 2,576	\$ 19,376
Property taxes receivable	260,986	35,457	220,800
Other taxes receivable	8,567	504	4,512
Due from other governments	14,349	732	7,887
Restricted cash and investments	-	-	-
Total assets	\$ 302,741	\$ 39,269	\$ 252,575
Liabilities			
Accounts payable	\$ -	\$ 2,581	\$ 19,410
Deferred revenue	264,629	35,457	222,772
Total liabilities	264,629	38,038	242,182
Fund balance			
Restricted, debt service	38,112	1,231	10,393
Total liabilities and fund balance	\$ 302,741	\$ 39,269	\$ 252,575

Woods Chapel TIF	Adams Farm TIF	Highway 7 & 40 Project C TIF	Total
\$ 71,537	\$ 251,293	\$ 20,431	\$ 384,052
41,887	1,179,738	-	1,738,868
-	97,898	43,024	154,505
-	368,937	33,337	425,242
-	5,310,713	-	5,310,713
<u>\$ 113,424</u>	<u>\$ 7,208,579</u>	<u>\$ 96,792</u>	<u>\$ 8,013,380</u>
\$ -	\$ 7,817	\$ 20,749	\$ 50,557
41,887	1,222,303	50,065	1,837,113
41,887	1,230,120	70,814	1,887,670
71,537	5,978,459	25,978	6,125,710
<u>\$ 113,424</u>	<u>\$ 7,208,579</u>	<u>\$ 96,792</u>	<u>\$ 8,013,380</u>

City of Blue Springs, Missouri

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
TIF Fund Projects
September 30, 2012

	Mall at Fall Creek TIF	Copperleaf Village TIF	Highway 7 & 40 Project B TIF
Revenues:			
Taxes	\$ 63,965	\$ 6,236	\$ 33,331
Intergovernmental activity taxes	299,703	28,645	109,887
Interest	26	8,543	6
Other	43,066	-	-
Total revenues	406,760	43,424	143,224
Expenditures:			
Current, economic development	4,174	209,859	13,044
Debt service:			
Principal retirement	250,000	-	128,029
Interest and fiscal charges	210,150	-	-
Total expenditures	464,324	209,859	141,073
Excess (deficiency) of revenues over expenditures	(57,564)	(166,435)	2,151
Other financing sources (uses), transfers (out)	(6,900)	(404)	(718)
Net change in fund balances	(64,464)	(166,839)	1,433
Fund balances, beginning of year	102,576	168,070	8,960
Fund balances, end of year	\$ 38,112	\$ 1,231	\$ 10,393

	Woods Chapel TIF	Adams Farm TIF	Highway 7 & 40 Project C TIF	Total
\$	-	\$ 646,545	\$ 67,964	\$ 818,041
	41,855	2,348,871	14,789	2,843,750
	52	2,639	18	11,284
	-	-	-	43,066
	41,907	2,998,055	82,771	3,716,141
	5,837	142,639	56,129	431,682
	-	535,000	-	913,029
	-	1,319,675	-	1,529,825
	5,837	1,997,314	56,129	2,874,536
	36,070	1,000,741	26,642	841,605
	(206)	(8,029)	(664)	(16,921)
	35,864	992,712	25,978	824,684
	35,673	4,985,747	-	5,301,026
\$	71,537	\$ 5,978,459	\$ 25,978	\$ 6,125,710

City of Blue Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Mall at Fall Creek TIF
 September 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 392,284	\$ 392,284	\$ 363,668	\$ (28,616)
Interest	75	75	26	(49)
Other	-	-	43,066	43,066
Total revenues	392,359	392,359	406,760	14,401
Expenditures:				
Current, economic development	4,187	4,187	4,174	(13)
Debt service:				
Principal retirement	250,000	250,000	250,000	-
Interest and fiscal charges	210,150	210,150	210,150	-
Total expenditures	464,337	464,337	464,324	(13)
Excess (deficiency) of revenues over expenditures	(71,978)	(71,978)	(57,564)	14,414
Other financing (uses), transfers out	(6,900)	(6,900)	(6,900)	-
Net change in fund balances	\$ (78,878)	\$ (78,878)	(64,464)	\$ 14,414
Fund balances, beginning of year			102,576	
Fund balances, end of year			<u>\$ 38,112</u>	

City of Blue Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Copperleaf Village TIF
Year Ended September 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 39,135	\$ 39,135	\$ 34,881	\$ (4,254)
Interest	-	-	8,543	8,543
Total revenues	39,135	39,135	43,424	4,289
Expenditures:				
Current, economic development	38,915	240,275	209,859	(30,416)
Excess (deficiency) of revenues over expenditures	220	(201,140)	(166,435)	34,705
Other financing (uses), transfers out	(220)	(220)	(404)	(184)
Net change in fund balances	\$ -	\$ (201,360)	(166,839)	\$ 34,521
Fund balances, beginning of year			168,070	
Fund balances, end of year			<u>\$ 1,231</u>	

City of Blue Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Highway 7 and 40 Project B TIF
Year Ended September 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 132,710	\$ 132,710	\$ 143,218	\$ 10,508
Interest	25	25	6	(19)
Total revenues	132,735	132,735	143,224	10,489
Expenditures:				
Current, economic development	143,616	143,616	13,044	(130,572)
Debt service, principal retirement	-	-	128,029	128,029
Total expenditures	143,616	143,616	141,073	(2,543)
Excess (deficiency) of revenues over expenditures	(10,881)	(10,881)	2,151	13,032
Other financing (uses), transfers out	(653)	(653)	(718)	(65)
Net change in fund balances	\$ (11,534)	\$ (11,534)	1,433	\$ 12,967
Fund balances, beginning of year			8,960	
Fund balances, end of year			<u>\$ 10,393</u>	

City of Blue Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Woods Chapel TIF
 Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ -	\$ -	\$ 41,855	\$ 41,855
Interest	-	-	52	52
Total revenues	-	-	41,907	41,907
Expenditures:				
Current, economic development	-	-	5,837	5,837
Excess of revenues over expenditures	-	-	36,070	36,070
Other financing (uses), transfers out	-	-	(206)	(206)
Net change in fund balances	\$ -	\$ -	35,864	\$ 35,864
Fund balances, beginning of year			35,673	
Fund balances, end of year			<u>\$ 71,537</u>	

City of Blue Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Adams Farm TIF
Year Ended September 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 2,855,219	\$ 2,855,219	\$ 2,995,416	\$ 140,197
Interest	365	365	2,639	2,274
Total revenues	2,855,584	2,855,584	2,998,055	142,471
Expenditures:				
Current, economic development	265,954	265,954	142,639	(123,315)
Debt service:				
Principal retirement	-	-	535,000	535,000
Interest and fiscal charges	1,847,622	1,847,622	1,319,675	(527,947)
Total expenditures	2,113,576	2,113,576	1,997,314	(116,262)
Excess of revenues over expenditures	742,008	742,008	1,000,741	258,733
Other financing (uses), transfers out	(7,043)	(7,043)	(8,029)	(986)
Net change in fund balances	\$ 734,965	\$ 734,965	992,712	\$ 257,747
Fund balances, beginning of year			4,985,747	
Fund balances, end of year			<u>\$ 5,978,459</u>	

City of Blue Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Highway 7 and 40 Project C TIF
 Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ -	\$ 60,000	\$ 82,753	\$ 22,753
Interest	-	-	18	18
Total revenues	-	60,000	82,771	22,771
Expenditures:				
Current, general government	-	60,000	56,129	(3,871)
Excess of revenues over expenditures	-	-	26,642	26,642
Other financing (uses), transfers out	-	-	(664)	(664)
Net change in fund balances	\$ -	\$ -	25,978	\$ 25,978
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ 25,978</u>	

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AGENCY FUNDS

Agency Funds are used to account for resources received by the City as agent.

