

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2016



The City of
Blue Springs
Missouri

A MESSAGE FROM THE CITY ADMINISTRATOR

Dear Residents of Blue Springs,

I am pleased to present the City of Blue Springs Citizen's Annual Financial Report regarding the finances and administrative activities of the City for the fiscal year ended September 30, 2016. This report provides a brief analysis of where the city revenue comes from and where those dollars are spent as well as trends in the local economy. The City received the Government Finance Officers Association ("the GFOA") award for Outstanding Achievement in Popular Annual Financial Reporting for the 2015 Popular Annual Financial Report, for the third consecutive year.

The report is intended to summarize the financial activities of the City of Blue Springs government and includes a portion of the information that appears in the 2016 Comprehensive Annual Financial Report (CAFR). This report is unaudited and not presented in a Generally Accepted Accounting Principles (GAAP) format. A copy of the CAFR is available at the City's website: www.bluespringsgov.com.

To the best of our knowledge, the information presented herein is accurate in all material respects and presents fairly the financial position and results of operations for the fiscal year ended September 30, 2016. Responsibility for the accuracy and completeness of the data presented rests solely with the City.

We are committed to preserving the City's long-term financial health as evidenced by our AA Standard & Poor's bond rating and fund balance reserves. The City has maintained fund balances in compliance with the policy adopted by the City Council in August 2011. The City maintains a balance of 20% of operating expenditures as an emergency reserve and 10% of operating expenditures as a budget stabilization reserve.

If you have any questions or comments regarding the information in this document, please contact either myself at 816-228-0110 or our Assistant City Administrator Christine Cates at 816-228-0140.

Sincerely,



Eric Johnson
City Administrator




Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to
City of Blue Springs
Missouri

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015



Executive Director/CEO



CITY PROFILE

Blue Springs enjoys the benefits of:

- Nationally recognized schools
- Quality and affordable housing
- Numerous outdoor recreation opportunities
- Excellent health care
- Hiking trails and parks
- Central location

These amenities provide the foundation of a quality lifestyle for its more than 54,000 residents.

Year of Incorporation: 1880

Form of Government:

Mayor-Council-Administrator

Location:

20 miles east of Kansas City, Mo.

Total Land Size:

14,211 acres (22.2 square miles)

Population of Blue Springs:

54,148 (2015 Census)

History of Population Growth:

Decade Growth Rate

1970-1980: 160.70%

1980-1990: 43.34%

1990-2000: 19.4%

2000-2010: 9.2%

2020 Estimates: 60,149

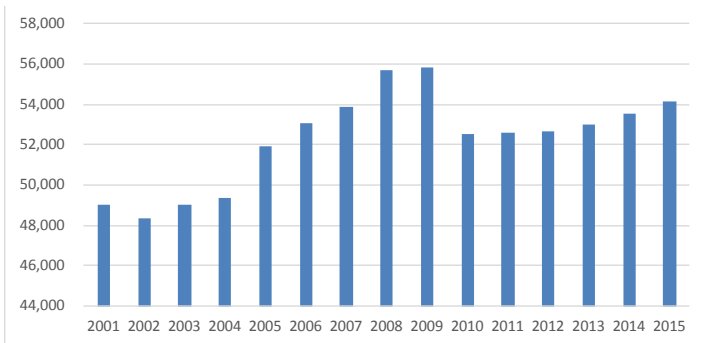
Blue Springs Top 10 Employers

Company	Product/Service	Employees
Blue Springs School District	Public Schools	2,050
St. Mary's Medical Center	Health Care	550
HyVee Food & Drug Store	Grocery Store	500
Fike Corporation (World Headquarters)	Safety Valve Release Manufacturer	458
Price Chopper	Grocery Store	352
Wal-Mart	Discount/Food Store	340
City of Blue Springs	Government	322
Target	Discount Department Store	300
Xceligent	Technology/Data	236
Kohl's Distribution Center	Warehouse Distribution	225

