

2018

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018



City of Blue Springs, Missouri

Comprehensive Annual Financial Report
Year Ended September 30, 2018

Prepared by:
Finance Department

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City of Blue Springs, Missouri

Principal Officials September 30, 2018

Mayor and City Council

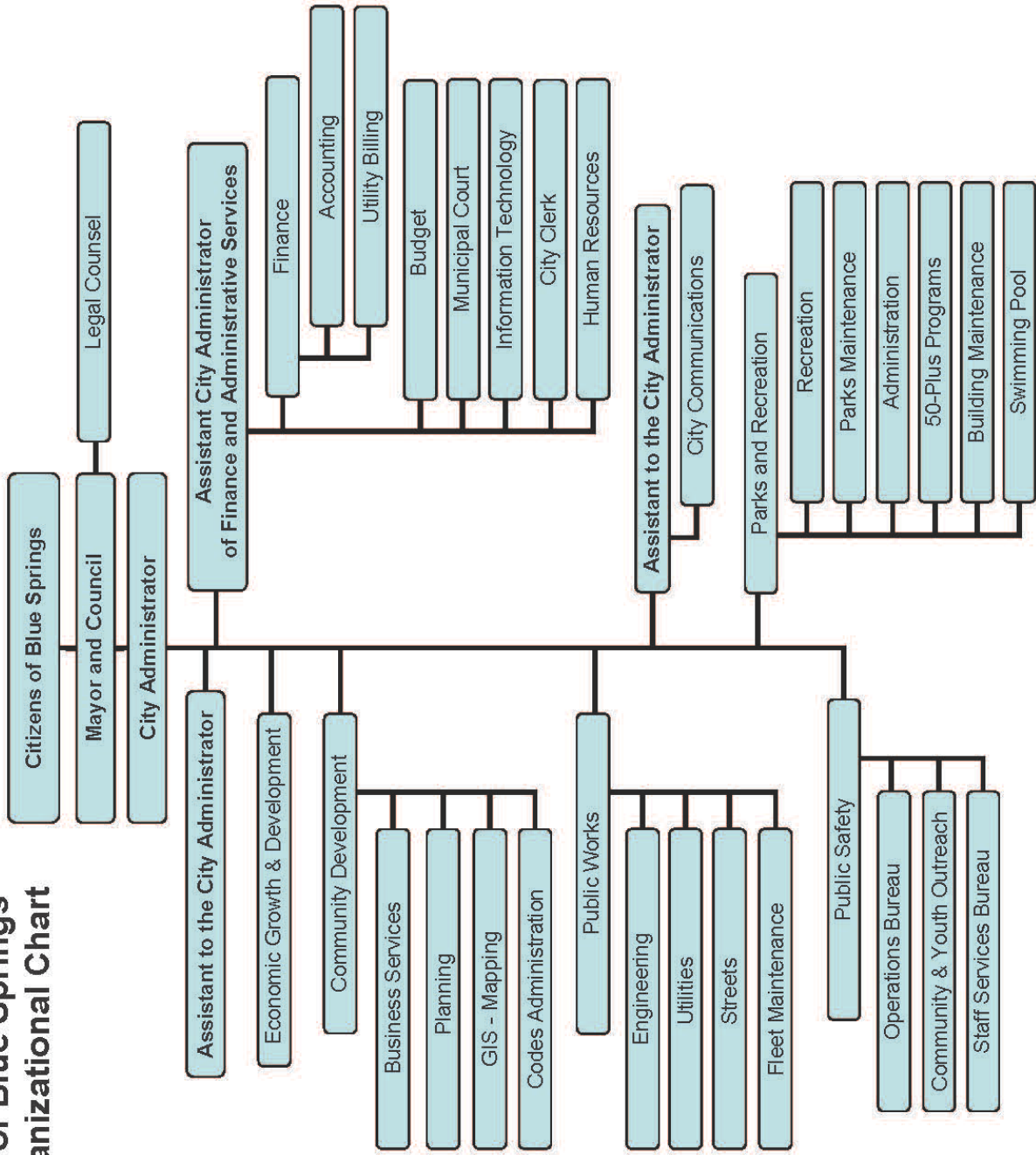
Honorable Carson Ross	Mayor
Honorable Dale Carter	District I
Honorable Jerry Kaylor	District I
Honorable Kent Edmondson	District II
Honorable Chris Lievsay	District II
Honorable Susan Culpepper	District III
Honorable Ronald Fowler	District III

Administration

Eric Johnson	City Administrator
Adam Norris	Deputy City Administrator of Development Services
Christine Cates	Assistant City Administrator of Finance & Administrative Services
Jackie Sommer	City Attorney
Karen Van Winkle	Director of Finance
Dan Hood	Director of Information Technology
Sue Heiman	Director of Human Resources
Bob Muenz	Chief of Police
Chris Sandie	Director of Public Works
Dennis Dovel	Director of Parks and Recreation
Scott Allen	Director of Community Development



City of Blue Springs Organizational Chart





February 21, 2019

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, 2018, 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 RSM US 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 unmodified opinion that the City of Blue Springs' financial statements for the fiscal year ended September 30, 2018, 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 is typically part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. For fiscal year 2018, the City did not meet the \$750,000 threshold of federal funding; therefore, a Single Audit was not required.

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; 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 22.26 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 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. The estimated population for 2018 is 54,945.

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 2018-19 budget includes projects totaling an estimated \$9.25 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 3,160,724 or 12.4% of total general fund expenditures. In compliance with the City's Enterprise Fund Policy, a comprehensive rate study was performed in 2016 for both the Water and Sewer Utilities. The study was completed and adopted in July 2016 with increases in rates in October 2016, 2017 and 2018. During 2019, the City will perform another rate study to be implemented over the following three fiscal years.

Major initiatives

In 2016, the City implemented a five-year Strategic Plan that sets forth values, goals and objectives that align with the City's mission to provide high quality core services as well as partner with community and regional organizations to enhance the quality of life for Blue Springs citizens.

The Parks and Recreation Department implemented an Open Space Master Plan to provide guidance and strategic direction for managing the 816 acres of park land located throughout the Blue Springs community as well as addressing programs for both youth and adults. In April 2017 voters approved a five-year ½ cent Parks sales tax to fund approximately \$15 million of the projects identified in the Plan. The City has budgeted just under \$3.1 million in 2019 for various parks improvements.

The City's 2018 budget included \$2.85 million for construction of NE Roanoke Drive from Adams Dairy Parkway east to NE Porter Road. This project will be completed in 2019.

On April 7, 2014, the City Council adopted ordinance 4484 authorizing the issuance of not to exceed \$25,600,000 Refunding and Improvement Certificates of Participation, Series 2014 to provide funds to finance and refinance the costs of capital projects; \$18 million for the public safety building and \$7.6 million (refunding) for Adams Pointe Golf Course and the Adams Pointe Conference Center. The final payment for the Conference Center will be made in September 2019. During this year, the City will develop a plan for long-term maintenance of the facility.

On December 10, 2018, the City Council adopted ordinance 4621 authorizing the issuance of not to exceed \$10,800,000 in Limited General Obligation Refunding Bonds, Series 2018A to refund the Series 2009 Bonds that were issued to fund construction of sewer lines and related improvements in the southern part of the City. A Neighborhood Improvement District was formed in 2006 to support the repayment of the debt. The 2018 issue refunded the 2009 bonds resulting in present value interest cost savings of just over \$1.5 million.

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, 2017. The City has been the recipient of this award since 1982.

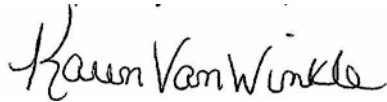
In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our 2018 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, 2017. 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. This is the seventh consecutive year the City has received this award.

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,

A handwritten signature in black ink that reads "Karen Van Winkle". The signature is written in a cursive style with a large initial 'K'.

Karen Van Winkle
Director of Finance



Government Finance Officers Association

**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, 2017

Christopher P. Morill

Executive Director/CEO



Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Springs, Missouri (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blue Springs, Missouri, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 8 to the basic financial statements, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which restated beginning net position of the governmental activities, business-type activities, Water fund, Sewer fund and aggregate remaining fund information to record the total OPEB liability. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

RSM US LLP

Kansas City, Missouri
February 21, 2019

City of Blue Springs, Missouri

Management's Discussion and Analysis

Fiscal Year Ended September 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

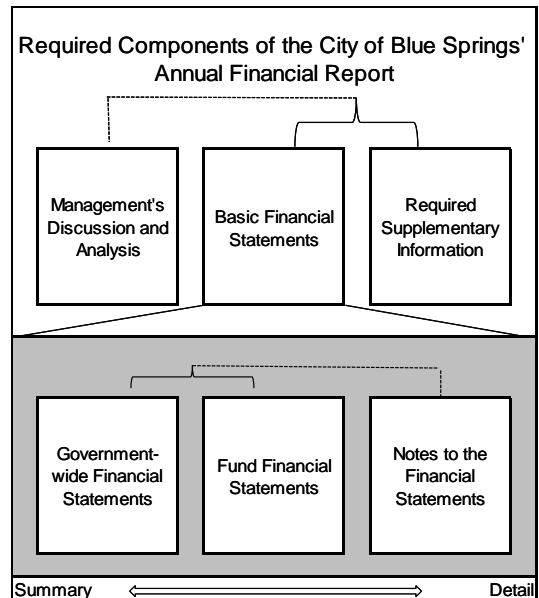
Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$150,549,631 (net position). Of this amount, \$18,544,108 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$18.5 million. Business-type activities account for an increase of \$1.95 million in net position while governmental activities net position increased by \$16.5 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,104,349, a decrease of \$1.1 million in comparison with the prior year.
- Approximately 48 percent or \$17,889,638 of the combined governmental fund balances of \$37,104,349 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 \$926,473, general obligation debt service fund increased by \$57,264, the capital projects fund increased by \$799,905 and the TIF funds decreased by \$3,267,389.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,160,724 or 12.4 percent of total general fund expenditures.
- The City's total long-term liabilities decreased by \$6,380,771 or 4.5 percent during the current fiscal year. The key factor in this decrease was the payoff of principal on debt.

Overview of the Financial Statements

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

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



City of Blue Springs, Missouri

Management’s Discussion and Analysis

Fiscal Year Ended September 30, 2018

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

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

Government-Wide Financial Statements

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

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

- Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Blue Springs is improving or deteriorating.
- Other nonfinancial factors to consider are changes in the City's property tax base and the condition of the City's capital assets (roads, buildings and water and sewer lines) to assess the overall health of the City.

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

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

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

City of Blue Springs, Missouri

Management's Discussion and Analysis

Fiscal Year Ended September 30, 2018

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are on pages 37 – 76 of this report.

City of Blue Springs, Missouri

**Management’s Discussion and Analysis
Fiscal Year Ended September 30, 2018**

Other information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning budgetary comparison schedules for the general fund. Required and other supplementary information, including combining statements, pension schedules, individual fund schedules and individual fund budgetary comparison schedules for non-major governmental funds can be found on pages 77 – 105 of this report. Statistical Information can be found beginning on page 106.

Government-Wide Financial Analysis

The following table reflects the condensed statement of net position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Blue Springs, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$150,549,631 at September 30, 2018.

	City of Blue Springs Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 58,633,586	\$ 55,263,061	\$ 46,125,458	\$ 44,052,131	\$ 104,759,044	\$ 99,315,192
Capital assets	113,262,490	100,004,138	82,946,481	84,946,115	196,208,971	184,950,253
Total assets	171,896,076	155,267,199	129,071,939	128,998,246	300,968,015	284,265,445
Deferred outflows of resources	2,433,058	3,802,084	238,402	425,643	2,671,460	4,227,727
Long-term liabilities outstanding	103,538,256	107,633,576	32,766,501	34,893,006	136,304,757	142,526,582
Other liabilities	4,702,219	3,755,294	1,320,697	1,455,266	6,022,916	5,210,560
Total liabilities	108,240,475	111,388,870	34,087,198	36,348,272	142,327,673	147,737,142
Deferred inflows of resources	10,524,448	8,500,156	237,723	20,414	10,762,171	8,520,570
Net position:						
Net investment in capital assets	63,608,289	48,088,930	50,424,392	50,407,815	114,032,681	98,496,745
Restricted	16,400,993	17,419,058	1,571,849	1,575,505	17,972,842	18,994,563
Unrestricted (deficit)	(24,445,071)	(26,327,731)	42,989,179	41,071,883	18,544,108	14,744,152
Total net position	\$ 55,564,211	\$ 39,180,257	\$ 94,985,420	\$ 93,055,203	\$ 150,549,631	\$ 132,235,460

The largest portion of the City's net position \$114,032,681 (76 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any outstanding related debt used to acquire those assets. The City of Blue Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position \$17,972,842 (12 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position totals \$18,544,108 (12 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, 2018

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

	City of Blue Springs' Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 6,084,908	\$ 5,735,693	\$ 22,608,843	\$ 20,806,555	\$ 28,693,751	\$ 26,542,248
Operating grants and contributions	762,087	642,130	-	-	762,087	642,130
Capital grants and contributions	13,509,858	2,245,519	1,149,415	248,589	14,659,273	2,494,108
General revenues:						
Property taxes	6,146,648	5,940,624	-	-	6,146,648	5,940,624
General sales and use tax	21,502,149	16,573,548	-	-	21,502,149	16,573,548
Franchise tax	4,970,652	4,766,919	-	-	4,970,652	4,766,919
Intergovernmental activity taxes	5,151,086	4,590,028	-	-	5,151,086	4,590,028
Motor vehicle tax	1,885,785	1,889,309	-	-	1,885,785	1,889,309
Hotel tax	544,598	613,430	-	-	544,598	613,430
Other taxes	414,475	383,330	-	-	414,475	383,330
Unrestricted investment earnings	540,230	442,397	902,509	897,342	1,442,739	1,339,739
Other	566,742	534,546	-	-	566,742	534,546
Total revenues	62,079,218	44,357,473	24,660,767	21,952,486	86,739,985	66,309,959
Expenses:						
General government	6,389,183	7,257,755	-	-	6,389,183	7,257,755
Public works	706,567	735,017	-	-	706,567	735,017
Highways and streets	8,385,717	10,975,662	-	-	8,385,717	10,975,662
Public safety	15,581,118	15,198,731	-	-	15,581,118	15,198,731
Parks and recreation	4,320,343	4,514,983	-	-	4,320,343	4,514,983
Economic development	5,314,852	5,324,067	-	-	5,314,852	5,324,067
Water	-	-	10,877,316	10,317,418	10,877,316	10,317,418
Sewer	-	-	9,650,812	9,713,317	9,650,812	9,713,317
Golf Course	-	-	1,682,473	1,736,689	1,682,473	1,736,689
Non-major: Fieldhouse	-	-	1,214,815	1,122,838	1,214,815	1,122,838
Interest on long-term debt	4,143,672	4,829,799	-	-	4,143,672	4,829,799
Total expenses	44,841,452	48,836,014	23,425,416	22,890,262	68,266,868	71,726,276
Excess (deficiency) before transfers	17,237,766	(4,478,541)	1,235,351	(937,776)	18,473,117	(5,416,317)
Transfers	(710,113)	(215,624)	710,113	215,624	-	-
Change in net position	16,527,653	(4,694,165)	1,945,464	(722,152)	18,473,117	(5,416,317)
Net position, beginning, as restated	39,036,558	43,874,422	93,039,956	93,777,355	132,076,514	137,651,777
Net position, ending	\$ 55,564,211	\$ 39,180,257	\$ 94,985,420	\$ 93,055,203	\$ 150,549,631	\$ 132,235,460

Governmental activities. Several factors caused net position for governmental activities to increase by \$16,527,653 or 42 percent with revenues in excess of expenses. The City received \$13.2 million in contributed capital which is consistent with the increase in building permits issued in 2018. Local developers have exhausted the existing infrastructure by completing subdivisions that had been somewhat idle since the downturn in the economy in 2009. Developers are now completing additional infrastructure projects to continue building within the City.

City of Blue Springs, Missouri

**Management’s Discussion and Analysis
Fiscal Year Ended September 30, 2018**

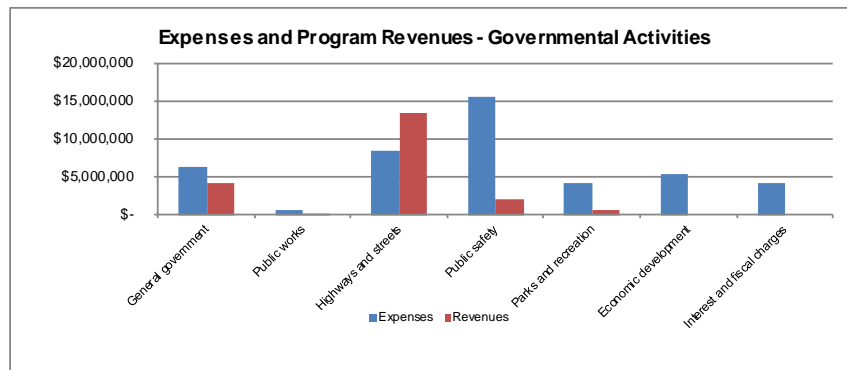
Overall revenues increased from fiscal year 2017 by \$17,721,745 due to increases in some revenue categories and decreases in other revenue categories.

- Charges for Services increased by \$349,215 or 6.1 percent in 2018 due to an increase in building permits, plan review fees, property taxes and court fines.
- Operating Grants increased by \$119,957 or 18.7 percent primarily due to receipt of federal forfeiture funds, and slight increases in Domestic Violence grant revenue and Drug Task Force revenues.
- Capital Grants and Contributions increased by \$11,264,339 or 502 percent primarily due to an increase in contributed capital of \$13.2 million for infrastructure required for various subdivision development throughout the City. Approximately \$8.2 million is related to subdivisions in the City’s Neighborhood Improvement District in the southern portion of Blue Springs.
- Property taxes increased by \$206,024 or 3.5 percent as a result of more taxes received in the current fiscal year.
- General Sales and Use Taxes increased by \$4,928,601 or 29.7 percent primarily due to the addition of a Parks half cent sales tax in October 2017. The City also saw slight increases in the general, transportation and public safety sales taxes.
- Intergovernmental activity taxes increased by \$561,058 or 12 percent due to increases in PILOTS and Community Improvement District taxes for the White Oak TIF, increase in Transportation Development District taxes for the Adam’s Farm TIF and an increase in Economic Activity taxes received in 2018, where in prior years, payments were received less timely.
- Hotel taxes decreased by \$68,832 or 11 percent due to four local hotels seeing a decline in occupancy.
- Unrestricted investment earnings increased by \$97,833 or 22 percent due to an increase in interest rates.

Overall expenses decreased from fiscal year 2017 by \$3,994,562 due to increases in some functions and decreases in others.

- General Government decreased by \$868,572 or 12 percent from 2017 due to a legal settlement for Ridgewood Place in 2017, elimination of two positions in late 2017 and the reduction in the City’s contribution to Kansas City Area Transportation Authority for regional bus services.
- Highways and Streets decreased by \$2.5 million or 26 percent due to the decrease in the allocation of capital outlay.
- Public Safety increased by \$382,387 or 3 percent due to a slight increase in the allocation of capital outlay. The City purchased new public safety software and additional patrol vehicles in 2018.
- Interest and Fiscal Charges decreased by \$686,127 primarily due to decreased interest on debt for the 2015A, 2015B, and the 2017 GO refunding of the 2009 Build America Bonds.

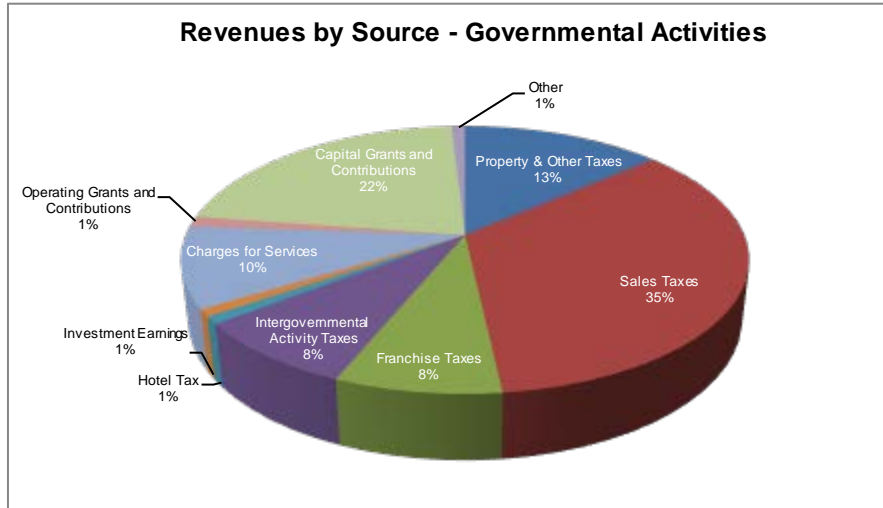
The following table reflects the expenses and revenues from the City’s governmental activities:



City of Blue Springs, Missouri

**Management’s Discussion and Analysis
Fiscal Year Ended September 30, 2018**

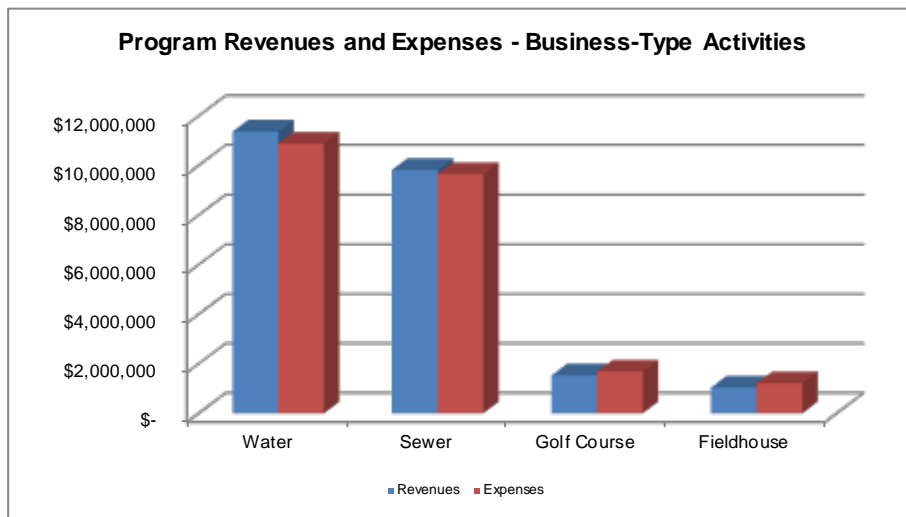
The following table reflects the revenues by source from the City’s governmental activities:



Business-type activities. Business-type activities net position increased by \$1,945,464 or 2.1 percent. Key elements of this increase are as follows:

- Net position for the Water Utility Fund increased by \$903,783 due to operating revenues exceeding operating expenses, an increase in Charges for Services revenue related to water sales, and an increase in contributed capital.
- Net position for the Sewer Utility Fund increased by \$649,701 due to increases in Charges for Services related to sewer service and an increase in contributed capital.
- Net position for the Golf Course increased by \$513,120 primarily due to the transfers in from parks sales tax for bunkers and general fund for operations.
- Net position of the Fieldhouse Fund decreased by \$121,140 due to the operating expenses exceeding revenues primarily due to the addition of a full-time position and increases in utility expenses.

