

CITY OF  
SUGAR CREEK,  
MISSOURI

Comprehensive Annual Financial Report

Year Ended September 30, 2011

CITY OF SUGAR CREEK, MISSOURI  
Comprehensive Annual Financial Report  
Year Ended September 30, 2011

Prepared by

Linda R. Martinovich

City Treasurer – Finance Officer

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CITY OF SUGAR CREEK, MISSOURI

Comprehensive Annual Financial Report

TABLE OF CONTENTS

---

|   | <u>Page</u>                 |
|---|-----------------------------|
| <b>INTRODUCTORY SECTION</b>   |                             |
| Principal Officials   | 1                           |
| Organizational Chart  | 2                           |
| Letter of Transmittal   | 3                           |
| Certificate of Achievement for Excellence in Financial Reporting  | 7                           |
| <b>FINANCIAL SECTION</b>  |                             |
| Independent Auditor’s Report  | 8                           |
| Management’s Discussion and Analysis  | 10                          |
| <b>Basic Financial Statements:</b>  |                             |
|   | <u>Exhibit</u>              |
| Government-wide Financial Statements:   |                             |
| Statement of Net Assets   | A 18                        |
| Statement of Activities   | B 19                        |
| Fund Financial Statements:  |                             |
| Balance Sheet – Governmental Funds  | C 20                        |
| Reconciliation of the Balance Sheet to the Statement of Net Assets -<br>Governmental Funds  | 21                          |
| Statement of Revenues, Expenditures and Changes in Fund Balances -<br>Governmental Funds  | D 22                        |
| Reconciliation of the Statement of Revenues, Expenditures and Changes<br>in Fund Balances to the Statement of Activities – Governmental Funds | 23                          |
| Statement of Net Assets – Proprietary Fund  | E 24                        |
| Statement of Revenues, Expenses and Changes in Fund Net Assets –<br>Proprietary Fund  | F 25                        |
| Statement of Cash Flows - Proprietary Fund Type   | G 26                        |
| Notes to the Basic Financial Statements   | 27                          |
|   | <u>Schedule</u> <u>Page</u> |
| <b>Required Supplementary Information:</b>  |                             |
| Schedule of Revenues, Expenditures and Changes in<br>Fund Balances – Budget and Actual – General Fund   | 1 50                        |
| Schedule of Revenues, Expenditures and Changes in<br>Fund Balances – Budget and Actual – Reuse Agreement Fund                                 | 2 51                        |
| Schedule of Revenues, Expenditures and Changes in<br>Fund Balances – Budget and Actual – State Gasoline Tax Fund                              | 3 52                        |
| Schedules of Funding Progress   | 4 53                        |

CITY OF SUGAR CREEK, MISSOURI

Comprehensive Annual Financial Report

TABLE OF CONTENTS, Continued

---

|  | <u>Schedule</u>     | <u>Page</u> |
|--|---------------------|-------------|
| <b>Other Supplementary Information</b>   |                     |             |
| Combining and Individual Fund Statements and Schedules:  |                     |             |
| Combining Balance Sheet – Non-major Governmental Funds   | 5                   | 54          |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balances – Non-major Governmental Funds | 6                   | 55          |
| Combining Balance Sheet – Non-major Sales Tax Funds  | 7                   | 56          |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balances – Non-major Sales Tax Funds    | 8                   | 57          |
| Schedules of Revenues, Expenditures and Changes in Fund Balances –<br>Budget and Actual –                    |                     |             |
| Public Health Fund   | 9                   | 58          |
| Capital Improvement Sales Tax Fund   | 10                  | 59          |
| Parks and Recreation Sales Tax Fund  | 11                  | 60          |
| Stormwater Sales Tax Fund  | 12                  | 60          |
| Capital Improvement Fund   | 13                  | 62          |
| Revolving Improvement Fund   | 14                  | 63          |
| Certificates of Participation Fund   | 15                  | 64          |
| LaFarge TIF Fund   | 16                  | 65          |
| Sugarland TIF Fund   | 17                  | 66          |
|  | <b><u>Table</u></b> |             |
| <b>STATISTICAL SECTION (Unaudited)</b>   |                     |             |
| Net Assets by Component  | 1                   | 67          |
| Changes in Net Assets  | 2                   | 68          |
| Fund Balances of Governmental Funds  | 3                   | 69          |
| Changes in Fund Balances of Governmental Funds   | 4                   | 70          |
| General Governmental Tax Revenue by Source   | 5                   | 71          |
| Franchise Tax by Receipt Type  | 6                   | 72          |
| Assessed Value and Estimated Actual Value of Taxable Property  | 7                   | 73          |
| Property Tax Rates Direct and Overlapping Debt   | 8                   | 74          |
| Principal Property Taxpayers   | 9                   | 75          |
| Property Tax Levies and Collections  | 10                  | 76          |
| Ratio of Outstanding Debt by Type  | 11                  | 77          |
| Ration of General Bonded Debt Outstanding  | 12                  | 78          |
| Direct and Overlapping Governmental Activities Debt  | 13                  | 79          |
| Legal Debt Margin Information  | 14                  | 80          |
| Demographic and Economic Statistics  | 15                  | 81          |
| Principal Employers  | 16                  | 82          |
| Full-time Equivalents City Government Employees by Function/Program  | 17                  | 83          |
| Operating Indicators by Function/Program   | 18                  | 84          |
| Capital Asset Statistics by Function/Program   | 19                  | 85          |

## **INTRODUCTORY SECTION**

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**CITY OF SUGAR CREEK, MISSOURI**

Principal Officials

**Mayor**

*Honorable Stanley J. Salva*

**Board of Aldermen**

*Honorable Dennis R. Onka  
Honorable Stanley J. Sagehorn  
Honorable Joseph D. Kenney  
Honorable Lorcan H. Doyle*

**City Administrator**

*Ronald P. Martinovich*

**City Clerk**

*Jana Olivarez Dickerson*

**City Treasurer / Finance Officer**

*Linda R. Martinovich*

**City Attorney**

*C. Robert Buckley*

**Building Official**

*Paul E. Loving*

**City Marshal**

*Herbert M. Soule*

**Deputy Fire Chief**

*Patrick C. Casey*

**Public Works Director**

*Ed Layton*

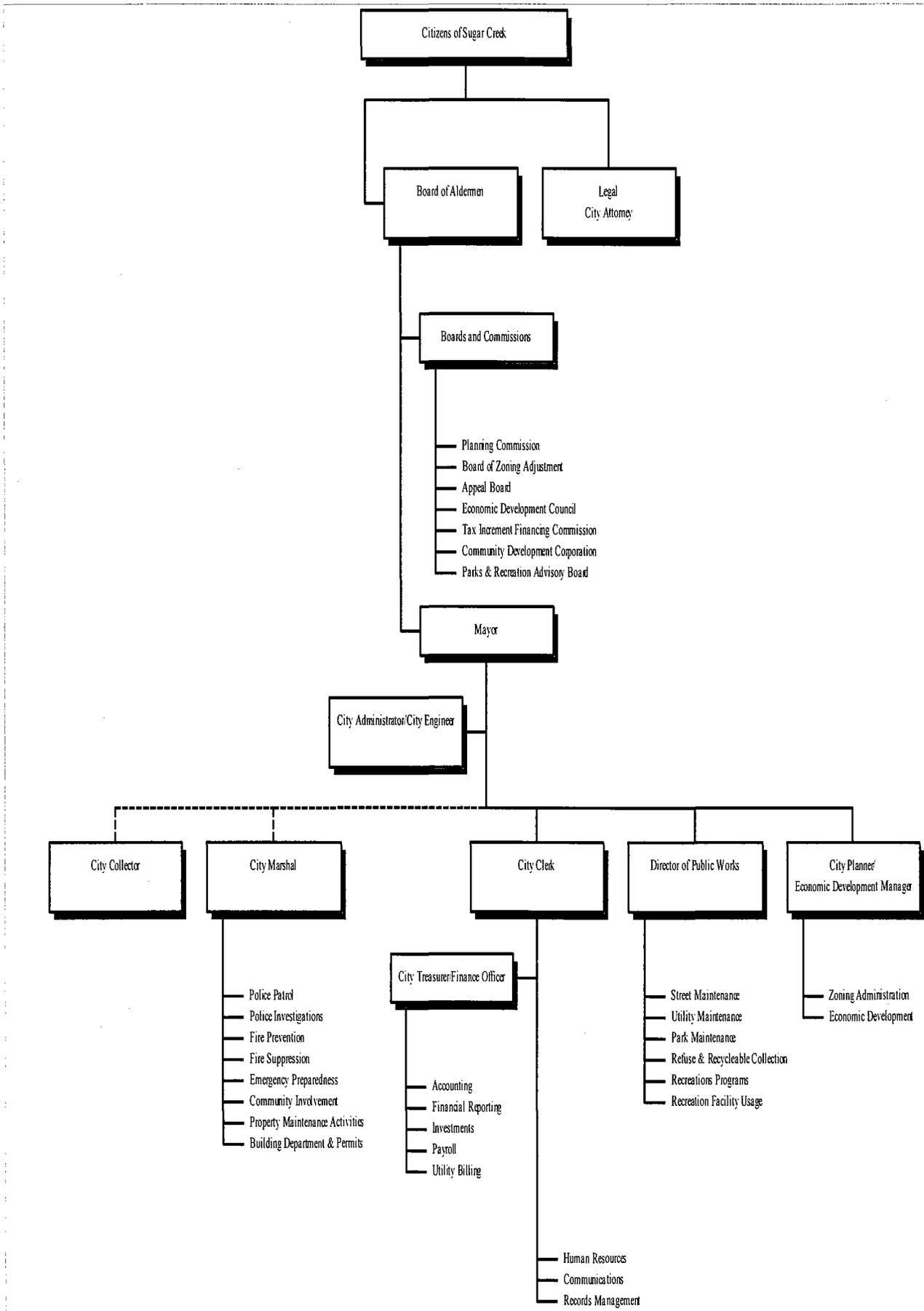
**Independent Certified Public Accountants**

*Cochran Head Vick & Co., P.C.*

# CITY OF SUGAR CREEK, MISSOURI

## Organizational Chart

September 30, 2011



March 30, 2012

To the Honorable Mayor, Members of the Board of Aldermen,  
and the Citizens of the City of Sugar Creek, Missouri:

The Comprehensive Annual Financial Report of the City of Sugar Creek for the year ended September 30, 2011 is hereby submitted for your information. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Sugar Creek's MD&A can be found in the Financial Section immediately following the report of the independent auditors'.