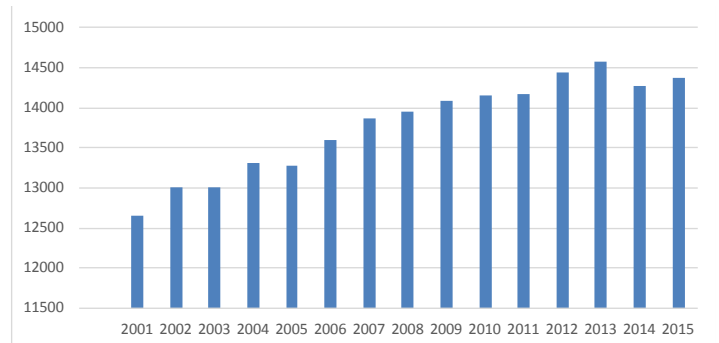
35.60
Median Age

\$30,322
Per Capita Personal Income

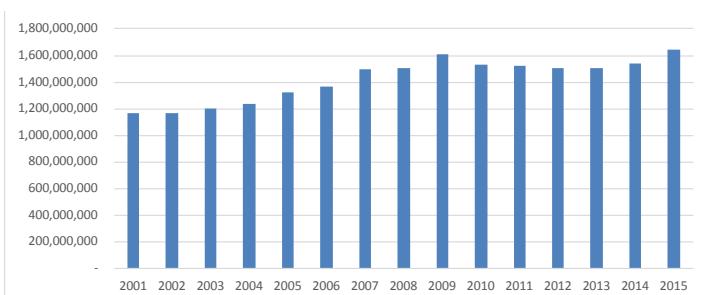
POPULATION GROWTH



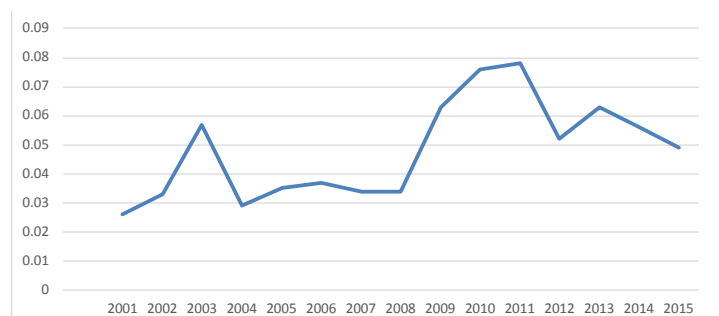
SCHOOL ENROLLMENT



PERSONAL INCOME



UNEMPLOYMENT RATE



FINANCIAL ACTIVITY STATEMENTS FOR YEARS ENDED SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2016

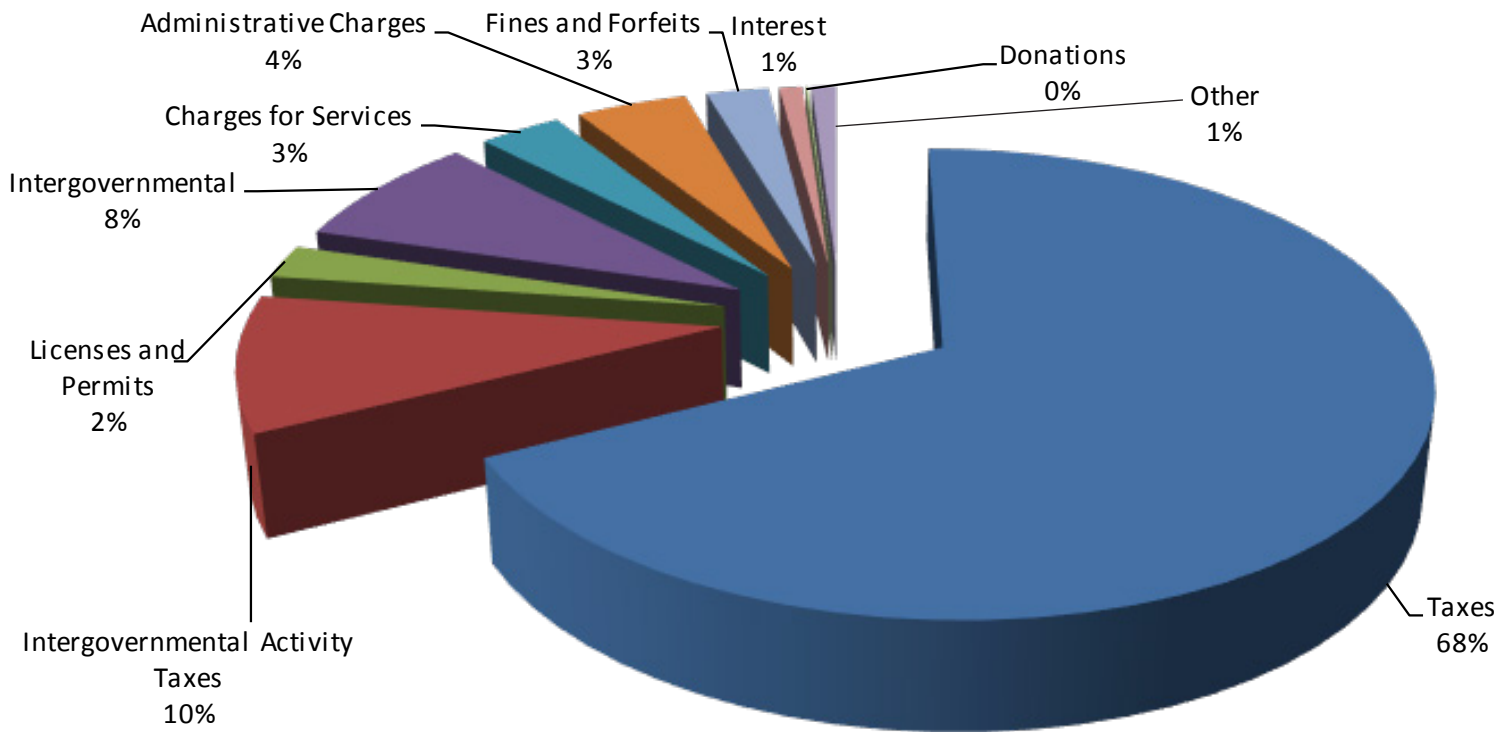
GOVERNMENTAL FUNDS — Typically used to account for tax-supported activities, the governmental funds for the City of Blue Springs include the General Fund, Public Safety Sales Tax Fund, Debt Service Funds, Capital Projects Funds (including Tax Increment Financing funds) and the Hotel/Motel Tax Fund. The City's basic services, including police, parks and recreation, streets, development services, maintenance, and capital improvements are accounted for in these funds. The overall slight decrease in fund balances for 2016 resulted from the spending down of bond project funds for the Public Safety Building expansion project and the increase in fund balance in the General Fund due savings in expenditures.

GOVERNMENTAL FUNDS		
Revenues	2015	2016
Taxes	\$27,506,137	\$27,837,343
Intergovernmental Activity Taxes	\$4,360,020	\$3,949,611
