



2019

Popular Annual Financial Report

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

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, 2019. 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 2018 Popular Annual Financial Report, for the sixth 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 2019 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, 2019. 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 me at (816) 228-0110 or our Assistant City Administrator Christine Cates at (816) 228-0140.

Sincerely,



Eric Johnson



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Blue Springs
Missouri**

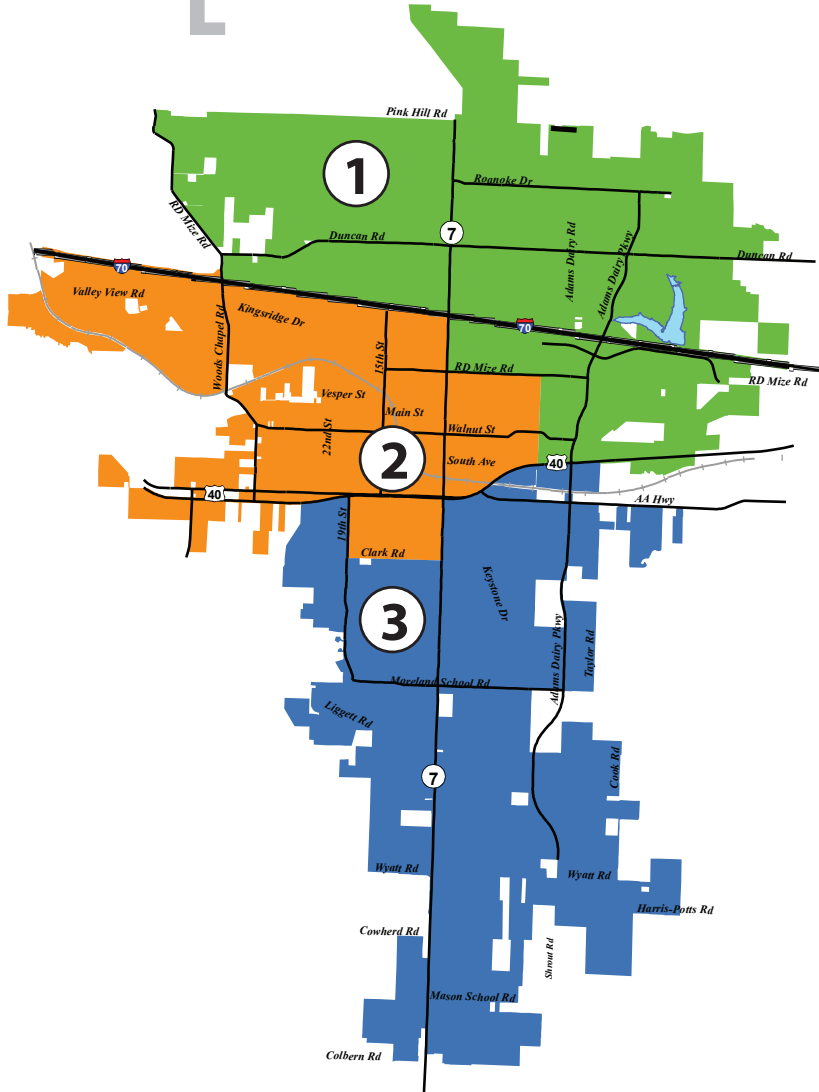
For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018



Executive Director/CEO

BLUE SPRINGS GOVERNANCE



**Mayor
Carson Ross**
mayor@
bluespringsgov.com

1



Galen Ericson
District 1
gericson@
bluespringsgov.com



Jerry Kaylor
District 1
jkaylor@
bluespringsgov.com



Eric Johnson
City Administrator
city@
bluespringsgov.com

2



Kent Edmondson
District 2
kedmondson@
bluespringsgov.com



Chris Lievsay
District 2
clievsay@
bluespringsgov.com

3



Susan Culpepper
District 3
sculpepper@
bluespringsgov.com



Ron Fowler
District 3
rfowler@
bluespringsgov.com



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.

An early settler, Franklin Smith, arrived in Blue Springs from Virginia in 1838 and became a leading figure in the community's

development. He established the first post office in 1845, naming it after the well-known springs.

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.

Growth continued at a steady pace, and was hastened by the beginning of World War II, when the Lake City Arsenal munitions plant opened north of the city, employing many residents. Another stimulus to growth occurred in 1965, with the opening of Interstate 70, which greatly improved access to Kansas City, Missouri.