The City was required to undergo an audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and by the U.S. Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on compliance and on internal controls over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards and in compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, and a schedule of findings and questioned costs are included in a separately issued report.

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 provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of streets and infrastructure; and recreational activities and cultural events.

## **Primary City Governance**

The City of Sugar Creek, Missouri was incorporated in November 1920 and is a suburban community of the Fourth Class. Sugar Creek's boundaries are located in Jackson County and within the Kansas City Metropolitan Statistical Area. As of the 2010 Census, the population of the City Sugar Creek is 3,345. The City's land area has grown to 10.88 square miles.

The City of Sugar Creek is governed by a Board of Aldermen - City Administrator form of Government. Registered voters elect four individuals, two each in two separate wards, who serve two year staggered terms as their representatives on the Board of Aldermen. The Board of Aldermen are responsible, for passing ordinances, adopting the annual budget, appointing committees, and hiring the City's department heads, except for the City Marshal who is elected for a four-year term. The Mayor is also elected to a two-year term and is responsible for carrying out the policies and ordinances adopted by the Board of Aldermen.

## **Local Economic Overview, and Outlook**

The City's current economic environment is stable. Through calendar year 2011, sales tax receipts, and gross receipts tax, have remained lower than prior years and have shown only a slight increase due to the slow economy. Electrical franchise fees have increased slightly which is related to rate increase implemented by Kansas City Power & Light. The construction industry is still slow and therefore the electrical franchise and sales tax remittance correspond accordingly since the largest users of energy of sales are directly impacted by the construction activity. The City is continuing to work on development of Industrial and Commercial property.

Due to circumstances that prevented the retail development from advancing forward which were beyond the City's control, the City at the very end of fiscal year 2011 approved a settlement agreement which terminated the development agreement with JLP Sugarland Inc. As a part of the settlement agreement the Sugar Creek Industrial development Authority acquired all of the property associated with the retail development and the City currently leases the property from the Industrial Development Authority. The lease payment to the Industrial Development Authority services an existing loan the former developer initiated and the City assumed as a part of the settlement agreement. The City has solicited eight development firms in order to select a new developer to advance the project. Four firms have had numerous meetings with the City and the City's plan is to have a new development agreement approved prior to the refinancing term ending in July 2012.

The Courtney Ridge Recycling and Disposal Facility is one of the City's top revenues sources. During 2011, the City's revenue increased slightly during the last quarters of fiscal year due to increased volumes of special waste. Although the revenue has slightly increased the general household waste disposal activity remained below what is considered normal volumes. The slow growth in disposal activity is thought to be related to economic conditions and slow growth in construction activity. The transfer of waste

outside the geographic area by transfer stations is also impacting the volume of waste available for disposal at the Courtney Ridge disposal facility.

The City is continuing to work on development opportunity at the Bluffs at Sugar Creek project. During fiscal year 2011 the City made application to the United States Environmental Protection Agency for the reuse project site to be considered as a candidate for the National Renewable Energy Laboratory to complete a renewable energy feasibility study. The City was notified in October 2011 our application was not selected. Although the application was not selected the City in partnership with BP Corporation North America has decided to contract with Black and Veatch Corporation to complete a feasibility study. The study will be funded by BP Corporation North America and it is anticipated the consultant will be under contract during the first quarter of fiscal year 2012.

Based upon previous studies and Board of Aldermen approvals the focus has been to locate a Wellness Center on Sterling Ave North of Lexington Ave. The City has been working to acquire property since fiscal year 2008. One of the more difficult acquisitions involved purchase of the United State Post office which was located within the 4 acres acquisition area identified by Warner, Nease, Bost the City's architect. The City received a property sale agreement from US Postal Service and upon completion of the due diligence required by the sale agreement the closing for the building purchase is set for early spring 2012. The City has developed a scope of services with Warner Nease, Bost for remodel of the building into a health, wellness and community Center

The 2010 CAFR mentions an escrow agreement that pledged the special sales taxes towards a loan that was obtained for public costs associated with Sugarland Center. The multi-year escrow agreement was terminated as a part of the loan renewal agreement between the bank of Kansas City and The Sugar Creek Industrial development Authority. As a result of the agreement the City no longer has an obligation to make the escrow payment to the Bank of Kansas City.

The Missouri Gaming Commission announced a gaming license would be available in July 2010 and the City submitted a notice of Interest in April 2010. A formal application for a Missouri River Boat Gaming License was filed by Paragon Gaming. There were three finalists for one license position and the Sugar Creek project was not selected for priority investigation. During 2011, the City continued to maintain communication with a developer who is interested in developing a project in Sugar Creek that is anchored by a casino. The City initiated discussions in order to maintain control of the property and renew the property option that expires in February 2013.

### **Financial Controls**

Accounting records for the City's general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when measurable and available and expenditures being recorded when the liability is incurred. The City's accounting records for proprietary funds are maintained on the accrual basis.

The City maintains specific budget controls. The objective of these budget controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Aldermen. Activities of the general fund, special revenue funds, capital projects funds, debt service and proprietary funds are included in the annual appropriated budget. The legal level of budgetary control, which is the level expenditures cannot legally exceed the appropriated amount, is established at the fund total; however transfers between line items within a fund are allowed. The Finance Department drafted a Purchasing Manual during fiscal year 2011 which currently being reviewed by associate staff.

### **Independent Audit**

The firm of Cochran, Head Vick & Co. P.C. audits the City's financial statements. Auditing standards generally accepted in the United States of America and Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report is located in the financial section of the report.

### **Awards**

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a government for its comprehensive annual financial report (CAFR) if certain conditions are met. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must also satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The City was awarded the certificate for the seventeenth consecutive year for its 2010 CAFR. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR will meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility.

### **Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Finance Department. Due credit should be given to the Mayor and Board for their interest and support in planning and conducting the operations of the city in a responsible and progressive manner.

Respectfully submitted,



Ronald P. Martinovich  
City Administrator



Linda R. Martinovich  
City Treasurer-Finance Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sugar Creek  
Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

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



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

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## **FINANCIAL SECTION**

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COCHRAN HEAD VICK & CO., P.C.

& Co

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

1251 NW Briarcliff Pkwy  
Suite 125  
Kansas City, MO 64116  
(816) 584-9955  
Fax (816) 584-9958

The Honorable Mayor and  
Members of the Board of Alderman  
City of Sugar Creek, Missouri

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 Sugar Creek, Missouri as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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 Sugar Creek, Missouri, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

### Other Offices

1333 Meadowlark Lane  
Kansas City, KS 66102  
(913) 287-4433  
(913) 287-0010 FAX

6700 Antioch Rd, Suite 460  
Merriam, Kansas 66204  
(913) 378-1100  
(913) 378-1177 FAX

400 Jules Street  
Suite 415  
St. Joseph, MO 64501  
(816) 364-1118  
(816) 364-6144 FAX

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

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

March 30, 2012

*Cochran Head Vick & Co., P.C.*

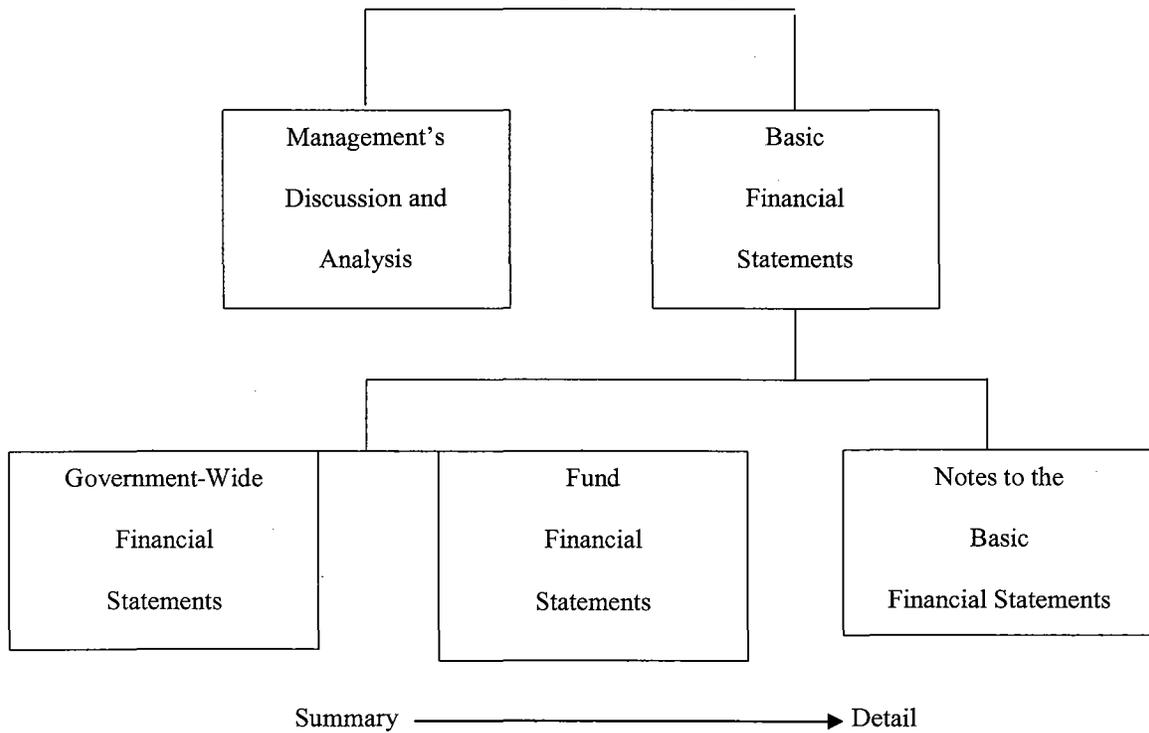
## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Sugar Creek's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