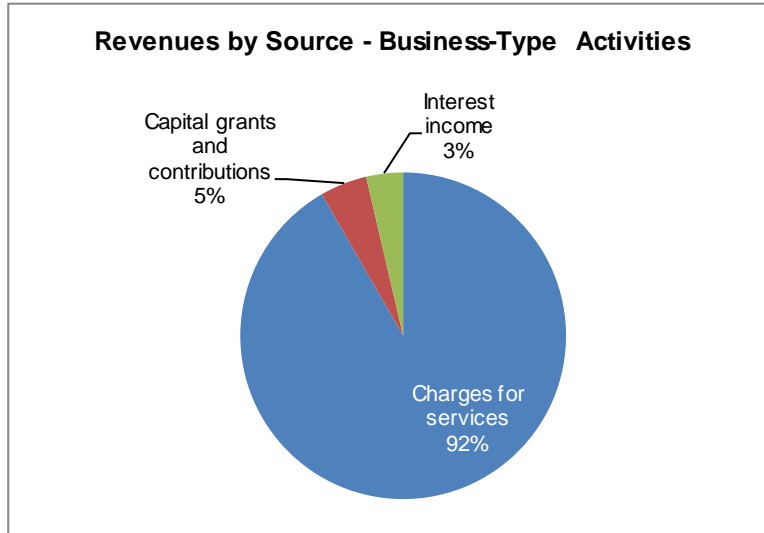
The following table reflects the expenses and revenues from the City's business-type activities:



City of Blue Springs, Missouri

**Management’s Discussion and Analysis
Fiscal Year Ended September 30, 2018**

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 \$37,104,349 a decrease of \$1,101,181 in comparison with the prior year. Approximately 48 percent or \$17,889,638 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 \$926,473, general obligation debt service fund increased by \$57,264, the capital projects fund increased by \$799,905 and the TIF fund decreased by \$3,267,389.

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

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

City of Blue Springs, Missouri

Management's Discussion and Analysis

Fiscal Year Ended September 30, 2018

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).

The fund balance of the City's general fund decreased by \$926,473 during the current fiscal year. The key factors in the decrease include transfers for City Hall remodel and the purchase of land for economic development. Carryover encumbrances were \$858,072 and revenues exceeded budget by \$2,011,885 in the categories of taxes, licenses and permits, charges for services and fines.

The general obligation debt service fund accounts for the accumulation of resources for, and the payment of principal, interest and other related costs of the City's general obligation (G.O.) bond debt. At the end of the current fiscal year the fund balance of the fund is \$894,421, which is an increase of \$57,264 from last year. The fund balance increase is related primarily to a slight increase in property taxes.

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 \$6,437,127, which is an increase of \$799,905 from last year. The fund balance increase is related to transfers in for the City Hall remodel project.

The TIF funds are used to account for resources of the City's tax increment financing activities. At the end of the current fiscal year the fund balance of the TIF fund is \$7,226,675, which is a decrease of \$3,267,389 from last year. The fund balance decrease is related primarily to bond proceed disbursements to developer for reimbursable project costs.

The encumbrances for the General Fund decreased to \$858,072 from \$972,917 for a difference of \$114,845 due to the closing of most purchase orders carried over from 2017 and fewer purchase orders remaining open at the end of the 2018 fiscal year. The notable purchase orders carried over for 2018 were furniture for the city hall remodel and four new police patrol vehicles. Public Safety Sales Tax Fund encumbrances decreased to \$924,999 from \$1,240,743 for a difference of \$315,744. Capital Projects Fund encumbrances increased to \$3,417,096 from \$567,644 for a difference of \$2,492,097, primarily related to the City Hall remodel project.

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

Unrestricted net position of the water and sewer funds at the end of the year amounted to \$11,858,320 and \$33,607,052 respectively. The golf course fund has an unrestricted net deficit of \$1,745,284 for a decrease in the unrestricted deficit of \$9,280 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, 2018 were \$28,037,056 or \$3,813,186 over budget. Expenditures ended the year at \$25,439,574 or \$1,282,909 below the final budget amount of \$26,722,483.

City of Blue Springs, Missouri

Management's Discussion and Analysis

Fiscal Year Ended September 30, 2018

General Fund Revenues exceeded budget by \$3,813,186:

- Taxes; primarily sales taxes, property taxes, and franchise taxes exceeded budget by \$822,588 or 4.7 percent.
- Licenses & Permits – Licenses and permits exceeded budget by \$419,860 or 43 percent due to a continued increase in building permits.
- Charges for Services - Charges for services revenues exceeded budget by \$212,637 or 19 percent due to plan review fees and recreation fees.
- Administrative Charges were budgeted as operating transfers in the amount of \$1,141,009 from the water fund and \$789,447 from the sewer fund; however, are recognized as administrative charges in the financial statements.
- Fines and forfeits – Municipal Court fines were \$220,947 or 26 percent over budget due to an increase in citations issued and during the year, a long-term Presiding judge retired, and a replacement was named.
- Interest revenue exceeded budget by \$96,784 due to increases in interest rates during the fiscal year.

General Fund Expenditures were under budget by \$1,282,909. Key factors are noted below:

- Materials & Supplies were under budget by \$298,980 primarily due to savings related to public safety personnel equipment, prisoner expenses and street maintenance materials.
- Contractual Services were under budget by \$420,655 due to savings on utilities, public works professional services and contracted management of the pool.
- Capital Outlay was under budget \$458,798 due to savings in Parks facility improvements, Parks vehicles, IT computer equipment and police patrol vehicles that were encumbered in 2018 and received in fiscal year 2019.

During the fiscal year, the City Council revised the budget as expenditures were increased \$2,608,082 in the General Fund. Two times during the year funds appropriation from fund balance were requested resulting in the following budget amendments:

- Increase in appropriations for the purchase of land for the Faurecia chapter 100 bond project.
- Increase in appropriations for kitchen equipment for the Senior Center.
- Increase in appropriations for wellness; stand-up desks and CardiOptics screenings for employees.
- Increase in appropriations for Police department including sergeant testing, operating equipment, drone, MILO training system and the Girls on Fire program.
- Increase in appropriations for Domestic Violence Grant laptop.
- Increase in appropriations for demolition of a duplex in connection to the City Hall remodel project.
- Carry-over encumbrances from fiscal year 2017 account for \$972,917 of the increase.

Outstanding General Fund encumbrances as of September 30, 2018 totaled \$858,072.

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, 2018, amounts to \$196,208,971, 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 \$11,258,718 or 6.1 percent (a 2.4 percent decrease for business-type activities and a 13.3 percent increase for governmental activities). The increase in governmental activities is primarily due to depreciation of \$8.4 million less than asset additions (net of retirements) of \$21 million primarily for infrastructure contributed capital. For business-type activities, depreciation of \$4.2 million exceeded asset additions (net of retirements) of \$1.9 million.

City of Blue Springs, Missouri

**Management's Discussion and Analysis
Fiscal Year Ended September 30, 2018**

City of Blue Springs' Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and land rights	\$ 18,617,398	\$ 16,209,543	\$ 4,006,033	\$ 4,006,033	\$ 22,623,431	\$ 20,215,576
Construction-in-progress	4,256,340	189,137	27,298	696,408	4,283,638	885,545
Buildings and improvements	22,225,164	23,744,712	11,471,065	11,971,949	33,696,229	35,716,661
Equipment and vehicles	6,188,484	5,674,687	1,436,678	1,232,465	7,625,162	6,907,152
Infrastructure	61,975,104	54,186,059	66,005,407	67,039,260	127,980,511	121,225,319
	\$ 113,262,490	\$ 100,004,138	\$ 82,946,481	\$ 84,946,115	\$ 196,208,971	\$ 184,950,253

Additional information on the City's capital assets can be found in Note 5 on pages 53 – 54 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 \$136,304,757. Of this amount, \$19,565,000 comprises debt backed by the full faith and credit of the government and \$13,200,000 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 \$21,670,000 is subject to annual appropriation by the City and was used to finance the City's golf course and conference center. This debt was refunded in 2014 with new money issued to also fund the new Public Safety building. The total Special Obligation Bond debt related to the Adams Farm and White Oak TIFs is \$50,211,530. Subject to annual appropriation, the City collects TIF revenues on behalf of the districts and transfers those revenues for repayment of this debt. The development agreement outstanding debt listed below represents the outstanding loan for the Fall Creek Tax Increment Financing District and the certified developer costs associated with the 'pay as you go', Hwy 7 & 40 Hwy, Woods Chapel and Copperleaf Village TIFs. In 2010, the City obtained a direct loan through the Department of Natural Resources to fund the Sni-a-bar Sewer Plant expansion. As of the end of the fiscal year, the total loan amount of just over \$ 24.2 million less principal payments of \$7.6 million resulting in a loan balance of \$16.6 million.

The City's total debt decreased by \$6,380,771 or 4 percent during the current fiscal year. The key factors were scheduled debt service payments and refunding of the 2009 Build America Bonds exceeding the increases to debt related to both capital leases and developer agreements.

City of Blue Springs' Outstanding Debt						
Capital Leases, General Obligation Bonds, Revenue Bonds and Long-Term Debt						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capitalized leases	\$ 2,213,175	\$ 2,822,029	\$ 243,323	\$ 61,931	\$ 2,456,498	\$ 2,883,960
General obligation bonds	19,565,000	21,155,000	-	-	19,565,000	21,155,000
Compensated absences	1,545,746	1,519,602	163,907	161,702	1,709,653	1,681,304
Development agreements	8,826,501	8,860,208	-	-	8,826,501	8,860,208
Certificates of participation	19,645,000	19,905,000	2,025,000	2,280,000	21,670,000	22,185,000
Neighborhood improvement	-	-	13,200,000	14,100,000	13,200,000	14,100,000
Total OPEB liability	537,899	672,139	63,838	71,315	601,737	743,454
Special obligation bonds	50,211,530	52,576,530	-	-	50,211,530	52,576,530
Discount/premium on issuance	993,405	266,767	459,232	510,405	1,452,637	777,172
LAGERS obligation	-	-	-	-	-	-
State revolving fund	-	-	16,611,201	17,722,900	16,611,201	17,722,900
	\$ 103,538,256	\$ 107,777,275	\$ 32,766,501	\$ 34,908,253	\$ 136,304,757	\$ 142,685,528

City of Blue Springs, Missouri

Management's Discussion and Analysis

Fiscal Year Ended September 30, 2018

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 \$169,217,125.

Additional information regarding the City's long-term debt can be found in Note 6 on pages 55 – 62 of this report.

Economic Factors and Next Year's Budgets and Rates

General Fund revenues for fiscal year 2019 are projected to total \$25,571,684. The City expects only a slight increase of 2 percent. General Fund budgeted expenditures are projected to total \$27,585,041 compared to \$29,049,338 in fiscal year 2018; a decrease of 5 percent. The decrease in expenditures is primarily due to transfers in 2018 for the City Hall remodel project offset by expanding services, increasing personal costs due to the FOP step plan implementation, and more capital outlay planned in 2019. During 2019, staff will review fund balance reserve policies for all funds to ensure appropriate reserve levels are maintained.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$3,160,724. The City has not appropriated this amount in the 2019 fiscal year.

The voter approved ½ cent public safety sales tax went into effect October 1, 2011 and was projected to raise approximately \$3.0 million annually. The total budgeted public safety sales tax expenditures for fiscal year 2019 are \$3,712,501. Included in this amount is funding for supplies, contractual services and capital outlay, personal service costs, building improvements and debt service including a capital lease. The public safety building improvements were substantially completed in fiscal year 2015 and the building was put into use in January 2016. As of fiscal year 2019, there are still minor encumbrances open on this project.

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

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

The adopted budget for capital improvements and outlay for FY 2018-19 recommends capital expenditures totaling \$12 million. Highlights of the approved amount include: \$2.8 million for the Pavement Management Program; \$347,000 for sidewalks, \$900,000 for citywide sewer inspection and maintenance, \$250,000 for a new street sweeper and \$2.95 million for capital outlay.

In addition, the ½ cent Parks Sales Tax, approved on April 1, 2017, will fund \$3.7 million in projects for FY 2018-19 and is forecasted to complete an estimated \$15 million in projects over the five-year term of the sales tax. The parks projects scheduled to be completed in 2019 include \$3.2 million for renovation and addition of a splash pad at Burris Old Mill Park, \$130,000 for interior and exterior renovations to the Vesper Hall senior center, \$126,000 for replacement of the Walker School Trail and \$133,000 for improvements to the parking lot and basketball courts at Woods Chapel Park.

The City's 2018 budget included \$2.85 million for construction of NE Roanoke Drive from Adams Dairy Parkway east to NE Porter Road. This project has not yet been completed, so the funds were recognized as assigned fund balance for completion in 2019.

City of Blue Springs, Missouri

Management's Discussion and Analysis

Fiscal Year Ended September 30, 2018

Included in the 2018 budget was \$6.2 million for the renovation of City Hall to provide better ADA accessibility, improve customer service, better utilize existing space and improve operational efficiencies. Construction began in April 2018 and the offices will officially open to the public in April 2019.

In fiscal year 2015, City entered into negotiations with the Fraternal Order of Police and contracts were signed in December 2015. Terms of these agreements were implemented during fiscal year 2016. The budget for 2018 included \$30,000 for review of step plans for the City's compensation package. As a result of this study and the approved contracts, the City will implement a three-year step-plan for sergeants and police officers with the 2019 budget.

On December 10, 2018, the City Council adopted ordinance 4621 authorizing the issuance of not to exceed \$10,800,000 in Limited General Obligation Refunding Bonds, Series 2018A. The City issued Series 2009 Limited General Obligation Bonds for \$18,725,000 in February 2009 to refund Series 2006A and 2007A GO Temporary Notes. The notes were issued to fund construction of sewer lines and related improvements to provide sewer service to residents and businesses occupying 1,500 acres of land in southern Blue Springs. A Neighborhood Improvement District was formed in 2006 to support the repayment of the debt. The 2018 issue refunded the 2009 bonds resulting in present value interest cost savings of just over \$1.5 million.

On August 25, 2004, the City Council adopted ordinance 3809 authorizing the issuance of not to exceed \$1,100,000 in General Obligation Bonds, Series 2004A. The bonds were issued to fund construction of amenities for the 106-acre Gregory O. Grounds Park surrounding 54-acre Lake Remembrance. The final payment on these bonds will be made in March 2019.

On April 7, 2014, the City Council adopted ordinance 4484 authorizing the issuance of not to exceed \$25,600,000 Refunding and Improvement Certificates of Participation, Series 2014 for the purpose of providing funds to finance and refinance the costs of capital projects. The City allocated \$18 million for the public safety building and \$7.6 million (refunding) for Adams Pointe Golf Course and the Adams Pointe Conference Center. The final payment for the Conference Center will be made in September 2019. During this year, the City will develop a plan for long-term maintenance of the facility.

Requests for Information

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

City of Blue Springs, Missouri

Statement of Net Position
September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 28,809,634	\$ 19,072,549	\$ 47,882,183
Receivables (net of allowances for uncollectibles):			
Property taxes	8,608,777	-	8,608,777
Other taxes	3,319,564	-	3,319,564
Accounts	281,194	2,421,959	2,703,153
Accrued interest	43,216	38,458	81,674
Internal balances	2,000,055	(2,000,055)	-
Inventories	157,703	373,553	531,256
Prepaid items	931,688	538,285	1,469,973
Special assessments:			
Due in one year	-	2,838,144	2,838,144
Due in more than one year	-	12,275,000	12,275,000
Due from other governments:			
Due in one year	1,370,052	568,121	1,938,173
Due in more than one year	-	7,373,528	7,373,528
Restricted cash and investments	4,232,391	1,571,849	5,804,240
Net pension asset	8,879,312	1,054,067	9,933,379
Capital assets:			
Land and construction-in-progress, nondepreciable	22,873,738	4,033,331	26,907,069
Other capital assets, net of depreciation	90,388,752	78,913,150	169,301,902
Total assets	171,896,076	129,071,939	300,968,015
Deferred Outflows of Resources			
Deferred charge on refunding	607,379	119,819	727,198
Pension-related amounts	1,825,679	118,583	1,944,262
Total deferred outflows	2,433,058	238,402	2,671,460
Liabilities			
Accounts payable	1,478,703	663,199	2,141,902
Accrued liabilities	716,618	79,999	796,617
Court bonds	124,387	-	124,387
Accrued interest	799,997	94,585	894,582
Customer deposits	1,521,890	464,446	1,986,336
Unearned revenue	60,624	18,468	79,092
Noncurrent liabilities:			
Due in one year	3,225,356	2,433,850	5,659,206
Due in more than one year	100,312,900	30,332,651	130,645,551
Total liabilities	108,240,475	34,087,198	142,327,673
Deferred Inflows of Resources			
Property taxes	8,311,759	-	8,311,759
Pension-related amounts	2,169,006	232,539	2,401,545
OPEB-related amounts	43,683	5,184	48,867
Total deferred inflows	10,524,448	237,723	10,762,171
Net Position			
Net investment in capital assets	63,608,289	50,424,392	114,032,681
Restricted for:			
Debt service	8,645,561	1,571,849	10,217,410
Public safety building improvements	4,661,127	-	4,661,127
Parks	2,196,265	-	2,196,265
Tourism	629,527	-	629,527
Other	268,513	-	268,513
Unrestricted (deficit)	(24,445,071)	42,989,179	18,544,108
Total net position	\$ 55,564,211	\$ 94,985,420	\$ 150,549,631

See notes to basic financial statements.

City of Blue Springs, Missouri

**Statement of Activities
Year Ended September 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,389,183	\$ 4,156,925	\$ 3,525	\$ -
Public works	706,567	41,511	-	-
Highways and streets	8,385,717	-	-	13,408,655
Public safety	15,581,118	1,373,040	678,851	38,860
Parks and recreation	4,320,343	513,432	79,711	62,343
Economic development	5,314,852	-	-	-
Interest and fiscal charges	4,143,672	-	-	-
Total governmental activities	44,841,452	6,084,908	762,087	13,509,858
Business-type activities:				
Water	10,877,316	11,146,296	-	220,158
Sewer	9,650,812	8,894,100	-	929,257
Golf course	1,682,473	1,530,581	-	-
Fieldhouse	1,214,815	1,037,866	-	-
Total business-type activities	23,425,416	22,608,843	-	1,149,415
Total primary government	\$ 68,266,868	\$ 28,693,751	\$ 762,087	\$ 14,659,273

General Revenues

- Taxes:
 - Sales
 - Property
 - Franchise
 - Intergovernmental activity taxes—unrestricted
 - Motor vehicle
 - Hotel
 - Other taxes
- Interest
- Miscellaneous

Transfers

Total general revenues and transfers

Changes in net position
Net position, beginning as restated

Net position, ending

See notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,228,733)	\$ -	\$ (2,228,733)
(665,056)	-	(665,056)
5,022,938	-	5,022,938
(13,490,367)	-	(13,490,367)
(3,664,857)	-	(3,664,857)
(5,314,852)	-	(5,314,852)
(4,143,672)	-	(4,143,672)
<u>(24,484,599)</u>	<u>-</u>	<u>(24,484,599)</u>
-	489,138	489,138
-	172,545	172,545
-	(151,892)	(151,892)
-	(176,949)	(176,949)
<u>-</u>	<u>332,842</u>	<u>332,842</u>
<u>(24,484,599)</u>	<u>332,842</u>	<u>(24,151,757)</u>
21,502,149	-	21,502,149
6,146,648	-	6,146,648
4,970,652	-	4,970,652
5,151,086	-	5,151,086
1,885,785	-	1,885,785
544,598	-	544,598
414,475	-	414,475
540,230	902,509	1,442,739
566,742	-	566,742
(710,113)	710,113	-
<u>41,012,252</u>	<u>1,612,622</u>	<u>42,624,874</u>
16,527,653	1,945,464	18,473,117
<u>39,036,558</u>	<u>93,039,956</u>	<u>132,076,514</u>
<u>\$ 55,564,211</u>	<u>\$ 94,985,420</u>	<u>\$ 150,549,631</u>

City of Blue Springs, Missouri

**Balance Sheet
Governmental Funds
September 30, 2018**

	General	Capital Projects	General Obligation Debt Service	TIF Fund
Assets				
Cash and investments	\$ 12,165,475	\$ 6,463,435	\$ 891,692	\$ 2,259,403
Receivables, (net of allowances for uncollectibles):				
Property taxes	5,016,937	-	1,255,509	2,336,331
Other taxes	1,607,556	539,455	-	35,041
Accounts	274,310	-	-	-
Accrued interest	34,998	8,218	-	-
Due from other funds	2,401	-	-	246,057
Due from other governments	573,633	-	-	796,419
Advances to other funds	1,889,931	326,911	-	-
Prepaid items	759,095	-	-	89,449
Restricted cash and investments	19,532	-	-	4,100,910
Total assets	\$ 22,343,868	\$ 7,338,019	\$ 2,147,201	\$ 9,863,610

(Continued)

Other Governmental Funds	Total Governmental Funds
\$ 7,029,629	\$ 28,809,634
-	8,608,777
1,137,512	3,319,564
-	274,310
-	43,216
-	248,458
-	1,370,052
-	2,216,842
75,243	923,787
111,949	4,232,391
<u>\$ 8,354,333</u>	<u>\$ 50,047,031</u>