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

54,945
Residents

35.90
Median Age

\$29,927
Per Capita Personal Income

3.7%
Unemployment Rate



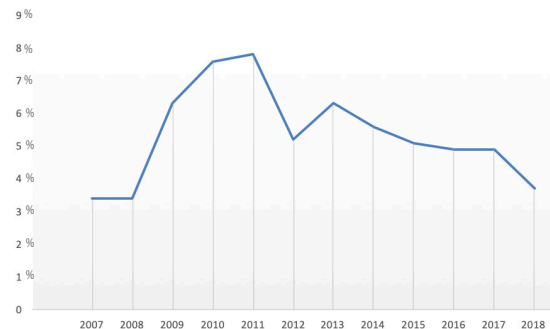
Blue Springs Top 10 Employers

Company	Product/Service	Employees
Blue Springs School District	Public Schools	2050
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	309
Target	Discount Department	300
Faurecia	Door Manufacturer	300
Kohl's Distribution Center	Warehouse Distribution	225

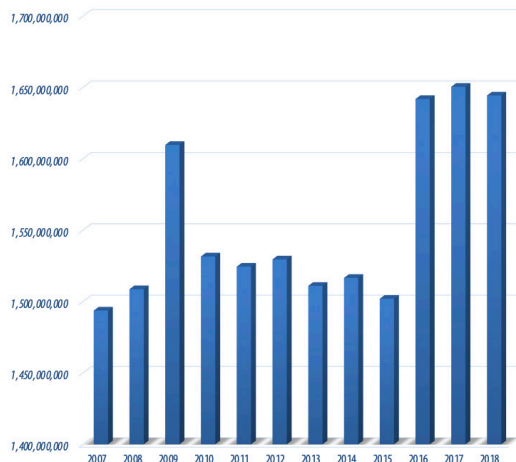
POPULATION



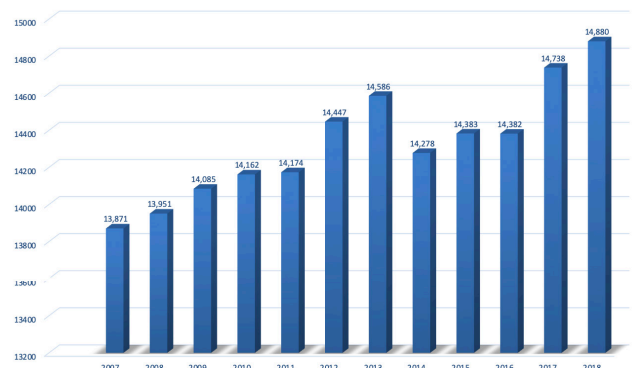
UNEMPLOYMENT RATE



PER CAPITA PERSONAL INCOME



SCHOOL ENROLLMENT



FINANCIAL ACTIVITY STATEMENTS FOR YEARS ENDED SEPTEMBER 30, 2017; SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2019

Governmental Funds			
Revenues	2017	2018	2019
Taxes	\$27,987,328	\$ 33,222,499	\$ 33,229,356
Intergovernmental Activity Taxes	\$ 5,018,954	\$ 5,295,540	\$ 5,417,477
Licenses and Permits	\$ 1,135,665	\$ 1,385,463	\$ 1,495,370
Intergovernmental Revenues	\$ 3,454,177	\$ 3,499,500	\$ 3,678,198
Charges for Services	\$ 1,437,539	\$ 1,324,601	\$ 1,461,165
Administrative Charges	\$ 1,874,568	\$ 1,930,456	\$ 1,930,456
Fines and Forfeits	\$ 902,432	\$ 1,061,126	\$ 882,616
Interest	\$ 442,397	\$ 540,229	\$ 952,152
Donations	\$ 72,023	\$ 104,528	\$ 64,202
Other	\$ 525,709	\$ 555,150	\$ 590,016
Total Revenues	\$42,850,792	\$ 48,919,092	\$49,701,008
Expenditures by Function			
General Government	\$ 6,197,037	\$ 6,006,634	\$ 6,146,384
Public Works	\$ 676,063	\$ 717,984	\$ 667,293
Highways and Streets	\$ 2,581,952	\$ 3,100,881	\$ 5,784,931
Public Safety	\$13,168,457	\$ 13,534,211	\$ 13,572,670
Parks	\$ 3,753,671	\$ 5,185,979	\$ 7,500,496
Economic Development	\$ 3,743,117	\$ 4,062,286	\$ 575,907
Capital Outlay	\$ 3,829,446	\$ 6,997,406	\$ 4,612,171
Debt Service (Principal & Interest)	\$10,495,777	\$ 22,476,660	\$ 10,049,858
Total Expenditures	\$44,445,520	\$ 62,082,041	\$48,909,710
Other Financing Sources (Uses):			
Issuance of Bonds	\$ 9,265,000	\$ 11,915,000	\$ -
Net Discount/Premium on Issuance of Bonds	\$ -	\$ 824,403	\$ -
Pmts to Refunded Bond Escrow	\$ -	\$ -	\$ -
Capital Lease Issuance	\$ -	\$ -	\$ -
Transfers In	\$ 2,057,902	\$ 9,597,611	\$ 1,733,243
Transfers Out	\$ (2,241,048)	\$ (10,275,246)	\$ (2,082,158)
Net Change in Fund Balances	\$ 7,487,126	\$ (1,101,181)	\$ 442,383
Fund Balances, October 1	\$30,718,404	\$ 38,205,530	\$ 37,104,349
Fund Balances, September 30	\$38,205,530	\$ 37,104,349	\$ 37,546,732