### Financial Highlights

- The assets of the City of Sugar Creek exceeded its liabilities at the close of the September 30, 2011 fiscal year by \$12,970,719 (Net assets). Of this amount, \$191,792 (unrestricted net assets) may be used to meet government's ongoing obligations to citizens and creditors in accordance with City fund designations and fiscal policies. The assets of the City of Sugar Creek exceeded its liabilities at the close of the September 30, 2010 fiscal year by \$13,358,733 (net assets). Of this amount \$294,357 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Sugar Creek's governmental funds reported combined ending fund balances of \$7,210,805 a decrease of \$952,350 in comparison with the prior year. Approximately 28 percent of the fund balance, \$1,989,894 is unassigned and available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,339,691 or 55 percent of the total General Fund expenditures for 2011.

### Overview of the Financial Statements - Required Components – Figure 1



The City's basic financial statements are comprised of 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.

The Statement of Net Assets and the Statement of Activities (on pages 18 and 19) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 20. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

### **Reporting the City as a Whole**

Our analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities reports information about the City as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is that the format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including general administration, public safety, streets and public works, economic development, health and welfare, and parks and recreation. Taxes, (sales, property, gross receipts taxes and franchise fees) charges for services, fines, and state and federal grants finance most of these activities.
- **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sanitary sewer and sanitation funds are reported here.

## Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements begin on page 20 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City establishes other funds to help it control and manage money for particular purposes (BP Reuse, Capital Improvement, Revolving Improvement, Debt Service and the Combined Sales Tax funds). The City uses two types of funds to manage its resources: governmental and proprietary funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

- **Governmental funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation following the fund financial statements.
- **Proprietary funds**—When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's water, sanitary sewer and sanitation, enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

### Government-Wide Financial Analysis

Our analysis below focuses on net assets (Figure 2) and changes in net assets (Figure 3) of the governmental and business-type activities. Certain amounts presented for 2010 have been reclassified to conform to the current year's presentation.

**Figure 2**  
**Statement of Net Assets**

|                              | Governmental Activities |               | Business-type Activities |              | Total         |               |
|------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
|                              | 2011                    | 2010          | 2011                     | 2010         | 2011          | 2010          |
| Current and other assets     | \$ 8,879,908            | \$ 9,510,830  | \$ 1,171,018             | \$ 1,073,312 | \$ 10,050,926 | \$ 19,561,756 |
| Capital assets               | 9,660,213               | 9,724,390     | 1,048,026                | 1,103,752    | 10,708,239    | 10,828,142    |
| Total assets                 | 18,540,121              | 19,235,220    | 2,219,044                | 2,177,064    | 20,759,165    | 21,412,284    |
| Other liabilities            | 898,271                 | 1,175,341     | 211,294                  | 195,754      | 1,109,565     | 1,371,095     |
| Long-term debt               | 6,597,637               | 6,679,899     | 3,396                    | 2,557        | 6,601,033     | 6,682,456     |
| Total liabilities            | 7,495,908               | 7,855,240     | 214,690                  | 198,311      | 7,710,598     | 8,053,551     |
| Net assets:                  |                         |               |                          |              |               |               |
| Investment in capital assets | 7,183,512               | 7,652,024     | 1,048,026                | 1,103,752    | 8,231,538     | 8,755,776     |
| Restricted                   | 4,547,389               | 4,308,600     | -                        | -            | 4,547,389     | 4,308,600     |
| Unrestricted (deficit)       | (686,688)               | (580,644)     | 878,480                  | 875,001      | 191,792       | 294,357       |
| Total net assets             | \$ 11,044,213           | \$ 11,379,980 | \$ 1,926,506             | \$ 1,978,753 | \$ 12,970,719 | \$ 13,358,733 |

Net assets may serve over time as a useful indicator of a government's financial position. The City of Sugar Creek's assets exceeded liabilities by \$12,970,719 at the close of fiscal year ended September 30, 2011. Of this total, \$4,547,389 is restricted; \$972,943 is for debt service, \$766,648 for Capital Improvements, \$286,675 for Streets & Public Works, \$767,059 for Health and Welfare, \$362,670 for Parks and Recreation and \$1,391,394 the BP reuse and funding agreements.

For the year ended September 30, 2011, net assets of the City changed as follows:

**Figure 3**  
**Statement of Changes in Net Assets**

| Revenues:                             | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|---------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                                       | 2011                    | 2010                 | 2011                     | 2010                | 2011                 | 2010                 |
| Program revenues:                     |                         |                      |                          |                     |                      |                      |
| Charges for services                  | \$ 433,871              | \$ 348,394           | \$ 1,042,757             | \$ 988,476          | \$ 1,476,628         | \$ 1,336,870         |
| Operating grants and contributions    | 61,554                  | 130,988              | -                        | -                   | 61,554               | 130,988              |
| Capital grants and contributions      | 815,967                 | 2,306,471            | -                        | -                   | 815,967              | 2,306,471            |
| General revenues:                     |                         |                      |                          |                     |                      |                      |
| Property taxes                        | 646,534                 | 636,343              | -                        | -                   | 646,534              | 636,343              |
| Sales tax                             | 662,596                 | 721,092              | -                        | -                   | 662,596              | 721,092              |
| Gross receipts tax                    | 913,107                 | 909,744              | -                        | -                   | 913,107              | 909,744              |
| Franchise tax                         | 1,454,033               | 1,446,007            | -                        | -                   | 1,454,033            | 1,446,007            |
| Other taxes                           | 51,316                  | 54,962               | -                        | -                   | 51,316               | 54,962               |
| Intergovernmental                     | 220,296                 | 187,696              | -                        | -                   | 220,296              | 187,696              |
| Contractual agreements                | 199,829                 | 141,942              | -                        | -                   | 199,829              | 141,942              |
| Unrestricted investment earnings      | 28,844                  | 32,386               | 11,085                   | 16,175              | 39,929               | 48,561               |
| Miscellaneous                         | 105,632                 | 63,806               | -                        | -                   | 105,632              | 63,806               |
| <b>Total revenues</b>                 | <b>5,593,579</b>        | <b>6,979,831</b>     | <b>1,053,842</b>         | <b>1,004,651</b>    | <b>6,647,421</b>     | <b>7,984,482</b>     |
| <b>Expenses:</b>                      |                         |                      |                          |                     |                      |                      |
| General administration                | 1,292,777               | 1,284,854            | -                        | -                   | 1,292,777            | 1,284,854            |
| Public safety                         | 2,104,012               | 1,988,248            | -                        | -                   | 2,104,012            | 1,988,248            |
| Streets and public works              | 1,554,873               | 2,549,047            | -                        | -                   | 1,554,873            | 2,549,047            |
| Economic development                  | 361,812                 | 35,849               | -                        | -                   | 361,812              | 35,849               |
| Health and welfare                    | 40,129                  | 1,100                | -                        | -                   | 40,129               | 1,100                |
| Parks and recreation                  | 325,393                 | 261,170              | -                        | -                   | 325,393              | 261,170              |
| Interest on long-term debt            | 249,250                 | 265,869              | -                        | -                   | 249,250              | 265,869              |
| Water                                 | -                       | -                    | 190,949                  | 194,390             | 190,949              | 194,390              |
| Sanitary sewer                        | -                       | -                    | 696,236                  | 595,176             | 696,236              | 595,176              |
| Sanitation                            | -                       | -                    | 220,006                  | 211,824             | 220,006              | 211,824              |
| <b>Total expenses</b>                 | <b>5,928,246</b>        | <b>6,386,137</b>     | <b>1,107,191</b>         | <b>1,001,390</b>    | <b>7,035,437</b>     | <b>7,387,527</b>     |
| Change in net assets before transfers | (334,667)               | 593,694              | (53,349)                 | 3,261               | (388,016)            | 596,955              |
| Transfers                             | (1,100)                 | (246,806)            | 1,100                    | 246,806             | -                    | -                    |
| Special item                          | -                       | (2,005,696)          | -                        | -                   | -                    | (2,005,696)          |
| <b>Change in net assets</b>           | <b>(335,767)</b>        | <b>(1,658,808)</b>   | <b>(52,249)</b>          | <b>250,067</b>      | <b>(388,016)</b>     | <b>(1,408,741)</b>   |
| Net assets, beginning of year         | 11,379,980              | 13,038,788           | 1,978,753                | 1,728,686           | 13,358,733           | 14,767,474           |
| <b>Net assets, end of year</b>        | <b>\$ 11,044,213</b>    | <b>\$ 11,379,980</b> | <b>\$ 1,926,504</b>      | <b>\$ 1,978,753</b> | <b>\$ 12,970,717</b> | <b>\$ 13,358,733</b> |

The City's net assets decreased \$388,016 during the 2011 fiscal year. Of the total, governmental activities net assets decreased \$335,767 and business-type net assets decreased by \$52,249. The decrease in governmental activities net assets is primarily related to the termination of the tax increment financing (TIF) agreement as discussed in Note 8(C) in the Notes to the Basic Financial Statements. Capital grants include receiving funds for the Cops Grant, and the Lewis and Clark Expressway. The cost of Preliminary design for the Lewis and Clark Expressway was paid with the federal grant funds. This expense is shown under Streets and Public Works as portions of the project will not result in an assets of the City. The decrease in net asset for the business-type assets is due to the City of Independence increasing their sewer rates to the City of Sugar Creek. The City sewer rates increased on the April 2011 billing, however, that was nine months after their rate increase. The sanitation fund net assets decreased by \$4,954. The charges for services are not covering the cost of operations. The last sanitation rate increase went into effect on the February 2006 billing.