Licenses and Permits	\$777,265	\$977,939
Intergovernmental Revenues	\$5,366,824	\$3,326,434
Charges for Services	\$1,305,934	\$1,361,123
Administrative Charges	\$1,840,000	\$1,839,701
Fines and Forfeits	\$1,127,246	\$1,033,510
Interest	\$404,276	\$386,448
Donations	\$34,427	\$37,383
Other	\$597,656	\$412,066
Total Revenues	\$43,319,785	\$41,161,558
Expenditures by Function	2015	2016
General Government	\$6,327,993	\$6,017,583
Public Works	\$758,851	\$701,230
Highways and Streets	\$2,999,767	\$2,792,470
Public Safety	\$24,489,006	\$14,963,894
Parks	\$3,649,129	\$3,685,781
Economic Development	\$325,695	\$267,098
Capital Outlay	\$8,886,778	\$4,375,399
Debt Service (Principal & Interest)	\$23,969,372	\$8,162,948
Total Expenditures	\$71,406,591	\$40,966,403
Other Financing Sources: (Uses)	2015	2016
Issuance of Bonds	\$38,050,000	\$-----
Net Discount/Premium on Issuance of Bonds	\$(287,857)	\$-----
Payments to Refunded Bond Escrow	\$27,625,000	\$-----
Capital Lease Issuance	\$249,950	\$-----
Transfers In	\$2,575,957	\$1,745,057
Transfers Out	\$(7,695,905)	\$(2,024,403)
Net Change in Fund Balances	\$(22,819,679)	\$(84,191)
Fund Balances, October 1	\$53,622,274	\$30,802,595
Fund Balances September 30	\$30,802,595	\$30,718,404