City of Blue Springs, Missouri

Balance Sheet (Continued)
Governmental Funds
September 30, 2018

	General	Capital Projects	General Obligation Debt Service	TIF Fund
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 316,213	\$ 834,989	\$ 265	\$ 204,365
Accrued liabilities	656,538	-	-	-
Due to other funds	128,092	58,403	-	2,401
Court bonds	124,387	-	-	-
Customer deposits	1,514,390	7,500	-	-
Unearned revenue	60,624	-	-	-
Total liabilities	2,800,244	900,892	265	206,766
Deferred inflows of resources:				
Unavailable revenue—property taxes	5,003,903	-	1,252,515	2,318,095
Unavailable revenue—other	22,314	-	-	112,074
Unavailable revenue—intergovernmental	147,357	-	-	-
Total deferred inflows of resources	5,173,574	-	1,252,515	2,430,169
Fund balance:				
Nonspendable:				
Prepaid items	759,095	-	-	89,449
Interfund advances	1,889,931	-	-	-
Restricted:				
Debt service	-	-	894,421	7,137,226
Tourism	-	-	-	-
Public safety building improvements	-	-	-	-
Parks	-	-	-	-
Other purposes	150,050	118,463	-	-
Committed:				
Budget stabilization reserve	2,495,939	-	-	-
Emergency reserve	4,991,878	-	-	-
Other purposes	192,894	1,965,379	-	-
Assigned:				
Capital projects	-	4,353,285	-	-
Other purposes	729,539	-	-	-
Unassigned	3,160,724	-	-	-
Total fund balance	14,370,050	6,437,127	894,421	7,226,675
Total liabilities, deferred inflows of resources and fund balance	\$ 22,343,868	\$ 7,338,019	\$ 2,147,201	\$ 9,863,610

See notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 85,711	\$ 1,441,543
32,984	689,522
59,562	248,458
-	124,387
-	1,521,890
-	60,624
<u>178,257</u>	<u>4,086,424</u>
-	8,574,513
-	134,388
-	147,357
<u>-</u>	<u>8,856,258</u>
75,243	923,787
-	1,889,931
613,914	8,645,561
629,527	629,527
4,661,127	4,661,127
2,196,265	2,196,265
-	268,513
-	2,495,939
-	4,991,878
-	2,158,273
-	4,353,285
-	729,539
-	3,160,724
<u>8,176,076</u>	<u>37,104,349</u>
<u>\$ 8,354,333</u>	<u>\$ 50,047,031</u>

City of Blue Springs, Missouri

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
September 30, 2018**

Total governmental fund balances	\$	37,104,349
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of those assets is capitalized and shown at cost, net of accumulated depreciation.		113,229,424
Net pension asset not reported in the funds		8,879,312
Long-term assets are not available to pay for current period expenditures and are therefore deferred inflows of resources in the fund statements.		544,499
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Other long-term liabilities, including accrued compensated absences and OPEB obligations, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt liabilities:		
Accrued interest payable	\$	(799,997)
Accrued compensated absences		(1,545,746)
Total OPEB liability		(525,489)
Deferred charge on refunding		607,379
Net discount/premium on bond issues		(993,405)
Development agreements		(8,826,501)
Capital lease obligations		(2,213,175)
Bonds and certificates of participation		(89,421,530)
		(103,718,464)
Pension-related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources—pension-related amounts		1,825,679
Deferred inflows of resources—pension-related amounts		(2,169,006)
Deferred inflows of resources—OPEB-related amounts		(42,675)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are reported with governmental activities in the statement of net position.		
		(88,907)
Net position of governmental activities	\$	55,564,211

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, 2018

	General	Capital Projects	General Obligation Debt Service	TIF Fund
Revenues:				
Taxes	\$ 18,182,321	\$ 3,839,939	\$ 1,299,999	\$ 1,583,004
Intergovernmental activity taxes	-	-	-	5,295,540
Licenses and permits	1,385,463	-	-	-
Intergovernmental revenues	3,299,109	200,391	-	-
Charges for services	1,324,601	-	-	-
Administrative charges	1,930,456	-	-	-
Fines and forfeits	1,061,126	-	-	-
Interest	194,302	53,241	128,815	62,319
Donations	104,528	-	-	-
Other	555,150	-	-	-
Total revenues	28,037,056	4,093,571	1,428,814	6,940,863
Expenditures:				
Current:				
General government	5,831,758	-	21,890	-
Public works	717,984	-	-	-
Highways and streets	3,100,881	-	-	-
Public safety	11,615,880	-	-	-
Parks and recreation	3,807,262	-	-	-
Economic development	-	-	-	4,062,286
Capital outlay	430,931	6,566,475	-	-
Debt service:				
Principal retirement	49,990	-	13,505,000	3,651,266
Interest and fiscal charges	-	-	909,728	2,462,746
Bond issue costs	-	-	174,335	-
Total expenditures	25,554,686	6,566,475	14,610,953	10,176,298
Excess (deficiency) of revenues over expenditures	2,482,370	(2,472,904)	(13,182,139)	(3,235,435)
Other financing sources (uses):				
Transfers in	2,563,576	6,258,135	500,000	-
Transfers out	(5,972,419)	(2,985,326)	-	(31,954)
Issuance of refunding bonds	-	-	11,915,000	-
Bond premium	-	-	824,403	-
Total other financing sources (uses)	(3,408,843)	3,272,809	13,239,403	(31,954)
Net change in fund balance	(926,473)	799,905	57,264	(3,267,389)
Fund balances, beginning	15,296,523	5,637,222	837,157	10,494,064
Fund balances, ending	\$ 14,370,050	\$ 6,437,127	\$ 894,421	\$ 7,226,675

See notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 8,317,236	\$ 33,222,499
-	5,295,540
-	1,385,463
-	3,499,500
-	1,324,601
-	1,930,456
-	1,061,126
101,552	540,229
-	104,528
-	555,150
<u>8,418,788</u>	<u>48,919,092</u>
152,986	6,006,634
-	717,984
-	3,100,881
1,918,331	13,534,211
1,378,717	5,185,979
-	4,062,286
-	6,997,406
818,864	18,025,120
904,731	4,277,205
-	174,335
<u>5,173,629</u>	<u>62,082,041</u>
<u>3,245,159</u>	<u>(13,162,949)</u>
275,900	9,597,611
(1,285,547)	(10,275,246)
-	11,915,000
-	824,403
<u>(1,009,647)</u>	<u>12,061,768</u>
2,235,512	(1,101,181)
5,940,564	38,205,530
<u>\$ 8,176,076</u>	<u>\$ 37,104,349</u>

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, 2018**

Total net change in fund balances—governmental funds \$ (1,101,181)

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	8,624,795
Depreciation expense	(8,480,082)
Loss on disposal of capital assets	(106,455)
Capital assets contributed	13,208,264

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

Deferred inflows of resources	(36,419)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Bond issuance	(12,739,403)
Principal payments	16,738,854
Certified developer obligations	(1,252,559)
Reduction of amount owed for certified developer obligations	1,286,266
Amortization of premium, discount and deferred charges on refunding	35,307
Change in accrued interest payable	253,898

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	(26,144)
Pension-related amount, pension expense	60,260
OPEB-related amount, OPEB expense	87,216

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.

(24,964)

Change in net position of governmental activities

\$ 16,527,653

See notes to basic financial statements.

City of Blue Springs, Missouri

Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Assets			
Current assets:			
Cash and investments	\$ 10,836,825	\$ 7,410,305	\$ 117,200
Receivables, (net of allowances for uncollectibles):			
Accounts	1,317,833	1,076,016	27,610
Accrued interest	17,566	20,892	-
Special assessments	-	2,838,144	-
Due from other governments	-	568,121	-
Inventory	200,574	30,566	142,413
Prepaid items	270,891	260,968	-
Total current assets	12,643,689	12,205,012	287,223
Noncurrent assets:			
Restricted cash and investments	-	1,340,830	231,019
Due from other governments	-	7,373,528	-
Noncurrent special assessments	-	12,275,000	-
Advances to other funds	-	1,500,000	-
Net pension asset	493,801	474,088	-
Capital assets:			
Land and construction in progress, nondepreciable	370,505	1,161,590	2,250,443
Other capital assets, net of depreciation	17,760,268	50,438,679	5,674,241
Total noncurrent assets	18,624,574	74,563,715	8,155,703
Total assets	31,268,263	86,768,727	8,442,926
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	119,819
Pension related amounts	55,553	53,335	-
Total deferred outflows of resources	55,553	53,335	119,819
Liabilities			
Current liabilities:			
Accounts payable	599,209	53,918	-
Accrued liabilities	41,435	25,997	-
Accrued interest	-	87,781	6,804
Customer deposits	452,764	-	11,682
Unearned revenue	4,502	-	13,966
Long-term debt due in one year	29,929	2,067,834	326,865
Total current liabilities	1,127,839	2,235,530	359,317
Noncurrent liabilities:			
Advances from other funds	-	-	2,000,055
Long-term debt	94,664	28,144,000	2,081,120
Total noncurrent liabilities	94,664	28,144,000	4,081,175
Total liabilities	1,222,503	30,379,530	4,440,492
Deferred Inflows of Resources			
Pension related amounts	108,938	104,589	-
OPEB related amounts	3,282	1,626	-
Total deferred inflows of resources	112,220	106,215	-
Net Position			
Net investment in capital assets	18,130,773	21,388,435	5,636,518
Restricted for debt service	-	1,340,830	231,019
Unrestricted (deficit)	11,858,320	33,607,052	(1,745,284)
Total net position (deficit)	\$ 29,989,093	\$ 56,336,317	\$ 4,122,253

See notes to basic financial statements.

Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Fund	
Nonmajor, Fieldhouse	Total		
\$ 708,219	\$ 19,072,549	\$ -	
500	2,421,959	6,884	
-	38,458	-	
-	2,838,144	-	
-	568,121	-	
-	373,553	157,703	
6,426	538,285	7,901	
<u>715,145</u>	<u>25,851,069</u>	<u>172,488</u>	
-	1,571,849	-	
-	7,373,528	-	
-	12,275,000	-	
-	1,500,000	-	
86,178	1,054,067	-	
250,793	4,033,331	-	
5,039,962	78,913,150	33,066	
<u>5,376,933</u>	<u>106,720,925</u>	<u>33,066</u>	
<u>6,092,078</u>	<u>132,571,994</u>	<u>205,554</u>	
-	119,819	-	
9,695	118,583	-	
<u>9,695</u>	<u>238,402</u>	<u>-</u>	
10,072	663,199	37,160	
12,567	79,999	27,096	
-	94,585	-	
-	464,446	-	
-	18,468	-	
9,222	2,433,850	-	
<u>31,861</u>	<u>3,754,547</u>	<u>64,256</u>	
1,500,000	3,500,055	216,787	
12,867	30,332,651	12,410	
<u>1,512,867</u>	<u>33,832,706</u>	<u>229,197</u>	
<u>1,544,728</u>	<u>37,587,253</u>	<u>293,453</u>	
19,012	232,539	-	
276	5,184	1,008	
<u>19,288</u>	<u>237,723</u>	<u>1,008</u>	
5,268,666	50,424,392	33,066	
-	1,571,849	-	
(730,909)	42,989,179	(121,973)	
<u>\$ 4,537,757</u>	<u>\$ 94,985,420</u>	<u>\$ (88,907)</u>	

City of Blue Springs, Missouri

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Revenues:			
Charges for services	\$ 11,117,735	\$ 8,832,569	\$ 1,519,537
Other	28,561	61,531	11,044
Total operating revenues	11,146,296	8,894,100	1,530,581
Operating expenses:			
Personnel services	1,036,054	983,106	553,790
Administrative and support services	1,141,009	789,447	-
Materials and supplies	525,795	1,103,660	531,860
Purchased water and sewer services	6,226,935	2,141,892	-
Contractual services	889,067	689,543	277,959
Utilities	53,035	427,453	-
Depreciation	1,005,421	2,534,031	219,778
Total operating expenses	10,877,316	8,669,132	1,583,387
Operating income (loss)	268,980	224,968	(52,806)
Nonoperating revenues (expenses):			
Interest income	120,451	162,118	775
Interest income—special assessments	-	609,232	-
Interest expense and fiscal charges	-	(974,481)	(99,086)
Loss on sale of capital assets	-	(7,199)	-
Total nonoperating revenues (expenses)	120,451	(210,330)	(98,311)
Income (loss) before capital contributions and transfers	389,431	14,638	(151,117)
Capital contributions	220,158	929,257	-
Transfers in	294,194	-	664,237
Transfers out	-	(294,194)	-
Change in net position	903,783	649,701	513,120
Net position (deficit), beginning of year as restated	29,085,310	55,686,616	3,609,133
Net position (deficit), end of year	\$ 29,989,093	\$ 56,336,317	\$ 4,122,253

See notes to basic financial statements.

Business-Type Activities - Enterprise Fund		Total	Governmental
Nonmajor, Fieldhouse	Activities - Internal Service Fund		
\$ 1,023,219	\$ 22,493,060	\$ 1,130,233	
14,647	115,783	-	
<u>1,037,866</u>	<u>22,608,843</u>	<u>1,130,233</u>	
443,731	3,016,681	224,858	
-	1,930,456	-	
82,742	2,244,057	649,618	
-	8,368,827	-	
179,426	2,035,995	240,323	
-	480,488	-	
463,798	4,223,028	7,920	
<u>1,169,697</u>	<u>22,299,532</u>	<u>1,122,719</u>	
(131,831)	309,311	7,514	
9,933	293,277	-	
-	609,232	-	
(45,118)	(1,118,685)	-	
-	(7,199)	-	
<u>(35,185)</u>	<u>(223,375)</u>	<u>-</u>	
(167,016)	85,936	7,514	
-	1,149,415	-	
45,876	1,004,307	-	
-	(294,194)	(32,478)	
<u>(121,140)</u>	<u>1,945,464</u>	<u>(24,964)</u>	
4,658,897	93,039,956	(63,943)	
<u>\$ 4,537,757</u>	<u>\$ 94,985,420</u>	<u>\$ (88,907)</u>	

City of Blue Springs, Missouri

**Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2018**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Cash flows from operating activities:			
Receipts from customers and users	\$ 11,047,745	\$ 8,941,882	\$ 1,546,393
Payments to suppliers and service providers	(9,067,469)	(5,319,069)	(810,675)
Payments to employees	(923,947)	(959,154)	(553,790)
Net cash provided by (used in) operating activities	1,056,329	2,663,659	181,928
Cash flows from noncapital financing activities:			
Increase (decrease) in interfund advances	-	-	-
Transfers in	294,194	-	664,237
Transfers out	-	(294,194)	-
Net cash provided by (used in) noncapital financing activities	294,194	(294,194)	664,237
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(84,610)	(453,049)	(428,021)
Intergovernmental grants	-	512,697	-
Special assessments received	-	492,831	(5,038)
Principal payments on debt	-	(2,011,699)	(310,146)
Interest payments on debt and interfund loans	-	(1,009,412)	(138,446)
Net cash used in capital and related financing activities	(84,610)	(2,468,632)	(881,651)
Cash flows from investing activities:			
Purchases of investments	(7,436,110)	(9,398,320)	-
Sale of investments	5,500,000	7,700,000	74,157
Interest on special assessments	-	609,232	-
Interest on investments	116,933	155,890	775
Net cash provided by (used in) investing activities	(1,819,177)	(933,198)	74,932
Net increase (decrease) in cash and cash equivalents	(553,264)	(1,032,365)	39,446
Cash and cash equivalents, beginning of year	2,959,001	827,765	274,537
Cash and cash equivalents, end of year	<u>\$ 2,405,737</u>	<u>\$ (204,600)</u>	<u>\$ 313,983</u>

(Continued)

Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
Nonmajor, Fieldhouse	Total		
\$ 1,043,184	\$ 22,579,204	\$	1,129,327
(252,837)	(15,450,050)		(917,284)
(471,602)	(2,908,493)		(226,282)
318,745	4,220,661		(14,239)
-	-		66,467
45,876	1,004,307		-
-	(294,194)		(32,478)
45,876	710,113		33,989
(37,390)	(1,003,070)		(19,750)
-	512,697		-
-	487,793		-
(8,902)	(2,330,747)		-
(45,118)	(1,192,976)		-
(91,410)	(3,526,303)		(19,750)
-	(16,834,430)		-
-	13,274,157		-
-	609,232		-
9,933	283,531		-
9,933	(2,667,510)		-
283,144	(1,263,039)		-
425,075	4,486,378		-
\$ 708,219	\$ 3,223,339	\$	-

City of Blue Springs, Missouri

**Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2018**

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of amounts reported on the statement of net position:			
Cash and cash equivalents	\$ 2,405,737	\$ (204,600)	\$ 313,983
Investments	8,431,088	8,955,735	34,236
Total cash and investments	\$ 10,836,825	\$ 8,751,135	\$ 348,219
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 268,980	\$ 224,968	\$ (52,806)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	1,005,421	2,534,031	219,778
(Increase) decrease in accounts receivable	(69,090)	47,782	-
(Increase) decrease in inventories	(36,302)	(8,011)	1,725
(Increase) decrease in prepaid items	(40,621)	(25,669)	-
Increase (decrease) in accounts payable	(91)	(133,394)	(2,581)
Increase (decrease) in accrued expenses	10,335	6,697	-
Increase (decrease) in customer deposits	(29,461)	-	11,682
Increase (decrease) in unearned revenue	-	-	4,130
Increase (decrease) in other postemployment benefits	(6,467)	(4,406)	-
(Increase) decrease in deferred outflows of resources	73,780	93,245	-
Increase (decrease) in deferred inflows of resources	103,075	95,851	-
Decrease (increase) in LAGERS net pension asset	(223,230)	(167,435)	-
Net cash provided by operating activities	\$ 1,056,329	\$ 2,663,659	\$ 181,928
Supplemental Information, noncash capital and related financing activities:			
Capital contributions	\$ 220,158	\$ 761,927	\$ -
Capital expenditures funded by capital lease borrowings	\$ -	\$ -	\$ 245,440

See notes to basic financial statements.

Business-Type Activities - Enterprise Fund		Total	Governmental
Nonmajor, Fieldhouse	Activities - Internal Service Fund		
\$ 708,219	\$ 3,223,339	\$ -	
-	17,421,059	-	
<u>\$ 708,219</u>	<u>\$ 20,644,398</u>	<u>\$ -</u>	
\$ (131,831)	\$ 309,311	\$ 7,514	
463,798	4,223,028	7,920	
5,318	(15,990)	(906)	
-	(42,588)	(5,233)	
9,678	(56,612)	(1,945)	
(347)	(136,413)	(20,165)	
6,665	23,697	1,917	
-	(17,779)	-	
-	4,130	-	
3,394	(7,479)	(4,349)	
3,099	170,124	-	
18,383	217,309	1,008	
(59,412)	(450,077)	-	
<u>\$ 318,745</u>	<u>\$ 4,220,661</u>	<u>\$ (14,239)</u>	
<u>\$ -</u>	<u>\$ 982,085</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ 245,440</u>	<u>\$ -</u>	

City of Blue Springs, Missouri

**Statement of Net Position—Fiduciary Funds
September 30, 2018**

	Blue Springs Land Bank Agency Trust Fund	Agency Funds
Assets		
Cash and investments	\$ 69,256	\$ 666,850
Taxes receivable	-	356,093
Capital assets, land, nondepreciable	386,168	-
	<u>455,424</u>	<u>1,022,943</u>
Total assets	\$ 455,424	\$ 1,022,943
Liabilities		
Trade accounts payable	\$ 62	\$ -
Due to other governments	-	954,401
Customer deposits	16,000	-
Membership and employee flexible benefits deposits	-	68,542
	<u>16,062</u>	<u>1,022,943</u>
Total liabilities	\$ 16,062	\$ 1,022,943
Net Position		
Investment in capital assets	\$ 386,168	
Restricted for land	53,194	
	<u>439,362</u>	

See notes to basic financial statements.

City of Blue Springs, Missouri

Statement of Changes in Net Position—Fiduciary Funds
Year Ended September 30, 2018

	Blue Springs Land Bank Agency Trust Fund
<hr/>	
Additions	
Property taxes	\$ 78,820
Contributions and donations from private sources	93,731
Interest income	993
Other income	7,220
Total additions	<u>180,764</u>
Deductions	
Administrative expenses	4,769
Remittance of special assessment collections on land sale to Sewer Fund	74,513
Loss on sale of capital assets	133,214
Total deductions	<u>212,496</u>
Change in net position	(31,732)
Net position held in trust for Land Bank, beginning	<u>471,094</u>
Net position held in trust for Land Bank, ending	<u>\$ 439,362</u>

See notes to basic financial statements.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

Nature of operations:

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

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

Reporting entity:

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

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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

Basis of presentation:

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

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

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

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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.

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

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

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

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

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

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

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

The City reports one nonmajor proprietary fund:

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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

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

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

Measurement focus and basis of accounting:

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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

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

Summary of significant accounting policies:

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

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

Accounts receivable: Accounts receivable result primarily from sales of water and sewer services accounted for in the Water Utility and Sewer Utility Funds, respectively. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year. Accounts receivable are expressed net of allowances for doubtful accounts of \$29,854 for the business-type activities. 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. Special assessments receivable is expressed net of allowances for doubtful accounts, based on foreclosed properties. At September 30, 2018, the City had \$15,113,144 in special assessments receivable in the Sewer Utility Fund.

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

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

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

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

The City has the following types of interfund activity:

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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.

Prior to fiscal year 2018, interest costs associated with constructed assets in enterprise funds were capitalized as part of the cost of the asset. As a result of the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*, no interest costs were capitalized in the current year and none will be capitalized going forward.

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

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

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

In the City's government-wide statements, the property tax revenues remain as a deferred inflow of resources and will become an inflow in the year for which the taxes are levied. The City's government-wide and proprietary fund statements include the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the City's contributions and proportionate share of contributions all related to the net pension asset. The City's government-wide statements and proprietary fund statements also include unamortized items not yet charged to OPEB expense.

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

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

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

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

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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

Net investment in capital assets—consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets for the governmental activities exclude \$23,535,000 of the Special Obligation bonds as they were for purposes other than capital asset additions for the City.

Restricted net position—consisting of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities for which restricted and unrestricted net position is available. Net position restricted through enabling legislation consists of \$629,527 for tourism.

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

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

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

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

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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

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

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

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 2. Deposits and Investments

As of September 30, 2018, the carrying values of deposits and investments are summarized as follows:

Investments:	
Short-term investments (money market mutual fund)	\$ 6,513,470
U.S. agency securities	24,844,820
Repurchase agreement	12,384,000
Total investments	<u>43,742,290</u>
Deposits	5,704,239
Certificates of deposit	4,976,000
Total	<u><u>\$ 54,422,529</u></u>

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

	Government- Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and investments	<u>\$ 53,686,423</u>	<u>\$ 736,106</u>	<u>\$ 54,422,529</u>

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

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

The City's repurchase agreement invests in U.S. government agency securities, which as of September 30, 2018 consisted of Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association investments.