Jackson County Tax Fund – accounts for Jackson County, Missouri property taxes collected on behalf of the County.

Employees Flexible Benefit Fund – accounts for funds contributed by employees to a tax-exempt flexible benefit plan.

Eastern Jackson County Betterment Council Fund – accounts for membership deposits of the Council.

Adams Dairy Landing Community Improvement District – accounts for amounts collected on behalf of the District.

Coronado Drive Transportation Development District – accounts for amounts collected on behalf of the District.

Adams Farm Transportation Development District – accounts for amounts collected on behalf of the District.

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City of Blue Springs, Missouri

Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended September 30, 2012

	Balance September 30, 2011		Additions	Deletions	Balance September 30, 2012	
Jackson County Tax Fund						
Assets:						
Cash	\$ 44,443	\$ 18,373,747	\$ 18,392,139	\$ 26,051		
Liabilities, due to other governments	\$ 44,443	\$ 18,383,517	\$ 18,401,909	\$ 26,051		
Employees Flexible Benefit Fund						
Assets, cash						
	\$ 2,453	\$ 111	\$ -	\$ 2,564		
Liabilities, Employee flexible benefit deposits	\$ 2,453	\$ 91,346	\$ 91,235	\$ 2,564		
Eastern Jackson County Betterment Council Fund						
Assets, cash						
	\$ 40,166	\$ -	\$ 4,847	\$ 35,319		
Liabilities, membership deposits	\$ 40,166	\$ -	\$ 4,847	\$ 35,319		
Adams Dairy Landing CID						
Assets:						
Cash	\$ 94,391	\$ 102,319	\$ -	\$ 196,710		
Taxes receivable	597	-	-	597		
Total assets	\$ 94,988	\$ 102,319	\$ -	\$ 197,307		
Liabilities, due to other governments	\$ 94,988	\$ 205,610	\$ 103,291	\$ 197,307		
Coronado Drive TDD						
Assets:						
Cash	\$ -	\$ 498,482	\$ 498,482	\$ -		
Taxes receivable	75,770	78,607	75,770	78,607		
Total assets	\$ 75,770	\$ 577,089	\$ 574,252	\$ 78,607		
Liabilities, due to other governments	\$ 75,770	\$ 88,392	\$ 85,555	\$ 78,607		
Adams Farm TDD						
Assets:						
Cash	\$ -	\$ 822,771	\$ 822,771	\$ -		
Taxes receivable	116,346	134,504	116,346	134,504		
Total assets	\$ 116,346	\$ 957,275	\$ 939,117	\$ 134,504		
Liabilities, due to other governments	\$ 116,346	\$ 146,210	\$ 128,052	\$ 134,504		
Total - All Agency Fund						
Assets:						
Cash	\$ 181,453	\$ 19,797,430	\$ 19,718,239	\$ 260,644		
Taxes receivable	192,713	213,111	192,116	213,708		
Total assets	\$ 374,166	\$ 20,010,541	\$ 19,910,355	\$ 474,352		
Liabilities:						
Due to other governments	\$ 331,547	\$ 18,823,729	\$ 18,718,807	\$ 436,469		
Employee flexible benefit deposits	2,453	91,346	91,235	2,564		
Membership deposits	40,166	-	4,847	35,319		
Total liabilities	\$ 374,166	\$ 18,915,075	\$ 18,814,889	\$ 474,352		

City of Blue Springs, Missouri

Combining Statement of Net Assets (Deficit)

Discretely Presented Component Unit - Blue Springs Economic Development Corporation

Year Ended September 30, 2012

	Program			Total Consolidated Component Unit
	Blue Springs Economic Development Corporation	Missouri Innovation Park, Inc.	Inter-Organization Activity	
Assets				
Cash and investments	\$ 12,119	\$ 2,737	\$ -	\$ 14,856
Receivables:				
Accounts	58	-	-	58
Notes	110,436	-	(110,436)	-
Depreciable capital assets, net	6,783	-	-	6,783
Total assets	129,396	2,737	(110,436)	21,697
Liabilities				
Accounts payable	18,771	6,585	-	25,356
Accrued liabilities	23,899	-	-	23,899
Short-term note payable	-	110,436	(110,436)	-
Total liabilities	42,670	117,021	(110,436)	49,255
Net Assets (Deficit)				
Invested in capital assets	6,783	-	-	6,783
Unrestricted	79,943	(114,284)	-	(34,341)
Total net assets (deficit)	\$ 86,726	\$ (114,284)	\$ -	\$ (27,558)

City of Blue Springs, Missouri

Combining Statement of Activities

Discretely Presented Component Unit - Blue Springs Economic Development Corporation

Year Ended September 30, 2012

	Program			Total Consolidated Component Unit
	Blue Springs Economic Development Corporation	Missouri Innovation Park, Inc.	Inter-Organization Activity	
Revenues:				
Intergovernmental revenues	\$ 288,750	\$ -	\$ -	\$ 288,750
Contributions	107,727	77,364	-	185,091
In-kind contributions	25,617	1,857	-	27,474
Interest	279	-	-	279
Other	-	102,075	(100,000)	2,075
Total revenues	422,373	181,296	(100,000)	503,669
Expenses:				
Current, economic development	526,566	118,247	(100,000)	544,813
Change in net assets	(104,193)	63,049	-	(41,144)
Net assets (deficit), beginning of year	190,919	(177,333)	-	13,586
Net assets (deficit), end of year	\$ 86,726	\$ (114,284)	\$ -	\$ (27,558)

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City of Blue Springs, Missouri

Statistical Section

Contents

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	85 - 89
Revenue Capacity	
These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.	90 - 95
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	96 - 100
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	101 - 102
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	103 - 105

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that year.