PROPRIETARY FUNDS		
Operating Revenues	2015	2016
Water Utility	\$8,102,186	\$9,797,233
Sewer Utility	\$7,273,979	\$7,482,274
Golf Course	\$1,432,673	\$1,458,922
Fieldhouse	\$105,705	\$664,541
Total Operating Revenues	\$16,914,543	\$19,402,970
Operating Expenses	2015	2016
Water Utility Expenses	\$8,607,053	\$9,424,854
Sewer Utility Expenses	\$10,247,287	\$8,502,875
Golf Course Expenses	\$1,533,469	\$1,577,587
Fieldhouse	\$129,612	\$967,307
Total Operating Expenses	\$18,449,579	\$20,472,623
Nonoperating Revenue (Expenses)	2015	2016
Loss on Sale of Capital Assets	\$(44,507)	\$(8,950)
Interest Income	\$996,622	\$950,212
Interest Expense	\$(1,306,768)	\$(1,213,517)
Total Non-Operating Revenue (Expenses)	\$(194,823)	\$(272,255)
Income (loss) before Contributions & Transfers	2015	2016
Capital Contributions	\$280,865	\$230,991
Special Assessments	\$-----	\$-----
Transfers In	\$5,624,068	\$618,419
Transfers Out	\$(471,642)	\$(306,595)
Change in Net Position	\$1,475,760	\$(799,093)
Net Assets, October 1	\$92,046,430	\$94,576,448
Net Position Restatement	\$1,054,258	\$-----
Net Position September 30	\$94,576,448	\$93,777,355

PROPRIETARY FUNDS — The financial activities for the Golf Course, Water Utility, Sewer Utility, and Fieldhouse are recorded in proprietary funds for the City of Blue Springs and are financed primarily by a user charge for the provision of that service, and activities where the periodic measurement of net income is deemed appropriate to provide funding for the capital maintenance and improvements. In July 2016, the City Council passed an ordinance establishing the water and sewer rates for fiscal years 2017, 2018, and 2019. The Golf Course user charges generate enough revenue to pay for operations and a portion of its debt service and a transfer from the General Fund covers the remaining portion. The City's Fieldhouse opened to the public on September 28, 2015, with the mission of providing Fitness and Recreation for All.

WHERE DOES THE MONEY COME FROM?



Taxes are the majority of the City's revenue, 68%, is generated by taxes levied on property, retail sales, a lodging tax and the gross receipts tax on the sales of electricity, gas, telephone, and television video services. The City's sales taxes include a 1% operating sales tax, a ½% transportation sales tax and a ½% public safety sales tax.

Intergovernmental revenues represent 8% of the City's total revenues and include the receipts from the State for fuel taxes, motor vehicle sales tax and license fees, and grants.

Charges for services include fees from Parks & Recreation classes and the City portion of municipal court costs.

Intergovernmental Activity Taxes are the portion of sales taxes that are generated within established TIF districts and deposited into the

special allocation funds of each individual TIF.

Administrative Charges are made up of the funds that are transferred from the proprietary funds to the General Fund to cover the cost of the overhead services that are provided to the Water and Sewer funds by the General Fund. These expenditures include Human Resources, Information Technology, and Finance.