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

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 2. Deposits and Investments (Continued)

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

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

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

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

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

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

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

Investment Type	Fair Value	Rating as of September 30, 2018
Federal Home Loan Banks (FHLB)	\$ 9,816,831	Aaa
Federal National Mortgage Association (FNMA)	6,727,034	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	986,040	Aaa
Short-term investments (money market mutual fund)	6,513,470	Aaa
Freddie Mac	983,855	Aaa
Federal Farm Credit Banks Funding Corp (FFCB)	6,331,060	Aaa
Repurchase agreement	12,384,000	Aaa
	<u>\$ 43,742,290</u>	

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 2. Deposits and Investments (Continued)

At September 30, 2018, 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, 2018. Investments in government agency securities are registered in the name of the City, or held in money market mutual funds, and therefore, are not exposed to custodial credit risk.

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, 2018, the City's investments had the following maturities:

	Investment Maturities (in years)			Fair Value Hierarchy Level
	Fair Value	Less Than 1	1 - 5	
Investments recorded at fair value:				
Debt securities, U.S. agencies				
FHLB	\$ 9,816,831	\$ 5,476,325	\$ 4,340,506	2
FNMA	6,727,034	3,986,685	2,740,349	2
FHLMC	986,040	497,295	488,745	2
FFCB	6,331,060	742,013	5,589,047	2
Freddie Mac	983,855	494,535	489,320	2
Investments recorded at cost:				
Short-term investments (money market mutual fund)	6,513,470	6,513,470	-	
Repurchase agreement	12,384,000	12,384,000	-	
Total	<u>\$ 43,742,290</u>	<u>\$ 30,094,323</u>	<u>\$ 13,647,967</u>	

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

Concentration of credit risk: As of September 30, 2018, approximately 51 percent of the City's investments were issued by Federal National Mortgage Association, Federal Farm Credit Banks Funding Corp and Federal Home Loan Banks. These securities represent 15 percent, 14 percent and 22 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. On January 1, a lien attaches to all property. Property taxes are billed in total by November 1 following the levy date and considered delinquent after December 31. Property taxes are recognized as a receivable at the time they become an enforceable legal claim (the lien date), and revenue is recognized in the year for which the property tax is levied. Taxes remaining unpaid for two years after that date are submitted to Jackson County for collection through foreclosure proceedings.

Assessed values are established by the Jackson County Assessor subject to review by the County's Board of Equalization. The assessed value for property, including railroad and utility properties located in the City as of January 1, 2017 on which the fiscal year ended September 30, 2018, levy was based, was \$846,085,624. During the year ended September 30, 2018, the City collected approximately 98 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, 2018 were as follows:

	Levy (Dollars)
General Fund	\$ 0.5675
Debt Service Fund	0.1500
Total	<u>\$ 0.7175</u>

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 4. Interfund Activity

Interfund transfers for the year were as follows:

Transfers To	Transfers From						Total
	General	TIF	Capital Projects	Nonmajor Governmental Funds	Sewer Fund	Internal Service	
General Fund	\$ -	\$ 31,954	\$ 2,485,326	\$ 13,818	\$ -	\$ 32,478	\$ 2,563,576
Capital Projects Fund	5,735,326	-	-	522,809	-	-	6,258,135
General Obligation Debt Service	-	-	500,000	-	-	-	500,000
Nonmajor Governmental Funds	-	-	-	275,900	-	-	275,900
Water Fund	-	-	-	-	294,194	-	294,194
Golf Course Fund	236,217	-	-	428,020	-	-	664,237
Fieldhouse Fund	876	-	-	45,000	-	-	45,876
Total	<u>\$ 5,972,419</u>	<u>\$ 31,954</u>	<u>\$ 2,985,326</u>	<u>\$ 1,285,547</u>	<u>\$ 294,194</u>	<u>\$ 32,478</u>	<u>\$ 10,601,918</u>

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.

The general fund transferred \$5,735,326 to the capital projects fund for capital projects that are not related to streets. The capital projects fund transferred \$2,485,326 to the general fund to help fund the streets department.

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 \$1,141,009 and \$789,447, respectively. In the General fund, these charges are reported as administrative charges revenue. In Water and Sewer funds these charges are reported as administrative and support services expenses.

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

Interfund Receivables	Interfund Payables				Total
	General	Capital Projects	Nonmajor Governmental Fund	TIF	
General Fund	\$ -	\$ -	\$ -	\$ 2,401	\$ 2,401
TIF	128,092	58,403	59,562	-	246,057
Total	<u>\$ 128,092</u>	<u>\$ 58,403</u>	<u>\$ 59,562</u>	<u>\$ 2,401</u>	<u>\$ 248,458</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 4. Interfund Activity (Continued)

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

Advance to Other Funds	Advance From Other Funds			Total
	Golf Course	Central Garage	Fieldhouse Fund	
General Fund	\$ 1,673,144	\$ 216,787	\$ -	\$ 1,889,931
Capital Projects Fund	326,911	-	-	326,911
Sewer Fund	-	-	1,500,000	1,500,000
Total	<u>\$ 2,000,055</u>	<u>\$ 216,787</u>	<u>\$ 1,500,000</u>	<u>\$ 3,716,842</u>

The advances payable of the Golf Course Fund represent advances to the Golf Course Fund for operating expenses and debt service payments and is not expected to be repaid within the next fiscal year. The City has reported a nonspendable fund balance in the General Fund in the amount of \$1,889,931. The City Council has passed a resolution requiring the advanced funds to be paid when the corresponding debt has been paid off. The advances payable of the Fieldhouse represent a loan payable from the Sewer Fund. In May 2014, the City Council approved the purchase of the Sports City building to be renovated into a recreation center for the residents of Blue Springs. On June 16, 2014 Council made an offer to purchase the facility for \$1.9 million. On July 7, 2014 Council approved the funding of the \$4.5 million project budget as follows: \$3 million from existing fund balances in the General and Capital Projects Funds and \$1.5 million through an inter-fund loan from the Sewer Fund. The loan from the Sewer Fund will be repaid by the Hotel/Motel Tax Fund over a maximum of 15 years at a rate of 3 percent interest. The borrowing rate of 3 percent allows the Sewer Fund to receive a rate of return higher than current investment and allows the Fieldhouse project funds to be borrowed below market rates of at least 4 percent. Staff will evaluate additional revenue sources that might become available to expedite early loan payoff. Such sources could include unreserved fund balances from the General Fund or Capital Projects Fund identified during year-end audits, grants, private donations dedicated for parks/parks facilities and proceeds from the sale of property and/or facilities.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 5. Capital Assets

Capital assets activity for the year ended September 30, 2018, was as follows:

Governmental activities	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land and easements	\$ 16,209,543	\$ 2,407,855	\$ -	\$ 18,617,398
Construction in progress	189,137	5,358,993	1,291,790	4,256,340
Total capital assets, not being depreciated	<u>16,398,680</u>	<u>7,766,848</u>	<u>1,291,790</u>	<u>22,873,738</u>
Capital assets, being depreciated:				
Buildings and building improvements	40,920,023	36,211	9,653	40,946,581
Equipment and vehicles	17,337,720	2,081,265	384,033	19,034,952
Infrastructure	197,580,037	13,260,275	-	210,840,312
Total capital assets being depreciated	<u>255,837,780</u>	<u>15,377,751</u>	<u>393,686</u>	<u>270,821,845</u>
Less accumulated depreciation for:				
Buildings and building improvements	17,175,311	1,555,759	9,653	18,721,417
Equipment and vehicles	11,663,033	1,461,013	277,578	12,846,468
Infrastructure	143,393,978	5,471,230	-	148,865,208
Total accumulated depreciation	<u>172,232,322</u>	<u>\$ 8,488,002</u>	<u>\$ 287,231</u>	<u>180,433,093</u>
Total capital assets being depreciated, net	<u>83,605,458</u>			<u>90,388,752</u>
Governmental activities capital assets, net	<u>\$ 100,004,138</u>			<u>\$ 113,262,490</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 5. Capital Assets (Continued)

Business-type activities	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,006,033	\$ -	\$ -	\$ 4,006,033
Construction in progress	696,408	776,829	1,445,939	27,298
Total capital assets, not being depreciated	<u>4,702,441</u>	<u>776,829</u>	<u>1,445,939</u>	<u>4,033,331</u>
Capital assets, being depreciated:				
Buildings and building improvements	18,649,895	37,390	-	18,687,285
Equipment and vehicles	4,559,390	716,742	280,595	4,995,537
Infrastructure	112,829,670	2,145,571	-	114,975,241
Total capital assets being depreciated	<u>136,038,955</u>	<u>2,899,703</u>	<u>280,595</u>	<u>138,658,063</u>
Less accumulated depreciation for:				
Buildings and building improvements	6,677,946	538,274	-	7,216,220
Equipment and vehicles	3,326,925	505,330	273,396	3,558,859
Infrastructure	45,790,410	3,179,424	-	48,969,834
Total accumulated depreciation	<u>55,795,281</u>	<u>\$ 4,223,028</u>	<u>\$ 273,396</u>	<u>59,744,913</u>
Total capital assets being depreciated, net	<u>80,243,674</u>			<u>78,913,150</u>
Business-type activities capital assets, net	<u>\$ 84,946,115</u>			<u>\$ 82,946,481</u>

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

Governmental activities:	
General government	\$ 466,844
Highways and streets	5,443,475
Public safety	2,032,577
Parks and recreation	545,106
Total depreciation expense for governmental activities	<u>\$ 8,488,002</u>
Business-type activities:	
Water utility	\$ 1,005,421
Sewer utility	2,534,031
Golf course	219,778
Fieldhouse	463,798
Total depreciation expense for business-type activities	<u>\$ 4,223,028</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Long-Term Debt and Other Obligations

The following is a summary of changes in long-term debt and other obligations of the City for the year ended September 30, 2018:

	Beginning Balance, as restated	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Compensated absences*	\$ 1,519,602	\$ 1,293,256	\$ 1,267,112	\$ 1,545,746	\$ 1,267,112
General obligation bonds	21,155,000	11,915,000	13,505,000	19,565,000	985,000
Certificates of participation	19,905,000	-	260,000	19,645,000	270,000
Special obligation bonds	52,576,530	-	2,365,000	50,211,530	75,000
Net discount/premium on issuances	266,767	824,403	97,765	993,405	-
Development agreements	8,860,208	1,252,559	1,286,266	8,826,501	-
Capital lease obligations	2,822,029	-	608,854	2,213,175	628,244
Total OPEB liability*	672,139	-	134,240	537,899	-
	<u>107,777,275</u>	<u>15,285,218</u>	<u>19,524,237</u>	<u>103,538,256</u>	<u>3,225,356</u>
Business-type activities:					
Compensated absences	161,702	149,230	147,025	163,907	39,163
Certificates of participation	2,280,000	-	255,000	2,025,000	260,000
Special assessment-neighborhood improvement bonds	14,100,000	-	900,000	13,200,000	925,000
Net discount/premium on issuances	510,405	-	51,173	459,232	-
Capital lease obligations	61,931	245,440	64,048	243,323	76,087
Sewer revenue bonds	17,722,900	-	1,111,699	16,611,201	1,133,600
Total OPEB liability	71,315	-	7,477	63,838	-
	<u>34,908,253</u>	<u>394,670</u>	<u>2,536,422</u>	<u>32,766,501</u>	<u>2,433,850</u>
 Total primary government	<u>\$ 142,685,528</u>	<u>\$ 15,679,888</u>	<u>\$ 22,060,659</u>	<u>\$ 136,304,757</u>	<u>\$ 5,659,206</u>

* Primarily liquidated by the General Fund.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Long-Term Debt and Other Obligations (Continued)

Governmental activities, general obligation bonds, certificates of participation and special obligation bonds as of September 30, 2018 are comprised of the following:

General obligation bonds:

\$1,110,000 - 2004A General Obligation Bonds due in installments of \$20,000 to \$110,000 through March 1, 2019; interest at 2.4% to 4.4%	\$ 110,000
\$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%	700,000
\$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%	6,840,000
\$11,915,000 - 2017 General Obligation Refunding Bonds due in installments of \$905,000 to \$1,465,000 through March 1, 2029; interest at 2.3% to 5.0%	11,915,000
Total general obligation bonds	<u>\$ 19,565,000</u>

Certificates of participation:

\$20,960,000 - 2014 refunding certificates of participation in installments of \$250,000 to \$1,315,000 through September 1, 2043; interest at 2.0% to 5.0%	<u>\$ 19,645,000</u>
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Special obligation bonds:

\$9,566,530 - 2015B - Adams Farm Project due in full June 1, 2039; interest at 5.25%	\$ 9,566,530
\$38,050,000 - 2015A special obligation bonds - Adams Farm Project in installments of \$5,500,000 to \$18,525,000 through June 1, 2039; interest at 4.00% to 5.25%	31,380,000
\$9,265,000 - 2016 special obligation bonds - White Oak Marketplace Project in installments of \$1,635,000 to \$7,630,000 through May 1, 2040; interest at 3.75% to 5.15%	9,265,000
	<u>\$ 50,211,530</u>

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Long-Term Debt and Other Obligations (Continued)

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

The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay the \$38.05 million in Series 2015A and \$9.566 million in Series 2015B Special Obligation Bonds issued to finance redevelopment projects within the Adams Farm Tax Increment Financing (TIF) project. The bonds are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plan as well as revenues pledged by other taxing districts through cooperative agreements. TIF revenues and other pledged revenues were projected to produce sufficient funds to meet debt service requirements over the life of the bonds.

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

Additionally, the City has entered into certain developer agreements (six as of September 30, 2018) 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, 2018, total principal remaining on the Special Obligation Bonds was \$50.21 million and the outstanding developer obligations was \$8.81 million. The bonds are scheduled to mature at varying amounts through 2039 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

For the current year, principal and interest paid on the bonds and developer obligations totaled \$6,109,242. Incremental revenues from the City included \$1,583,004 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.

On December 14, 2017, the City issued \$11,915,000 in Series 2017A General Obligation Refunding Bonds. The proceeds of the issue were used to currently refund the City's Series 2009B General Obligation Bonds. The transaction will reduce debt service payments by approximately \$4,000,000 over the next ten years and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$3,500,000.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Long-Term Debt and Other Obligations (Continued)

Business-type activities, certificates of participation and special assessments as of September 30, 2018 are comprised of the following:

Certificates of participation:

Golf course fund, \$3,270,000 - 2014 refunding certificates of participation in installments of \$240,000 to \$325,000 through September 1, 2025; interest at 3.0% to 4.0%	<u>\$ 2,025,000</u>
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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%	<u>\$ 13,200,000</u>
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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, 2018, the outstanding balance of the bonds was \$16,611,201. The City has pledged future sewer revenues, net of operating expenses to repay the Sewage System Revenue Bonds. The bonds are to be paid solely from sewer net revenues and are payable through 2031. The total principal and interest remaining to be paid on the bonds is \$18,384,722. Principal and interest paid for the current year and sewer net revenues for the current year were \$1,376,884 and \$3,526,763, respectively. The revenue bonds contain certain covenants. The covenants require that net revenues of the sewer system, as defined by the debt agreement, are not less than 110 percent of the annual debt service requirement.

In November 2009, the City authorized the issuance of \$30,789,000 of revenue bonds from the State Revolving Fund of Missouri for the upgrade and expansion of the Sni-A-Bar Wastewater Treatment Plant. As of September 30, 2018, the City has drawn \$24,255,728 from these funds, and the outstanding balance as of September 30, 2018 is \$16,611,201 as recorded on the Sewer Utility Fund statement of net position. The project was completed during fiscal year 2015, and no additional funds are expected to be drawn. In November 2009, the City entered into an agreement with the City of Grain Valley, Missouri which provides that the City of Grain Valley will pay for 47.5 percent of the debt issued for the expansion. The amount due from the City of Grain Valley as of September 30, 2018 is \$7,941,649 and is recorded as due from other governments on the Sewer Utility Fund statement of net position.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Long-Term Debt and Other Obligations (Continued)

Debt service requirements on long-term debt with scheduled maturities as of September 30, 2018 are as follows:

Governmental Activities	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
Years ending September 30:				
2019	\$ 985,000	\$ 634,611	\$ 270,000	\$ 807,013
2020	1,065,000	603,044	-	798,913
2021	1,105,000	562,494	-	798,913
2022	1,170,000	510,044	230,000	798,913
2023	1,225,000	464,594	580,000	789,713
2024–2028	6,840,000	1,663,294	3,310,000	3,540,763
2029–2033	7,175,000	500,316	4,150,000	2,697,813
2034–2038	-	-	5,015,000	1,832,475
2039–2043	-	-	6,090,000	749,800
	\$ 19,565,000	\$ 4,938,397	\$ 19,645,000	\$ 12,814,316

	Special Obligation Bonds **		Total Governmental Activities	
	Principal	Interest *	Principal	Interest
Years ending September 30:				
2019	\$ 75,000	\$ 454,258	\$ 1,330,000	\$ 1,895,882
2020	275,000	451,445	1,340,000	1,853,402
2021	315,000	438,543	1,420,000	1,799,950
2022	365,000	423,930	1,765,000	1,732,887
2023	410,000	407,163	2,215,000	1,661,470
2024–2028	14,655,000	1,716,035	24,805,000	6,920,092
2029–2033	10,525,000	876,530	21,850,000	4,074,659
2034–2038	-	-	5,015,000	1,832,475
2039–2043	23,591,530	-	29,681,530	749,800
	\$ 50,211,530	\$ 4,767,904	\$ 89,421,530	\$ 22,520,617

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Long-Term Debt and Other Obligations (Continued)

Business-Type Activities	Certificates of Participation		Neighborhood Improvement Bonds	
	Principal	Interest	Principal	Interest
	Years ending September 30:			
2019	\$ 260,000	\$ 81,650	\$ 925,000	\$ 615,030
2020	265,000	73,850	975,000	577,030
2021	280,000	63,250	1,025,000	531,905
2022	285,000	52,050	1,075,000	479,405
2023	300,000	40,650	1,125,000	424,405
2024–2028	635,000	44,900	6,545,000	1,220,930
2029–2030	-	-	1,530,000	38,250
	<u>\$ 2,025,000</u>	<u>\$ 356,350</u>	<u>\$ 13,200,000</u>	<u>\$ 3,886,955</u>

Business-Type Activities	Sewer Revenue Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
	Years ending September 30:			
2019	\$ 1,133,600	\$ 248,204	\$ 2,318,600	\$ 944,884
2020	1,156,000	230,888	2,396,000	881,768
2021	1,178,700	213,231	2,483,700	808,386
2022	1,201,900	195,227	2,561,900	726,682
2023	1,225,600	176,869	2,650,600	641,924
2024–2028	6,499,900	596,051	13,679,900	1,861,881
2029–2031	4,215,501	113,051	5,745,501	151,301
	<u>\$ 16,611,201</u>	<u>\$ 1,773,521</u>	<u>\$ 31,836,201</u>	<u>\$ 6,016,826</u>

Business-Type Activities	Total Primary Government	
	Principal	Interest
	Years ending September 30:	
2019	\$ 3,648,600	\$ 2,840,766
2020	3,736,000	2,735,170
2021	3,903,700	2,608,336
2022	4,326,900	2,459,569
2023	4,865,600	2,303,394
2024–2028	38,484,900	8,781,973
2029–2033	27,595,501	4,225,960
2034–2038	5,015,000	1,832,475
2039–2043	29,681,530	749,800
	<u>\$ 121,257,731</u>	<u>\$ 28,537,443</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Long-Term Debt and Other Obligations (Continued)

Capital lease obligations: The City has entered into several capital leasing agreements as of September 30, 2018. Governmental activities capital lease agreements are for a narrow banded public safety radio system and voice over IP phone lines. The scheduled minimum lease payment under the radio system agreement includes interest of 3.47 percent. The cumulative amount of assets acquired under the capital lease described above amounted to \$6,016,650 with \$2,983,537 of accumulated depreciation as of September 30, 2018.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

Years ending September 30:	
2019	\$ 699,330
2020	697,697
2021	646,018
2022	323,009
Less imputed interest	(152,879)
Present value of minimum lease payments	<u>\$ 2,213,175</u>

Business-type activities have entered into capital lease agreements for golf carts, Arc Trainers, a mower and GPS. The cumulative amount of assets acquired under the capital lease agreements described above amount to \$324,399 with accumulated depreciation of \$66,960 as of September 30, 2018.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

Years ending September 30:	
2019	\$ 76,711
2020	79,366
2021	76,996
2022	21,314
Less imputed interest	(11,064)
Present value of minimum lease payments	<u>\$ 243,323</u>

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

Account	TIF Fund	Sewer Fund	Golf Course Fund	C.O.P. Debt Service Fund	Total
Debt service and other reserve funds	<u>\$ 4,100,910</u>	<u>\$ 1,340,830</u>	<u>\$ 231,019</u>	<u>\$ 111,949</u>	<u>\$ 5,784,708</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 6. Long-Term Debt and Other Obligations (Continued)

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

At September 30, 2018, based on the assessed valuation as of January 1, 2017, of \$846,085,624, the constitutional total general obligation debt limit for "City purposes" was \$169,217,125, which, after reduction for outstanding general obligation bonds of \$20,454,693, net of amounts available in the General Obligation Bond Debt Service fund of \$894,421, provides a general obligation debt margin of \$149,654,124.

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

Conduit debt: The City has issued taxable industrial revenue bonds to provide financial assistance to private business for economic development. Under related agreements, the City will lease the projects to the businesses and the rental therefrom shall be applied to pay the debt service on the bonds. The bonds and the interest thereon are special obligations of the City payable solely from the rental payments and shall not constitute obligations of the City. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of September 30, 2018, there were four series of taxable industrial revenue bonds outstanding, with an aggregate principal amount payable of \$76,813,970.

Note 7. 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 \$425,904 for the year ended September 30, 2018 and were recorded as charges for services in the Sewer Utility Fund.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 8. Employees' Retirement System and Other Postemployment Benefits

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

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

	<u>2018 Valuation</u>
Benefit multiplier	1.5%
Final average salary	3 years
Member contributions	0%

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

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	166
Inactive employees entitled to but not yet receiving benefits	120
Active employees	260
	<u>546</u>

Contributions: The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Employees do not contribute to the pension plan. Employer contribution rates are 5.8 percent (General) and 7.2 percent (Police) of annual covered payroll.

