

POPULAR ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended
September 30, 2017

A MESSAGE FROM THE CITY ADMINISTRATOR

Dear Citizens 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, 2017. 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 2016 Popular Annual Financial Report, for the fifth 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 2017 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, 2017. 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**

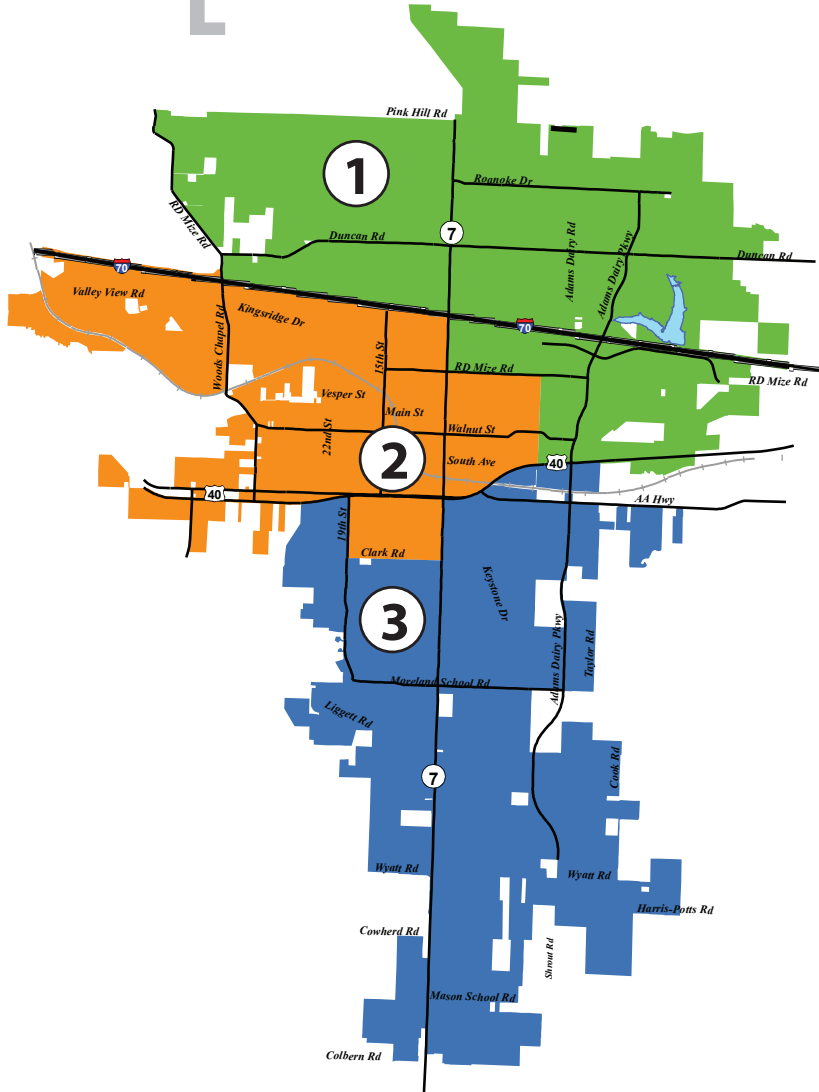
For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015



Executive Director/CEO

BLUE SPRINGS GOVERNANCE



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1



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Blue Springs History

Blue Springs' history, like that of so many Midwestern communities, is tied to the migration of settlers on their westward journey. Pioneers found the area to be an ideal stopover due to the abundance of cool, clean water. The major source of water came from a spring at the mouth of the east fork of the Little Blue River; hence the name 'blue springs.' The presence of water and a need for pioneer supplies led to the construction of a grist mill and permanent settlement at the site of the City's Burrus Old Mill Park.

The community of Blue Springs was organized as part of Jackson County in 1827 and became the fourth settlement in the county, pre-dating Kansas City.

The settlement continued to grow near the springs until 1878, when the Chicago and Alton Railroad announced plans to

build a station about one mile east of the original settlement. To take advantage of the commerce the railroad would bring, the town moved its center to the site of the new station and continued its development as a rural trading center.