### **The City's Funds**

The City of Sugar Creek adopted a financial policy for implementation of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changes the classifications of fund balance as discussed below. Governmental funds reported combined ending fund balances of \$7,210,805, a decrease of \$952,350. The primary reason for this decrease is the Sugarland settlement agreement and the Lewis and Clark highway design. Of the total governmental fund balances \$1,989,894 is unassigned and available for use within the City's designation and policies. The restricted fund balance is classified as follows: restricted for capital projects, \$766,648, debt services \$972,943, health and welfare, \$767,059, parks and recreation \$362,670 and bp reuse and funding agreement \$1,391,394. The committed fund balance for economic develop totaled \$490,271. The Assigned fund balance category includes Capital Projects of \$168,334 and Public Safety of \$100,000. The nonspendable classification includes prepaid items of \$126,392 and advances to other funds, \$75,000.

The general fund is the main operating fund of the City of Sugar Creek. At the end of the current year, unassigned fund balance of the general fund was \$2,339,691 while total fund balance reached \$2,821,283. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55 percent of total general fund expenditures, while total fund balance represents 67 percent of that same amount.

The fund balance of the general fund decreased during 2011 by \$114,130. The City's fulltime employee's received a 2% wage increase, a \$23,000 legal settlement was paid and cost of health care continues to rise. The City paid for cost to replace the speed camera and a claim by AT&T. Expenditures still exceeded revenue even though electrical franchise tax revenues increased due to a rate increase by Kansas City Power and Light. This year, new revenue sources related to providing policing services for Riverbend, the new tower rental and a one-time revenue from the sale of the old public works building.

The Board of Aldermen passed an agreement to complete preliminary design of the Lewis and Clark Expressway between Sterling Ave. and Interstate 435 and Front Street. The cost of design was paid out of state gas tax fund. The City received federal funds and has an agreement with the City of Kansas City to fund the local match requirement.

The Reuse Agreement Fund accounts for funds to be used in accordance with the amended BP Reuse Agreement for construction of site infrastructure, buildings and improvements as well as related maintenance, provided however, that either (1) up to 25% of the funds may be used for constructions of buildings and infrastructure along Sterling Avenue and Cement City Road, or (b) if the City utilizes at least \$3.3 million for the construction of a Public Safety Campus on the leased properties, any remaining funds may be used for construction of a community center or retail development and infrastructure along Sterling Avenue. The fund balance decreased \$199,540. The Reuse Agreement Fund was used to pay for contractual services for the Sugarland Center redevelopment project located at 24 Highway and Sterling.

The Sugarland Development Fund incurred \$422,267 in economic development expenditures related to the Sugarland Development. The City has terminated the TIF agreement and formed the Industrial Development Authority of the City of Sugar Creek; see Note 8(C) in the Notes to the Basic Financial Statements for additional information.

Certificates of participation (COP) totaling \$2,690,000 were issued in 2009 to fund various City projects. Two debt service payments were made on the COP's debt in fiscal 2011.

### **General Fund Budgetary Highlights**

On a budgetary basis, the General Fund is the main operating fund of the City of Sugar Creek. The Fund balance decreased \$114,130 over the prior year. During the year there was a \$152,388 increase in appropriations between the original and final amended budget. Following are the components of the increase:

- \$22,385 allocated to streets and public works department
- \$51,836 allocated to public safety
- \$34,372 allocated to general government
- \$43,822 allocated to parks and recreation

These increases were primarily funded from the fund reserves.

## Capital Asset and Debt Administration

### Capital Assets

At the end of September 30, 2011 the City had over \$10.7 million invested in capital assets including land, buildings, equipment, vehicles, infrastructure, and water and sewer lines net of accumulated depreciation. (See table below) This represents a net decrease of \$155,904 over last year. See Note 7 to basic financial statements for more information and detail on the City's capital assets

Capital assets, net of accumulated depreciation

|                            | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total                |                      |
|----------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
|                            | 2011                       | 2010                | 2011                        | 2010                | 2011                 | 2010                 |
| Land                       | \$ 1,914,337               | \$ 1,914,337        | \$ -                        | \$ -                | \$ 1,914,337         | \$ 1,914,337         |
| Buildings and improvements | 4,457,239                  | 4,607,781           | -                           | -                   | 4,457,239            | 4,607,781            |
| Construction in progress   | 1,320,466                  | 1,025,692           | -                           | -                   | 1,320,466            | 1,025,692            |
| Equipment and vehicles     | 679,620                    | 785,421             | 140,110                     | 192,881             | 819,730              | 978,302              |
| Office equipment           | 120,498                    | 142,486             | -                           | -                   | 120,498              | 142,486              |
| Infrastructure             | 1,168,053                  | 1,248,673           | -                           | -                   | 1,168,053            | 1,248,673            |
| Sewer and water lines      | -                          | -                   | 907,916                     | 946,872             | 907,916              | 946,872              |
| <b>Total</b>               | <b>\$ 9,660,213</b>        | <b>\$ 9,724,390</b> | <b>\$ 1,048,026</b>         | <b>\$ 1,139,753</b> | <b>\$ 10,708,239</b> | <b>\$ 10,864,143</b> |

The governmental activities capital assets activities include engineering cost for design for the Lewis and Clark Highway. The City's portion of the cost is shown as construction in progress of \$1,320,466. The City's Old Public Works building was sold during 2011. New purchases include two used police vehicles, new office equipment; desks and computers, and improvement to Roper Stadium.

## Long-term Obligations

The City issued \$2,690,000 Certificates of Participation financing in May, 2009. The proceeds were used to reimburse the Reuse Agreement Fund for costs related to the City's public safety facility. Certain funds in the Reuse Agreement Fund have been made available for the Sugarland development project (see Note 8 (C)). The City formed the Industrial Development Authority of the City of Sugar Creek which has entered into a bank note agreement as further discussed in Note 8 (C).; The City implemented Governmental Accounting Standards Board (GASB) Statement No. 45 which requires accounting and financial reporting by employers for postemployment benefits. See Note 8 to the basic financial statements for more information and detail on the City's long-term obligations. This is the first year the City has recorded net pension obligation for Lager's retirement system.

|                                | Outstanding Obligations    |                     |                             |                 |                     |                     |
|--------------------------------|----------------------------|---------------------|-----------------------------|-----------------|---------------------|---------------------|
|                                | Governmental<br>Activities |                     | Business-type<br>Activities |                 | Total               |                     |
|                                | 2011                       | 2010                | 2011                        | 2010            | 2011                | 2010                |
| Compensated absences           | \$ 132,504                 | \$ 137,366          | 1,783                       | 2,497           | \$ 134,287          | \$ 139,863          |
| Other post-employment benefits | 55,113                     | 38,776              | 60                          | 60              | 55,173              | 38,836              |
| Net pension obligation         | 27,049                     | -                   | 2,588                       | -               | 29,637              | -                   |
| Certificates of Participation  | 2,545,000                  | 2,600,000           | -                           | -               | 2,545,000           | 2,600,000           |
| Discount on issuance           | (68,299)                   | (71,357)            | -                           | -               | (68,299)            | (71,357)            |
| Developer agreement - LaFarge  | 1,618,685                  | 1,606,989           | -                           | -               | 1,618,685           | 1,606,989           |
| Bank Note - See Note 8(C)      | 2,287,585                  | 2,368,125           | -                           | -               | 2,287,585           | 2,368,125           |
| <b>Total</b>                   | <b>\$ 6,597,637</b>        | <b>\$ 6,679,899</b> | <b>\$ 4,431</b>             | <b>\$ 2,557</b> | <b>\$ 6,602,068</b> | <b>\$ 6,682,456</b> |

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 103 S. Sterling Sugar Creek, Missouri.