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, Parks 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.

Governmental revenues over the last three-year period have increased by \$6,850,216 or 15.99%. Most revenue categories have increased with the most significant changes in taxes and interest income. Taxes increased by \$5,242,028 or 18.73% primarily due to the addition of the parks sales tax. Interest income increased by \$509,755 or 115.23 % primarily due to higher interest rates and higher balances to invest.

Governmental expenditures over the last three-year period have increased by \$4,464,190 or 10.04%. This increase is primarily due to expenditures for Parks a result of the parks sales tax and expenditures for highways and streets.

The increase in fund balances for 2019 resulted primarily from increases in revenues in the General Fund above what was budgeted.



FINANCIAL ACTIVITY STATEMENTS FOR YEARS ENDED SEPTEMBER 30, 2017; SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2019

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 2019, the City Council passed an ordinance establishing the water and sewer rates for fiscal years 2020, 2021, and 2022. These increases are evidenced by the increase in revenues over the three-year period except for 2019 when water demand was lower than it was in 2018. Water operating expenses increased mostly due to the increased cost of materials and supplies and contractual services. Fieldhouse expenses have increased due to the addition of more staff and for repairs and maintenance.

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 2019, golf course operating expenses increased while revenues decreased. The transfer from the General Fund of \$335,740, was \$49,137.17 or 19.65% over budget.

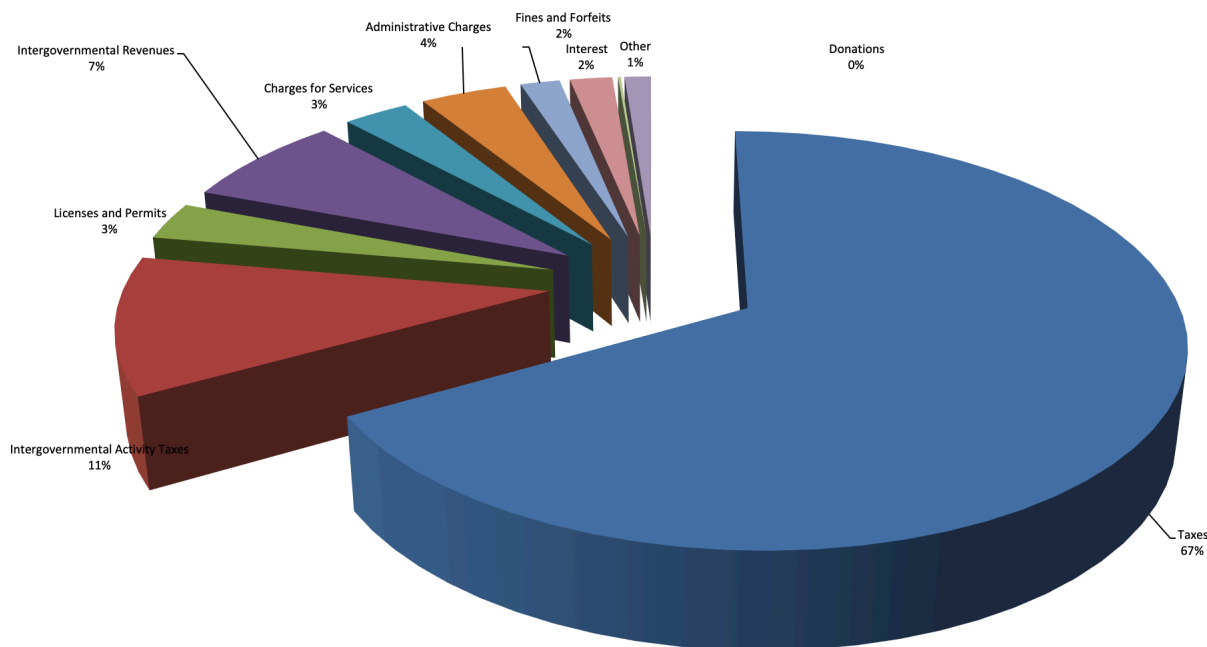
The City's Fieldhouse opened to the public on September 28, 2015, with the mission of providing Fitness and Recreation for All and it completed its fourth full year of operations in 2019. The Fieldhouse is a renovated indoor soccer facility that was previously owned and operated by the private sector. 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 increased by 2% while revenues have increased by 6.75% and operating expenses have increased by 5.49%.