In 1970, Blue Springs had a population of 6,779. By 1980, the city had more than quadrupled, boasting a population of 25,936. In 2004, the population for the City exceeded 50,000 at 51,910. Today, Blue Springs is one of the fastest-growing cities in Missouri, boasting a population of 54,431.

In the midst of the City's phenomenal growth and new development, community leaders continue to implement programs designed to maintain historical properties in order to preserve Blue Springs' historically significant elements and century-old roots.

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:
54,431 (2016 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

54,431
Residents

35.40
Median Age

\$30,322
Per Capita Personal Income

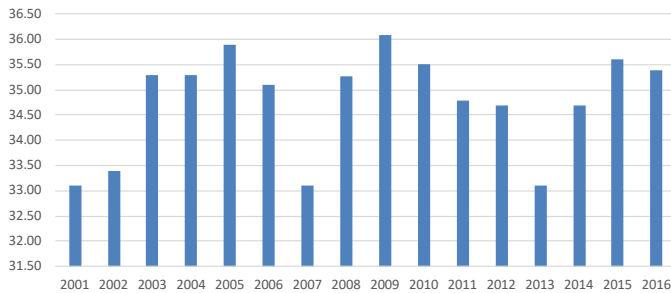
4.9%
Unemployment Rate



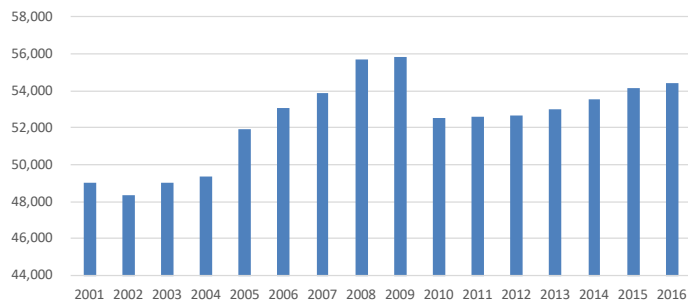
Blue Springs Top 10 Employers

Company	Product/Service	Employees
Blue Springs School District	Public Schools	1,998
St. Mary's Medical Center	Health Care	545
HyVee Food & Drug Store	Grocery Store	460
Fike Corporation (World Headquarters)	Safety Valve Release Manufacturer	460
Wal-Mart	Discount/Food Store	355
Price Chopper	Grocery Store	350
City of Blue Springs	Government	319
Kohl's Distribution Center	Warehouse Distribution	225
Haldex	Brake Manufacturer	190
Blue Springs Ford Sales	Auto Sales	163