## **BASIC FINANCIAL STATEMENTS**

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Exhibit A

City of Sugar Creek, Missouri  
Statement of Net Assets  
September 30, 2011

|  | Primary Government         |                             | Total                |
|--|----------------------------|-----------------------------|----------------------|
|  | Governmental<br>Activities | Business-type<br>Activities |                      |
| <b>Assets</b>                                      |                            |                             |                      |
| Pooled cash and investments                        | \$ 4,606,305               | \$ 663,861                  | \$ 5,270,166         |
| Receivables:                                       |                            |                             |                      |
| Taxes  | 578,988                    | -                           | 578,988              |
| Special assessments                                | -                          | 13,825                      | 13,825               |
| Contractual agreements                             | 1,268                      | 88,333                      | 89,601               |
| Accounts and other                                 | 70,675                     | 219,475                     | 290,150              |
| Accrued interest                                   | 11,586                     | 9,477                       | 21,063               |
| Due from other governments                         | 718,529                    | -                           | 718,529              |
| Internal balances                                  | 75,200                     | (75,200)                    | -                    |
| Prepays, deposits, and other assets                | 126,392                    | 10,003                      | 136,395              |
| Restricted assets:                                 |                            |                             |                      |
| Cash and investments                               | 1,446,027                  | 80,857                      | 1,526,884            |
| Notes receivable                                   | -                          | 95,601                      | 95,601               |
| Property held for redevelopment                    | 1,128,719                  | -                           | 1,128,719            |
| Unamortized bond issue costs                       | 116,219                    | -                           | 116,219              |
| Capital assets:                                    |                            |                             |                      |
| Not being depreciated                              | 3,234,803                  | -                           | 3,234,803            |
| Being depreciated, net of depreciation             | 6,425,410                  | 1,048,026                   | 7,473,436            |
| <b>Total assets</b>                                | <b>18,540,121</b>          | <b>2,154,258</b>            | <b>20,694,379</b>    |
| <b>Liabilities</b>                                 |                            |                             |                      |
| Accounts payable                                   | 753,174                    | 128,378                     | 881,552              |
| Accrued payroll and benefits                       | 74,721                     | 17,556                      | 92,277               |
| Accrued interest                                   | 57,620                     | -                           | 57,620               |
| Payable from restricted assets:                    |                            |                             |                      |
| Police unclaimed money                             | 1,098                      | -                           | 1,098                |
| Customer deposits                                  | 3,810                      | 77,387                      | 81,197               |
| Municipal court bonds                              | 7,848                      | -                           | 7,848                |
| Long term debt:                                    |                            |                             |                      |
| Due within one year                                | 2,490,327                  | 1,783                       | 2,492,110            |
| Due in more than one year                          | 4,107,310                  | 2,648                       | 4,109,958            |
| <b>Total liabilities</b>                           | <b>7,495,908</b>           | <b>227,752</b>              | <b>7,723,660</b>     |
| <b>Net Assets</b>                                  |                            |                             |                      |
| Invested in capital assets,<br>net of related debt | 7,183,512                  | 1,048,026                   | 8,231,538            |
| Restricted :                                       |                            |                             |                      |
| Debt service                                       | 972,943                    | -                           | 972,943              |
| Capital improvements                               | 766,648                    | -                           | 766,648              |
| Streets and public works                           | 286,675                    | -                           | 286,675              |
| Health and welfare                                 | 767,059                    | -                           | 767,059              |
| Parks and recreation                               | 362,670                    | -                           | 362,670              |
| BP Reuse and Funding agreements                    | 1,391,394                  | -                           | 1,391,394            |
| Unrestricted (deficit)                             | (686,688)                  | 878,480                     | 191,792              |
| <b>Total net assets</b>                            | <b>\$ 11,044,213</b>       | <b>\$ 1,926,506</b>         | <b>\$ 12,970,719</b> |

See accompanying notes to the basic financial statements

**City of Sugar Creek, Missouri**  
**Statement of Activities**  
**For the Year Ended September 30, 2011**

| Functions/Programs                    | Program Revenues    |                      |                          |                          | Net (Expense) Revenue and Changes in Net Assets |                          |                    |
|---------------------------------------|---------------------|----------------------|--------------------------|--------------------------|---|--------------------------|--------------------|
|                                       | Expenses            | Charges for Services | Operating                | Capital                  | Primary Government                              |                          |                    |
|                                       |                     |                      | Grants and Contributions | Grants and Contributions | Governmental Activities                         | Business-Type Activities | Total              |
| <b>Primary government:</b>            |                     |                      |                          |                          |   |                          |                    |
| <b>Government activities</b>          |                     |                      |                          |                          |   |                          |                    |
| General administration                | \$ 1,292,777        | \$ 177,441           | \$ -                     | \$ -                     | \$ (1,115,336)                                  | \$ -                     | \$ (1,115,336)     |
| Public safety                         | 2,104,012           | 201,944              | 61,554                   | -                        | (1,840,514)                                     | -                        | (1,840,514)        |
| Streets and public works              | 1,554,873           | 125                  | -                        | 815,967                  | (738,781)                                       | -                        | (738,781)          |
| Economic development                  | 361,812             | -                    | -                        | -                        | (361,812)                                       | -                        | (361,812)          |
| Health and welfare                    | 40,129              | -                    | -                        | -                        | (40,129)  | -                        | (40,129)           |
| Parks and recreation                  | 325,393             | 54,361               | -                        | -                        | (271,032)                                       | -                        | (271,032)          |
| Interest on long-term debt            | 249,250             | -                    | -                        | -                        | (249,250)                                       | -                        | (249,250)          |
| <b>Total governmental activities</b>  | <b>5,928,246</b>    | <b>433,871</b>       | <b>61,554</b>            | <b>815,967</b>           | <b>(4,616,854)</b>                              | <b>-</b>                 | <b>(4,616,854)</b> |
| <b>Business-type activities</b>       |                     |                      |                          |                          |   |                          |                    |
| Water                                 | 190,949             | 245,798              | -                        | -                        | -   | 54,849                   | 54,849             |
| Sanitary sewer                        | 696,236             | 581,907              | -                        | -                        | -   | (114,329)                | (114,329)          |
| Sanitation                            | 220,006             | 215,052              | -                        | -                        | -   | (4,954)                  | (4,954)            |
| <b>Total business-type activities</b> | <b>1,107,191</b>    | <b>1,042,757</b>     | <b>-</b>                 | <b>-</b>                 | <b>-</b>  | <b>(64,434)</b>          | <b>(64,434)</b>    |
| <b>Total primary government</b>       | <b>\$ 7,035,437</b> | <b>\$ 1,476,628</b>  | <b>\$ 61,554</b>         | <b>\$ 815,967</b>        | <b>(4,616,854)</b>                              | <b>(64,434)</b>          | <b>(4,681,288)</b> |

19

|  |                      |                     |                      |
|--|----------------------|---------------------|----------------------|
| General revenues:  |                      |                     |                      |
| Taxes:   |                      |                     |                      |
| Property taxes, levied for general purpose                   | 646,534              | -                   | 646,534              |
| Sales taxes  | 662,596              | -                   | 662,596              |
| Gross receipts taxes   | 913,107              | -                   | 913,107              |
| Franchise taxes  | 1,454,033            | -                   | 1,454,033            |
| Other taxes  | 51,316               | -                   | 51,316               |
| Grants and contributions not restricted to specific programs | 220,296              | -                   | 220,296              |
| Contractual agreements                                       | 199,829              | -                   | 199,829              |
| Unrestricted investment earnings                             | 28,844               | 11,085              | 39,929               |
| Miscellaneous  | 105,632              | -                   | 105,632              |
| Transfers  | (1,100)              | 1,100               | -                    |
| <b>Total general revenues and transfers</b>                  | <b>4,281,087</b>     | <b>12,185</b>       | <b>4,293,272</b>     |
| Change in net assets   | (335,767)            | (52,249)            | (388,016)            |
| Net assets, beginning of year                                | 11,379,980           | 1,978,755           | 13,358,735           |
| Net assets, end of year                                      | <b>\$ 11,044,213</b> | <b>\$ 1,926,506</b> | <b>\$ 12,970,719</b> |