Proprietary Funds			
Operating Revenues	2017	2018	2019
Water Utility	\$ 10,516,119	\$ 11,146,296	\$ 10,691,171
Sewer Utility	\$ 7,814,538	\$ 8,894,100	\$ 8,946,731
Golf Course	\$ 1,497,416	\$ 1,530,581	\$ 1,459,303
Fieldhouse	\$ 978,482	\$ 1,037,866	\$ 1,113,227
Total Operating Revenues	\$ 20,806,555	\$ 22,608,843	\$ 22,210,432
Operating Expenses			
Water Utility Expenses	\$ 10,309,309	\$ 10,877,316	\$ 11,018,682
Sewer Utility Expenses	\$ 8,665,358	\$ 8,669,132	\$ 9,022,888
Golf Course Expenses	\$ 1,643,340	\$ 1,583,387	\$ 1,659,540
Fieldhouse Expenses	\$ 1,077,281	\$ 1,169,697	\$ 1,185,026
Total Operating Expenses	\$ 21,695,288	\$ 22,299,532	\$ 22,886,136
Nonoperating Revenue (Expenses)			
Loss on Sale of Capital Assets	\$ (23,332)	\$ (7,199)	\$ (61,167)
Interest Income	\$ 897,342	\$ 293,277	\$ 659,595
Interest Expense	\$ (1,171,642)	\$ (1,118,685)	\$ (1,026,069)
Total Non-Operating Revenue (Expenses)	\$ (297,632)	\$ (832,607)	\$ (427,641)
Loss Before Capital Contributions and Transfers			
Capital Contributions	\$ 248,589	\$ 1,149,415	\$ 276,103
Special Assessments	\$ -	\$ 609,232	\$ 563,743
Transfers In	\$ 695,965	\$ 1,004,307	\$ 705,433
Transfers Out	\$ (480,341)	\$ (294,194)	\$ (324,040)
Change in Net Assets	\$ (722,152)	\$ 1,945,464	\$ 117,894
Net Assets, October 1	\$ 93,777,355	\$ 93,055,203	\$ 94,985,420
Net Position Restatement	\$ -	\$ (15,247)	\$ -
Net Position, September 30	\$ 93,055,203	\$ 94,985,420	\$ 95,103,314



WHERE DOES THE MONEY COME FROM?



The revenues for governmental activities total \$49,701,008 for 2019. The largest category of revenues is taxes and they have increased over the last three years primarily due to the approval of the parks sales tax for deferred maintenance. The most significant decrease was in fines and forfeits due to less than budgeted collections for Municipal Court fines.

Taxes The majority of the City's revenue, 67%, 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, a ½% public safety sales tax and a ½% 5-year parks sales tax.

Intergovernmental revenues represent 11% 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 due to several reasons, including state legislation that has limited the amount the City's can collect for minor traffic offenses.

Licenses and permits include revenues from building permits,

GOVERNMENTAL REVENUES 2019	
Taxes	\$33,229,356
Intergovernmental Activity Taxes	\$5,417,477
Licenses and Permits	\$1,495,198
Intergovernmental	\$3,678,198
Charges for Services	\$1,461,165
Administrative Charges	\$1,930,456
Fines and Forfeits	\$882,616
Interest	\$952,152
Donations	\$64,202
Other	\$590,016
Total Revenues	\$49,701,008