Net pension asset: The City's net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2018. Standard update procedures were used to roll forward the total pension liability to June 30, 2018.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 8. Employees' Retirement System and Other Postemployment Benefits (Continued)

Actuarial assumptions: The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the February 28, 2018 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43.00%	5.16%
Fixed Income	26.00	2.86
Real Assets	21.00	3.23
Strategic Assets	10.00	5.59
	100.00%	

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 8. Employees' Retirement System and Other Postemployment Benefits (Continued)

Changes in the net pension liability (asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2017	\$ 56,805,076	\$ 63,201,488	\$ (6,396,412)
Changes for the year:			
Service cost	1,187,702	-	1,187,702
Interest	4,085,559	-	4,085,559
Difference between expected and actual experience	559,428	-	559,428
Contributions—employer	-	913,339	(913,339)
Contributions—employee	-	-	-
Net investment income	-	7,879,838	(7,879,838)
Benefit payments, including refunds	(2,108,905)	(2,108,905)	-
Administrative expense	-	(42,258)	42,258
Other changes	-	618,737	(618,737)
Net changes	3,723,784	7,260,751	(3,536,967)
Balances at September 30, 2018	\$ 60,528,860	\$ 70,462,239	\$ (9,933,379)

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Total pension liability	\$ 69,430,727	\$ 60,528,860	\$ 53,235,858
Plan fiduciary net position	70,462,239	70,462,239	70,462,239
Net pension liability (asset)	\$ (1,031,512)	\$ (9,933,379)	\$ (17,226,381)

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 8. Employees' Retirement System and Other Postemployment Benefits (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended September 30, 2018 the employer recognized pension expense of \$789,572. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	\$ 834,019	\$ (447,442)
Assumption changes	860,841	-
Net difference between projected and actual earnings on pension plan investments	-	(1,954,103)
Contributions subsequent to the measurement date*	249,402	-
Total	<u>\$ 1,944,262</u>	<u>\$ (2,401,545)</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an increase in the net pension asset for the year ending September 30, 2019.

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

Years ended:	
2019	\$ 652,847
2020	59,128
2021	(1,028,806)
2022	(522,133)
2023	56,236
Thereafter	76,043
	<u>\$ (706,685)</u>

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 8. Employees' Retirement System and Other Postemployment Benefits (Continued)

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

As a result of the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the beginning net position of the governmental activities, business-type activities, water fund, sewer fund and aggregate remaining fund information was restated. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed and the total OPEB liability was recorded in accordance with GASB Statement No. 75. The effect on the beginning net position is as follows:

	Governmental Activities	Business Type Activities	Sewer Utility	Water Utility	Internal Service Fund
Net position September 30, 2017, as previously reported	\$ 39,180,257	\$ 93,055,203	\$ 55,691,840	\$ 29,095,333	\$ (58,875)
Total OPEB liability	(672,139)	(71,315)	(24,432)	46,883	23,705
Removal of net OPEB obligation	528,440	56,068	19,208	36,860	(18,637)
Net position October 1, 2017, as restated	\$ 39,036,558	\$ 93,039,956	\$ 55,686,616	\$ 29,179,076	\$ (53,807)

Plan description: The City's defined benefit OPEB plan, a single-employer health care plan provides OPEB for employees that retire from City employment and who participate in the Missouri Local Government Employees Retirement System (LAGERS). The plan is administered by Midwest Public Risk (MPR) who has the authority to establish or amend the plan provisions or contribution requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Benefits provided: As part of participation in the Midwest Public Risk pool, the City offers for a continuation of medical, prescription drug, vision and dental insurance benefits to retired employees that have not reached the age of sixty-five.

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. 75.

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.

Contributions: The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. Retirees who elect to continue coverage in the medical and dental plans offered through MPR are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the premiums each year, the City's share of any premium costs is determined on the basis of a blended rate or implicit rate subsidy calculation. The plan is financed on a pay-as-you-go basis. The benefits and benefit levels are governed by City policy and the MPR trust agreement. Other postemployment liabilities attributable to governmental activities are generally liquidated by the general fund. No contributions were made during the fiscal year.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 8. Employees' Retirement System and Other Postemployment Benefits (Continued)

Employees covered by benefit terms: At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	2
Active employees	283
	<u>286</u>

Total OPEB Liability

The City's total OPEB liability of \$601,737 was measured as of September 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. Standard update procedures were used to roll forward the total OPEB liability to September 30, 2018.

Actuarial methods and assumptions: The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.0%
Discount rate	3.73% - measurement date
	3.43% - year preceding measurement date
Health care cost trend rates	7.5% decreasing to 5.0%
Healthy mortality rates	Society of Actuaries RPH-2014 Adjusted to 206 Total Dataset Headcount-weighted Mortality with Scale MP-2017 Full Generational Improvement
Disabled mortality rates	Society of Actuaries RPH-2014 adjusted to 2006 Disabled Retiree Headcount-weighted Mortality with MP-2017 Full Generational Improvement

The discount rate was based on the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes.

The financial information is based upon a GASB 75 actuarial valuation performed as of July 1, 2017 using the participant census as of July 1, 2017. The results of the July 1, 2017 valuation were projected to the end of the year measurement date using standard actuarial techniques.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of September 30, 2017	\$ 743,454
Changes for the year:	
Service cost	55,131
Interest	27,237
Changes in benefit terms	(215,085)
Changes in assumptions or other inputs	(9,000)
Net changes	<u>(141,717)</u>
Balance as of September 30, 2018	<u>\$ 601,737</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 8. Employees' Retirement System and Other Postemployment Benefits (Continued)

Changes in benefits terms: Effective July 1, 2018 retirees are charged 135 percent of plan premiums rather than 125 percent. The impact on present value costs is a reduction of \$162,459.

Changes in assumptions: The discount rate was changed from 3.43 percent at the beginning of the year to 3.73 percent at the end of the year. This resulted in a reduction of costs by \$9,000.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City, as well as what the City's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.73 percent) or 1-percentage-point higher (4.73 percent) than the current discount rate:

	1% Decrease 2.73%	Discount Rate 3.73%	1% Increase 4.73%
Total OPEB liability	\$ 674,784	\$ 601,737	\$ 537,364

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	(6.5% Decreasing to 4.0%)	Health Care Cost Trend Rates (7.5% Decreasing to 5.0%)	(8.5% Decreasing to 6.0%)
Total OPEB liability	\$ 514,178	\$ 601,737	\$ 708,377

OPEB Expense and deferred inflows of resources related to OPEB: For the year ended September 30, 2018, the City recognized OPEB expense of \$83,849. At September 30, 2018, the City reported deferred inflows of resources related to OPEB from the following source:

	<u>Deferred Inflow of Resources</u>
Changes of assumptions or other inputs	<u>\$ 48,867</u>

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 8. Employees' Retirement System and Other Postemployment Benefits (Continued)

Amounts reported as the deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

Years ending September 30:	
2019	\$ 3,759
2020	3,759
2021	3,759
2022	3,759
2023	3,759
Thereafter	30,072
	<u>\$ 48,867</u>

Note 9. Risk Management

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

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

Note 10. Commitments and Contingencies

Contractual commitments: The City has commitments resulting from construction contracts totaling approximately \$108,808, \$2,776,032, \$8,000, \$7,986 and \$503,936 in the General, Capital Project, Park Sales Tax, Hotel-Motel Tax Fund and Enterprise Funds, respectively. The City expects to receive the contracted services during fiscal year 2019.

The City has entered into a contract to purchase a maximum of 2,000,000 gallons of water per day from the City of Kansas City, Missouri. The contract expires in November 2033. The total amount paid for purchased water under this agreement for the year ended September 30, 2018 totaled \$1,353,420.

The City has entered into a contract to purchase a maximum of 2,300,000 gallons of water per day from the City of Independence, Missouri. The contract expires in November 2032. The total amount paid for purchased water under this agreement for the year ended September 30, 2018 totaled \$1,387,298.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 10. Commitments and Contingencies (Continued)

In 2012, the City had entered into an agreement with the City of Grain Valley to purchase a maximum of 2,000,000 gallons of water per day from Tri-County Water Authority. In July 2013, the City entered directly into a new agreement with Tri-County Water Authority to move forward on a project to upgrade the TCWA treatment plant; upon substantial completion of this project in 2016, the City entered into another 20-year agreement to purchase an additional 6 million gallons per day. The total amount paid under this agreement for the year ended September 30, 2018 totaled \$1,233,777. The total amount paid under the agreement for capital project charges for the year ended September 30, 2018, totaled \$2,252,440, \$1,092,650 for the 2005 agreement and \$1,159,790 for the 2016 agreement.

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

Encumbrances: The City utilizes encumbrances for budgetary reporting purposes. Encumbrances relating to certain contractual agreements, supplies and equipment that have been ordered but not received are reported in the year the commitment arises for budgetary reporting purposes. However, for financial reporting purposes, the goods or services are reported when they are received. The City had encumbrances in the General fund, Public Safety Sales Tax fund, and Capital Projects fund of \$858,072, \$924,999 and \$3,417,096, respectively.

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

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

Note 11. Tax Abatements

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

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Tax Abatements (Continued)

Under Chapter 100, the City has five agreements outstanding as of September 30, 2018:

1. In February 2004, the City issued Industrial Revenue Bonds in an amount not to exceed \$3,500,000 to provide 100 percent tax abatement to Meyer Laboratory for the construction and furnishing of an expansion of their existing facility at 2401 NW Jefferson. Payments in lieu of taxes (PILOTS) based on the 2004 property tax amount will be imposed for 2004-2016 and at full value for years 2017 to the end of the lease. The bonds are payable solely from lease payments made by Meyer Laboratory and are not payable from City funds. On December 29, 2017, Meyer Laboratory purchased the land and closed out the lease. Total projected value of abatement is \$925,747. Value of abatement for FY 2018 is \$0.
2. In December 2013, the City issued Industrial Revenue Bonds in an amount not to exceed \$800,000 to provide 100 percent tax abatement to Walnut Street Partners LLC for the renovation of a vacant building of approximately 45,560 sq. feet located on approximately 5.29 acres for use as an office-industry and commercial project and the expansion for parking on or adjacent to the project site at 101-105 SE Magellan Drive. Walnut Street Partners will sublease the building and project site to Xceligent Holdings Inc. The bonds are payable solely from lease payments made by Xceligent and are not payable from City funds. Total projected value of abatement is \$944,887. Value of abatement for FY 2018 is \$107,348.
3. In March 2017, the City issued Industrial Revenue Bonds in an amount not to exceed \$7,550,000 to provide 100 percent tax abatement to Kohl's Department Stores, Inc. for the capital investment in equipment and mechanical controls at the Blue Springs Distribution Center. The Bond Purchase Agreement and Lease Agreement allow the City to maintain ownership of the project equipment, making it exempt from taxation for the term of the Lease Agreement, producing twelve years of tax abatement, starting with tax year 2018. During the term of the Lease Agreement, Kohl's will make annual payments in lieu of taxes (PILOTS) at 50 percent of the value of taxes otherwise due on the project equipment. Total projected value of abatement is \$305,808. Value of abatement for FY 2018 is \$0.
4. In March 2018, the City issued Industrial Revenue Bonds in an amount not to exceed \$36,000,000 to provide tax abatement to Faurecia Interior Systems, Inc. for acquiring, constructing and installing an approximately 262,000 square foot automobile component manufacturing facility, including buildings, structure, improvements and fixtures on the project site. The Project Site and associated Project Improvements will be given 100 percent tax abatement for 10 years and 50 percent for the next 5 years. The Developer will be required to make a payment in lieu of taxes equal to 100 percent of the taxes that would otherwise be due for 2018 for the Project Site. For the period 2019 and continuing through 2028, the Developer will not be required to make PILOTS. For the period 2029 and continuing through 2033, the Developer will be required to make PILOTS in an amount equal to 50 percent of the amount of ad valorem real property taxes which would have been paid in each year with respect to the Project Site and Project Improvements had the Project Site and the Project Improvements not been exempt from such taxes. Total projected value of abatement is \$8,929,129. Value of abatement for FY 2018 is \$0.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Tax Abatements (Continued)

5. In March 2018, the City issued Industrial Revenue Bonds in an amount not to exceed \$33,000,000 to provide tax abatement to Faurecia Interior Systems, Inc. for the purpose of furnishing and equipping the Project Improvements with furnishings, equipment, electronics and other related personal property. It is expected that the Company will purchase Project Equipment in the amount of approximately \$13,181,332 in 2018, \$14,122,332 in 2019 and \$2,148,970 in 2020. The Company will convey the Project Equipment to the City and the Project Equipment will be leased to the Company. The 2018 Project Equipment will be given 100 percent tax exemption with no PILOTS for the first 10 years (2019 to 2028) and 100 percent tax exemption for the next 5 years (2029 to 2033) with PILOTS equal to 50 percent of the Personal Property tax otherwise due. The 2019 Project Equipment will be given 100 percent tax exemption with no PILOTS for the first 10 years (2020 to 2029) and 100 percent tax exemption for the next 5 years (2030 to 2034) with PILOTS equal to 50 percent of the Personal Property Taxes otherwise due. The 2020 Project Equipment will be given 100 percent tax exemption with no PILOTS for the first 10 years (2021 to 2030) and 100 percent tax exemption for the next 5 years (2031 to 2035) with PILOTS equal to 50 percent of the Personal Property Taxes otherwise due. Total projected value of abatement is \$3,530,775. Value of abatement for FY 2018 is \$0.

The gross dollar amount by which the City's tax revenues were reduced during FY 2018 as a result of Chapter 100 agreements was \$107,348.

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

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

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

Under Chapter 353, the City has eleven projects as of September 30, 2018:

1. In 1994, the City approved a redevelopment project with the Blue Springs Adams Dairy Parkway Corridor Phase I Redevelopment Corporation for the construction of a new 70,000 sq. foot corporate headquarters/manufacturing facility, providing 100 percent tax abatement for the first 10 years and 50 percent tax abatement for the next 15 years. Full taxation resumes in 2020. Total projected value of abatement is \$1,085,588. Value of abatement for FY 2018 is \$29,597.
2. In 1997, the City approved a redevelopment project with the Adams Pointe Redevelopment Corporation for the construction of a new 40,519 sq. foot corporate headquarters building, providing 100 percent tax abatement for the first 10 years and 50 percent tax abatement for the next 15 years. This agreement was amended in 2014, authorizing a 50 percent tax abatement for 5 years followed by a 25 percent tax abatement for another 5 years. Full taxation resumes in 2024. Total projected value of abatement is \$1,666,240. Value of abatement for FY 2018 is \$39,246.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Tax Abatements (Continued)

3. In 1997, the City approved a redevelopment project with the Adams Pointe Redevelopment Corporation for the construction of a 5-story Courtyard Marriott hotel, providing a 100 percent tax abatement for 10 years. This agreement was amended in 2011, providing an additional 10-year 100 percent tax abatement from 2011 to 2020. Full taxation resumes in 2021. Total projected value of abatement is \$2,590,221. Value of abatement for FY 2018 is \$179,982.
4. In 2006, the City approved a redevelopment project with the Village Gardens Redevelopment Corporation for the construction of a two-story, 8,600 sq. foot retail building, providing 100 percent tax abatement for the first 10 years and 50 percent tax abatement for the next 15 years. Full taxation resumes in 2020. Total projected value of abatement is \$371,062. Value of abatement for FY 2018 is \$13,183.
5. In 2010, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of an office building located at 901 West Main Street, providing 100 percent tax abatement for 10 years. Full taxation resumes in 2021. Total projected value of abatement is \$136,457. Value of abatement for FY 2018 is \$15,213.
6. In 2013, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of 1105 West Main Street for Pizza Shoppe, providing 50 percent tax abatement for 15 years. Full taxation resumes in 2029. Total projected value of abatement is \$57,916. Value of abatement for FY 2018 is \$3,898.
7. In 2013, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of the America's Community Bank building at 1100 West Main Street, providing 100 percent tax abatement for 10 years and 50 percent tax abatement for the next 15 years. Full taxation resumes in 2039. Total projected value of abatement is \$154,030. Value of abatement for FY 2018 is \$11,370.
8. In 2015, the City approved a redevelopment project with Target Time Defense Redevelopment Corporation for the renovation and conversion of a vacant fitness center and swimming pool to a 12,700-sq. foot indoor shooting range and firearms store, providing 100 percent tax abatement for 10 years. Payments in lieu of taxes (PILOTS) based on the 2015 property tax amount, less any taxes actually paid on the basis of the assessed value of the land exclusive of improvements, during those 10 years of tax abatement. Full taxation resumes in 2026. Total projected value of abatement is \$296,264. Value of abatement for FY 2018 is \$32,931.
9. In 2016, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation of an apartment complex at 903 SW Jones Street, providing 100 percent tax abatement for 5 years. Full taxation resumes in 2021. Total projected value of abatement is \$10,576. Value of abatement for FY 2018 is \$2,096.
10. In 2017, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the addition of an alleyway extending from 8th Street to 9th Street, the extension of sewer and water mains, and the construction of eight two-story single-family homes on the property. Lots may be transferred from the Corporation when the Improvements are constructed on each such Lot and when Owner seeks to initiate the tax abatement, providing 100 percent tax abatement for five years. Total projected value of abatement is \$97,309. Value of abatement for FY 2018 is \$0.
11. In 2017, the City approved a redevelopment project with the Main Center Redevelopment Corporation for the renovation and conversion of the property at 1201 W. Main Street into a brewery and taproom, East Forty Brewing, providing 100 percent tax abatement for 10 years and 50 percent tax abatement for the next 15 years. Full taxation resumes in 2044. Total projected value of abatement is \$294,861. Value of abatement for FY 2018 is \$0.

The gross dollar amount by which the City's tax revenues were reduced during FY 2018 as a result of Chapter 353 agreements was \$327,516.

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

Note 11. Tax Abatements (Continued)

Tax Increment Financing: The Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, as amended, commonly referred to as the TIF Act, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city to be a “blighted area”, conservation area”, or “economic development area”, each as defined in the TIF Act. Tax Increment Financing does not diminish the amount of property tax revenues currently collected by the City in an affected area, but instead acts to freeze such revenues at current levels and deprives the City and other taxing districts of future increases (in whole or in part, depending on the terms of the agreement) in ad valorem property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas until the tax increment financing obligations issued are repaid or the reimbursable project costs have been reimbursed.

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

The GASB has issued several statements that are not yet effective and have not yet been implemented by the City of Blue Springs, Missouri. The statements which might impact the City are as follows:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending September 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.
- GASB Statement No. 84, *Fiduciary Activities*, issued February 2017, will be effective for the City beginning with its fiscal year ending September 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

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

City of Blue Springs, Missouri

Notes to the Basic Financial Statements

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

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

- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending September 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, issued March 2018, will be effective for the City beginning with its fiscal year ending September 30, 2019, with earlier adoption encouraged. Statement No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. This statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowings and direct placements of debt from other debt.

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

Note 13. Subsequent Events

On December 10, 2018, the City issued \$9,625,000 of Neighborhood Improvement District Limited General Obligation Refunding Bonds, Series 2018A (authorized by City Council Ordinance 4621), to refund the 2009 neighborhood improvement district bonds.

City of Blue Springs, Missouri

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

Fiscal year ending September 30,	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 1,187,702	\$ 1,174,608	\$ 1,125,184	\$ 1,079,631
Interest on the total pension liability	4,085,559	3,901,187	3,545,150	3,377,170
Benefit changes	-	-	-	-
Difference between expected and actual experience	559,428	(405,769)	369,842	(135,197)
Assumption changes	-	-	1,918,944	-
Benefit payments, including refunds	(2,108,905)	(2,157,053)	(1,990,945)	(2,062,203)
Net change in total pension liability	3,723,784	2,512,973	4,968,175	2,259,401
Total pension liability, beginning	56,805,076	54,292,103	49,323,928	47,064,527
Total pension liability, ending	\$ 60,528,860	\$ 56,805,076	\$ 54,292,103	\$ 49,323,928
Plan Fiduciary Net Position				
Contributions-employer	\$ 913,339	\$ 908,467	\$ 977,911	\$ 1,078,892
Contributions-employee	-	-	-	-
Pension plan net investment income	7,879,838	6,846,631	(114,992)	1,120,945
Benefit payments, including refunds	(2,108,905)	(2,157,053)	(1,990,945)	(2,062,203)
Pension plan administrative expense	(42,258)	(39,868)	(40,384)	(43,154)
Other	618,737	(44,350)	973,177	151,943
Net change in plan fiduciary net position	7,260,751	5,513,827	(195,233)	246,423
Plan fiduciary net position, beginning	63,201,488	57,687,661	57,882,894	57,636,471
Plan fiduciary net position, ending	\$ 70,462,239	\$ 63,201,488	\$ 57,687,661	\$ 57,882,894
Employer net pension liability (asset)	\$ (9,933,379)	\$ (6,396,412)	\$ (3,395,558)	\$ (8,558,966)
Plan fiduciary net position as a percentage of the total pension liability	116%	96%	97%	104%
Covered payroll	\$ 13,432,600	\$ 13,391,262	\$ 13,200,061	\$ 12,622,334
Employer's net pension liability (asset) as a percentage of covered payroll	(73.95)%	(47.77)%	(25.72)%	(67.81)%

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

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

City of Blue Springs, Missouri

**Required Supplementary Information
Schedule of Contributions
Last Ten Fiscal Years**

	2018	2017	2016	2015
Actuarially determined contribution	\$ 916,999	\$ 893,308	\$ 985,036	\$ 1,071,473
Contributions in relation to the actuarially determined contribution	916,999	893,308	985,036	1,071,473
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,899,354	\$ 13,776,909	\$ 14,033,009	\$ 12,999,252
Contributions as a percentage of covered payroll	6.60%	6.48%	7.02%	8.24%

Actuarial Assumptions: See Note 8 to the basic financial statements for summary of actuarial assumptions.

2014	2013	2012	2011	2010	2009
\$ 1,113,110	\$ 1,177,037	\$ 1,086,646	\$ 1,126,274	\$ 750,127	\$ 722,994
1,113,110	1,116,633	968,153	850,885	750,127	722,994
\$ -	\$ 60,404	\$ 118,493	\$ 275,389	\$ -	\$ -
\$ 12,529,095	\$ 11,891,443	\$ 11,600,167	\$ 11,577,175	\$ 11,817,024	\$ 11,144,986
8.88%	9.39%	8.35%	7.35%	6.35%	6.49%

City of Blue Springs, Missouri

**Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios**

	2018
Total OPEB liability	
Service cost	\$ 55,131
Interest	27,237
Changes of benefit terms	(215,085)
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(9,000)
Benefit payments	-
Net change in total OPEB liability	(141,717)
Total OPEB liability—beginning	743,454
Total OPEB liability—ending	\$ 601,737
Covered payroll	13,642,712
Total OPEB liability as a percentage of covered-employee payroll	4.41%

Notes to schedule:

Changes of benefit terms: Effective July 1, 2018 retirees are charged 135% of plan premiums rather than 125%. The impact on present value of costs is a reduction of \$162,459.

Changes of assumptions: The discount rate was changed from 3.43% at the beginning of the year to 3.73% at the end of the year. This resulted in a reduction of costs by \$9,000.

2017-18 was the City's first year implementing GASB Statement No. 75 for the OPEB liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 75 requirements.