Fines and Forfeits include the fines collected by the Municipal Court.

Licenses and permits include revenues from building permits, business licenses, fireworks permits, and liquor licenses.

Interest includes revenues earned from the investment of idle city funds throughout the year in accordance with the City's investment policy.

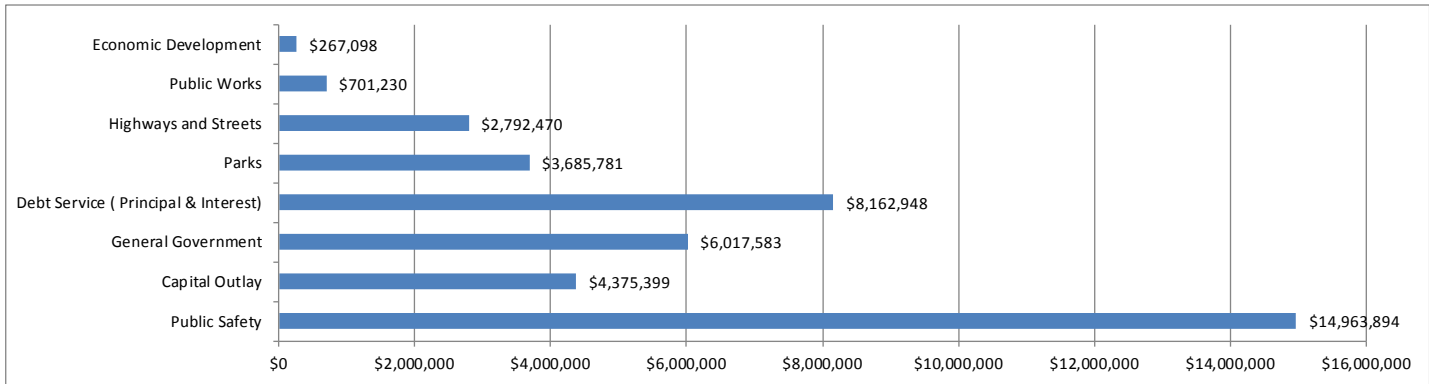
GOVERNMENTAL REVENUES 2016

Taxes	\$27,837,343
Intergovernmental Activity Taxes	\$3,949,611
Licenses and Permits	\$977,939
Intergovernmental	\$3,326,434
Charges for Services	\$1,361,123
Administrative Charges	\$1,839,701
Fines and Forfeits	\$1,033,510
Interest	\$386,448
Donations	\$37,383
Other	\$412,066
Total Revenues	\$41,161,558

Other revenues include proceeds from the City auction, antenna rent, insurance settlements, and workers compensation dividends.

WHERE DOES THE MONEY GO?

2016 Governmental Fund Type-Expenditure by Function



The expenditures for governmental activities total \$40,966,403 for 2016. The largest category of expenditure is for Public Safety and represents 37% of all governmental activities.

Public Safety includes all operations of the police department.

Capital outlay expenses are 11% of the total and include the annual street overlay program and heavy equipment replacement.

General government expenditures include Administration, Legal, Community Development, Finance, Human Resources and Information Technology.

Debt service includes principal and interest payments for the City's outstanding general obligation and special obligation debt.

Parks Department expenditures include funding for Administration, Facilities, Vesper Hall, Park Maintenance and Recreation.