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City of Blue Springs, Missouri

Net Assets By Component
Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets,									
net of related debt	\$ 74,350,440	\$ 78,487,890	\$ 78,680,058	\$ 75,421,297	\$ 73,382,096	\$ 68,013,508	\$ 59,694,748	\$ 48,629,336	\$ 52,611,903
Restricted	10,270,621	8,056,155	8,086,101	9,363,978	9,141,264	9,902,864	6,793,655	17,423,528	12,530,535
Unrestricted	5,979,366	7,020,847	8,188,902	9,442,255	6,129,480	(14,846,756)	(10,209,636)	(12,768,225)	(19,806,791)
Total governmental activities net assets	\$ 90,600,457	\$ 93,564,892	\$ 94,955,061	\$ 94,227,530	\$ 88,662,820	\$ 63,069,616	\$ 56,281,767	\$ 53,284,639	\$ 45,335,647
Business-type activities:									
Invested in capital assets,									
net of related debt	\$ 49,983,501	\$ 51,366,319	\$ 51,532,431	\$ 53,298,946	\$ 49,883,666	\$ 47,144,204	\$ 47,749,588	\$ 48,753,483	\$ 48,535,736
Restricted	632,403	486,630	491,173	504,990	489,099	487,923	2,077,870	2,072,904	2,478,007
Unrestricted	4,263,022	6,765,826	8,244,184	9,657,585	12,289,968	32,003,698	33,919,068	38,610,277	41,628,468
Total business-type activities net assets	\$ 54,878,926	\$ 58,618,775	\$ 60,267,788	\$ 63,461,521	\$ 62,662,733	\$ 79,635,825	\$ 83,746,526	\$ 89,436,664	\$ 92,642,211
Primary government:									
Invested in capital assets,									
net of related debt	\$ 124,343,941	\$ 129,854,209	\$ 130,212,489	\$ 128,720,243	\$ 123,275,762	\$ 115,157,712	\$ 107,444,336	\$ 97,382,819	\$ 101,147,639
Restricted	10,903,024	8,542,785	8,577,274	9,868,968	9,630,363	10,390,787	9,051,525	19,496,432	15,008,542
Unrestricted	10,232,418	13,786,673	16,433,086	19,099,840	18,419,428	17,156,942	23,712,432	25,842,052	21,821,677
Total primary government net assets	\$ 145,479,383	\$ 152,183,667	\$ 155,222,849	\$ 157,689,051	\$ 151,325,553	\$ 142,705,441	\$ 140,208,293	\$ 142,721,303	\$ 137,977,658

Notes: GASB Statement No. 34 was implemented in fiscal year 2004, so only nine years are shown. In 2006, the City implemented GASB Statement No. 46, which changed the reporting for restricted net assets.

City of Blue Springs, Missouri

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental activities:									
General government	\$ 5,061,078	\$ 5,162,402	\$ 5,872,381	\$ 7,241,811	\$ 9,417,156	\$ 6,722,852	\$ 5,952,221	\$ 5,747,148	\$ 6,173,185
Public works	1,734,022	1,061,284	1,182,225	1,114,645	1,065,815	1,190,617	1,157,261	1,165,906	1,235,515
Highways and streets	8,825,368	8,909,445	10,682,407	18,328,434	12,583,751	12,091,281	13,175,169	14,911,575	12,656,685
Public safety	9,173,252	9,903,600	10,853,511	10,844,451	11,387,848	11,308,429	11,855,976	12,475,129	12,868,434
Parks and recreation	2,971,296	3,451,261	3,697,637	3,644,910	3,926,097	3,808,823	3,926,898	4,059,046	4,036,137
Economic development	-	-	-	-	-	22,120,492	3,023,924	625,859	6,577,745
Interest and fiscal charges	1,423,327	1,248,918	834,021	807,943	768,656	720,823	1,921,555	2,809,800	2,759,693
Total governmental activities expenses	29,188,343	29,736,910	33,122,182	41,982,194	39,169,323	57,923,317	41,013,004	41,794,463	46,307,394
Business-type activities:									
Water	5,211,945	6,231,010	6,707,118	7,133,548	7,028,585	7,691,581	7,378,974	8,215,144	8,322,203
Sewer	4,471,163	4,966,863	6,173,085	6,365,722	7,248,223	7,438,288	6,991,779	7,315,040	7,348,680
Golf course	1,703,288	1,869,774	1,840,266	1,851,144	1,920,248	1,850,615	1,836,939	1,670,943	2,019,349
Total business-type activities expenses	11,386,396	13,067,647	14,720,469	15,350,414	16,197,056	16,980,484	16,207,892	17,201,127	17,690,232
Total primary government expenses	40,574,739	42,804,557	47,842,651	57,332,608	55,366,379	74,903,801	57,220,896	58,995,590	63,997,626
Program revenue:									
Governmental activities:									
Charges for services:									
General government	2,952,107	3,317,649	3,280,500	3,438,438	3,192,776	3,526,012	3,050,375	3,095,525	3,171,600
Public works	283,335	107,735	336,522	240,110	303,539	50,586	26,376	54,941	332,068
Highways and streets	1,000	600	1,200	5,023	5,200	-	-	-	-
Public safety	1,792,071	1,857,024	1,962,360	2,020,941	2,448,292	2,826,024	2,732,433	2,971,402	2,915,982
Parks and recreation	527,557	595,549	596,353	679,237	670,760	645,069	633,235	626,200	398,451
Operating grants and contributions	833,101	729,039	960,638	718,617	684,440	649,095	457,455	567,701	574,895
Capital grants and contributions	2,972,351	5,947,809	6,516,879	10,522,467	1,529,944	1,578,255	1,248,938	4,535,142	124,686
Total governmental activities program revenue	9,341,522	12,555,405	13,654,452	17,624,833	8,834,951	9,275,041	8,148,812	11,850,911	7,517,682
Business-type activities:									
Charges for services:									
Water	5,533,238	6,744,738	7,629,315	7,208,618	6,454,183	6,459,597	6,651,551	7,052,276	7,886,884
Sewer	4,240,036	5,555,895	5,812,493	5,995,606	6,141,450	6,621,395	6,731,206	6,800,171	6,773,648
Golf course	1,013,571	1,384,868	1,482,474	1,658,689	1,750,282	1,516,109	1,433,111	1,367,495	1,520,568
Capital grants and contributions	744,003	2,499,503	620,600	2,572,073	289,624	18,812,221	5,054,010	7,169,853	3,413,162
Total business-type activities program revenues	11,530,848	16,145,004	15,544,882	17,434,986	14,635,519	33,409,322	19,869,878	22,389,795	19,594,262
Total primary government program revenues	20,872,370	28,700,409	29,199,334	35,059,819	23,470,470	42,684,363	28,018,690	34,240,706	27,111,944

(Continued)