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, 2018

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget
Revenues:				
Taxes	\$ 17,359,733	\$ 17,359,733	\$ 18,182,321	\$ 822,588
Licenses and permits	965,603	965,603	1,385,463	419,860
Intergovernmental revenues	3,208,913	3,277,360	3,299,109	21,749
Charges for services	1,111,964	1,111,964	1,324,601	212,637
Administrative charges	-	-	1,930,456	1,930,456
Fines and forfeits	840,179	840,179	1,061,126	220,947
Interest	97,518	97,518	194,302	96,784
Donations	-	-	104,528	104,528
Other	455,058	571,513	555,150	(16,363)
Total revenues	24,038,968	24,223,870	28,037,056	3,813,186
Expenditures:				
General government:				
City Council	320,207	322,872	371,316	48,444
Legal services	295,733	302,449	372,057	69,608
Municipal court	395,326	395,326	393,110	(2,216)
City administration	768,389	779,771	858,310	78,539
Public relations and communications	309,186	321,186	236,356	(84,830)
Human resources	633,772	663,966	602,175	(61,791)
Economic development	235,930	235,930	213,354	(22,576)
Community development	788,822	822,924	731,808	(91,116)
Business services	140,103	149,008	206,231	57,223
Codes administration	808,415	808,415	803,805	(4,610)
Geographic information systems	126,051	130,064	119,386	(10,678)
Finance - accounting and budget	563,922	563,922	483,167	(80,755)
Information systems	815,108	912,244	797,656	(114,588)
Public works, engineering and administration	811,989	855,306	695,790	(159,516)
Highways and streets, street maintenance	2,941,154	3,174,783	2,988,130	(186,653)
Public safety:				
Police administration	461,660	466,560	414,458	(52,102)
Staff services	2,149,548	2,224,227	2,371,603	147,376
Operations	6,588,684	6,978,707	6,560,582	(418,125)
Community youth outreach unit	2,218,359	2,261,869	2,262,058	189
Parks:				
Parks administration	424,815	424,815	417,098	(7,717)
Recreation	540,458	543,958	488,492	(55,466)
Swimming pools	-	-	3,436	3,436
Parks maintenance	1,882,808	2,016,004	1,874,832	(141,173)
Vesper hall (50+ programs)	421,554	460,833	483,524	22,691
Building maintenance	907,344	907,344	690,840	(216,504)
Total expenditures	25,549,337	26,722,483	25,439,574	(1,282,909)
Excess (deficiency) of revenues over expenditures	(1,510,369)	(2,498,613)	2,597,482	5,096,095

(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, 2018**

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget
Other financing sources (uses):				
Transfers in	\$ 2,010,370	\$ 2,010,370	\$ 2,563,576	\$ 553,206
Transfers out	(3,500,000)	(5,907,855)	(5,972,419)	(64,564)
Total other financing sources (uses)	(1,489,630)	(3,897,485)	(3,408,843)	488,642
Net change in fund balance	\$ (2,999,999)	\$ (6,396,098)	(811,361)	\$ 5,584,737
Fund balance, beginning of year			14,323,339	
Fund balance, end of year—budget basis			13,511,978	
Adjustments, encumbrances			858,072	
Fund balance, end of year—GAAP basis			<u>\$ 14,370,050</u>	
Net change in fund balance - budget basis			\$ (811,361)	
Adjustments:				
Encumbrances—beginning of year			(973,184)	
Encumbrances—end of year			858,072	
Net change in fund balance—GAAP basis			<u>\$ (926,473)</u>	

See note to required supplementary information.

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.

NONMAJOR GOVERNMENTAL FUNDS

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

Public Safety Sales Tax Fund—established to account for the collection of the City's public safety sales tax and related expenditures including equipment, additional personnel and facility renovations.

Park Sales Tax Fund—established to account for the financial activity related to the collection of the dedicated 5-year ½ cent sales tax for parks deferred maintenance.

C.O.P. 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, 2018**

	Hotel Motel Tax	Public Safety Sales Tax	Park Sales Tax	C.O.P. Debt Service	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 568,805	\$ 4,260,818	\$ 1,698,041	\$ 501,965	\$ 7,029,629
Receivables, net of allowance for uncollectibles, other taxes	60,722	540,194	536,596	-	1,137,512
Prepaid items	5,000	70,243	-	-	75,243
Restricted cash and investments	-	-	-	111,949	111,949
Total assets	\$ 634,527	\$ 4,871,255	\$ 2,234,637	\$ 613,914	\$ 8,354,333
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ 47,339	\$ 38,372	\$ -	\$ 85,711
Accrued liabilities	-	32,984	-	-	32,984
Due to other funds	-	59,562	-	-	59,562
Total liabilities	-	139,885	38,372	-	178,257
Fund balance:					
Nonspendable:					
Prepaid items	5,000	70,243	-	-	75,243
Restricted:					
Debt service	-	-	-	613,914	613,914
Tourism	629,527	-	-	-	629,527
Public safety building improvements	-	4,661,127	-	-	4,661,127
Parks	-	-	2,196,265	-	2,196,265
Total fund balance	634,527	4,731,370	2,196,265	613,914	8,176,076
Total liabilities and fund balance	\$ 634,527	\$ 4,871,255	\$ 2,234,637	\$ 613,914	\$ 8,354,333

City of Blue Springs, Missouri

**Combining Statement of Revenues, Expenditures and
Changes In Fund Balances—Nonmajor Governmental Funds
Year Ended September 30, 2018**

	Hotel Motel Tax	Public Safety Sales Tax	Park Sales Tax	C.O.P. Debt Service	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 544,598	\$ 3,759,828	\$ 4,012,810	\$ -	\$ 8,317,236
Interest	11,575	62,537	19,942	7,498	101,552
Total revenues	556,173	3,822,365	4,032,752	7,498	8,418,788
Expenditures:					
Current:					
General government	152,986	-	-	-	152,986
Public safety	-	1,918,331	-	-	1,918,331
Parks and recreation	-	-	1,378,717	-	1,378,717
Debt service:					
Principal retirement	-	558,864	-	260,000	818,864
Interest and fiscal charges	-	888,830	-	15,901	904,731
Total expenditures	152,986	3,366,025	1,378,717	275,901	5,173,629
Excess (deficiency) of revenues over expenditures	403,187	456,340	2,654,035	(268,403)	3,245,159
Other financing sources (uses):					
Transfers in	-	-	-	275,900	275,900
Transfers out	(334,718)	(522,809)	(428,020)	-	(1,285,547)
Total other financing sources (uses)	(334,718)	(522,809)	(428,020)	275,900	(1,009,647)
Net change in fund balances	68,469	(66,469)	2,226,015	7,497	2,235,512
Fund balances, beginning	566,058	4,797,839	(29,750)	606,417	5,940,564
Fund balances, ending	\$ 634,527	\$ 4,731,370	\$ 2,196,265	\$ 613,914	\$ 8,176,076

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, 2018**

	Original Budget	Final Budget	Actual (Budget basis)	Variance With Final Budget
Revenues:				
Taxes	\$ 580,488	\$ 580,488	\$ 544,598	\$ (35,890)
Fines and forfeits	4,808	4,808	-	(4,808)
Interest	1,559	1,559	11,575	10,016
Total revenues	586,855	586,855	556,173	(30,682)
Expenditures,				
current, general government	145,000	160,972	160,972	-
Excess of revenues over expenditures	441,855	425,883	395,201	(30,682)
Other financing (uses), transfers out	(334,718)	(334,718)	(334,718)	-
Net change in fund balances	\$ 107,137	\$ 91,165	60,483	\$ (30,682)
Fund balance, beginning of year			566,058	
Fund balance, end of year—budget basis			626,541	
Adjustments, encumbrances			7,986	
Fund balance, end of year—GAAP basis			\$ 634,527	
Net change in fund balance—budget basis			\$ 60,483	
Adjustments:				
Encumbrances—beginning of year			-	
Encumbrances—end of year			7,986	
Net change in fund balance - GAAP basis			\$ 68,469	

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, 2018**

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget
Revenues:				
Taxes	\$ 3,599,746	\$ 3,599,746	\$ 3,759,828	\$ 160,082
Interest	20,000	20,000	62,537	42,537
Total revenues	3,619,746	3,619,746	3,822,365	202,619
Expenditures:				
Current, public safety	2,359,492	2,435,057	1,602,583	(832,474)
Debt service:				
Principal retirement	558,864	558,864	558,864	-
Interest and fiscal charges	886,366	886,366	888,830	2,464
Total expenditures	3,804,722	3,880,287	3,050,277	(830,010)
Excess of revenues over expenditures	\$ (184,976)	\$ (260,541)	772,088	\$ 1,032,629
Fund balance, beginning of year			3,557,092	
Fund balance, end of year—budget basis			4,329,180	
Adjustments, encumbrances			924,999	
Adjustments, transfer (for return of prior year funds)			(522,809)	
Fund balance, end of year—GAAP basis			<u>\$ 4,731,370</u>	
Net change in fund balance—budget basis			\$ 772,088	
Adjustments:				
Encumbrances—beginning of year			(1,240,747)	
Encumbrances—end of year			924,999	
Transfer (for return of prior year funds)			(522,809)	
Net change in fund balance—GAAP basis			<u>\$ (66,469)</u>	

See note to required supplementary information.

City of Blue Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual—Park Sales Tax Fund
Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget
Revenues:				
Taxes	\$ 2,774,715	\$ 2,774,715	\$ 4,012,810	\$ 1,238,095
Interest	-	-	19,942	19,942
Total revenues	<u>2,774,715</u>	<u>2,774,715</u>	<u>4,032,752</u>	<u>1,258,037</u>
Expenditures,				
current, parks and recreation	<u>1,604,150</u>	<u>1,604,150</u>	<u>1,413,232</u>	<u>(190,918)</u>
Excess (deficiency) of revenues over expenditures	1,170,565	1,170,565	2,619,520	1,448,955
Other financing (uses), transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(428,020)</u>	<u>71,980</u>
Net change in fund balances	<u>\$ 670,565</u>	<u>\$ 670,565</u>	2,191,500	<u>\$ 1,520,935</u>
Fund balance, beginning of year			<u>(29,750)</u>	
Fund balance, end of year—budget basis			2,161,750	
Adjustments, encumbrances			<u>34,515</u>	
Fund balance, end of year—GAAP basis			<u>\$ 2,196,265</u>	
Net change in fund balance—budget basis			\$ 2,191,500	
Adjustments:				
Encumbrances—beginning of year			-	
Encumbrances—end of year			<u>34,515</u>	
Net change in fund balance—GAAP basis			<u>\$ 2,226,015</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, 2018

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget
Revenues:				
Taxes	\$ 1,228,177	\$ 1,228,177	\$ 1,299,999	\$ 71,822
Interest income	203,105	203,105	128,815	(74,290)
Total revenues	1,431,282	1,431,282	1,428,814	(2,468)
Expenditures:				
Current, general government	-	-	21,890	21,890
Debt service:				
Principal retirement	945,000	945,000	945,000	-
Interest and fiscal charges	1,001,365	1,001,365	909,728	(91,637)
Total expenditures	1,946,365	1,946,365	1,876,618	(69,747)
Excess (deficiency) of revenues over expenditures	(515,083)	(515,083)	(447,804)	67,279
Other financing sources, transfers in	500,000	500,000	500,000	-
Net change in fund balances	\$ (15,083)	\$ (15,083)	52,196	\$ 67,279
Fund balance, beginning of year			837,157	
Fund balance, end of year, budget basis			889,353	
Adjustments:				
Issuance of refunding bonds			11,915,000	
Bond premium			824,403	
Refunding payment			(12,560,000)	
Bond issue costs			(174,335)	
Fund balance, end of year, GAAP basis			\$ 894,421	
Net change in fund balance—budget basis			\$ 52,196	
Adjustments:				
Issuance of refunding bonds			11,915,000	
Bond premium			824,403	
Refunding payment			(12,560,000)	
Bond issue costs			(174,335)	
Net change in fund balance—GAAP basis			\$ 57,264	

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, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues, interest	\$ -	\$ -	\$ 7,498	\$ 7,498
Expenditures:				
Debt service:				
Principal retirement	260,000	260,000	260,000	-
Interest and fiscal charges	15,900	15,900	15,901	1
Total expenditures	275,900	275,900	275,901	1
Excess (deficiency) of revenues over expenditures	(275,900)	(275,900)	(268,403)	7,497
Other financing sources, transfers in	275,900	275,900	275,900	-
Net change in fund balances	\$ -	\$ -	7,497	\$ 7,497
Fund balance, beginning of year			606,417	
Fund balance, end of year			<u>\$ 613,914</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, 2018**

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget
Revenues:				
Taxes	\$ 3,608,713	\$ 3,608,713	\$ 3,839,939	\$ 231,226
Intergovernmental revenues	106,000	106,000	200,391	94,391
Interest	15,000	15,000	53,241	38,241
Total revenues	3,729,713	3,729,713	4,093,571	363,858
Expenditures, capital outlay	6,051,200	11,924,785	9,983,571	(1,941,214)
Excess (deficiency) of revenues over expenditures	(2,321,487)	(8,195,072)	(5,890,000)	2,305,072
Other financing sources (uses):				
Transfers in	3,250,000	3,250,000	6,258,135	3,008,135
Transfers out	-	-	(2,985,326)	(2,985,326)
Total other financing sources (uses)	3,250,000	3,250,000	3,272,809	22,809
Net change in fund balances	\$ 928,513	\$ (4,945,072)	(2,617,191)	\$ 2,327,881
Fund balance, beginning of year			5,637,222	
Fund balance, end of year—budget basis			3,020,031	
Adjustments, encumbrances			3,417,096	
Fund balance, end of year—GAAP basis			<u>\$ 6,437,127</u>	
Net change in fund balance—budget basis			\$ (2,617,191)	
Adjustments:				
Encumbrances—beginning of year			-	
Encumbrances—end of year			3,417,096	
Net change in fund balance - GAAP basis			<u>\$ 799,905</u>	

City of Blue Springs, Missouri

Combining Balance Sheet—
TIF Fund Projects
September 30, 2018

	Mall at Fall Creek TIF	Copperleaf Village TIF	Highway 7 & 40 Project B TIF
Assets			
Cash and investments	\$ 2,085	\$ 3,587	\$ 27,392
Property taxes receivable	260,613	44,198	133,817
Other taxes receivable	9,332	-	-
Due from other funds	9,946	1,032	8,021
Due from other governments	27,189	380	26,298
Prepaid items	89,449	-	-
Restricted cash and investments	-	-	-
Total assets	\$ 398,614	\$ 49,197	\$ 195,528
Liabilities			
Accounts payable	\$ -	\$ 3,587	\$ 27,392
Due to other funds	-	9	63
Total liabilities	-	3,596	27,455
Deferred inflows of resources			
Unavailable revenue—property taxes	260,613	44,198	133,817
Unavailable revenue—other	5,135	-	3,509
Total deferred inflows of resources	265,748	44,198	137,326
Fund balance			
Nonspendable, prepaid items	89,449	-	-
Restricted, debt service	43,417	1,403	30,747
Total fund balance	132,866	1,403	30,747
Total liabilities, deferred inflows of resources and fund balance	\$ 398,614	\$ 49,197	\$ 195,528

Woods Chapel TIF	Adams Farm TIF	Highway 7 & 40 Project C TIF	Highway 7 & 40 Project A TIF	White Oaks TIF	Total
\$ 4,002	\$ 333,803	\$ 90,644	\$ 17,853	\$ 1,780,037	\$ 2,259,403
107,263	1,359,619	138,011	29,009	263,801	2,336,331
2,923	-	-	-	22,786	35,041
1,220	146,792	37,457	7,731	33,858	246,057
5,508	649,243	53,060	10,644	24,097	796,419
-	-	-	-	-	89,449
-	4,100,910	-	-	-	4,100,910
<u>\$ 120,916</u>	<u>\$ 6,590,367</u>	<u>\$ 319,172</u>	<u>\$ 65,237</u>	<u>\$ 2,124,579</u>	<u>\$ 9,863,610</u>
\$ 4,013	\$ 53,525	\$ 97,995	\$ 17,853	\$ -	\$ 204,365
10	1,147	585	121	466	2,401
4,023	54,672	98,580	17,974	466	206,766
107,263	1,359,619	138,011	29,009	245,565	2,318,095
712	63,115	12,158	3,348	24,097	112,074
107,975	1,422,734	150,169	32,357	269,662	2,430,169
-	-	-	-	-	89,449
8,918	5,112,961	70,423	14,906	1,854,451	7,137,226
8,918	5,112,961	70,423	14,906	1,854,451	7,226,675
<u>\$ 120,916</u>	<u>\$ 6,590,367</u>	<u>\$ 319,172</u>	<u>\$ 65,237</u>	<u>\$ 2,124,579</u>	<u>\$ 9,863,610</u>

City of Blue Springs, Missouri

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances—
TIF Fund Projects
Year Ended September 30, 2018

	Mall at Fall Creek TIF	Copperleaf Village TIF	Highway 7 & 40 Project B TIF
Revenues:			
Taxes	\$ 77,946	\$ 6,879	\$ 76,738
Intergovernmental activity taxes	347,604	48,053	183,575
Interest	10,290	180	627
Total revenues	435,840	55,112	260,940
Expenditures:			
Current, economic development	4,743	3,471	18,868
Debt service:			
Principal retirement	304,780	51,345	226,218
Interest and fiscal charges	36,393	-	-
Total expenditures	345,916	54,816	245,086
Excess (deficiency) of revenues over expenditures	89,924	296	15,854
Other financing sources (uses), transfers (out)	(7,717)	(272)	(1,250)
Net change in fund balances	82,207	24	14,604
Fund balances, beginning of year	50,659	1,379	16,143
Fund balances, end of year	\$ 132,866	\$ 1,403	\$ 30,747

Woods Chapel TIF	Adams Farm TIF	Highway 7 & 40 Project C TIF	Highway 7 & 40 Project A TIF	White Oaks TIF	Total
\$ 17,109	\$ 1,020,246	\$ 275,387	\$ 35,757	\$ 72,942	\$ 1,583,004
106,968	3,933,619	297,469	48,431	329,821	5,295,540
-	22,185	1,050	207	27,780	62,319
124,077	4,976,050	573,906	84,395	430,543	6,940,863
10,745	304,897	32,524	4,093	3,682,945	4,062,286
105,358	2,365,000	524,634	73,931	-	3,651,266
-	1,967,314	-	-	459,039	2,462,746
116,103	4,637,211	557,158	78,024	4,141,984	10,176,298
7,974	338,839	16,748	6,371	(3,711,441)	(3,235,435)
(468)	(14,604)	(5,437)	(816)	(1,390)	(31,954)
7,506	324,235	11,311	5,555	(3,712,831)	(3,267,389)
1,412	4,788,726	59,112	9,351	5,567,282	10,494,064
\$ 8,918	\$ 5,112,961	\$ 70,423	\$ 14,906	\$ 1,854,451	\$ 7,226,675

City of Blue Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Mall at Fall Creek TIF
Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 372,520	\$ 423,000	\$ 425,550	\$ 2,550
Interest	356	356	10,290	9,934
Total revenues	372,876	423,356	435,840	12,484
Expenditures:				
Current, economic development	3,850	4,606	4,743	137
Debt service:				
Principal retirement	361,308	411,032	304,780	(106,252)
Interest and fiscal charges	-	-	36,393	36,393
Total expenditures	365,158	415,638	345,916	(69,722)
Excess of revenues over expenditures	7,718	7,718	89,924	82,206
Other financing (uses), transfers out	(7,717)	(7,717)	(7,717)	-
Net change in fund balances	\$ 1	\$ 1	82,207	\$ 82,206
Fund balances, beginning of year			50,659	
Fund balances, end of year			\$ 132,866	

City of Blue Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Copperleaf Village TIF
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 48,338	\$ 48,338	\$ 54,932	\$ 6,594
Interest	104	104	180	76
Total revenues	48,442	48,442	55,112	6,670
Expenditures:				
Current, economic development	1,912	1,912	3,471	1,559
Debt service, principal retirement	46,130	121,130	51,345	(69,785)
Total expenditures	48,042	123,042	54,816	(68,226)
Excess (deficiency) of revenues over expenditure:	400	(74,600)	296	74,896
Other financing (uses), transfers out	(400)	(400)	(272)	128
Net change in fund balances	\$ -	\$ (75,000)	24	\$ 75,024
Fund balances, beginning of year			1,379	
Fund balances, end of year			\$ 1,403	

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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 208,895	\$ 208,895	\$ 260,313	\$ 51,418
Interest	205	205	627	422
Total revenues	<u>209,100</u>	<u>209,100</u>	<u>260,940</u>	<u>51,840</u>
Expenditures:				
Current, economic development	14,778	14,778	18,868	4,090
Debt service, principal retirement	193,321	268,321	226,218	(42,103)
Total expenditures	<u>208,099</u>	<u>283,099</u>	<u>245,086</u>	<u>(38,013)</u>
Excess (deficiency) of revenues over expenditures	1,001	(73,999)	15,854	89,853
Other financing (uses), transfers out	(1,000)	(1,000)	(1,250)	(250)
Net change in fund balances	<u>\$ 1</u>	<u>\$ (74,999)</u>	<u>14,604</u>	<u>\$ 89,603</u>
Fund balances, beginning of year			<u>16,143</u>	
Fund balances, end of year			<u>\$ 30,747</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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 104,638	\$ 114,638	\$ 124,077	\$ 9,439
Interest	1,265	1,265	-	(1,265)
Total revenues	<u>105,903</u>	<u>115,903</u>	<u>124,077</u>	<u>8,174</u>
Expenditures,				
Current, economic development	57,696	62,696	10,745	(51,951)
Debt service, principal retirement	47,407	62,407	105,358	42,951
Total expenditures	<u>105,103</u>	<u>125,103</u>	<u>116,103</u>	<u>(9,000)</u>
Excess of revenues over expenditures	<u>800</u>	<u>(9,200)</u>	<u>7,974</u>	<u>17,174</u>
Other financing (uses), transfers out	(800)	(800)	(468)	332
Net change in fund balances	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>7,506</u>	<u>\$ 17,506</u>
Fund balances, beginning of year			<u>1,412</u>	
Fund balances, end of year			<u>\$ 8,918</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, 2018**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 5,075,902	\$ 5,075,902	\$ 4,953,865	\$ (122,037)
Interest	20,473	20,473	22,185	1,712
Total revenues	5,096,375	5,096,375	4,976,050	(120,325)
Expenditures:				
Current, economic development	392,371	392,371	304,897	(87,474)
Debt service:				
Principal retirement	2,461,000	2,461,000	2,365,000	(96,000)
Interest and fiscal charges	2,063,462	2,063,462	1,967,314	(96,148)
Total expenditures	4,916,833	4,916,833	4,637,211	(279,622)
Excess of revenues over expenditures	179,542	179,542	338,839	159,297
Other financing (uses), transfers (out)	(17,000)	(17,000)	(14,604)	2,396
Net change in fund balances	\$ 162,542	\$ 162,542	324,235	\$ 161,693
Fund balances, beginning of year			4,788,726	
Fund balances, end of year			\$ 5,112,961	

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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 626,549	\$ 626,549	\$ 572,856	\$ (53,693)
Interest	349	349	1,050	701
Total revenues	626,898	626,898	573,906	(52,992)
Expenditures,				
Current, economic development	26,963	26,963	32,524	5,561
Debt service, principal retirement	593,936	673,936	524,634	(149,302)
Total expenditures	620,899	700,899	557,158	(143,741)
Excess (deficiency) of revenues over expenditures	5,999	(74,001)	16,748	90,749
Other financing (uses), transfers out	(6,000)	(6,000)	(5,437)	563
Net change in fund balances	\$ (1)	\$ (80,001)	11,311	\$ 91,312
Fund balances, beginning of year			59,112	
Fund balances, end of year			<u>\$ 70,423</u>	

City of Blue Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Highway 7 and 40 Project A TIF
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 76,921	\$ 76,921	\$ 84,188	\$ 7,267
Interest	52	52	207	155
Total revenues	<u>76,973</u>	<u>76,973</u>	<u>84,395</u>	<u>7,422</u>
Expenditures,				
Current, economic development	2,983	2,983	4,093	1,110
Debt service, principal retirement	73,290	78,290	73,931	(4,359)
Total expenditures	<u>76,273</u>	<u>81,273</u>	<u>78,024</u>	<u>(3,249)</u>
Excess of revenues over expenditures	700	(4,300)	6,371	10,671
Other financing (uses), transfers out	(700)	(700)	(816)	(116)
Net change in fund balances	<u>\$ -</u>	<u>\$ (5,000)</u>	5,555	<u>\$ 10,555</u>
Fund balances, beginning of year			<u>9,351</u>	
Fund balances, end of year			<u>\$ 14,906</u>	

City of Blue Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—White Oak TIF
Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes and intergovernmental activity taxes	\$ 703	\$ 251,017	\$ 402,763	\$ 151,746
Interest	6	20,657	27,780	7,123
Total revenues	709	271,674	430,543	158,869
Expenditures,				
Current, economic development	708	4,008,489	3,682,945	(325,544)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	454,257	459,039	4,782
Total expenditures	708	4,462,746	4,141,984	(320,762)
Excess (deficiency) of revenues over expenditures	1	(4,191,072)	(3,711,441)	479,631
Other financing sources (uses), transfers (out)	-	-	(1,390)	(1,390)
Net change in fund balances	\$ 1	\$ (4,191,072)	(3,712,831)	\$ 478,241
Fund balances, beginning of year			5,567,282	
Fund balances, end of year			\$ 1,854,451	

AGENCY FUNDS

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

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.