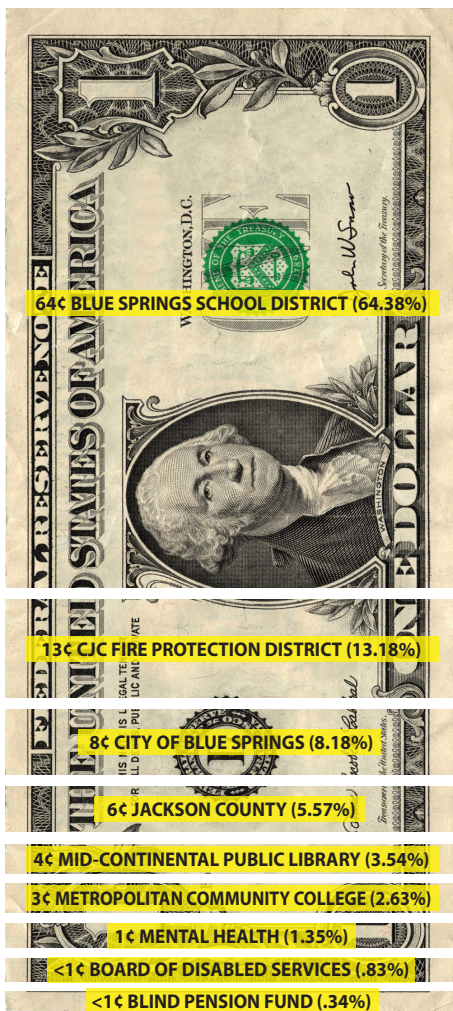
Highways and Streets include the expenditures for pothole maintenance, snow removal, street signs and street light maintenance.

Public Works includes the expenditures for the engineering staff and professional services.

Economic Development includes funding for the contract for services with the Blue Springs Economic Development Corporation and economic development related expenditures reimbursed by developers. At the end of this fiscal year, the Blue Springs Economic Development Corporation was dissolved and the economic development function became a department within the City.

EXPENDITURES	2016
Public Safety	\$14,963,894
Capital Outlay	\$4,375,399
General Government	\$6,017,583
Debt Service (Principal & Interest)	\$8,162,948
Parks	\$3,685,781
Highways and Streets	\$2,792,470
Public Works	\$701,230
Economic Development	\$267,098
Total Expenditures	\$40,966,403

WHERE DOES PROPERTY TAX GO?



A Blue Springs homeowner with a home with a \$150,000 market value paid \$2,535.90 in real estate taxes with 8.18% going to the City of Blue Springs.

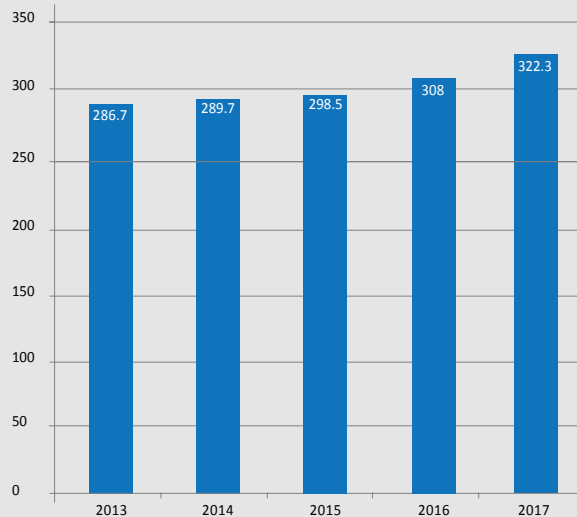
Tax rates will vary depending on school district and fire protection district.

As a result of rounding, total may not equal 100%.