See accompanying notes to the basic financial statements

Exhibit B

**CITY OF SUGAR CREEK, MISSOURI  
Balance Sheet - Governmental Funds  
September 30, 2011**

|  | General             | Reuse Agreement     | State Gasoline Tax | (See Note 8) Sugarland Development | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------|------------------------------------|--------------------------|--------------------------|
| <b>Assets</b>                              |                     |                     |                    |                                    |                          |                          |
| Pooled cash and investments                | \$ 2,209,920        | \$ 375,506          | \$ 112,807         | \$ 48,714                          | \$ 1,859,358             | \$ 4,606,305             |
| Receivables:                               |                     |                     |                    |                                    |                          |                          |
| Taxes                                      | 514,631             | -                   | -                  | -                                  | 64,357                   | 578,988                  |
| Contractual agreements                     | -                   | 1,268               | -                  | -                                  | -                        | 1,268                    |
| Accrued interest                           | 1,366               | 8,010               | 40                 | -                                  | 2,170                    | 11,586                   |
| Accounts and other                         | 70,675              | -                   | -                  | -                                  | -                        | 70,675                   |
| Due from other governments                 | 40,079              | -                   | 660,432            | -                                  | 18,018                   | 718,529                  |
| Due from other funds                       | 75,200              | -                   | -                  | -                                  | 20,970                   | 96,170                   |
| Prepays, deposits and other assets         | 126,392             | -                   | -                  | -                                  | -                        | 126,392                  |
| Restricted assets:                         |                     |                     |                    |                                    |                          |                          |
| Cash and investments                       | 7,848               | 1,035,179           | -                  | -                                  | 403,000                  | 1,446,027                |
| Property held for redevelopment            | -                   | -                   | -                  | 1,128,719                          | -                        | 1,128,719                |
| <b>Total Assets</b>                        | <b>\$ 3,046,111</b> | <b>\$ 1,419,963</b> | <b>\$ 773,279</b>  | <b>\$ 1,177,433</b>                | <b>\$ 2,367,873</b>      | <b>\$ 8,784,659</b>      |
| <b>Liabilities and Fund Balances</b>       |                     |                     |                    |                                    |                          |                          |
| Liabilities:                               |                     |                     |                    |                                    |                          |                          |
| Accounts payable                           | \$ 51,132           | \$ 28,276           | \$ 486,604         | \$ 187,162                         | \$ -                     | \$ 753,174               |
| Accrued payroll and benefits               | 74,721              | -                   | -                  | -                                  | -                        | 74,721                   |
| Payable from restricted assets:            |                     |                     |                    |                                    |                          |                          |
| Police unclaimed money                     | 1,098               | -                   | -                  | -                                  | -                        | 1,098                    |
| Customer deposits                          | 3,810               | -                   | -                  | -                                  | -                        | 3,810                    |
| Municipal court bonds                      | 7,848               | -                   | -                  | -                                  | -                        | 7,848                    |
| Due to other funds                         | 10,751              | -                   | -                  | -                                  | 10,219                   | 20,970                   |
| Deferred revenue                           | 75,468              | 293                 | 636,472            | -                                  | -                        | 712,233                  |
| <b>Total Liabilities</b>                   | <b>224,828</b>      | <b>28,569</b>       | <b>1,123,076</b>   | <b>187,162</b>                     | <b>10,219</b>            | <b>1,573,854</b>         |
| Fund balances:                             |                     |                     |                    |                                    |                          |                          |
| Nonspendable:                              |                     |                     |                    |                                    |                          |                          |
| Prepaid Items                              | 126,392             | -                   | -                  | -                                  | -                        | 126,392                  |
| Advances to other funds                    | 75,200              | -                   | -                  | -                                  | -                        | 75,200                   |
| Restricted:                                |                     |                     |                    |                                    |                          |                          |
| Capital projects                           | -                   | -                   | -                  | -                                  | 766,648                  | 766,648                  |
| Debt service                               | -                   | -                   | -                  | 500,000                            | 472,943                  | 972,943                  |
| Health and welfare                         | -                   | -                   | -                  | -                                  | 767,059                  | 767,059                  |
| Parks and recreation                       | 180,000             | -                   | -                  | -                                  | 182,670                  | 362,670                  |
| BP Reuse and Funding agreements            | -                   | 1,391,394           | -                  | -                                  | -                        | 1,391,394                |
| Committed:                                 |                     |                     |                    |                                    |                          |                          |
| Economic development                       | -                   | -                   | -                  | 490,271                            | -                        | 490,271                  |
| Assigned:                                  |                     |                     |                    |                                    |                          |                          |
| Capital projects                           | -                   | -                   | -                  | -                                  | 168,334                  | 168,334                  |
| Public safety                              | 100,000             | -                   | -                  | -                                  | -                        | 100,000                  |
| Unassigned (deficit)                       | 2,339,691           | -                   | (349,797)          | -                                  | -                        | 1,989,894                |
| <b>Total fund balance (deficit)</b>        | <b>2,821,283</b>    | <b>1,391,394</b>    | <b>(349,797)</b>   | <b>990,271</b>                     | <b>2,357,654</b>         | <b>7,210,805</b>         |
| <b>Total liabilities and fund balances</b> | <b>\$ 3,046,111</b> | <b>\$ 1,419,963</b> | <b>\$ 773,279</b>  | <b>\$ 1,177,433</b>                | <b>\$ 2,367,873</b>      | <b>\$ 8,784,659</b>      |

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI  
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds  
September 30, 2011

Fund balances of governmental funds \$ 7,210,805

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements. 9,660,213

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

Long-term liabilities (6,597,637)  
Unamortized bond issue costs 116,219

Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds. 712,233

Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements. (57,620)

Net assets of governmental activities \$ 11,044,213

See accompanying notes to the basic financial statements

**CITY OF SUGAR CREEK, MISSOURI**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended September 30, 2011**

|  | General          | Reuse<br>Agreement | State<br>Gasoline<br>Tax | (See Note 8)<br>Sugarland<br>Development | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------|--------------------|--------------------------|--|--------------------------------|--------------------------------|
| <b>Revenues:</b>                             |                  |                    |                          |  |                                |                                |
| Taxes  | \$ 3,279,428     | \$ -               | \$ -                     | \$ -                                     | \$ 467,268                     | \$ 3,746,696                   |
| Intergovernmental                            | 61,554           | -                  | 375,984                  | -  | 25,129                         | 462,667                        |
| Charges for services                         | 66,656           | -                  | -                        | -  | -                              | 66,656                         |
| Rentals                                      | 81,226           | -                  | -                        | -  | -                              | 81,226                         |
| Fines and forfeitures                        | 184,034          | -                  | -                        | -  | -                              | 184,034                        |
| Payments in lieu of tax                      | 25,759           | -                  | -                        | -  | -                              | 25,759                         |
| Contractual agreements                       | 198,557          | 1,272              | -                        | -  | -                              | 199,829                        |
| Licenses and permits                         | 101,955          | -                  | -                        | -  | -                              | 101,955                        |
| Interest                                     | 13,828           | 7,235              | 40                       | 7  | 7,733                          | 28,843                         |
| Other  | 109,411          | -                  | -                        | -  | -                              | 109,411                        |
| <b>Total Revenues</b>                        | <b>4,122,408</b> | <b>8,507</b>       | <b>376,024</b>           | <b>7</b>                                 | <b>503,852</b>                 | <b>5,010,798</b>               |
| <b>Expenditures:</b>                         |                  |                    |                          |  |                                |                                |
| Current:                                     |                  |                    |                          |  |                                |                                |
| General administration                       | 1,269,695        | -                  | -                        | -  | 2,369                          | 1,272,064                      |
| Public safety                                | 1,893,517        | -                  | -                        | -  | -                              | 1,893,517                      |
| Streets and public works                     | 768,734          | -                  | 906,779                  | -  | 1,016                          | 1,676,529                      |
| Economic development                         | -                | 19,767             | -                        | 422,267                                  | -                              | 442,034                        |
| Health and welfare                           | -                | -                  | -                        | -  | 40,129                         | 40,129                         |
| Parks and recreation                         | 304,592          | -                  | -                        | -  | 27,970                         | 332,562                        |
| Debt service:                                |                  |                    |                          |  |                                |                                |
| Principal                                    | -                | -                  | -                        | -  | 55,000                         | 55,000                         |
| Interest and fiscal charges                  | -                | -                  | -                        | -  | 250,213                        | 250,213                        |
| <b>Total Expenditures</b>                    | <b>4,236,538</b> | <b>19,767</b>      | <b>906,779</b>           | <b>422,267</b>                           | <b>376,697</b>                 | <b>5,962,048</b>               |
| Excess of Revenues Over (Under) Expenditures | (114,130)        | (11,260)           | (530,755)                | (422,260)                                | 127,155                        | (951,250)                      |
| <b>Other financing sources (uses):</b>       |                  |                    |                          |  |                                |                                |
| Transfers in (see Note 9)                    | -                | 695,490            | -                        | 686,190                                  | 197,580                        | 1,579,260                      |
| Transfers out                                | -                | (883,770)          | -                        | (975)                                    | (695,615)                      | (1,580,360)                    |
| <b>Total Other Financing Sources (Uses)</b>  | <b>-</b>         | <b>(188,280)</b>   | <b>-</b>                 | <b>685,215</b>                           | <b>(498,035)</b>               | <b>(1,100)</b>                 |
| Net change in fund balances                  | (114,130)        | (199,540)          | (530,755)                | 262,955                                  | (370,880)                      | (952,350)                      |
| Fund balances, beginning of year             | 2,935,413        | 1,590,934          | 180,958                  | 727,316                                  | 2,728,534                      | 8,163,155                      |
| Fund balances (deficit), end of year         | \$ 2,821,283     | \$ 1,391,394       | \$ (349,797)             | \$ 990,271                               | \$ 2,357,654                   | \$ 7,210,805                   |

See accompanying notes to the basic financial statements

**CITY OF SUGAR CREEK, MISSOURI**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**to the Statement of Activities - Governmental Funds**  
**For the Year Ended September 30, 2011**

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

|  |              |
|--|--------------|
| Net change in fund balances - total governmental funds   | \$ (952,350) |
| <p>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.</p>  |              |
| Capital outlay costs in excess of capitalization threshold   | 379,241      |
| Depreciation   | (443,418)    |
| <p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the governmental funds.</p>   |              |
| Other revenues   | 582,781      |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.</p> |              |
| Changes in long-term debt, net   | 55,000       |
| Development obligations, net   | 68,844       |
| Changes in unamortized bond issue costs  | (5,204)      |
| Changes in unamortized bond issuance discount  | (3,058)      |
| Changes in accrued interest expense  | 20,921       |
| <p>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.</p>   |              |
| Change in compensated absences, other post employment benefits payable, and net pension obligations  | (38,524)     |
| Change in net assets of governmental activities  | \$ (335,767) |