Woods Chapel Community Improvement District—accounts for amounts collected on behalf of the District.

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.

White Oaks Community Improvement District—accounts for amounts collected on behalf of the District.

City of Blue Springs, Missouri

Statement of Changes in Assets and Liabilities—Agency Funds
Year Ended September 30, 2018

	Balance September 30, 2017		Additions	Deletions	Balance September 30, 2018	
Employees Flexible Benefit Fund						
Assets, cash	\$	(5,227)	\$ 172,786	\$ 171,655	\$	(4,096)
Liabilities, Employee flexible benefit deposits	\$	(5,227)	\$ 172,786	\$ 171,655	\$	(4,096)
Eastern Jackson County Betterment Council Fund						
Assets:						
Cash	\$	60,833	\$ 9,206	\$ 2,651	\$	67,388
Taxes receivable		-	14,250	9,000		5,250
Total assets	\$	60,833	\$ 23,456	\$ 11,651	\$	72,638
Liabilities:						
Accounts payable	\$	-	\$ 2,651	\$ 2,651	\$	-
Membership deposits		60,833	14,456	2,651		72,638
Total liabilities	\$	60,833	\$ 17,107	\$ 5,302	\$	72,638
Woods Chapel CID						
Assets:						
Cash	\$	1,497	\$ 76,598	\$ 75,947	\$	2,148
Taxes receivable		15	5,848	16		5,847
Total assets	\$	1,512	\$ 82,446	\$ 75,963	\$	7,995
Liabilities, due to other governments	\$	1,512	\$ 82,429	\$ 75,946	\$	7,995
Adams Dairy Landing CID						
Assets:						
Cash	\$	549,368	\$ 1,143,440	\$ 1,102,828	\$	589,980
Taxes receivable		61,484	387,321	393,186		55,619
Total assets	\$	610,852	\$ 1,530,761	\$ 1,496,014	\$	645,599
Liabilities, due to other governments	\$	610,852	\$ 1,137,575	\$ 1,102,828	\$	645,599
Coronado Drive TDD						
Assets:						
Cash	\$	35	\$ 493,465	\$ 493,500	\$	-
Taxes receivable		55,217	81,495	55,217		81,495
Total assets	\$	55,252	\$ 574,960	\$ 548,717	\$	81,495
Liabilities, due to other governments	\$	55,252	\$ 519,743	\$ 493,500	\$	81,495
Adams Farm TDD						
Assets:						
Cash	\$	35	\$ 1,247,838	\$ 1,247,873	\$	-
Taxes receivable		176,796	184,865	176,796		184,865
Total assets	\$	176,831	\$ 1,432,703	\$ 1,424,669	\$	184,865
Liabilities, due to other governments	\$	176,831	\$ 1,255,907	\$ 1,247,873	\$	184,865

(Continued)

City of Blue Springs, Missouri

Statement of Changes in Assets and Liabilities—Agency Funds (Continued)
Year Ended September 30, 2018

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
White Oak CID				
Assets:				
Cash	\$ -	\$ 313,024	\$ 301,594	\$ 11,430
Taxes receivable	15,791	23,017	15,791	23,017
Total assets	\$ 15,791	\$ 336,041	\$ 317,385	\$ 34,447
Liabilities, due to other governments	\$ 15,791	\$ 320,250	\$ 301,594	\$ 34,447
Total - All Agency Fund				
Assets:				
Cash	\$ 606,541	\$ 3,456,357	\$ 3,396,048	\$ 666,850
Taxes receivable	309,303	696,796	650,006	356,093
Total assets	\$ 915,844	\$ 4,153,153	\$ 4,046,054	\$ 1,022,943
Liabilities:				
Due to other governments	\$ 860,238	\$ 3,315,904	\$ 3,221,741	\$ 954,401
Accounts payable	-	2,651	2,651	-
Membership and employee flexible benefit deposits	55,606	187,242	174,306	68,542
Total liabilities	\$ 915,844	\$ 3,505,797	\$ 3,398,698	\$ 1,022,943

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.	107-109
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.	110-116
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.	117-121
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.	122-123
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.	124-126

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

City of Blue Springs, Missouri

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 6,722,852	\$ 5,952,221	\$ 5,747,148	\$ 6,173,185	\$ 6,682,189	\$ 6,494,979	\$ 6,732,979	\$ 6,420,523	\$ 7,257,755	\$ 6,389,183
Public works	1,150,617	1,157,261	1,165,906	1,235,515	1,082,539	729,879	758,851	701,230	735,017	706,567
Highways and streets	12,091,281	13,175,169	14,911,575	8,492,791	13,469,975	14,428,795	6,262,685	8,365,757	10,975,662	8,385,717
Public safety	11,308,429	11,855,976	12,475,129	17,032,328	13,362,419	12,815,066	18,032,520	16,788,117	15,198,731	15,581,118
Parks and recreation	3,808,823	3,926,898	4,059,046	4,036,137	3,869,602	4,166,939	4,141,149	4,269,900	4,514,983	4,320,343
Economic development	22,120,492	3,023,924	625,859	6,577,745	2,336,825	13,549,379	2,416,435	267,098	5,324,067	5,314,852
Interest and fiscal charges	720,823	1,921,555	2,809,800	2,759,693	2,960,575	3,380,506	5,251,068	4,064,700	4,829,799	4,143,672
Total governmental activities expenses	57,923,317	41,013,004	41,794,463	46,307,394	43,764,124	55,565,543	43,595,687	40,877,325	48,836,014	44,841,452
Business-type activities:										
Water	7,691,581	7,378,974	8,215,144	8,322,203	8,472,236	8,819,587	8,608,200	9,424,854	10,317,418	10,877,316
Sewer	7,438,288	6,991,779	7,315,040	7,348,680	7,829,235	9,585,897	11,455,986	9,599,824	9,713,317	9,650,812
Golf course	1,850,615	1,836,939	1,670,943	2,019,349	1,667,800	1,717,978	1,654,733	1,658,105	1,736,689	1,682,473
Non-major: Fieldhouse							149,777	1,012,307	1,122,838	1,214,815
Total business-type activities expenses	16,980,484	16,207,692	17,201,127	17,690,232	17,969,271	20,123,462	21,868,696	21,695,090	22,890,262	23,425,416
Total primary government expenses	74,903,801	57,220,696	58,995,590	63,997,626	61,733,395	75,689,005	65,464,383	62,572,415	71,726,276	68,266,868
Program revenue:										
Governmental activities:										
Charges for services:										
General government	3,526,012	3,050,375	3,095,525	3,171,600	3,569,233	3,826,423	3,456,917	3,598,475	3,838,541	4,156,925
Public works	50,586	26,376	54,941	332,068	92,490	21,205	69,054	162,531	208,751	41,511
Highways and streets	-	-	-	-	-	-	-	-	-	-
Public safety	2,826,024	2,732,433	2,971,402	2,915,982	1,947,267	1,405,762	1,428,023	1,332,713	1,197,668	1,373,040
Parks and recreation	645,069	633,235	626,200	398,451	381,691	414,159	444,931	449,467	490,733	513,432
Operating grants and contributions	649,095	457,455	567,701	574,895	799,005	575,817	581,258	471,559	642,130	762,087
Capital grants and contributions	1,578,255	1,248,938	4,535,142	124,686	9,569,123	5,837,853	2,449,429	609,823	2,245,519	13,509,858
Total governmental activities program revenue	9,275,041	8,148,812	11,850,911	7,517,682	16,358,809	12,081,219	8,429,612	6,624,568	8,623,342	20,356,853
Business-type activities:										
Charges for services:										
Water	6,459,597	6,651,551	7,052,276	7,886,884	7,215,657	8,074,733	8,102,186	9,797,233	10,516,119	11,146,296
Sewer	6,621,395	6,731,206	6,800,171	6,773,648	6,777,957	6,885,033	7,273,979	7,482,274	7,814,538	8,894,100
Golf course	1,516,109	1,433,111	1,367,495	1,520,568	1,469,473	1,394,058	1,432,673	1,458,922	1,497,416	1,530,581
Non-major: Fieldhouse							105,705	664,541	978,482	1,037,866
Capital grants and contributions	18,812,221	5,054,010	7,169,853	3,413,162	3,065,333	763,153	280,865	230,991	248,589	1,149,415
Total business-type activities program revenues	33,409,322	19,869,878	22,389,795	19,594,262	18,528,420	17,116,977	17,195,408	19,633,961	21,055,144	23,758,258
Total primary government program revenues	\$ 42,684,363	\$ 28,018,690	\$ 34,240,706	\$ 27,111,944	\$ 34,887,229	\$ 29,198,196	\$ 25,625,020	\$ 26,258,529	\$ 29,678,486	\$ 44,115,111

(Continued)

City of Blue Springs, Missouri

Changes In Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense) revenue:										
Governmental activities	\$ (48,648,276)	\$ (32,864,192)	\$ (29,943,552)	\$ (27,405,315)	\$ (27,405,225)	\$ (43,484,324)	\$ (35,166,075)	\$ (34,252,757)	\$ (40,212,672)	\$ (24,484,599)
Business-type activities	16,428,838	3,662,186	5,188,668	559,149	(3,006,485)	(3,006,485)	(4,673,288)	(2,061,129)	(1,835,118)	332,842
Total primary government net expense	\$ (32,219,438)	\$ (29,202,006)	\$ (24,754,884)	\$ (26,846,166)	\$ (30,411,710)	\$ (46,490,809)	\$ (39,839,363)	\$ (36,313,886)	\$ (42,047,790)	\$ (24,151,757)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Sales taxes	\$ 8,843,215	\$ 9,639,673	\$ 10,227,290	\$ 13,710,170	\$ 14,128,049	\$ 15,136,972	\$ 15,971,904	\$ 16,518,994	\$ 16,573,548	\$ 21,502,149
Property taxes	5,288,096	5,373,148	5,345,937	5,675,553	5,273,295	5,543,977	5,610,797	6,122,937	5,940,624	6,146,648
Franchise tax	5,096,487	6,111,034	5,311,660	5,062,742	5,414,939	5,250,496	5,187,482	4,860,305	4,766,919	4,970,652
Intergovernmental activity taxes	662,481	1,981,710	2,598,427	2,910,479	3,867,998	3,851,865	4,360,020	3,952,005	4,590,028	5,151,086
Motor Vehicle				1,785,850	1,672,082	1,764,838	1,833,354	1,844,525	1,889,309	1,885,785
Hotel	493,983	572,571	573,835	544,620	536,199	575,237	591,718	591,123	613,430	544,598
Other taxes	1,995,432	2,054,909	2,064,588	409,592	404,923	394,499	334,958	364,960	383,330	414,475
Interest	367,671	334,685	419,579	410,317	352,556	371,085	385,668	386,448	442,397	540,230
Miscellaneous	611,431	504,639	588,977	581,404	812,952	778,639	526,698	410,308	534,546	566,742
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(303,724)	(316,026)	(363,869)	(250,007)	(262,696)	(400,549)	(5,152,426)	(311,824)	(215,624)	(710,113)
Total governmental activities	23,055,072	26,256,343	26,766,424	30,840,720	32,200,297	33,267,059	29,650,173	34,739,781	35,518,507	41,012,252
Business-type activities:										
Interest	237,530	135,489	137,601	1,051,510	923,456	928,488	996,622	950,212	897,342	902,509
Transfers	303,724	316,026	363,869	250,007	262,696	400,549	5,152,426	311,824	215,624	710,113
Total business-type activities	541,254	451,515	501,470	1,301,517	1,186,152	1,329,037	6,149,048	1,262,036	1,112,966	1,612,622
Total primary government	\$ 23,596,326	\$ 26,707,858	\$ 27,267,894	\$ 32,142,237	\$ 33,386,449	\$ 34,596,096	\$ 35,799,221	\$ 36,001,817	\$ 36,631,473	\$ 42,624,874
Changes in net position:										
Governmental activities	(25,593,204)	(6,607,849)	(3,177,128)	3,435,405	4,795,072	(10,217,265)	(5,515,902)	487,024	(4,694,165)	16,527,653
Business-type activities	16,970,092	4,113,701	5,690,138	1,860,666	(1,820,333)	(1,677,448)	1,475,760	(799,093)	(722,152)	1,945,464
Total primary government	\$ (8,623,112)	\$ (2,494,148)	\$ 2,513,010	\$ 5,296,071	\$ 2,974,739	\$ (11,894,713)	\$ (4,040,142)	\$ (312,069)	\$ (5,416,317)	\$ 18,473,117

City of Blue Springs, Missouri

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 2,680,486	\$ 2,585,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,700,183	11,143,726	-	-	-	-	-	-	-	-
Nonspendable	-	-	2,069,873	2,124,185	2,250,484	2,390,413	2,444,821	2,389,927	2,436,877	2,649,026
Restricted	-	-	131,654	107,265	1,143,677	1,110,681	61,804	66,897	77,917	150,050
Committed	-	-	7,174,859	7,145,032	7,431,610	7,615,714	7,876,539	7,841,276	10,969,379	7,680,711
Assigned	-	-	2,042,797	32,217	4,931,586	4,203,615	1,532,656	1,542,188	474,644	729,539
Unassigned	-	-	4,060,154	6,041,570	1,563,656	213,769	850,231	2,217,410	1,337,706	3,160,724
Total General Fund	\$ 12,380,669	\$ 13,729,648	\$ 15,479,337	\$ 15,450,269	\$ 17,321,013	\$ 15,534,192	\$ 12,766,051	\$ 14,057,698	\$ 15,296,523	\$ 14,370,050
All other governmental funds:										
Reserved	\$ 7,095,640	\$ 9,822,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	363,631	436,280	-	-	-	-	-	-	-	-
Capital projects funds	2,479,359	14,587,042	-	-	-	-	-	-	-	-
Nonspendable,										
Special revenue funds	-	-	58,169	340,394	15,415	353,424	29,857	67,619	53,015	164,692
Capital projects funds	-	-	-	-	-	-	-	326,911	-	-
Restricted/Committed/Assigned:										
Capital projects funds	-	-	16,053,845	14,628,781	14,270,225	8,914,496	5,024,611	4,704,131	5,637,222	6,437,127
Public Safety Sales Tax fund (2)	-	-	-	3,673,183	2,756,681	18,087,627	6,926,542	4,496,847	4,744,824	-
Debt Service fund (2)	-	-	-	-	-	-	-	-	-	894,421
Other governmental funds	-	-	7,382,340	8,150,087	1,879,203	10,732,535	6,055,534	7,065,198	12,503,696	15,238,059
Unassigned	-	-	-	-	-	-	-	-	(29,750)	-
Total all other government funds	\$ 9,938,630	\$ 24,846,277	\$ 23,494,354	\$ 26,792,445	\$ 18,921,524	\$ 38,088,082	\$ 18,036,544	\$ 16,660,706	\$ 22,909,007	\$ 22,734,299

(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.

(2) Public Safety Sales Tax fund is not recognized as a major fund in FY2018; Debt Service fund is recognized as a major fund in FY2018 due to 2017 GO Bonds refunding of the 2009 Build America Bonds

City of Blue Springs, Missouri

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 19,248,967	\$ 21,148,583	\$ 23,005,968	\$ 24,686,823	\$ 25,839,079	\$ 26,682,458	\$ 27,506,137	\$ 27,837,343	\$ 27,987,328	\$ 33,222,499
Intergovernmental activity taxes	662,481	1,981,709	2,598,425	2,843,750	3,775,528	3,851,865	4,360,020	3,949,611	5,018,954	5,295,540
Licenses, fees and permits	917,980	572,183	629,447	639,179	688,903	865,546	777,265	977,939	1,135,665	1,385,463
Intergovernmental	3,893,513	3,935,449	6,676,347	2,979,681	2,960,671	3,510,789	5,366,824	3,326,434	3,454,177	3,499,500
Charges for services	4,981,920	4,697,653	4,982,338	3,559,085	2,322,751	1,512,856	1,305,934	1,361,123	1,437,539	1,324,601
Administrative charges				1,382,522	1,676,501	1,764,935	1,840,000	1,839,701	1,874,568	1,930,456
Fines, forfeitures and court costs	924,640	957,684	884,777	882,785	870,291	1,114,347	1,127,246	1,033,510	902,432	1,061,126
Interest	367,671	334,685	419,578	410,317	352,555	371,276	404,276	386,448	442,397	540,229
Donations	82,816	56,735	55,672	87,409	1,237,690	41,152	34,427	37,383	72,023	104,528
Other	687,218	559,601	904,226	581,904	812,123	815,672	597,656	412,066	525,709	555,150
Total revenues	31,767,206	34,244,282	40,156,778	38,053,455	40,536,092	40,530,896	43,319,785	41,161,558	42,850,792	48,919,092
Expenditures:										
General government	6,195,290	5,602,502	5,471,625	5,676,363	5,832,150	6,117,293	6,327,993	6,017,583	6,197,037	6,006,634
Public works	888,418	848,364	844,437	820,337	692,584	721,738	758,851	701,230	676,063	717,984
Highways and streets	2,067,920	2,206,235	2,407,243	2,487,103	2,690,517	2,722,410	2,999,767	2,792,470	2,581,952	3,100,881
Public safety	10,821,665	11,649,900	11,742,075	16,335,463	15,191,037	19,151,121	24,489,006	14,963,894	13,168,457	13,534,211
Parks and recreation	3,545,496	3,549,907	3,680,470	3,378,523	3,357,255	3,647,241	3,649,129	3,685,781	3,753,671	5,185,979
Economic development	12,660,575	14,212,124	383,397	431,682	298,302	305,241	325,695	267,098	3,743,117	4,062,286
Capital outlay	5,305,272	7,777,445	10,310,341	13,994,620	12,066,688	2,774,635	8,886,778	4,375,399	3,829,446	6,997,406
Debt service:										
Principal	1,278,955	1,316,011	1,893,905	2,254,897	3,266,049	3,564,582	18,659,554	4,682,255	5,936,176	18,025,120
Interest	1,010,720	2,083,257	2,694,128	2,625,145	2,911,469	2,930,738	3,694,548	3,480,693	4,259,195	4,277,205
Bond Issuance Costs				158,350	-	408,232	1,615,270	-	300,406	174,335
Total expenditures	43,774,311	49,245,745	39,427,621	48,162,483	46,306,051	42,343,231	71,406,591	40,966,403	44,445,520	62,082,041
Excess of revenues over (under) expenditures	(12,007,105)	(15,001,463)	729,157	(10,109,028)	(5,769,959)	(1,812,335)	(28,086,806)	195,155	(1,594,728)	(13,162,949)
Other financing sources (uses):										
Bond proceeds	14,500,000	31,805,000	-	13,409,490	-	20,960,000	38,050,000	-	9,265,000	-
Refunded bond proceeds	-	3,590,000	-	-	-	-	-	-	-	11,915,000
Premium/(Discount) on issuance	(144,034)	(3,643,181)	-	185,701	-	460,377.00	(287,875.00)	-	-	824,403
Payment to refunded bond escrow agent	-	(210,274)	-	-	-	(1,860,234.00)	(27,625,000.00)	-	-	-
Capital lease issuance	-	-	-	-	-	-	249,950.00	-	-	-
Transfers in	1,676,368	2,418,388	4,035,359	4,975,087	2,401,594	6,001,009	2,575,957	1,745,057	2,057,902	9,597,611
Transfers out	(1,947,753)	(2,701,844)	(4,366,750)	(5,192,227)	(2,631,812)	(6,369,080)	(7,695,905)	(2,024,403)	(2,241,048)	(10,275,246)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	14,084,581	31,258,089	(331,391)	13,378,051	(230,218)	19,192,072	5,267,127	(279,346)	9,081,854	12,061,768
Net changes in fund balances	\$ 2,077,476	\$ 16,256,626	\$ 397,766	\$ 3,269,023	\$ (6,000,177)	\$ 17,379,737	\$ (22,819,679)	\$ (84,191)	\$ 7,487,126	\$ (1,101,181)
Debt service as a percentage of noncapital expenditures	6.0%	9.0%	12.9%	14.5%	16.3%	23.8%	42.1%	22.5%	24.4%	41.7%

City of Blue Springs, Missouri

**Total City Taxable Sales by Category
Current Fiscal Year and Prior Nine Years**

Sales by Retail Category:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Retail	\$ 530,141	\$ 585,204	\$ 626,092	641,420	\$ 633,517	\$ 689,106	\$ 734,889	\$ 760,521	\$ 588,608	\$ 611,365
Manufacturing	2,947	1,952	3,208	3,650	3,862	9	9	9	14,550	20,549
Restaurants	20,583	24,640	29,592	29,773	29,632	35,843	37,676	39,186	93,942	108,330
Services	22,701	25,361	25,458	25,519	23,464	30,308	32,029	33,807	105,500	101,604
All other outlets	11,158	2,333	2,532	22,004	47,604	30,624	25,843	24,686	58,141	61,535
Total	\$ 587,530	\$ 639,490	\$ 686,883	722,366	\$ 738,079	\$ 785,890	\$ 830,446	\$ 858,209	\$ 860,741	\$ 903,383

Note: Amounts are in thousands of dollars. NAICS codes were updated in 2017 reflecting changes in some categories.