Source: Jackson County Property Tax Levy Sheet - 2015 property tax schedule

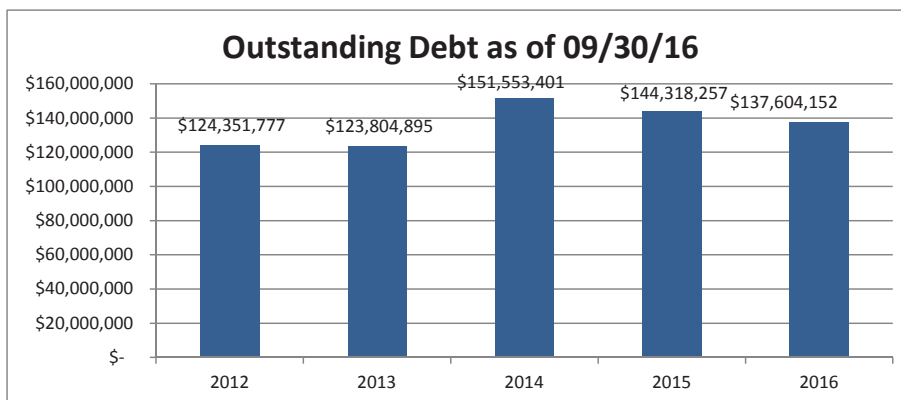
AUTHORIZED FULL TIME CITY STAFF

2013-2017



Authorized full time equivalent employees increased by 14.3 in the fiscal year 2016 budget due to the addition of more part-time positions for Fieldhouse employees. Staffing increased from FY 2011 to FY 2012 due to the passage of the public safety sales tax that funded 17 new positions in the police department.