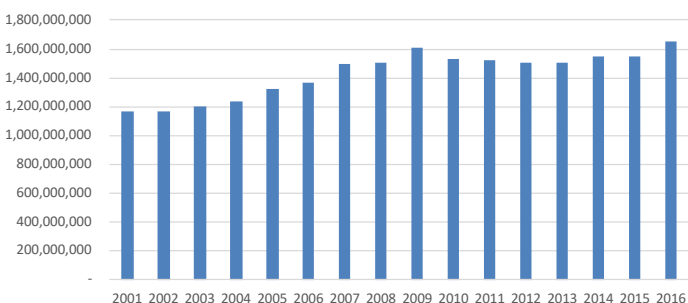
MEDIAN AGE



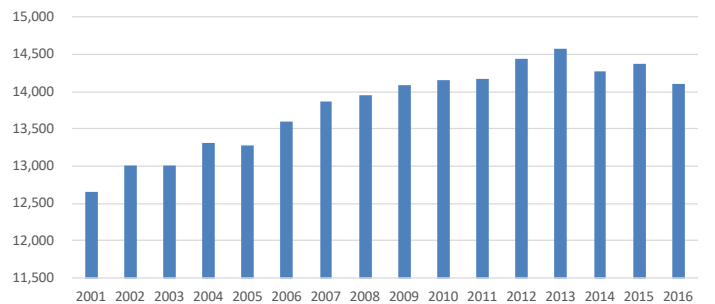
POPULATION GROWTH



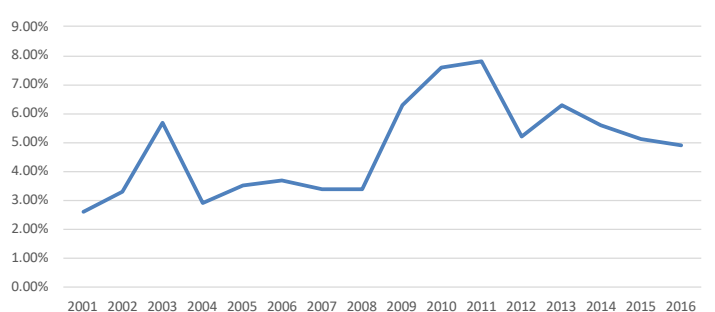
PERSONAL INCOME



SCHOOL ENROLLMENT



UNEMPLOYMENT RATE



FINANCIAL ACTIVITY STATEMENTS FOR THE THREE YEARS ENDED, 2015, 2016, AND 2017.

GOVERNMENTAL FUNDS			
Revenues	2015	2016	2017
Taxes	\$27,506,137	\$27,837,343	\$27,987,328
Intergovernmental Activity Taxes	\$4,360,020	\$3,949,611	\$5,018,954
Licenses and Permits	\$777,265	\$977,939	\$1,135,665
Intergovernmental Revenues	\$5,366,824	\$3,326,434	\$3,454,177
Charges for Services	\$1,305,934	\$1,361,123	\$1,437,539
Administrative Charges	\$1,840,000	\$1,839,701	\$1,874,568
Fines and Forfeits	\$1,127,246	\$1,033,510	\$902,432
Interest	\$404,276	\$386,448	\$442,397
Donations	\$34,427	\$37,383	\$72,023
Other	\$597,656	\$412,066	\$525,709
Total Revenues	\$43,319,785	\$41,161,558	\$42,850,792
Expenditures by Function	2015	2016	2017
General Government	\$6,327,993	\$6,017,583	\$6,197,037
Public Works	\$758,851	\$701,230	\$676,063
Highways and Streets	\$2,999,767	\$2,792,470	\$2,581,952
Public Safety	\$24,489,006	\$14,963,894	\$13,168,457
Parks	\$3,649,129	\$3,685,781	\$3,753,671
Economic Development	\$325,695	\$267,098	\$3,743,117
Capital Outlay	\$8,886,778	\$4,375,399	\$3,829,446
Debt Service (Principal & Interest)	\$23,969,372	\$8,162,948	\$10,495,777
Total Expenditures	\$71,406,591	\$40,966,403	\$44,445,520
Other Financing Sources: (Uses)	2015	2016	2017
Issuance of Bonds	\$38,050,000	\$-----	\$9,265,000
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	\$2,057,902
Transfers Out	\$(7,695,905)	\$(2,024,403)	\$(2,241,048)
Net Change in Fund Balances	\$(22,819,679)	\$(84,191)	\$7,487,126
Fund Balances, October 1	\$53,622,274	\$30,802,595	\$30,718,404
Fund Balances September 30	\$30,802,595	\$30,718,404	\$38,205,530

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. Effective on October 1, 2017, voters passed a .5% five-year Parks sales tax. This special revenue fund will be included in the 2018 report.

Governmental revenues over the three-year period have decreased by \$468,993 or 1.08%. Some revenue categories have increased and some have decreased with the most significant change in intergovernmental revenues which have decreased by \$1,912,647 or 35.64%. This decrease is due to the receipt of capital grants in 2015 for the completion of phase 2 of the Woods Chapel Road improvements.

Governmental expenditures over the last three-year period have decreased by \$26,961,071 or 37.76%. This decrease is primarily due to two projects that were completed in 2015. Public Safety expenditures in 2015 were significantly higher due to expenditures related to the renovation and expansion of the Public Safety Building. The project was completed in early 2016. Debt service expenditures in 2015 included the issuance of special obligation refunding and new bonds for the Adams Farm TIF project.

The increase in fund balances for 2017 resulted from the issuance of bonds for the White Oak TIF project and only partial spenddown of the proceeds during the fiscal year. The White Oak TIF project included funding for a new Price Chopper grocery store that opened in October 2017. Other new businesses in this district include Johnny's Tavern, White Oak Dental Group, St. Luke's Convenient Care. Future development in this district includes senior housing.