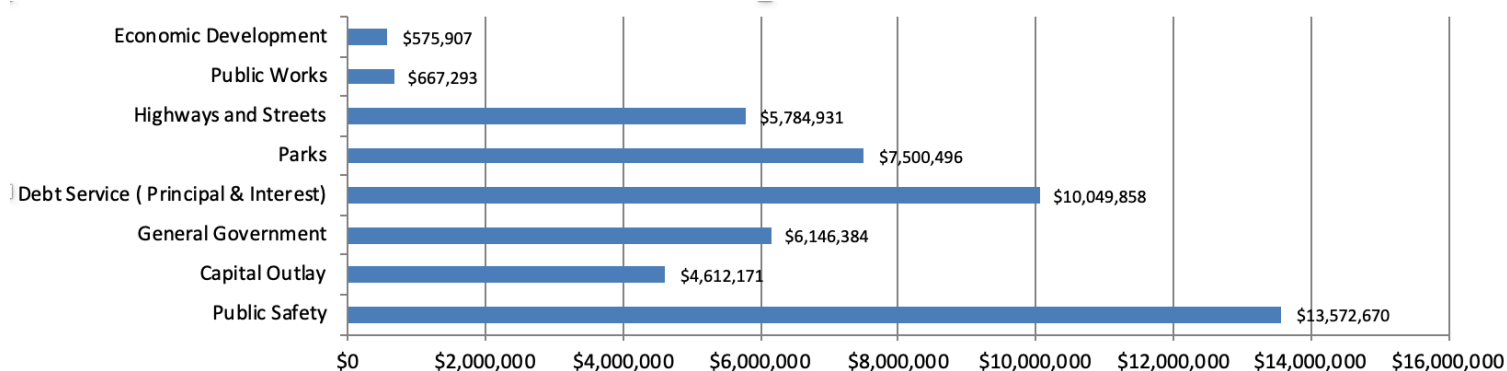
business licenses, fireworks permits, and liquor licenses. This revenue category has increased over the last three years due to growth in new home and residential construction.

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?

2019 Governmental Fund Type-Expenditure by Function



The expenditures for governmental activities total \$48,909,710 for 2019. The largest category of expenditure is for public safety and represents 28% of all governmental activities.

Public Safety includes all operations of the police department.

Capital Outlay Expenses expenses are 9% of the total and include the city hall renovation, 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

and parks maintenance and recreation.

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

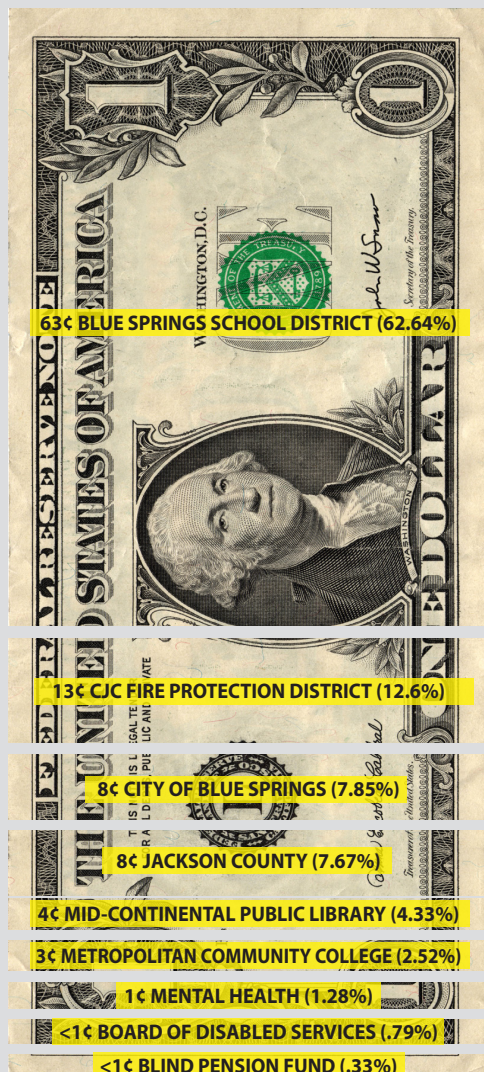
Public Works includes the expenditures for the engineering staff and professional services.

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

EXPENDITURES	2019
Public Safety	\$13,572,670
Capital Outlay	\$4,612,171
General Government	\$6,146,384
Debt Service (Principal & Interest)	\$10,049,858
Parks	\$7,500,496
Highways and Streets	\$5,784,931
Public Works	\$667,293
Economic Development	\$575,907
Total Expenditures	\$48,909,710



WHERE DOES PROPERTY TAX GO?