See accompanying notes to the basic financial statements

**CITY OF SUGAR CREEK, MISSOURI**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2011**

|   | Water             | Sanitary<br>Sewer   | Sanitation        | Totals              |
|---|-------------------|---------------------|-------------------|---------------------|
| <b>Assets</b>   |                   |                     |                   |                     |
| Current assets:                                       |                   |                     |                   |                     |
| Pooled cash and investments                           | \$ 168,705        | \$ 416,936          | \$ 78,220         | \$ 663,861          |
| Receivables, net:                                     |                   |                     |                   |                     |
| Accounts and other                                    | 38,092            | 135,037             | 46,346            | 219,475             |
| Contractual agreements                                | -                 | 88,333              | -                 | 88,333              |
| Special assessments                                   | -                 | 3,255               | -                 | 3,255               |
| Accrued interest                                      | 355               | 9,047               | 75                | 9,477               |
| Prepaid expenses                                      | 1,624             | 5,129               | 3,250             | 10,003              |
| Restricted cash and investments                       | 77,387            | 3,470               | -                 | 80,857              |
| Notes receivable                                      | -                 | 64,331              | -                 | 64,331              |
| Total current assets                                  | <u>286,163</u>    | <u>725,538</u>      | <u>127,891</u>    | <u>1,139,592</u>    |
| Noncurrent assets:                                    |                   |                     |                   |                     |
| Receivables, net:                                     |                   |                     |                   |                     |
| Special assessments                                   | -                 | 10,570              | -                 | 10,570              |
| Notes receivable                                      | -                 | 31,270              | -                 | 31,270              |
| Capital assets, net of depreciation                   | 203,743           | 774,856             | 69,427            | 1,048,026           |
| Total noncurrent assets                               | <u>203,743</u>    | <u>816,696</u>      | <u>69,427</u>     | <u>1,089,866</u>    |
| Total assets  | <u>489,906</u>    | <u>1,542,234</u>    | <u>197,318</u>    | <u>2,229,458</u>    |
| <b>Liabilities</b>                                    |                   |                     |                   |                     |
| Current liabilities:                                  |                   |                     |                   |                     |
| Accounts payable                                      | 4,419             | 121,245             | 2,714             | 128,378             |
| Accrued liabilities                                   | 2,409             | 11,521              | 3,626             | 17,556              |
| Compensated absences                                  | -                 | -                   | 1,783             | 1,783               |
| Current liabilities (payable from restricted assets): |                   |                     |                   |                     |
| Customer deposits                                     | 77,387            | -                   | -                 | 77,387              |
| Total current liabilities:                            | <u>84,215</u>     | <u>132,766</u>      | <u>8,123</u>      | <u>225,104</u>      |
| Long-term liabilities:                                |                   |                     |                   |                     |
| Due to other funds                                    | -                 | 75,200              | -                 | 75,200              |
| Other post employment benefits                        | 776               | 259                 | 1,613             | 2,648               |
| Total long-term liabilities:                          | <u>776</u>        | <u>75,459</u>       | <u>1,613</u>      | <u>77,848</u>       |
| Total liabilities                                     | <u>84,991</u>     | <u>208,225</u>      | <u>9,736</u>      | <u>302,952</u>      |
| <b>Net assets</b>                                     |                   |                     |                   |                     |
| Invested in capital assets                            | 203,743           | 774,856             | 69,427            | 1,048,026           |
| Unrestricted  | 201,172           | 559,153             | 118,155           | 878,480             |
| Total net assets                                      | <u>\$ 404,915</u> | <u>\$ 1,334,009</u> | <u>\$ 187,582</u> | <u>\$ 1,926,506</u> |

See accompanying notes to the basic financial statements

**CITY OF SUGAR CREEK, MISSOURI**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2011**

|                                     | Water             | Sanitary<br>Sewer   | Sanitation        | Totals              |
|-------------------------------------|-------------------|---------------------|-------------------|---------------------|
| <b>Operating revenues:</b>          |                   |                     |                   |                     |
| Charges for services                | \$ 245,798        | \$ 581,907          | \$ 215,052        | \$ 1,042,757        |
| Total operating revenues            | <u>245,798</u>    | <u>581,907</u>      | <u>215,052</u>    | <u>1,042,757</u>    |
| <b>Operating expenses:</b>          |                   |                     |                   |                     |
| Personal services                   | 77,880            | 38,639              | 186,017           | 302,536             |
| Contractual services                | 9,902             | 621,303             | 8,333             | 639,538             |
| Materials and supplies              | 13,380            | 3,264               | 11,616            | 28,260              |
| Cost of water purchased             | 72,604            | -                   | -                 | 72,604              |
| Depreciation                        | 17,004            | 32,947              | 14,040            | 63,991              |
| Other                               | 179               | 83                  | -                 | 262                 |
| Total operating expenses            | <u>190,949</u>    | <u>696,236</u>      | <u>220,006</u>    | <u>1,107,191</u>    |
| Operating income (loss)             | <u>54,849</u>     | <u>(114,329)</u>    | <u>(4,954)</u>    | <u>(64,434)</u>     |
| <b>Nonoperating revenues:</b>       |                   |                     |                   |                     |
| Interest income                     | 734               | 10,049              | 302               | 11,085              |
| Total nonoperating revenues         | <u>734</u>        | <u>10,049</u>       | <u>302</u>        | <u>11,085</u>       |
| Income (loss) before transfers      | 55,583            | (104,280)           | (4,652)           | (53,349)            |
| Transfers in                        | -                 | 1,100               | -                 | 1,100               |
| Change in net assets                | 55,583            | (103,180)           | (4,652)           | (52,249)            |
| Total net assets, beginning of year | 349,332           | 1,437,189           | 192,234           | 1,978,755           |
| Total net assets, end of year       | <u>\$ 404,915</u> | <u>\$ 1,334,009</u> | <u>\$ 187,582</u> | <u>\$ 1,926,506</u> |

See accompanying notes to the basic financial statements

**CITY OF SUGAR CREEK, MISSOURI**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2011**

|  | Water             | Sanitary<br>Sewer | Sanitation       | Totals            |
|--|-------------------|-------------------|------------------|-------------------|
| Cash flows provided by (used in) operating activities:                                     |                   |                   |                  |                   |
| Receipts from customers  | \$ 250,754        | \$ 642,865        | \$ 221,442       | \$ 1,115,061      |
| Payments to suppliers  | (99,116)          | (615,361)         | (19,378)         | (733,855)         |
| Payments to employees  | (76,104)          | (28,315)          | (185,002)        | (289,421)         |
| Net cash provided by (used in) operating activities  | <u>75,534</u>     | <u>(811)</u>      | <u>17,062</u>    | <u>91,785</u>     |
| Cash Flows Provided by (used in) Noncapital Financing Activities:                          |                   |                   |                  |                   |
| Transfers in (out)   | -                 | 1,100             | -                | 1,100             |
| Negative cash balance implicitly financed  | -                 | (94,027)          | (13,306)         | (107,333)         |
| Net Cash Flows Provided by (used in) Noncapital Financing Activities                       | <u>-</u>          | <u>(92,927)</u>   | <u>(13,306)</u>  | <u>(106,233)</u>  |
| Cash flows provided by (used in) investing activities:                                     |                   |                   |                  |                   |
| Interest received  | 667               | 5,562             | 329              | 6,558             |
| Purchases of certificates of deposit   | (307,279)         | (441,887)         | (87,224)         | (836,390)         |
| Maturity of certificates of deposit  | 246,068           | 531,767           | 86,030           | 863,865           |
| Reimbursements from developers   | -                 | 32,597            | -                | 32,597            |
| Net cash flows provided by (used in) investing activities                                  | <u>(60,544)</u>   | <u>128,039</u>    | <u>(865)</u>     | <u>66,630</u>     |
| Cash flows provided by (used in) capital and related financing activities:                 |                   |                   |                  |                   |
| Purchases of capital assets  | (7,164)           | (1,101)           | -                | (8,265)           |
| Special assessments received   | -                 | 3,149             | -                | 3,149             |
| Net cash flows provided by (used in) capital and related financing activities              | <u>(7,164)</u>    | <u>2,048</u>      | <u>-</u>         | <u>(5,116)</u>    |
| Net change in cash and equivalents   | 7,826             | 36,349            | 2,891            | 47,066            |
| Cash and equivalents, beginning of year  | 76,090            | -                 | -                | 76,090            |
| Cash and equivalents, end of year  | 83,916            | 36,349            | 2,891            | 123,156           |
| Long-term certificates of deposit  | 162,176           | 384,057           | 75,329           | 621,562           |
| Total cash and investments reported on the Statement of Net Assets                         | <u>\$ 246,092</u> | <u>\$ 420,406</u> | <u>\$ 78,220</u> | <u>\$ 744,718</u> |
| Cash and investments reported on the Statement of Net Assets:                              |                   |                   |                  |                   |
| Pooled cash and investments  | \$ 168,705        | \$ 416,936        | \$ 78,220        | \$ 663,861        |
| Restricted cash and investments  | 77,387            | 3,470             | -                | 80,857            |
| Total cash and investments   | <u>\$ 246,092</u> | <u>\$ 420,406</u> | <u>\$ 78,220</u> | <u>\$ 744,718</u> |
| Reconciliation of operating income to net cash provided by (used in) operating activities: |                   |                   |                  |                   |
| Operating income (loss)  | \$ 54,849         | \$ (114,329)      | \$ (4,954)       | \$ (64,434)       |
| Adjustments to reconcile operating loss to net cash used by operations:                    |                   |                   |                  |                   |
| Depreciation   | 17,004            | 32,947            | 14,040           | 63,991            |
| Change in compensated absences, OPEB, and net pension obligations                          | 776               | 259               | 839              | 1,874             |
| Changes in:  |                   |                   |                  |                   |
| Receivables  | (4,209)           | 60,958            | 6,390            | 63,139            |
| Prepaid expenses and deposits  | 43                | (478)             | 83               | (352)             |
| Accounts payable   | (3,094)           | 9,767             | 488              | 7,161             |
| Accrued liabilities  | 1,000             | 10,065            | 176              | 11,241            |
| Customer deposits  | 9,165             | -                 | -                | 9,165             |
| Net cash provided by (used in) operating activities  | <u>\$ 75,534</u>  | <u>\$ (811)</u>   | <u>\$ 17,062</u> | <u>\$ 91,785</u>  |

See accompanying notes to the basic financial statements

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes to the basic financial statements include a summary of accounting policies followed and other information provided by the City of Sugar Creek, Missouri, judged to be most appropriate for full disclosure in the preparation of the basic financial statements.