FINANCIAL ACTIVITY STATEMENTS FOR THE THREE YEARS ENDED, 2015, 2016, AND 2017.

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. These increases are evidenced by the increase in revenues over the three-year period. Water operating expenses increased mostly due to the increased cost of purchased wholesale water. Sewer expenses in 2015 included contractual services for sludge removal. This activity is conducted periodically and is an operating cost.

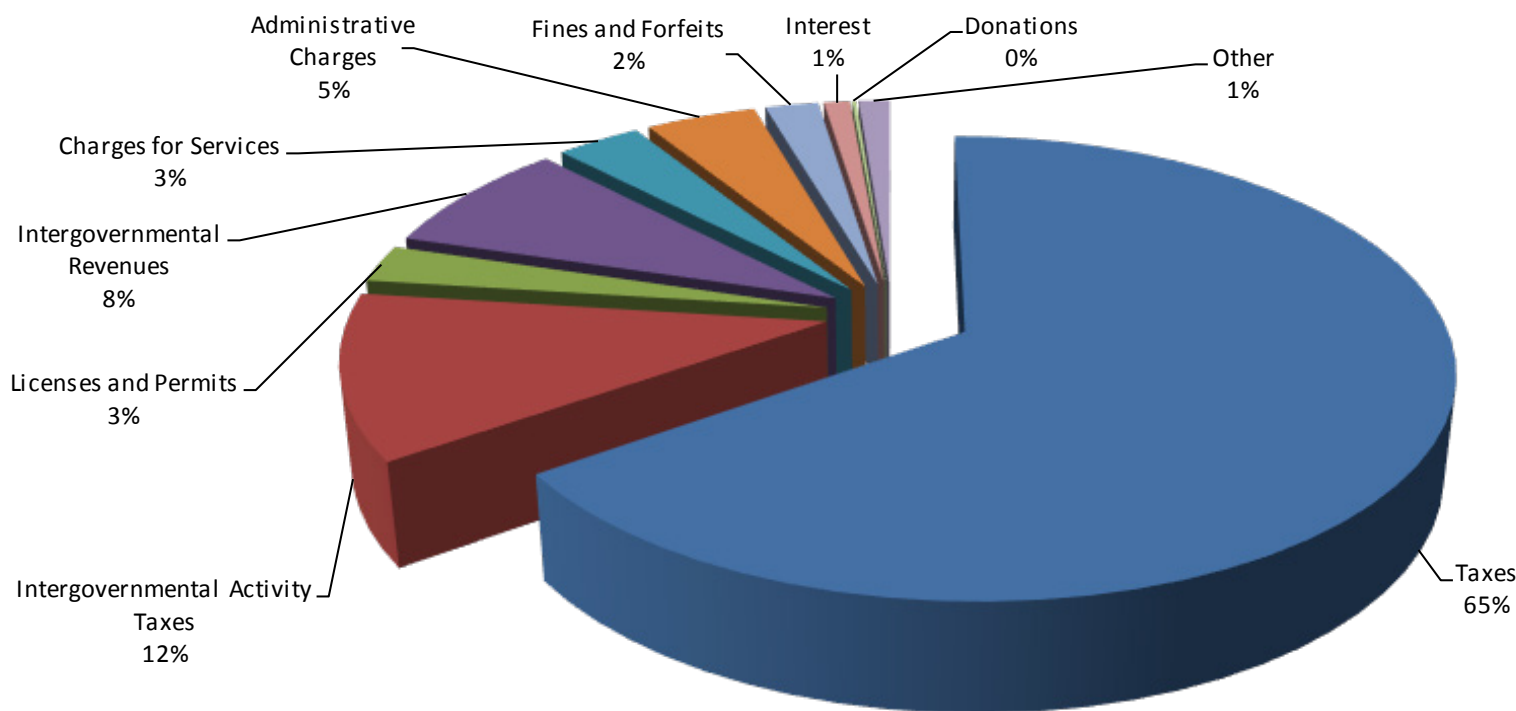
The Golf Course user charges generate enough revenue to pay for operations and a portion of its debt service and a transfer from the General Fund covers the remaining portion. In 2017, golf course operating expenses were 4.17% higher than in 2016 requiring a transfer from the General Fund of \$370,306, which was \$90,556 or 36.22% over budget.