City of Blue Springs, Missouri

Changes in Net Assets (Continued)
Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense) revenue:									
Governmental activities	\$ (19,846,821)	\$ (17,181,505)	\$ (19,467,730)	\$ (24,357,361)	\$ (30,334,372)	\$ (48,648,276)	\$ (32,864,192)	\$ (29,943,552)	\$ (38,789,712)
Business-type activities	144,452	3,077,357	824,413	2,084,572	(1,561,537)	16,428,838	3,662,186	5,188,668	1,904,030
Total primary government net expense	\$ (19,702,369)	\$ (14,104,148)	\$ (18,643,317)	\$ (22,272,789)	\$ (31,895,909)	\$ (32,219,438)	\$ (29,202,006)	\$ (24,754,884)	\$ (36,885,682)
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Sales taxes	\$ 9,191,460	\$ 9,587,464	\$ 9,690,850	\$ 10,057,093	\$ 10,119,903	\$ 8,843,215	\$ 9,639,673	\$ 10,227,290	\$ 13,710,170
Property taxes	4,738,263	4,716,407	4,975,870	5,153,731	5,421,561	5,288,096	5,373,148	5,345,937	5,675,553
Franchise tax	2,894,796	3,097,345	3,254,497	3,705,535	5,413,715	5,096,487	6,111,034	5,311,660	5,062,742
Intergovernmental activity taxes	-	-	-	-	-	662,481	1,981,710	2,598,427	2,910,479
Motor Vehicle	-	-	-	-	-	-	-	-	1,785,850
Hotel	495,672	524,755	548,352	586,635	591,127	493,983	572,571	573,835	544,620
Other taxes	2,219,170	1,939,272	1,747,842	1,802,724	1,759,356	1,995,432	2,054,909	2,064,588	409,592
Interest	266,799	408,735	705,272	966,719	894,555	367,671	419,579	588,977	410,317
Miscellaneous	4,749	-	192,206	1,500,396	718,366	611,431	504,639	-	581,404
Gain on disposal of capital assets	-	124,315	-	-	-	-	-	-	-
Transfers	-	(452,353)	(256,990)	(143,003)	(148,921)	(303,724)	(316,026)	(363,869)	(250,007)
Total governmental activities	19,810,909	19,845,940	20,857,999	23,629,830	24,769,662	23,055,072	26,256,343	26,766,424	30,840,720
Business-type activities:									
Interest	76,764	210,139	567,610	966,158	613,828	237,530	135,489	137,601	1,051,510
Transfers	-	452,353	256,990	143,003	148,921	303,724	316,026	363,869	250,007
Total business-type activities	76,764	662,492	824,600	1,109,161	762,749	541,254	451,515	501,470	1,301,517
Total primary government	\$ 19,887,673	\$ 20,608,432	\$ 21,682,499	\$ 24,738,991	\$ 25,532,411	\$ 23,596,326	\$ 26,707,858	\$ 27,267,894	\$ 32,142,237
Changes in net assets:									
Governmental activities	(35,912)	2,764,435	1,390,169	(727,531)	(5,564,710)	(25,583,204)	(6,607,849)	(3,177,128)	(7,948,992)
Business-type activities	221,216	3,739,849	1,649,013	3,193,733	(798,788)	16,970,092	4,113,701	5,690,138	3,205,547
Total primary government	\$ 185,304	\$ 6,504,284	\$ 3,039,182	\$ 2,466,202	\$ (6,363,498)	\$ (8,623,112)	\$ (2,494,148)	\$ 2,513,010	\$ (4,743,445)

Notes: GASB 34 was implemented in the 2004 fiscal year, so only nine years are shown.

City of Blue Springs, Missouri

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 879,990	\$ 2,537,181	\$ 2,453,085	\$ 2,570,622	\$ 2,756,255	\$ 2,505,963	\$ 2,680,486	\$ 2,565,922	\$ -	\$ -
Unreserved	6,917,633	6,029,373	6,852,457	7,846,412	9,112,054	8,635,056	9,700,183	11,143,726	-	-
Nonspendable	-	-	-	-	-	-	-	-	2,069,873	2,124,185
Restricted	-	-	-	-	-	-	-	-	131,654	107,265
Committed	-	-	-	-	-	-	-	-	7,174,859	7,145,032
Assigned	-	-	-	-	-	-	-	-	2,042,797	32,217
Unassigned	-	-	-	-	-	-	-	-	4,060,154	6,041,570
Total General Fund	\$ 7,797,623	\$ 8,566,554	\$ 9,305,542	\$ 10,417,034	\$ 11,870,309	\$ 11,141,019	\$ 12,380,669	\$ 13,729,648	\$ 15,479,337	\$ 15,450,269
All other governmental funds:										
Reserved	\$ 4,118,871	\$ 8,868,531	\$ 5,215,662	\$ 9,185,864	\$ 3,528,551	\$ 2,148,966	\$ 7,095,640	\$ 9,622,955	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	10,936	-	49,536	161,217	262,018	358,830	363,631	436,280	-	-
Capital projects funds	5,927,822	1,343,931	2,733,941	(1,325,929)	5,331,632	6,593,008	2,479,359	14,587,042	-	-
Nonspendable,										
Special revenue funds	-	-	-	-	-	-	-	-	58,169	340,394
Restricted/Committed/Assigned:										
Capital projects funds	-	-	-	-	-	-	-	-	16,053,845	14,628,781
Public Safety Sales Tax fund	-	-	-	-	-	-	-	-	-	3,673,183
Other governmental funds	-	-	-	-	-	-	-	-	7,382,340	8,150,087
Total all other government funds	\$ 10,057,629	\$ 10,212,462	\$ 7,999,139	\$ 8,021,172	\$ 9,122,201	\$ 9,100,804	\$ 9,938,630	\$ 24,846,277	\$ 23,494,354	\$ 26,792,445

(1) GASB 54 was implemented during fiscal year 2011. The City did not restate fund balance in prior years to comply with the new presentation format.