Source: Missouri Department of Revenue

City of Blue Springs, Missouri

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

Direct Sales Tax Rate City of Blue Springs	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
General fund	1.000	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	0.500
Public Safety	-	-	-	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Parks	-	-	-	-	-	-	-	-	-	-	0.500
Direct sales tax rate City of Blue Springs	1.500	1.500	1.500	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.500
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	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	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	0.100
Jackson County	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.250	1.250
City of Blue Springs	1.500	1.500	1.500	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.500
Central Jackson County Fire Protection District	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Zoo	-	-	-	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
Total direct and overlapping sales tax rate	7.350	7.350	7.350	7.975	7.975	7.975	7.975	7.975	7.975	8.100	8.600
Transportation Development Districts & Community Improvement Districts											
Adams Farm Transportation Development District	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Home Depot Transportation Development District	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Coronado Drive Transportation Development District	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Oaks at Woods Chapel Community Improvement District	-	-	-	-	-	1.000	1.000	1.000	1.000	1.000	1.000
White Oak Community Improvement District	-	-	-	-	-	-	-	-	-	1.000	1.000

Note: The rates shown for the Transportation Development Districts and Community Improvement Districts are in addition to the direct and overlapping rates and 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				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	Total	Personal Property	Railroads & Utilities				
2009	499,748,063	172,367	121,072,121	620,992,551	130,285,814	4,879,636	756,158,001	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	476,649,966	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
2013	475,193,138	178,203	111,893,539	587,264,880	129,559,419	9,707,540	726,531,839	0.7489	3,271,572,237	22.21
2014	477,024,751	177,905	109,710,301	586,912,957	131,401,691	12,741,635	731,056,283	0.7489	3,289,401,099	22.22
2015	479,712,354	173,478	109,136,575	589,022,407	131,036,206	12,569,227	732,627,840	0.7489	3,300,080,265	22.20
2016	515,457,495	176,724	114,610,010	630,244,229	134,012,963	14,284,738	778,541,930	0.7281	3,519,644,302	22.12
2017	523,141,324	179,919	122,135,174	645,456,417	141,360,112	14,391,221	801,207,750	0.7281	3,606,024,540	22.22
2018	553,128,990	175,489	137,007,429	690,311,908	142,107,728	13,665,988	846,085,624	0.7184	3,810,271,981	22.21

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
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
2013	0.5989	0.1500	0.7489	1.0746	0.2349	5.7286	1.0464	0.0300	8.1145
2014	0.5989	0.1500	0.7489	1.1203	0.2369	5.7286	1.0464	0.0300	8.1622
2015	0.5989	0.1500	0.7489	1.1607	0.2374	5.7286	1.0317	0.0300	8.1884
2016	0.5781	0.1500	0.7281	1.1731	0.2343	5.7286	1.0038	0.0300	8.1698
2017	0.5781	0.1500	0.7281	1.1762	0.2339	5.7286	1.0117	0.0300	8.1804
2018	0.5684	0.1500	0.7184	1.1566	0.2297	5.7286	1.0685	0.0300	8.2134

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	0.1409
General Fund	0.1331
Road & Bridge Fund	0.1287
Park Fund	0.0822
Mid-Continent Public Library	0.3963
Handicap	0.0713
Mental Health	0.1160
Total County	<u>1.0685</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	5.5299
Lee's Summit Reorganized #7	6.0627

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	2018			2009		
	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)	\$ 15,644,086	1	27.90	\$ 3,709,213	3	14.05
MPT of Blue Springs LLC	10,513,536	2	18.75			-
Wal-Mart Stores, Inc.	7,391,193	3	13.18	5,883,004	1	22.28
Kohl's Department Store	6,279,844	4	11.20			-
Fike Metal Products Corp.	3,556,567	5	6.34			-
Southern Union Co dba Mo Gas Energy	3,084,279	6	5.50	1,513,944	9	5.73
Blue Springs Senior Community LLC	2,871,480	7	5.12			-
George & Jeanette Ward	2,422,967	8	4.32	4,027,765	2	15.26
Sunnyside Gardens Apts. - Blue Springs	2,358,924	9	4.21			-
PB3 Adams Dairy Landing	1,952,306	10	3.48			-
Blue Springs Development Three, Inc				2,960,981	4	11.22
HD Development of Maryland Inc.				2,017,785	5	7.64
Haldex				1,677,142	6	6.35
St. Mary's Hospital				1,600,001	7	6.06
Akers Apartment LLC				1,529,975	8	5.80
White Oak Ventures				1,479,370	10	5.60
Total	\$ 56,075,182		100.00	\$ 26,399,180		100.00

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		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
2009	5,754,504	5,513,233	95.81	217,671	5,730,904	99.59	
2010	5,825,726	5,633,240	96.70	170,602	5,803,842	99.62	
2011	6,239,956	6,009,470	96.31	208,725	6,218,195	99.65	
2012	6,637,020	6,425,351	96.81	185,414	6,610,765	99.60	
2013	6,889,963	6,658,528	96.64	206,215	6,864,744	99.63	
2014	7,052,632	6,834,975	96.91	190,138	7,025,113	99.61	
2015	7,168,365	6,961,356	97.11	178,520	7,139,876	99.60	
2016	7,424,315	7,267,788	97.89	123,369	7,391,158	99.55	
2017	7,605,288	7,442,336	97.86	89,833	7,532,169	99.04	
2018	8,051,212	7,881,226	97.89		7,881,226	97.89	

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	Capital Leases	Certificates of Participation	Neighborhood Improvements	State Revolving Fund Loan				
2009	5,219,470	-	14,500,000	-	2,835,000	17,640,689	188,617	4,515,000	18,725,000	-	63,623,776	4.17	1142.30	
2010	19,450,000	-	31,305,000	-	2,595,000	13,591,502	92,570	4,305,000	18,325,000	2,411,481	92,075,553	5.71	1649.60	
2011	18,605,000	-	30,845,000	-	2,350,000	13,386,972	7,472	4,100,000	17,900,000	14,689,221	101,883,665	7.06	1937.87	
2012	25,445,000	-	30,310,000	5,482,622	2,095,000	19,155,005	-	3,880,000	17,475,000	20,509,149	124,351,776	8.13	2357.42	
2013	24,555,000	-	29,475,000	4,985,534	1,825,000	20,419,568	197,511	3,650,000	17,025,000	21,672,282	123,804,895	8.19	2335.32	
2014	23,841,419	-	28,237,059	4,471,199	21,120,421	32,594,749	133,402	3,222,661	17,001,263	20,931,228	151,553,401	9.99	2843.72	
2015	23,040,812	-	47,340,170	4,188,968	20,845,445	9,818,417	69,293	2,961,056	16,171,696	19,882,400	144,318,257	9.53	2754.11	
2016	22,195,204	-	45,796,685	3,412,143	20,555,474	8,745,327	54,542	2,714,450	15,317,127	18,813,200	137,604,152	8.87	2541.26	
2017	21,304,597	-	52,323,200	2,822,029	20,275,500	8,860,208	61,931	2,452,846	14,437,559	17,722,900	140,260,770	8.50	2576.85	
2018	20,454,693	-	49,969,715	2,213,175	19,990,528	8,826,501	243,322	2,176,241	13,507,991	16,611,201	133,993,367	8.15	2438.68	

Notes: See Table 16 for personal income and population data.

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.	
	General Obligation Bonds	Less Amounts Available in Debt		Actual Taxable Value of Property (1)	Per Capita (2)
		Service	Total		
2009	5,219,470	(1,053,475)	4,165,995	0.67	410.98
2010	19,450,000	(1,053,965)	18,396,035	1.13	657.88
2011	18,605,000	(1,053,965)	17,551,035	1.08	674.29
2012	25,445,000	(1,101,576)	24,343,424	1.29	792.78
2013	24,555,000	(890,633)	23,664,367	0.72	767.52
2014	23,841,419	(725,235)	23,116,184	0.70	433.75
2015	23,040,812	(719,158)	22,321,654	0.68	418.84
2016	22,195,204	(768,675)	21,426,529	0.61	395.70
2017	21,304,597	(837,157)	20,467,440	0.57	376.03
2018	20,454,693	(894,421)	19,560,272	0.51	356.00

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, 2018
(Unaudited)**

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Blue Springs	101,454,612	100.00%	101,454,612
Total direct debt	101,454,612		101,454,612
Blue Springs Reorganized #4 School District	83,874,549	89.70%	75,235,470
Grain Valley Reorganized #5 School District	43,845,175	2.20%	964,594
Central Jackson County Fire Protection District	13,190,000	90.00%	11,871,000
Lee's Summit School District	155,840,000	0.004%	5,766
Total overlapping debt	<u>296,749,724</u>		<u>88,076,830</u>
Total direct and overlapping debt	<u>\$ 398,204,336</u>		<u>\$ 189,531,442</u>

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

**Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit (1)	\$ 151,231,600	\$ 144,378,680	\$ 144,938,547	\$ 143,664,929	\$ 145,306,368	\$ 146,211,257	\$ 146,525,568	\$ 155,708,386	\$ 160,241,550	\$ 169,217,125
Total net debt applicable to limit	4,165,995	18,396,035	17,551,035	24,343,424	23,664,367	23,116,184	22,321,654	21,426,529	20,467,440	19,560,272
Legal debt margin	\$ 147,065,605	\$ 125,982,645	\$ 127,387,512	\$ 119,321,505	\$ 121,642,001	\$ 123,095,073	\$ 124,203,914	\$ 134,281,857	\$ 139,774,110	\$ 149,656,853
Total net debt to the limit as a percentage of debt limit	15.15%	15.14%	12.11%	16.94%	16.29%	15.81%	15.23%	13.76%	12.77%	11.56%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value	\$ 846,085,624
Debt Limit (20% of assessed value)	<u>169,217,125</u>
General obligation:	
City-wide	<u>20,454,693</u>
Total Bonded Debt	<u>20,454,693</u>
Less:	
Debt Service Fund Balance	<u>894,421</u>
Total net debt applicable to limit	<u>19,560,272</u>
Legal debt margin	<u><u>\$ 149,656,853</u></u>

Notes:

1 - Article 6, Section 26(b) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting thereon, to incur an indebtedness for city purposes not to exceed 5 percent of the value of the taxable tangible property therein, as shown by the last assessment.

1 - Article 6, Section 26(c) of the Missouri Constitution permits any county or city, by vote of four-sevenths of qualified electors voting thereon, to incur additional indebtedness for city purposes not to exceed 5 percent of the value of the taxable tangible property therein, as shown by the last assessment.

1 - Article 6, Section 26(d) & (e) of the Missouri Constitution provides that any city may become indebted not exceeding in the aggregate an additional 10 percent of the value of the taxable tangible property for the purpose of acquiring right-of-ways, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems and an additional 10 percent for purchasing or construction of waterworks, electric or other light plants provided the total general obligated indebtedness of the city does not exceed 20 percent of the assessed valuation.

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)	
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	652,000	-	-
2013	13,993,614	13,087,683	905,931	1,323,200	-	-
2014	14,959,766	13,590,191	1,369,575	1,349,300	95,024	0.95
2015	15,376,165	15,452,891	(76,726)	1,048,827	313,523	(0.06)
2016	17,279,507	14,664,073	2,615,434	1,069,200	297,492	1.91
2017	18,330,657	15,507,334	2,823,323	1,090,300	281,626	2.06
2018	20,040,396	16,006,996	4,033,400	1,111,700	264,384	2.93

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.

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)
2009	55,698	1,609,727,898	27,415	33.10	14,085	6.30%
2010	55,817	1,531,618,480	28,901	35.50	14,162	7.60%
2011	52,575	1,524,464,700	27,440	34.80	14,174	7.80%
2012	52,749	1,529,510,004	28,996	34.70	14,447	5.20%
2013	53,014	1,511,005,028	28,502	33.10	14,586	6.30%
2014	53,294	1,516,587,358	28,457	35.60	14,524	5.60%
2015	52,401	1,501,969,863	28,908	36.20	14,383	5.10%
2016	54,148	1,641,875,656	28,663	35.60	14,382	4.90%
2017	54,431	1,650,456,782	30,322	35.40	14,738	4.90%
2018	54,945	1,644,339,015	29,927	35.90	14,880	3.70%

- Sources: 1 Information provided by KCADC through the Blue Springs Economic Development Council - Claritas report
 2 Information provided by school districts. In 2017, numbers were updated to include all 3 private schools
 3 The information shown is for fiscal years.

City of Blue Springs, Missouri

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Blue Springs School District	2,050	1	6.94%	1,625	1	6.28%
St. Mary's Hospital of Blue Springs	550	2	1.86%	660	2	2.55%
Hy-Vee	500	3	1.69%	247	8	0.95%
Fike Corporation	458	4	1.55%	380	4	1.47%
Price Chopper	352	5	1.19%	340	5	1.31%
Wal-Mart Stores, Inc.	340	6	1.15%	440	3	1.70%
City of Blue Springs	314	7	1.06%	275	7	1.06%
Target	300	8	1.02%	300	6	1.16%
Kohl's Distribution Center	225	9	0.76%	239	9	0.92%
Haldex, Inc.	190	10	0.64%	-		
GPI (Formerly Gemaco)				203	10	0.78%
Total	5,279		17.88%	4,709		18.20%

Source: Blue Springs Chamber of Commerce

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Administration	5.00	5.00	4.00	5.00	5.00	5.00	5.00	6.00	7.00	10.50
Legal	1.00	1.00	1.50	1.50	1.50	2.00	2.00	2.00	2.00	2.00
Public relations and communications	2.00	2.00	1.00	1.00	1.00	1.00	2.00	3.00	2.00	2.00
Human resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	2.50
Information services	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community development	7.20	7.20	6.00	6.00	6.00	6.00	6.00	8.65	8.25	8.25
Codes administration	11.46	10.46	8.46	8.46	8.46	8.46	10.46	10.46	10.46	10.46
Geographic information systems	1.20	1.20	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Economic development	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.00	2.00
Finance	22.90	22.90	23.90	22.90	22.90	22.90	22.90	10.50	10.50	10.50
Municipal court	5.62	5.62	6.12	6.12	6.62	6.62	6.62	6.62	5.62	5.62
Public Works:										
Public Works	12.14	10.00	9.00	9.00	9.00	9.00	8.00	7.00	7.00	7.00
Highways and streets	16.30	16.30	15.30	15.30	15.30	15.30	16.80	16.80	16.80	16.80
Public Safety:										
Administration	2.00	1.00	1.00	2.00	2.00	2.00	3.00	3.00	4.00	4.00
Operations	66.00	71.00	67.00	78.00	78.00	78.00	79.00	81.00	81.00	81.00
Staff services	17.00	18.00	18.00	30.00	30.00	30.00	30.00	28.00	28.00	28.00
Professional standards	16.20	17.20	16.00	-	-	-	-	-	-	-
Community/youth outreach	20.15	20.15	20.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00
Parks and recreation:										
Administration	5.50	5.50	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Building maintenance	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
50-Plus Programs	7.99	7.99	7.24	7.24	7.24	7.24	7.24	7.47	7.47	7.47
Parks maintenance	20.33	20.33	19.71	19.71	19.71	20.21	20.21	21.21	15.46	15.46
Recreation	2.00	2.00	2.00	2.00	3.00	3.00	5.30	5.30	5.30	5.30
Swimming pool	-	-	-	-	-	-	-	-	-	-
Fieldhouse	-	-	-	-	-	-	-	23.78	23.78	23.78
Water:										
Operations	5.33	5.33	5.00	5.00	4.00	4.00	4.50	4.50	4.50	4.50
Maintenance	7.00	7.00	7.00	7.00	8.00	8.00	8.00	12.00	12.00	12.00
Sewer:										
Operations	5.33	5.33	5.00	5.00	4.00	4.00	4.50	4.50	4.50	4.50
Maintenance	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Sni-A-Bar treatment plant	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Fleet Maintenance Fund	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	278.65	281.51	268.23	285.23	286.73	289.73	298.53	318.79	315.14	318.64

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police,										
Number of citations issued	13,296	13,402	12,198	10,506	10,714	10,988	10,816	10,562	10,542	11,443
Public Works:										
Street overlay (lane miles)	48.00	36.00	38.00	36.00	27.00	-	28.00	21.00	23.00	-
Potholes repaired	3,650	7,503	3,199	7,888	10,973	6,990	8,341	4,273	3,700	3,588
Crack sealing (sq. yds.)	560,475	273,950	936,577	1,209,825	964,037	522,323	469,296	274,560	492,800	562,100
Parks and Recreation:										
Park shelter reservations	955	1,243	1,201	1,123	1,111	1,023	1,096	941	899	949
Vesper Hall rentals	90	50	64	67	68	88	132	104	144	78
Number of participants in recreation programs	181,675	182,100	180,700	164,464	167,894	172,674	177,854	156,560	164,388	172,607
Community Development:										
Building permits issued	460	490	544	648	699	806	920	914	1,009	1,164
Number of nuisance violations cited	2,571	3,660	3,912	4,400	4,180	3,781	3,512	3,621	3,226	3,405
Water:										
Number of customers	20,439	20,356	20,377	20,376	20,475	20,528	20,622	21,458	21,265	21,361
Water main breaks	60	76	90	196	67	79	54	54	74	73
New water connections	48	58	56	42	51	75	88	83	126	217
Sewer:										
Number of customers	19,932	20,073	20,148	20,205	20,395	20,540	20,663	20,923	21,315	21,446
New sewer connections	66	68	76	88	127	136	159	161	145	145

Source: City of Blue Springs, Missouri Budget

City of Blue Springs, Missouri

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

Function/Program	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Police:											
Police stations	1	1	1	1	1	1	1	1	1	1	1
Police sub-stations	1	2	2	2	2	3	2	3	3	3	
Vehicles	18	22	22	24	24	24	24	24	24	24	
Motorcycles	0	-	-	-	-	-	-	-	2	2	
Public Works:											
Total area (square miles)	22.11	22.21	22.21	22.21	22.21	22.26	22.26	22.26	22.26	22.26	
Paved miles (lane miles-previously line miles) (1)	252.00	252.00	252.00	252.00	599.72	599.72	599.72	599.72	599.72	614.00	
Street lights	2,409	2,531	2,535	2,527	2,527	2,527	2,556	2,670	2,735	2,735	
Storm sewers (miles)	120.00	122.00	118.00	125.00	122.71	121.05	121.10	123.00	123.00	126.00	
Parks and Recreation:											
Park acreage - developed & golf course	515.00	594.00	594.00	594.00	603.00	603.00	603.00	558.00	558.00	554.00	
Park acreage - undeveloped & preserved	341.00	262.00	262.00	262.00	266.00	266.00	266.00	271.00	271.00	291.00	
Parks - developed (2)	14	14	14	15	15	15	15	16	16	16	
Parks - undeveloped (2)	7	7	7	6	7	7	7	6	6	6	
Swimming pools	2	2	2	2	2	2	2	2	2	2	
Soccer fields	12	12	12	12	12	12	12	12	12	12	
Tennis courts	20	20	20	20	20	20	21	20	20	20	
Skate parks	2	2	2	2	2	2	2	2	2	2	
Baseball fields	8	8	8	8	8	8	8	8	8	8	
Softball fields	15	15	15	15	15	15	15	15	15	15	
Miles of walking/bike trails	17	17	17	15	17	17	17	18	18	18	
Community centers	1	1	1	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	2	2	2	
Football fields	3	3	3	3	3	3	3	3	3	3	
BMX race track	1	1	1	1	1	1	1	1	1	1	
Basketball courts	7	7	7	7	7	7	7	7	7	7	
Sand volleyball courts	11	11	11	14	11	10	10	11	11	11	
Picnic shelters	18	18	18	18	18	18	18	18	18	18	
Playgrounds	15	15	15	15	15	15	15	15	15	15	
Dog park facility	1	1	1	1	1	1	1	1	1	1	
Fieldhouse	-	-	-	-	-	-	-	-	1	1	
Water:											
Water mains (miles)	275.00	277.00	277.00	275.50	275.80	276.36	277.04	277.04	277.04	278.00	
Fire hydrants	2,377.00	2,406.00	2,429.00	2,434.00	2,349.00	2,369.00	2,479.00	2,481.00	2,497.00	2,518.00	
Average daily consumption (millions of gallons)	4.70	4.40	4.60	5.70	5.76	4.50	4.20	5.10	4.50	4.40	
Sewer:											
Number of treatment plants	1	1	1	1	1	1	1	1	1	1	
Sewer mains (miles)	274.00	275.00	277.00	272.00	272.45	272.49	272.26	273.00	273.00	278.74	
Average daily treatment (millions of gallons)	5.08	5.90	4.70	4.40	4.30	3.87	4.15	4.70	4.30	4.20	
Manhole lined	-	25	27	13	-	-	5	21	56	13	
Mains lined	48	46	107	198	122	119	104	147	134	129	
Main point repairs	43	10	8	9	5	8	6	3	2	2	
Chimney seal installed on manhole	-	1	18	7	-	-	-	-	-	-	

Source: City of Blue Springs, Missouri Budget

Note (1): Advances in GIS technology have enabled us to more specifically identify total paved miles. These numbers have been restated for 2013 through 2017 to be reflected in Lane Miles.

Note (2): Developed and Undeveloped Parks were updated as part of the Parks Open Space Master Plan that was completed in fiscal year 2016.