The City's Fieldhouse opened to the public on September 28, 2015, with the mission of providing Fitness and Recreation for All and it completed its second full year of operations in 2017. The Fieldhouse is a renovated indoor soccer facility that was previously owned and operated by the private sector. The facility includes four hard-surfaced courts, an artificial turf field, two walking tracks, a fitness center, party/meeting rooms and child watch.

Over the last three years, net position in the proprietary funds has decreased by 1.61% while revenues have increased by 23% and operating expenses have increased by 5.74%.

PROPRIETARY FUNDS			
Operating Revenues	2015	2016	2017
Water Utility	\$8,102,186	\$9,797,233	\$10,516,119
Sewer Utility	\$7,273,979	\$7,482,274	\$7,814,538
Golf Course	\$1,432,673	\$1,458,922	\$1,497,416
Fieldhouse	\$105,705	\$664,541	\$978,482
Total Operating Revenues	\$16,914,543	\$19,402,970	\$20,806,555
Operating Expenses	2015	2016	2017
Water Utility Expenses	\$8,607,053	\$9,424,854	\$10,309,309
Sewer Utility Expenses	\$10,247,287	\$8,502,875	\$8,665,358
Golf Course Expenses	\$1,533,469	\$1,577,587	\$1,643,340
Fieldhouse	\$129,612	\$967,307	\$1,077,281
Total Operating Expenses	\$18,449,579	\$20,472,623	\$21,695,288
Nonoperating Revenue (Expenses)	2015	2016	2017
Loss on Sale of Capital Assets	\$(44,507)	\$(8,950)	\$(23,332)
Interest Income	\$996,622	\$950,212	\$897,342
Interest Expense	\$(1,306,768)	\$(1,213,517)	\$(1,171,642)
Total Non-Operating Revenue (Expenses)	\$(194,823)	\$(272,255)	\$(297,632)
Income (loss) before Contributions & Transfers	2015	2016	2017
	\$(3,957,531)	\$(1,341,908)	\$(1,186,365)
Capital Contributions	\$280,865	\$230,991	\$248,589
Special Assessments	\$-----	\$-----	\$-----
Transfers In	\$5,624,068	\$618,419	\$695,965
Transfers Out	\$(471,642)	\$(306,595)	\$(480,341)
Change in Net Position	\$1,475,760	\$(799,093)	\$(722,152)
Net Assets, October 1	\$92,046,430	\$94,576,448	\$93,777,355
Net Position Restatement	\$1,054,258	\$-----	\$-----
Net Position September 30	\$94,576,448	\$93,777,355	\$93,055,203

WHERE DOES THE MONEY COME FROM?



The revenues for governmental activities total \$42,850,792 for 2017. The largest category of revenues is taxes and they have remained relatively flat over the last three years. The biggest changes have occurred in intergovernmental activity taxes, licenses and permits, and fines and forfeits.

Taxes are the majority of the City's revenue, 65%, 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. This revenue source has increased over the last three years as new businesses have opened in established TIF districts.

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 and have been declining over the last three years as state legislation has limited the amount the City's can collect for minor traffic offenses.

GOVERNMENTAL REVENUES 2017

Taxes	\$27,987,343
Intergovernmental Activity Taxes	\$5,018,954
Licenses and Permits	\$1,135,665
Intergovernmental	\$3,454,177
Charges for Services	\$1,437,539
Administrative Charges	\$1,874,568
Fines and Forfeits	\$902,432
Interest	\$442,397
Donations	\$72,023
Other	\$525,709
Total Revenues	\$42,850,792