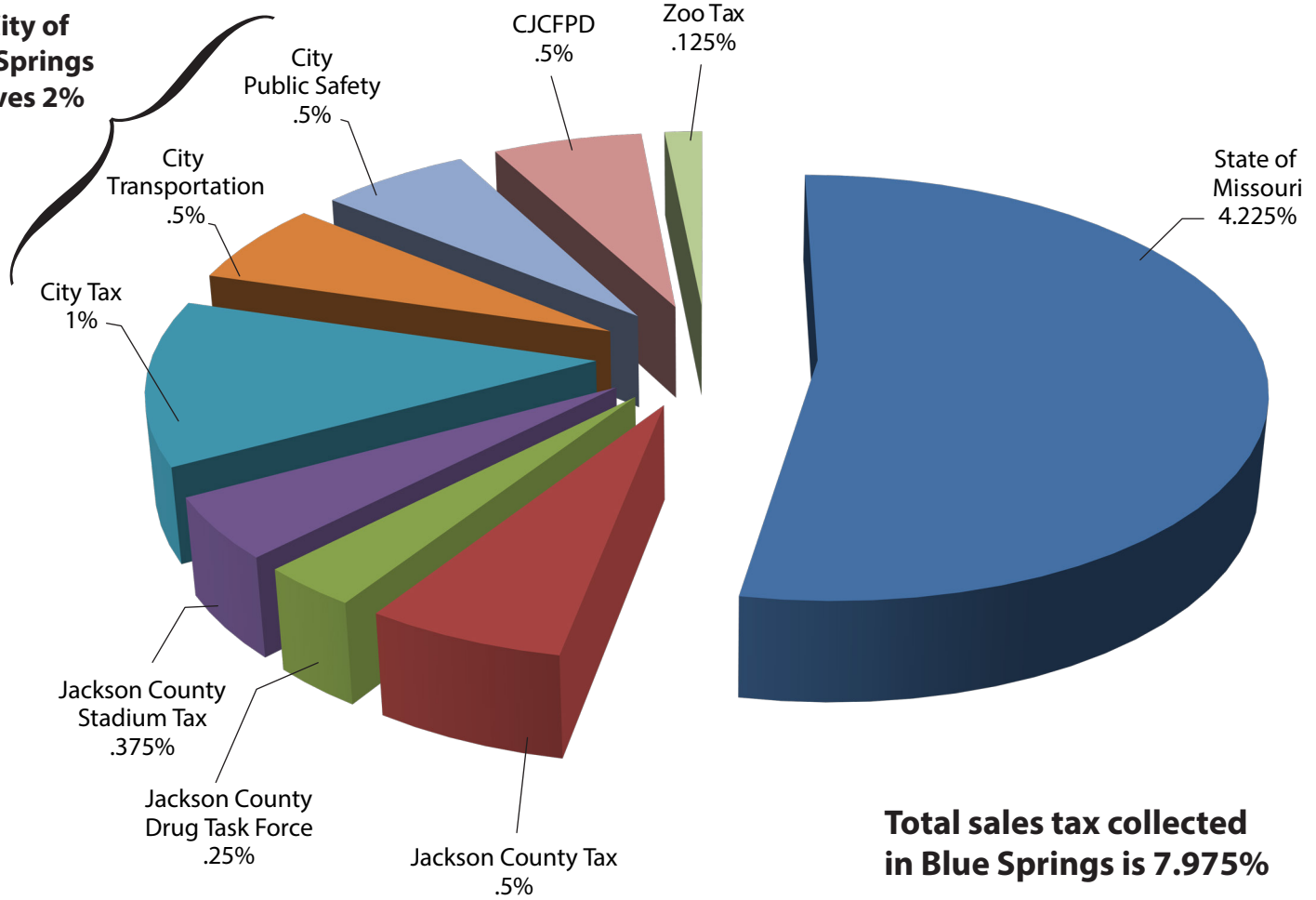
OUTSTANDING DEBT 2012-2016



The outstanding debt at the end of FY 2016 totaled \$137,604,152. There were not any debt issues or refundings during the 2016 fiscal year. The City's outstanding debt is 282% higher than in 2008 due to providing funding for the road projects approved by the voters in 2008, the Sni-A-Bar Wastewater Treatment Plant construction and expansion, the South Area Neighborhood Improvement Districts, the Adam Farm Tax increment financing project, the Public Safety radio system and the Public Safety building expansion.

SALES TAX REVENUES ARE SHARED BETWEEN MULTIPLE AGENCIES

The City of Blue Springs receives 2%



Total sales tax collected in Blue Springs is 7.975%

BREAKDOWN OF SALES TAX RATE

The City's sales tax rate of 7.975% is comparable to surrounding cities and is divided among four different taxing entities. The State of Missouri receives 4.225%, Jackson County receives 1.125%, Central Jackson County Fire Protection District receives .5%, Friends of the Zoo receives .125% and the City of Blue Springs receives 2%.

Of the City's 2% sales tax, 1% is for General Fund operations, .5% is deposited in the Capital Projects Fund for transportation related projects and .5% is deposited into the Public Safety Sales Tax Fund where the revenues can only be used to fund Public Safety operations and capital improvements.

The total sales tax the City received in fiscal year 2016 was \$16,518,994.

SALES TAX RATE COMPARISON

Municipality	Sales Tax Rate
Independence	7.725%
Lee's Summit	7.725%
Liberty	7.725%
Blue Springs	7.975%
Kansas City	8.350%
Grain Valley	8.475%
Oak Grove	8.475%

GLOSSARY

CAPITAL PROJECTS FUND – A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities or equipment.

DEBT SERVICE FUND – A fund established to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

ECONOMIC DEVELOPMENT CORPORATION – Responsible for all activities that impact the economic growth and development of the community. EDC activities include business retention and attraction, marketing and promotion, research and dissemination of statistical data, reports and the development and redevelopment of existing City resources and infrastructure.

FUND BALANCE – Net position of a governmental fund (difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources).

GENERAL FUND – The fund used to account for all financial resources except those required to be accounted for in another fund.

GENERAL OBLIGATION DEBT SERVICE FUND – Bonds that finance a variety of public projects that pledge the full faith of the City.

GOVERNMENTAL FUNDS – Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

HOTEL/MOTEL TAX FUND – A fund created to account for the accumulation and disbursement of the City's 6.5% Hotel/Motel occupancy tax.

NET POSITION – The residual of all other financial statement elements presented in a statement of financial position.

OPERATING REVENUES AND EXPENSES – Cost of goods sold and services provided to customers and the revenue thus generated.

OTHER FINANCING SOURCES – Operating statement classification in which financial inflows other than revenues are reported; for example, proceeds of general obligation bonds and transfers in.

OTHER FINANCING USES – Operating statement classification in which financial outflows other than expenditures are reported; for example, operating transfers out.

PUBLIC SAFETY SALES TAX FUND – A fund created to account for the accumulation and disbursement of the City's 1/2 cent Public Safety sales tax that can only be used for Public Safety purposes.

PROPRIETARY FUNDS – Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two types of proprietary funds: enterprise funds and internal service funds.

TAX INCREMENT FINANCING (TIF) – Financing secured by the anticipated incremental increase in property tax and sales tax revenues resulting from redevelopment.