City of Blue Springs, Missouri

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 17,088,193	\$ 17,540,930	\$ 18,117,769	\$ 18,670,374	\$ 19,704,229	\$ 21,755,056	\$ 19,248,967	\$ 21,148,583	\$ 23,005,968	\$ 24,686,823
Intergovernmental activity taxes	-	-	-	-	-	-	662,481	1,981,709	2,598,425	2,843,750
Licenses, fees and permits	533,156	579,575	760,058	777,131	772,510	746,020	917,980	572,183	629,447	639,179
Intergovernmental	3,346,988	5,449,791	6,243,461	7,948,706	8,055,156	3,576,748	3,893,513	3,935,449	6,676,347	2,979,681
Charges for services	4,185,922	4,110,007	4,156,716	5,114,710	4,515,378	4,870,792	4,981,920	4,697,653	4,982,338	3,559,085
Administrative charges	-	-	-	-	-	-	-	-	-	1,382,522
Fines, forfeitures and court costs	425,630	563,597	722,021	748,320	753,650	777,911	924,640	957,684	884,777	882,785
Interest	377,166	269,240	411,450	705,272	866,722	894,555	367,671	334,685	419,578	410,317
Donations	119,756	57,972	137,971	133,924	153,479	41,003	82,816	56,735	55,672	87,409
Other	458,592	564,760	282,247	288,160	1,641,225	803,366	687,218	559,601	904,226	581,904
Total revenues	26,535,303	29,125,872	30,831,893	34,366,597	36,562,349	33,465,451	31,767,206	34,244,282	40,156,778	38,053,455
Expenditures:										
General government	4,351,160	4,656,520	4,757,672	5,451,595	6,815,363	6,242,211	6,185,290	5,602,502	5,471,625	5,676,363
Public works	1,623,242	1,570,692	1,022,693	983,707	1,036,296	938,675	886,418	846,364	844,437	820,337
Highways and streets	1,726,890	1,876,221	1,848,000	1,774,500	2,203,282	2,144,303	2,067,920	2,206,235	2,407,243	2,487,103
Public safety	8,660,545	9,426,386	9,659,194	10,241,806	10,623,207	10,919,674	10,821,665	11,649,900	11,742,075	16,335,463
Parks and recreation	2,618,110	2,685,209	3,237,531	3,392,075	3,415,753	3,621,081	3,545,486	3,549,907	3,680,470	3,378,523
Economic development	-	-	-	-	-	-	12,660,575	14,212,124	383,397	431,662
Capital outlay	5,145,501	6,460,272	8,325,707	8,920,232	7,893,555	7,993,886	5,305,272	7,777,445	10,310,341	13,994,620
Debt service:										
Principal	1,725,000	1,251,336	873,436	1,440,000	1,140,000	1,109,587	1,278,955	1,316,011	1,893,905	2,254,897
Interest	1,105,267	1,404,822	1,413,570	791,517	764,868	704,544	1,010,720	2,083,257	2,694,128	2,625,145
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	156,350
Total expenditures	26,975,715	29,331,458	31,137,603	32,995,432	33,892,284	33,673,961	43,774,311	49,245,745	39,427,621	48,162,483
Excess of revenues over (under) expenditures	(440,412)	(205,586)	(306,110)	1,371,165	2,670,065	(208,510)	(12,007,105)	(15,001,463)	729,157	(10,109,028)
Other financing sources (uses):										
Bond proceeds	-	1,110,000	4,225,000	-	-	-	14,500,000	31,805,000	-	13,409,490
Refunded bond proceeds	-	-	-	-	-	-	-	3,590,000	-	-
Discount on issuance	-	-	-	-	-	-	(144,034)	(3,643,181)	-	185,701
Payment to refunded bond escrow agent	-	-	(5,084,537)	-	-	(421,330)	-	(210,274)	-	-
Transfers in	1,633,273	1,565,062	1,173,324	741,274	381,232	3,993,280	1,676,368	2,418,388	4,035,359	4,975,087
Transfers out	(1,611,887)	(1,545,712)	(1,606,327)	(978,914)	(496,993)	(4,114,127)	(1,947,753)	(2,701,844)	(4,366,750)	(5,192,227)
Sale of capital assets	-	-	124,315	-	-	-	-	-	-	-
Total other financing sources (uses)	21,386	1,129,350	(1,168,225)	(237,640)	(115,761)	(542,177)	14,084,581	31,258,089	(331,391)	13,378,051
Net changes in fund balance \$	(419,026)	\$ 923,764	\$ (1,474,335)	\$ 1,133,525	\$ 2,554,304	\$ (750,687)	\$ 2,077,476	\$ 16,256,626	\$ 397,766	\$ 3,269,023
Debt service as a percentage of noncapital expenditures	19.4%	11.4%	9.9%	8.4%	5.9%	6.3%	6.0%	9.0%	12.9%	14.5%

City of Blue Springs, Missouri

**Total City Taxable Sales by Category
Last Six Fiscal Years**

Sales by Retail Category:	2007	2008	2009	2010	2011	2012
Retail	\$ 595,309	\$ 605,917	\$ 530,141	\$ 585,204	\$ 626,092	\$ 641,420
Manufacturing	3,739	2,717	2,947	1,952	3,208	3,650
Restaurants	20,176	21,618	20,583	24,640	29,592	29,773
Services	24,337	24,237	22,701	25,361	25,458	25,519
All other outlets	923	2,769	11,158	2,333	2,532	22,004
Total	\$ 644,484	\$ 657,258	\$ 587,530	\$ 639,490	\$ 686,883	\$ 722,366

Note: Amounts are in thousands of dollars. This schedule is intended to show the last ten fiscal years; however, amounts for years prior to 2007 are not available.

Source: Missouri Department of Revenue

City of Blue Springs, Missouri

Sales Tax Rates
Direct and Overlapping Governments
Last Ten Calendar Years
(in percent)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Direct Sales Tax Rate City of Blue Springs										
General fund	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Transportation	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Public Safety	-	-	-	-	-	-	-	-	-	0.500
Direct sales tax rate City of Blue Springs	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	2.000
Transportation Development District										
Adams Farm TDD	-	-	-	-	-	-	1,000	1,000	1,000	1,000
Home Depot TDD	-	-	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Coronado Drive TDD	-	-	-	-	-	-	0.500	0.500	0.500	0.500
Total direct sales tax rate	1.500	1.500	2.000	2.000	2.000	2.000	3.500	3.500	3.500	4.000
Total Local Option Sales Tax Rate										
State of Missouri	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000
Mo. State Conservation	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Mo. State Parks and Soil	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Jackson County	0.750	0.750	0.750	1.125	1.125	1.125	1.125	1.125	1.125	1.125
City of Blue Springs	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	2.000
Central Jackson County Fire Protection District	-	-	-	-	-	-	0.500	0.500	0.500	0.500
Zoo	-	-	-	-	-	-	-	-	-	0.125
Total direct and overlapping sales tax rate	6.475	6.475	6.475	6.850	6.850	6.850	7.350	7.350	7.350	7.975

Note: The rates shown for the Transportation Development Districts apply within those districts only.

Source: Missouri Department of Revenue.

City of Blue Springs, Missouri

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property			Total	Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Agricultural Property	Commercial Property		Personal Property	Railroads & Utilities				
2003	337,154,581	88,095	79,202,065	416,444,741	121,304,731	6,858,371	544,607,843	0.7523	2,408,449,254	22.61%
2004	388,906,198	80,947	96,173,026	485,160,171	115,557,219	6,859,574	607,576,964	0.7130	2,716,544,835	22.37
2005	401,285,697	180,788	99,568,477	501,034,962	117,035,906	6,528,205	624,599,073	0.7140	2,796,547,859	22.33
2006	446,162,760	182,141	103,291,773	549,636,674	120,162,987	5,507,889	675,307,330	0.7027	3,060,590,961	22.14
2007	456,882,349	184,193	107,901,822	564,968,364	124,234,987	5,507,022	694,710,373	0.7029	3,133,659,560	22.17
2008	493,629,422	181,943	115,500,336	609,311,701	129,576,528	5,360,046	744,248,275	0.6971	3,366,373,178	22.11
2009	499,748,063	172,367	121,072,121	620,992,551	130,285,814	4,879,636	756,168,001	0.6989	3,416,537,286	22.13
2010	474,190,733	170,782	121,505,173	595,866,688	121,476,300	4,550,413	721,893,401	0.7259	3,255,881,283	22.17
2011	476,649,986	165,812	121,890,009	598,705,787	119,506,303	6,480,646	724,692,736	0.7259	3,270,101,882	22.16
2012	474,054,725	170,838	110,865,876	585,091,439	125,435,676	7,797,528	718,324,643	0.7489	3,243,955,368	22.14

Note: The assessed value is set at 19% for residential property, 12% for agricultural property, and 32% for commercial property of the estimated fair market value.