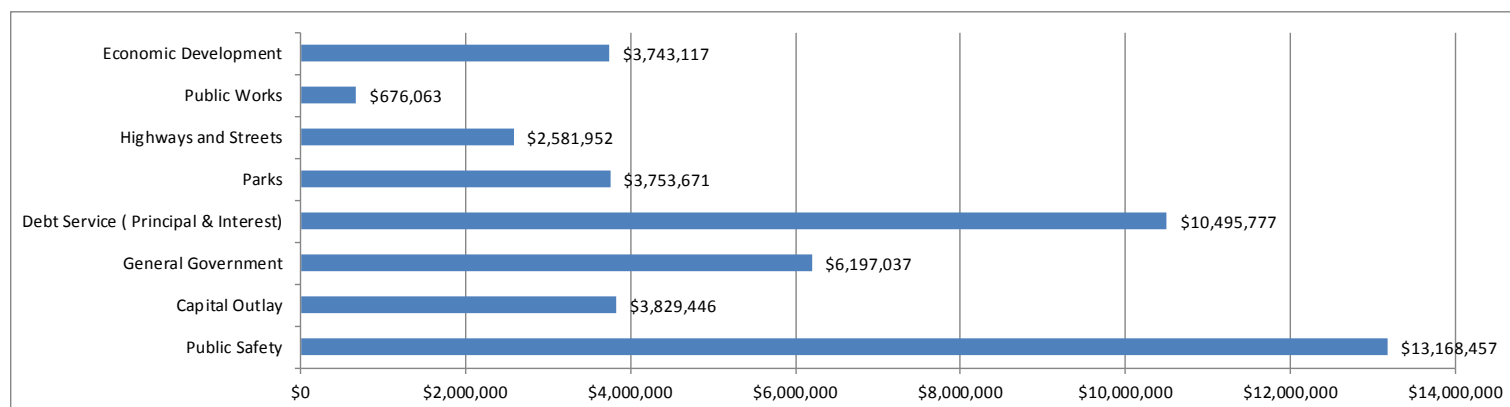
Licenses and permits include revenues from building permits, business licenses, fireworks permits, and liquor licenses.

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

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

WHERE DOES THE MONEY GO?

2017 Governmental Fund Type-Expenditure by Function



The expenditures for governmental activities total \$44,445,520 for 2017. The largest category of expenditure is for public safety and represents 30% of all governmental activities.

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 9% 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.

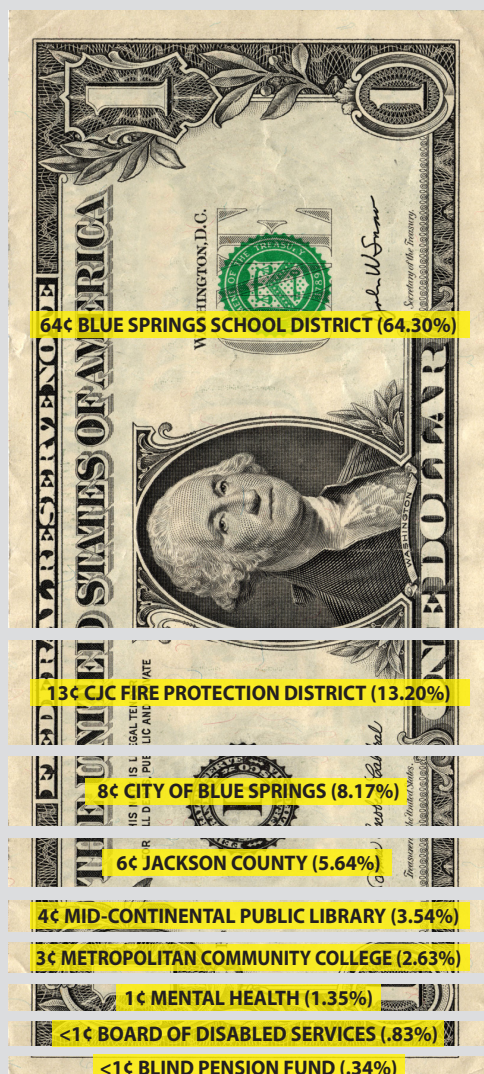
Highways and Streets include the expenditures for pothole maintenance, snow removal, street signs and street light maintenance.

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

Economic Development includes funding for Economic Development department and economic development related expenditures reimbursed by developers.

EXPENDITURES	2017
Public Safety	\$13,168,457
Capital Outlay	\$3,829,446
General Government	\$6,197,037
Debt Service (Principal & Interest)	\$10,495,777
Parks	\$3,753,671
Highways and Streets	\$2,581,952
Public Works	\$676,063
Economic Development	\$3,743,117
Total Expenditures	\$44,445,520

WHERE DOES PROPERTY TAX GO?