A Blue Springs homeowner with a home with a \$200,000 market value paid \$3,475.18 in real estate taxes with 7.85% 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 - 2019 property tax schedule

AUTHORIZED FULL TIME CITY STAFF



Authorized full time equivalent employees decreased by 4 in the fiscal year 2020 budget due to the elimination of four positions. The positions included Engineering Designer, Assistant to the City Administrator, Marketing Specialist and Economic Development Coordinator. Two positions of these positions were filled and two were not. 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.

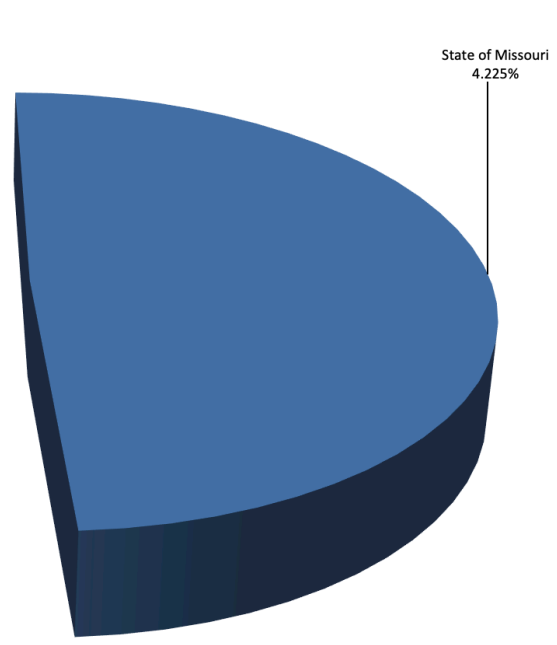
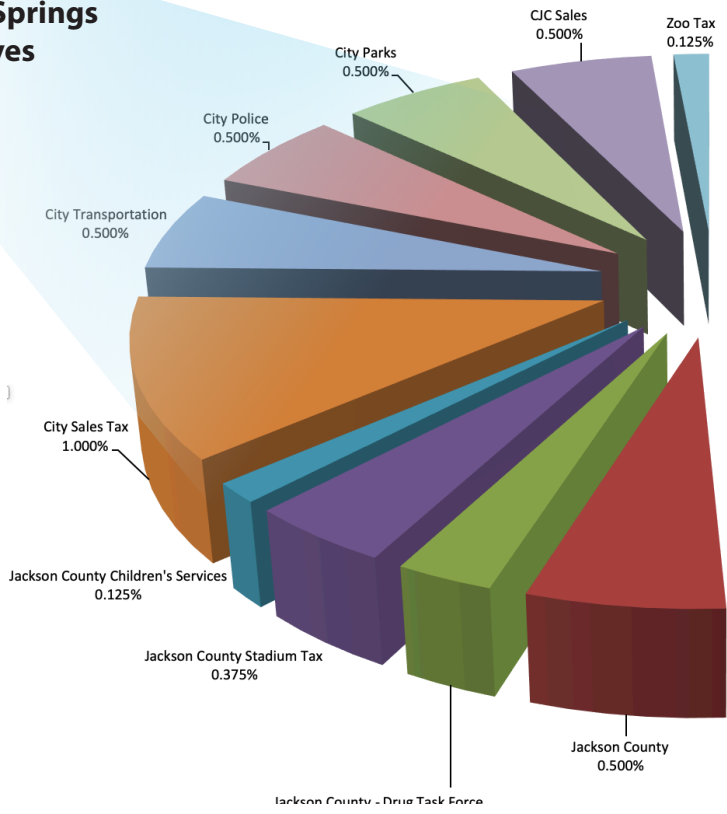
OUTSTANDING DEBT



The outstanding debt at the end of FY 2019 totaled \$124,060,232. The City did not issue any bonds during 2019. Over the last ten years, the City has issues debt for several projects, including 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 White Oak Marketplace tax increment financing project, the public safety radio system and the public safety building expansion. During 2019, the debt for Adams Pointe Conference Center and the Fall Creek Tax Increment Financing Project was retired.

SALES TAX REVENUES ARE SHARED BETWEEN MULTIPLE AGENCIES

The City of Blue Springs receives 2.5%



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, .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 and .5% is deposited into the Parks Sales Tax Fund where the revenues can only be used for parks deferred maintenance. The Parks Sales tax has a sunset of September 30, 2022.

The total sales tax the City received in fiscal year 2019 was \$21,791,422.

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

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

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.

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.

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

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

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.

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

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.