Source: Jackson County Assessor's Office

City of Blue Springs, Missouri

Direct and Overlapping Governments

Last Ten Fiscal Years

(rate per \$100 assessed value)

Fiscal Year	City Direct Rates (1)				Overlapping Rates (2 & 3)				
	Basic/ General Rate	Debt Service	Total Direct	Central Jackson County Fire	Metropolitan Junior College	Blue Springs School District	Jackson County	State	Total Overlapping
2003	0.6023	0.1500	0.7523	1.2081	0.2300	4.6500	1.1130	0.0300	7.2311
2004	0.5630	0.1500	0.7130	1.1488	0.2300	5.3893	1.1070	0.0300	7.9051
2005	0.5640	0.1500	0.7140	1.1350	0.2300	5.3893	1.1070	0.0300	7.8913
2006	0.5527	0.1500	0.7027	1.1146	0.2171	5.3893	1.0598	0.0300	7.8108
2007	0.5529	0.1500	0.7029	1.1146	0.2172	5.3893	1.0632	0.0300	7.8143
2008	0.5471	0.1500	0.6971	1.1029	0.2132	5.3893	1.0523	0.0300	7.7877
2009	0.5489	0.1500	0.6989	1.1058	0.2143	5.5307	1.0610	0.0300	7.9418
2010	0.5759	0.1500	0.7259	1.0974	0.2266	5.5307	1.0596	0.0300	7.9443
2011	0.5759	0.1500	0.7259	1.0497	0.2329	5.7286	1.0596	0.0300	8.1008
2012	0.5988	0.1501	0.7489	1.0692	0.2335	5.7286	1.0464	0.0300	8.1077

Notes: 1 The General Fund levy rates are limited by Missouri Statutes to \$1.00 per \$100.00 assessed valuation.

There is no limit on the levy rates for General Debt and Interest.

2 County Tax Breakdown for Current Year:

Health & Welfare Fund	0.1526
General Fund	0.1487
Road & Bridge Fund	0.1387
Park Fund	0.0898
Mid-Continent Public Library	0.3200
Handicap	0.0748
Mental Health	0.1218
Total County	<u>1.0464</u>

3 Two other school districts are in the City of Blue Springs. School tax rates for the current year in these districts are:

Grain Valley Reorganized #5
Lee's Summit Reorganized #7

Note: Taxes are due November 1, delinquent after December 31. Interest of 1.5% per month, up to a maximum of 18% annually is added for each month of delinquency. Collections are enforced through the attachment and sale of the property. Commercial real property is also assessed an additional "replacement tax" of 1.437 per \$100 assessed value.

City of Blue Springs, Missouri

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2012				2003				
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
KCPL - Greater MO Oper. Co. (Aquila)	\$ 6,713,818	1	0.93%						
Wal-Mart Stores, Inc.	5,311,165	2	0.74	\$ 2,389,862	3	0.44%			
George & Jeanette Ward	3,167,325	3	0.44	3,323,483	2	0.61			
Blue Springs Development Three Inc.	2,844,309	4	0.40			-			
HD Development of Maryland Inc.	2,014,811	5	0.28			-			
Southern Union Company	1,826,229	6	0.25	22,197,312	5	4.08			
Fike Metal Products Corp.	1,605,182	7	0.22			-			
Akers Apartments LLC	1,529,975	8	0.21			-			
Comcast of MO	1,377,005	9	0.19			-			
Blue Springs Housing Associates LP	1,305,661	10	0.18			-			
Utilicorp				4,778,052	1	0.88			
Fike Metal Products Corp.				2,246,290	4	0.41			
Southwestern Bell				1,955,005	6	0.36			
Haidex				1,617,252	7	0.30			
White Oak Ventures				1,344,000	8	0.25			
Sunnyside Garden Apartments				1,272,378	9	0.23			
BS Ford - Robert Balderston				1,153,235	10	0.21			
Total	\$ 27,695,480		3.86%	\$ 42,276,869		7.76%			

Source: Jackson County Collection Department

City of Blue Springs, Missouri

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended September 30:	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Total Collections to Date	
	Fiscal Year	Amount	Amount	Percentage of Levy	Amount	Percentage of Levy
2003	4,085,057	3,908,880	95.69%	156,757	4,065,637	99.52
2004	4,319,897	4,157,979	96.25	145,048	4,303,027	99.61
2005	4,430,699	4,258,261	96.11	151,110	4,409,371	99.52
2006	4,762,600	4,588,481	96.34	149,346	4,737,827	99.48
2007	4,939,713	4,751,744	96.19	164,520	4,916,264	99.53
2008	5,195,766	5,071,884	97.62	94,296	5,166,180	99.43
2009	5,754,504	5,513,233	95.81	210,869	5,724,102	99.47
2010	5,825,726	5,633,240	96.70	157,279	5,790,519	99.40
2011	6,239,956	6,009,470	96.31	150,053	6,159,523	98.71
2012	6,637,020	6,425,351	96.81		6,425,351	96.81

City of Blue Springs, Missouri
Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita (1)	
	General Obligation Bonds	Leasehold Revenue Bonds	Special Obligation Bonds	Capital Leases	Certifications of Participation	Development Agreement	Leasehold Revenue Bonds	Capital Leases	Certificates of Participation	Neighborhood Improvements				State Revolving Fund Loan
2003	\$ 8,649,772	\$ 5,325,000	\$ -	\$ -	\$ -	\$ 3,207,500	\$ 6,000,000	190,172	\$ -	\$ -	\$ -	\$ 23,372,444	1.95	\$ 477.01
2004	9,216,436	4,720,000	-	-	-	3,102,500	5,400,000	143,714	-	-	-	22,584,650	1.83	408.20
2005	8,760,000	-	-	-	-	2,987,500	-	132,532	-	-	-	21,105,032	1.69	408.57
2006	7,660,000	-	-	-	-	2,862,500	-	263,240	-	-	-	30,105,840	2.21	668.08
2007	7,065,000	-	-	-	-	2,727,500	-	215,238	10,475,000	-	-	35,722,738	2.39	663.94
2008	5,970,000	-	-	-	-	5,532,892	-	278,850	17,480,000	-	-	38,871,242	2.44	673.01
2009	5,219,470	-	14,500,000	-	-	17,640,689	-	188,617	16,725,000	-	-	63,623,776	3.95	1,742.30
2010	19,450,000	-	31,365,000	-	-	2,385,000	-	92,970	16,325,000	2,411,461	-	92,075,553	6.01	1,949.80
2011	16,605,000	-	30,645,000	-	-	2,350,000	-	7,472	17,360,000	14,689,221	-	101,683,965	6.88	1,937.87
2012	25,445,000	-	30,310,000	5,482,622	2,095,000	19,165,006	-	-	17,475,000	20,509,149	-	124,351,777	8.26	2,357.42

Notes: See Table 16 for personal income and population data. The 2006 ratios are calculated using personal income and population data from table 16 which is an estimate.