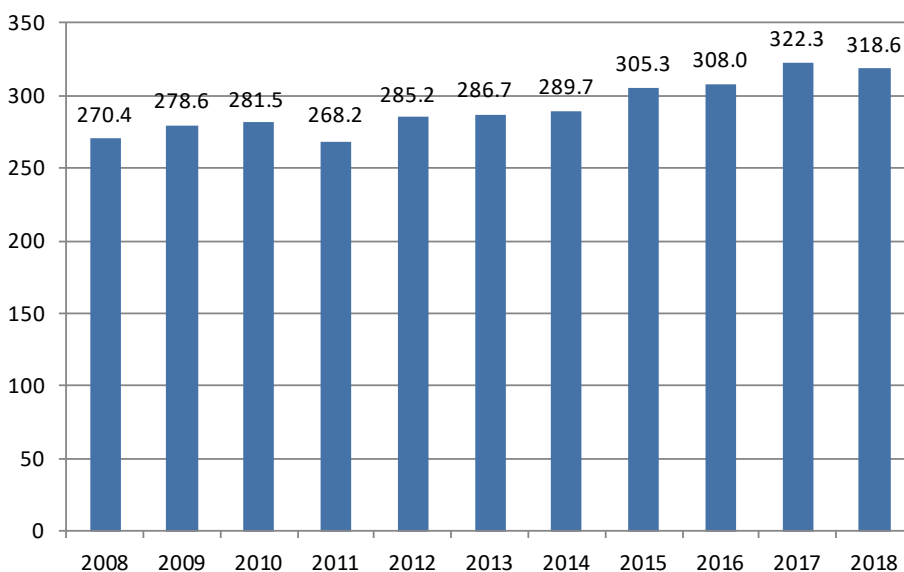
A Blue Springs homeowner with a home with a \$150,000 market value paid \$2,538.92 in real estate taxes with 8.17% going to the City of Blue Springs.

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 - 2016 property tax schedule

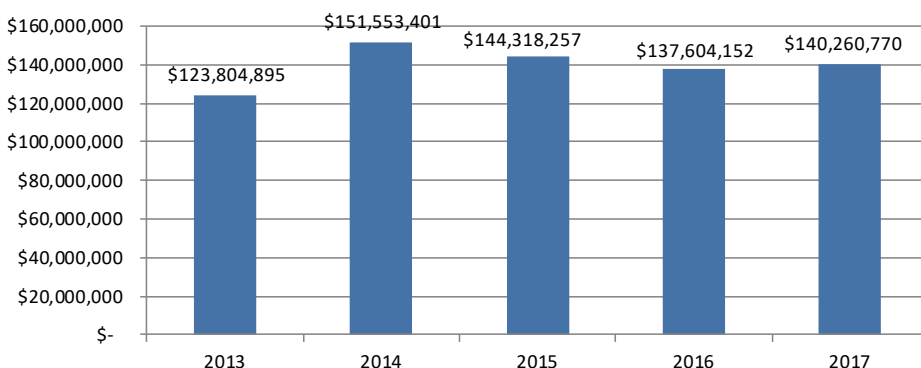
AUTHORIZED FULL TIME CITY STAFF



Authorized full time equivalent employees decreased by 3.65 in the fiscal year 2018 budget due to the reduction of two positions in Administration, the reduction of .75 FTEs due to the closing of the Recycling Center, and the elimination of 5 FTEs for Parks Maintenance due to outsourcing of mowing contracts.

Positions that were added include a Training Coordinator in the Police Department, two positions for Economic Development, and a part-time Risk Manager in Human Resources. 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.

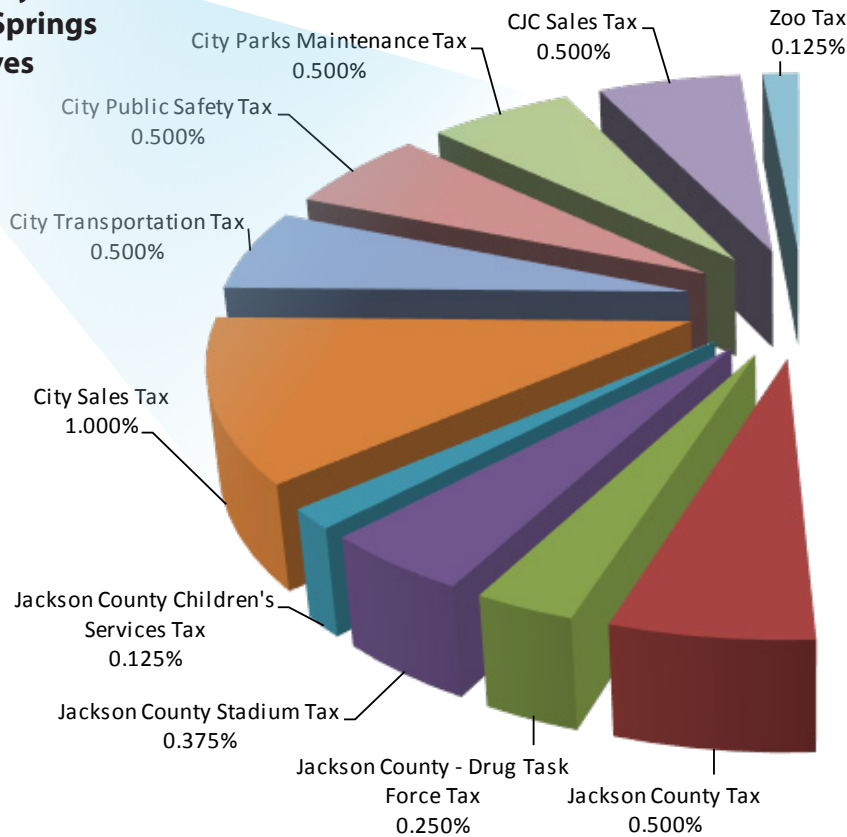
OUTSTANDING DEBT



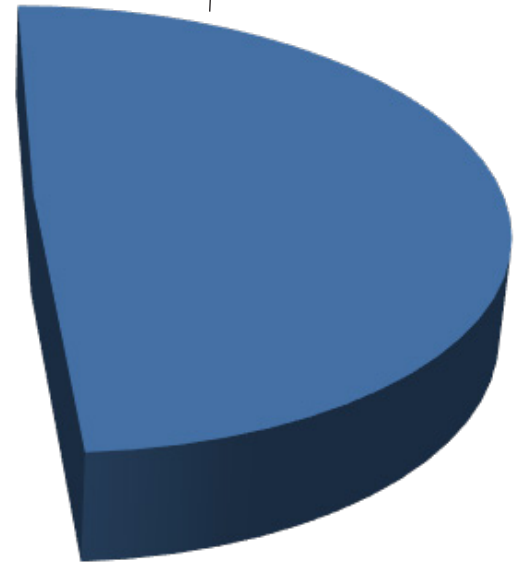
The outstanding debt at the end of FY 2017 totaled \$140,260,770. The City issued one series of debt during the 2017 fiscal year for the White Oak TIF District. The City's outstanding debt is 289% higher than in 2008 due to providing funding for the road projects approved by the voters in 2008, the Sni-A-Bar 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 2.5%



State of Missouri Tax
4.225%



Total sales tax collected in Blue Springs is 8.60%

BREAKDOWN OF SALES TAX RATE

The City's sales tax rate of 8.60% is comparable to surrounding cities and is divided among four different taxing entities. The State of Missouri receives 4.225%, Jackson County receives 1.25%, Central Jackson County Fire Protection District receives .5%, Friends of the Zoo receives .125% and the City of Blue Springs receives 2.5%.

Of the City's 2.5% 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. Effective October 1, 2017, a 5-year .5% Parks Sales Tax took effect and will be used for the deferred maintenance in the City's parks.

The total sales tax the City received in fiscal year 2017 was \$16,573,548.

SALES TAX RATE COMPARISON

Municipality	Sales Tax Rate
Independence	7.85%
Lee's Summit	7.85%
Kansas City	8.60%
Blue Springs	8.60%
Grain Valley	8.60%
Oak Grove	8.60%

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.