City of Blue Springs, Missouri

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Est. Actual Taxable	
	General Obligation and NID Bonds	Less Amounts Available in Debt Service	Total	Value of Property (1)	Per Capita (2)
2003	\$ 8,649,772	\$ (955,538)	\$ 7,694,234	0.32%	157.03
2004	9,218,436	(1,081,783)	8,136,653	0.30	164.72
2005	8,760,000	(458,436)	8,301,564	0.30	159.92
2006	18,335,000	(1,112,774)	17,222,226	0.56	324.34
2007	24,555,000	(1,126,322)	23,428,678	0.75	434.79
2008	23,460,000	(906,079)	22,553,921	0.67	409.84
2009	23,944,470	(1,053,475)	22,890,995	0.67	410.98
2010	37,775,000	(1,053,965)	36,721,035	1.13	657.88
2011	36,505,000	(1,053,965)	35,451,035	1.08	674.29
2012	42,920,000	(1,101,576)	41,818,424	1.29	792.78

Notes: 1 See Table 7 for property value data.

2 See Table 16 for population data.

City of Blue Springs, Missouri

**Direct and Overlapping Governmental Activities Debt
For the Year Ended September 30, 2012
(Unaudited)**

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Blue Springs	\$ 82,383,769	100.00%	\$ 82,383,769
Total direct debt	82,383,769		82,383,769
Blue Springs Reorganized #4 School District	131,945,000	92.70%	122,313,015
Grain Valley Reorganized #5 School District	41,010,515	1.40%	574,147
Central Jackson County Fire Protection District	13,625,000	90.00%	12,262,500
Total overlapping debt	186,580,515		135,149,662
Total direct and overlapping debt	\$ 268,964,284		\$ 217,533,431

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Blue Springs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: The debt outstanding data and applicable percentages provided by each governmental entity.

City of Blue Springs, Missouri

Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Revenues	Less Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest (2)	
2003	\$ 9,135,943	\$ 7,059,966	\$ 2,075,977	\$ 365,000	\$ 30,345	5.25
2004	10,594,041	3 9,683,108	910,933	375,000	15,563	2.33
2005	13,527,396	4 9,368,387	4,159,009	-	-	-
2006	13,744,338	5 10,977,950	2,766,388	-	-	-
2007	13,232,926	6 11,040,024	2,192,902	-	-	-
2008	12,595,633	11,526,280	1,069,353	-	-	-
2009	13,080,992	11,815,907	1,265,085	-	-	-
2010	13,382,757	11,106,770	2,275,987	-	-	-
2011	13,852,447	12,338,827	1,513,620	-	-	-
2012	14,660,532	12,498,037	2,162,495	-	-	-

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

- Notes: 1 Operating expenses excludes depreciation, interest expense, amortization and non-operating expenses.
2 Includes estimated fiscal charges.
3 Includes intergovernmental grants for Adams Dairy Parkway for \$681,677.
4 Includes intergovernmental grants for Adams Dairy Parkway for \$1,226,763.
5 Includes intergovernmental grants for Adams Dairy Parkway for \$302,530.
6 Includes intergovernmental grants for Adams Dairy Parkway for \$28,702.

City of Blue Springs, Missouri

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended September 30, (3)	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (1)
2003	48,998	1,201,180,278	24,515	35.30	13,012	5.70%
2004	49,398	1,235,205,956	25,005	35.30	13,312	2.90%
2005	51,910	1,323,979,351	25,505	35.90	13,286	3.50%
2006	53,099	1,364,803,597	25,703	35.10	13,608	3.70%
2007	53,885	1,493,692,200	27,720	33.10	13,871	3.40%
2008	55,031	1,508,674,865	27,415	35.26	13,951	3.40%
2009	55,698	1,609,727,898	28,901	33.10	14,085	6.30%
2010	55,817	1,531,618,480	27,440	35.50	14,162	7.60%
2011	52,575	1,524,464,700	28,996	34.80	14,174	7.80%
2012	52,749	1,503,451,998	28,502	34.70	14,447	5.20%

Note: The information for 2006 is an estimate.

- Sources: 1 Information provided by KCADC through the Blue Springs Economic Development Council - Claritas report
 2 Information provided by school districts.
 3 The information shown is for fiscal years.

City of Blue Springs, Missouri

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Blue Springs School District	1,938	1	7.11%	1,674	1	6.80%
St. Mary's Hospital of Blue Springs	636	2	2.33%	615	2	2.50%
Hy-Vee	440	3	1.61%	330	7	1.34%
Wal-Mart Stores, Inc.	425	4	1.56%	376	6	1.53%
Fike Corporation	385	5	1.41%	300	8	1.22%
City of Blue Springs	285	6	1.04%	258	9	1.05%
Price Chopper	250	7	0.92%	402	5	1.63%
Kohl's Distribution Center	200	8	0.73%	550	4	2.24%
Haldex, Inc.	163	9	0.60%	250	10	1.02%
Gemaco	150	10	0.55%	-		
Harmon Industries				652	3	2.65%
Total	4,872		17.86%	5,407		21.98%

Source: Blue Springs Chamber of Commerce for 2003
2012 amounts were estimated using 2011 numbers plus 2% increase

City of Blue Springs, Missouri

Full-Time Equivalent City Government Employees by Functions/Programs
Last Ten Fiscal Years
(Unaudited)

Function/Program	Full-Time Equivalent Employees for Fiscal Year Beginning October 1									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government:										
Administration	5.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Legal	1.50	1.50	1.00	1.00	-	-	-	-	-	-
Public relations and communications	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Human resources	5.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Information services	5.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Community development	6.00	6.00	7.20	7.20	7.20	7.20	7.20	7.20	7.20	6.19
Codes administration	8.46	8.46	10.46	11.46	10.46	10.00	9.00	8.00	7.23	7.23
Geographic information systems	1.00	1.00	1.20	1.20	1.20	1.20	0.20	0.20	0.20	-
Economic development	N/A	N/A	N/A	N/A	N/A	2.00	2.00	2.00	2.00	2.00
Finance	22.90	23.90	22.90	22.90	22.90	21.90	21.90	21.90	20.30	19.80
Municipal court	6.12	6.12	5.62	5.62	5.62	5.62	5.62	4.62	4.12	3.12
Public Works	9.00	9.00	10.00	12.14	12.54	12.54	12.94	12.94	12.94	14.94
Highways and streets	15.30	15.30	16.30	16.30	16.30	17.30	15.30	15.30	15.30	15.30
Public Safety:										
Administration	2.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Operations	78.00	67.00	71.00	66.00	63.00	63.00	59.23	59.23	53.23	54.23
Staff services	30.00	18.00	18.00	17.00	18.00	26.20	26.20	26.20	29.20	30.85
Professional standards	-	16.00	17.20	16.20	15.20	8.65	7.65	7.65	6.65	3.00
Community/youth outreach	28.00	20.00	20.15	20.15	18.65	17.00	17.50	17.50	15.00	15.00
Parks and recreation:										
Administration	5.00	5.00	5.50	5.50	5.00	5.00	5.00	5.00	5.00	5.00
Building maintenance	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
50-Plus Programs	7.24	7.24	7.99	7.99	7.99	7.47	7.47	7.47	7.47	6.32
Parks maintenance	19.71	19.71	20.33	20.33	20.33	20.33	19.60	19.60	19.60	19.60
Recreation	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.75
Swimming pool	-	-	-	-	-	-	-	-	11.00	11.04
Water:										
Operations	5.00	5.00	5.33	5.33	5.33	5.00	5.00	4.50	5.00	4.00
Maintenance	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Sewer:										
Operations	5.00	5.00	5.33	5.33	5.33	5.00	5.00	4.50	5.00	4.00
Maintenance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	4.00	4.00	4.00
Sin-A-Bar treatment plant	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Central Garage Fund	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	285.23	268.23	281.51	278.65	272.05	272.41	263.81	258.81	261.44	256.37

Source: City of Blue Springs Budget

City of Blue Springs, Missouri

Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Number of citations issued	N/A	N/A	9,777	10,162	9,691	10,800	13,296	13,402	12,198	10,506
Public Works:										
Street overlay (lane miles)	6.17	N/A	8.76	4.50	-	55.00	48.00	36.00	38.00	36.00
Potholes repaired	2,452	4,936	8,045	7,181	10,561	6,129	3,650	7,503	3,199	7,888
Crack sealing (sq. yds.)	1,007,583	993,848	831,734	1,360,234	717,795	621,927	560,475	273,950	936,577	1,209,825
Slurry seal (sq. yds.)	155,521	166,309	140,157	199,700	208,517	-	-	-	-	-
Parks and Recreation:										
Park shelter reservations	N/A	N/A	1,117	1,075	1,000	1,222	955	1,243	1,201	1,123
Vesper Hall rentals	N/A	N/A	142	118	105	62	90	50	64	67
Number of participants in recreation programs	N/A	N/A	173,112	166,991	183,116	160,400	181,675	182,100	180,700	164,464
Community Development:										
Building permits issued	593	645	518	507	491	527	460	490	544	648
Number of nuisance violations cited	1,111	1,409	1,537	3,174	2,353	3,051	2,571	3,660	3,912	4,400
Water:										
Number of customers	19,324	19,417	19,972	19,959	20,134	20,427	20,439	20,356	20,377	20,376
Water main breaks	119	53	57	87	84	51	60	76	90	196
New water connections	337	297	386	391	217	138	48	58	56	42
Sewer:										
Number of customers	19,092	18,868	19,225	19,414	19,742	19,887	19,932	20,073	20,148	20,205
New sewer connections	312	304	328	227	212	231	66	68	76	88

City of Blue Springs, Missouri

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	-	-	1	2	1	1	1	2	2	2
Vehicles	17	17	17	17	17	18	18	22	22	24
Public Works:										
Total area (square miles)	21.21	21.21	21.67	22.01	22.01	22.01	22.11	22.21	22.21	22.21
Paved miles	221.00	221.00	227.00	232.67	239.06	240.31	252.00	252.00	252.00	252.00
Street lights	2,463	2,278	2,418	2,570	2,613	2,409	2,409	2,531	2,535	2,527
Storm sewers (miles)	78.00	79.00	82.00	82.60	87.61	88.79	120.00	122.00	118.00	125.00
Parks and Recreation:										
Park acreage - developed & golf course*	679.00	679.00	376.00	376.00	416.00	515.00	515.00	594.00	594.00	594.00
Park acreage - undeveloped & preserved*			323.00	323.00	302.00	341.00	341.00	262.00	262.00	262.00
Parks - developed	12	12	14	14	14	14	14	14	14	15
Parks - undeveloped	4	4	4	4	5	7	7	7	7	6
Swimming pools	2	2	2	2	2	2	2	2	2	2
Soccer fields	12	12	12	12	11	12	12	12	12	12
Tennis courts	23	23	20	20	21	20	20	20	20	20
Skate parks	-	-	1	2	2	2	2	2	2	2
Baseball fields	6	6	6	6	8	8	8	8	8	8
Softball fields	15	15	15	15	14	15	15	15	15	15
Miles of walking/bike trails	-	-	10	15	15	15	17	17	17	15
Community centers	2	2	2	1	1	1	1	1	1	1
Conference centers	1	1	1	1	1	1	1	1	1	1
Public golf courses	1	1	1	1	1	1	1	1	1	1
Football fields	-	-	-	-	3	3	3	3	3	3
BMX race track	-	-	-	-	1	1	1	1	1	1
Basketball courts	-	-	-	-	7	7	7	7	7	7
Sand volleyball courts	-	-	-	-	14	14	11	11	11	14
Picnic shelters	-	-	-	-	18	18	18	18	18	18
Playgrounds	-	-	-	-	15	15	15	15	15	15
Dog park facility	-	-	-	-	1	1	1	1	1	1
Water:										
Water mains (miles)	222.00	224.00	229.00	230.00	230.10	232.50	275.00	277.00	277.00	275.50
Fire hydrants	2,111.00	2,166.00	2,213.00	2,280.00	2,305.00	2,350.00	2,377.00	2,406.00	2,429.00	2,434.00
Average daily consumption (millions of gallon)	5.40	5.40	5.60	4.50	5.33	4.80	4.70	4.40	4.60	5.70
Sewer:										
Number of treatment plants	2	2	2	2	2	2	1	1	1	1
Sewer mains (miles)	245.00	246.00	332.00	332.90	348.01	350.69	274.00	275.00	277.00	272.00
Average daily treatment (millions of gallons)	7.88	9.60	5.03	3.08	3.35	4.97	5.08	5.90	4.70	4.40
Manhole lined	N/A	N/A	N/A	N/A	10	96	-	25	27	13
Mains line	N/A	N/A	N/A	N/A	50	88	48	46	107	198
Main point repairs	N/A	N/A	N/A	N/A	14	23	43	10	8	9
Chimney seal installed on manhole	N/A	N/A	N/A	N/A	38	21	-	1	18	7

* Note: Distribution of park land between developed and undeveloped was unavailable prior to 2005.

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