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

## (1) Summary of Significant Accounting Policies

The City of Sugar Creek, Missouri (the City) was incorporated on November 15, 1920 under an order of the Jackson County Circuit Court. The City is a fourth class city and operates under a Mayor-Board of Aldermen form of government. The City Administrator is the chief administrative officer of the City. The City provides services to nearly 4,000 residents in many areas, including law enforcement and fire protection, water, sewer and sanitation services, community enrichment and development, and various social services.

The accounting and reporting policies of the City conform to generally accepted accounting principles (GAAP) in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

### **A. Financial Reporting Entity**

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

This report includes the financial statements of the City (the primary government) which includes The Industrial Development Authority of the City of Sugar Creek (IDA) as a blended component unit. The IDA has entered into a promissory note agreement a bank and has leased certain development properties to the City as further discussed in Note 8(c). The activities of the IDA are reflected in the Sugarland Development Fund. The IDA does not issue financial statements.

### **B. Basis of Presentation**

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

#### *Government-wide financial statements*

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole. 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. 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.

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements  
September 30, 2011

## *Fund financial statements*

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

## GOVERNMENTAL FUNDS

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 measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination.

The following are the City's major governmental funds:

*The General Fund* – the general 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.

*The Reuse Agreement Fund* – used to account for the City's reuse agreement with BP Products of North America, Inc.

*State Gasoline Tax Fund* – used to account for the City's share of motor vehicle fuel, sales and license tax revenues and grant revenues and expenditures related to the Lewis and Clark Expressway project.

*Sugarland Development Fund* – used to account for the activities and obligations related to the Sugarland redevelopment project and the IDA.

## PROPRIETARY FUNDS

Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

The following are the City's major proprietary funds:

*The Water Utility Fund* – accounts for the provision of water services to the 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.

*The Sewer Utility Fund* – accounts for the provision of sewer services to the 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.

*The Sanitation Fund* – accounts for the provision of sanitation services to the 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.

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

## **C. Basis of Accounting**

### *Government-wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

### *Governmental Fund Financial Statements*

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

### *Revenue Recognition*

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within two months of year-end and available to pay obligations of the current period). This includes property taxes, investment earnings and state-levied locally shared taxes (including motor vehicle fees). The City records property tax receivables at the time the lien attaches to the property. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

### *Expenditure Recognition*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

### *Proprietary Fund Financial Statements*

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets and statement of activities. 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.

# CITY OF SUGAR CREEK, MISSOURI

## Notes to the Basic Financial Statements

September 30, 2011

In reporting the financial activity of its business-type activities and enterprise funds, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Those include the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Procedures. For enterprise funds, the City also has the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements.

### ***D. Cash and Investments***

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, investment pools and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or an independent third party and must be of the kind prescribed by State Statutes and approved by the State.

The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet or statement of net assets as "pooled cash and investments". The City's cash and investments are primarily considered to be cash on hand, amounts in demand deposits, and certificates of deposits. Interest earned on demand deposits is recorded in the General Fund. Interest income earned on certificates of deposit is allocated to the various funds on the basis of average month-end balances.

For purposes of the statement of cash flows, short-term investments and certificates of deposit with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

### ***E. Accounts Receivable***

Accounts receivable result primarily from miscellaneous services provided to citizens accounted for in the Governmental Funds, and from water, sewer, and sanitation services accounted for in their respective Proprietary Fund.

### ***F. Prepaid Items***

Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements using the consumption method.

### ***G. Capital Assets***

Capital assets, which include property, equipment, and infrastructure assets (i.e. roads, street lights, storm sewers, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Fully depreciated capital assets are included in their respective accounts until their disposal.

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

|                         |               |
|-------------------------|---------------|
| Buildings               | 30 – 40 years |
| Machinery and equipment | 5 – 10 years  |
| Automobiles             | 5 – 15 years  |
| Infrastructure          | 50 years      |
| Sewer and water systems | 30 – 70 years |

## **H. Compensated Absences**

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. Vacation days are required to be taken within the current or following calendar year in which earned. In the event of retirement or termination, an employee is paid for unused vacation days.

City employees are eligible to receive payment for accumulated sick leave only upon retirement. In the event of retirement, an employee is paid for unused sick days up to the maximum of 30 days. The amount of sick leave, which will be utilized or paid in future years, does not vest until retirement.

Vested or accumulation vacation and sick time is accounted for as follows:

Governmental Funds - The accumulated liabilities for employee vacation and sick time is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds - The costs of vacation and sick pay 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.

## **I. Deferred Revenue**

Deferred revenue consists primarily of certain special assessments, grant funding reimbursement requests and other items that are considered measurable, but not available to meet the current financial needs of the governmental unit.

## **J. Interfund Activity**

**Loans** – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

**Services provided and used** – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

**Reimbursements** – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

## CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

**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.

### **K. Fund Balances**

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the year ended September 30, 2011. This statement changed the fund balance classifications for the governmental funds. In the fund financial statements, governmental funds now report the following fund balance classifications:

**Non-Spendable** – 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 Board of Aldermen.

**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 Board of Aldermen action. The Board of Alderman has the authority to assign amounts for a specific purpose in this category. Likewise, the Board of Alderman has the authority to take necessary actions to un-assign amounts in this category.

**Unassigned** – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

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.

### **L. Net Asset Classifications**

In the government-wide statements, equity is shown as net assets and classified into three components:

- (1) Invested in capital assets, net of related debt – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net assets – consisting of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

## **M. Expenditures in Excess of Budgeted Appropriations**

In violation of the budget ordinance, actual expenditures including transfers out exceeded budgeted appropriations in the State Gas Tax Fund by \$441,479.

## **N. Use of Estimates**

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **(2) Cash and Investments**

A summary of the City's significant policies relating to cash and investments can be found in Note 1. A reconciliation of cash and investments with the Government-wide Statement of Net Assets is as follows:

|   |    |  |
|---|----|--|
| Cash on hand                              | \$ | 700  |
| Demand deposits                           |    | 1,307,824  |
| Certificates of deposits                  |    | 5,224,259  |
| Restricted cash equivalents held in trust |    | 264,267  |
|   | \$ | <u>6,797,050</u>                                       |
|   |    | <b>Government-wide<br/>statement<br/>of net assets</b> |
| Pooled cash and investments               | \$ | 5,270,166  |
| Restricted cash and investments           |    | 1,526,884  |
|   | \$ | <u>6,797,050</u>                                       |

### *Custodial Credit Risk*

The custodial credit risk for deposits is the risk that, in the event of 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 that, in the event of the failure of a 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 deposits with securities held by the financial institution's agent and in the City's name.

As of September 30, 2011, all of the City's deposits were insured with Federal depository insurance, with the remaining uninsured balance 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 were exposed to custodial credit risk as of September 30, 2011.

**CITY OF SUGAR CREEK, MISSOURI**

Notes to the Basic Financial Statements

September 30, 2011

**(3) Tax Revenues and Taxes Receivable**

The City's property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date. The assessed value of local property at January 1, 2010, was \$47,396,401.

The City is permitted by the Missouri State Constitution to levy (without a vote of two-thirds of the voting electorate) taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The City's property tax levies per \$100 of assessed valuation for the year in which the revenues were earned were as follows:

| <u>Fund</u>   | <u>Levy</u>    |
|---------------|----------------|
| General       | \$ 1.00        |
| Public Health | 0.13           |
|               | <u>\$ 1.13</u> |

Tax revenues for the year consisted of the following:

|                      | <u>General<br/>Fund</u> | <u>Other<br/>Nonmajor<br/>Funds</u> | <u>Total</u>        |
|----------------------|-------------------------|-------------------------------------|---------------------|
| Franchise taxes      | \$ 1,467,099            | \$ 3,200                            | \$ 1,470,299        |
| Gross receipts taxes | 915,950                 | -                                   | 915,950             |
| Property taxes       | 551,701                 | 103,302                             | 655,003             |
| Sales and use taxes  | 301,830                 | 360,766                             | 662,596             |
| Other taxes          | 42,848                  | -                                   | 42,848              |
|                      | <u>\$ 3,279,428</u>     | <u>\$ 467,268</u>                   | <u>\$ 3,746,696</u> |

Taxes receivable represent property, sales, gross receipts, and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes. Taxes receivable consisted of the following at September 30, 2011:

|                      | <u>General<br/>Fund</u> | <u>Other<br/>Nonmajor<br/>Funds</u> | <u>Total</u>      |
|----------------------|-------------------------|-------------------------------------|-------------------|
| Franchise taxes      | \$ 138,111              | \$ -                                | \$ 138,111        |
| Gross receipts taxes | 266,175                 | -                                   | 266,175           |
| Property taxes       | 53,639                  | 10,712                              | 64,351            |
| Sales and use taxes  | 56,706                  | 53,645                              | 110,351           |
|                      | <u>\$ 514,631</u>       | <u>\$ 64,357</u>                    | <u>\$ 578,988</u> |

## CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

### (4) Intergovernmental Revenue/Receivables

Intergovernmental revenue during the year consisted of the following:

|  | <u>General<br/>Fund</u> | <u>Gasoline<br/>Tax</u> | <u>Nonmajor<br/>Funds</u> | <u>Total</u>      |
|--|-------------------------|-------------------------|---------------------------|-------------------|
| Grants - Federal, State and Local                | \$ 61,554               | \$ 206,576              | \$ -                      | \$ 268,130        |
| State:   |                         |                         |                           |                   |
| Motor vehicle sales tax                          | -                       | 22,843                  | -                         | 22,843            |
| Motor vehicle fuel tax                           | -                       | 106,205                 | -                         | 106,205           |
| Motor vehicle license<br>and title transfer fees | -                       | 16,731                  | -                         | 16,731            |
| Local:   |                         |                         |                           |                   |
| Tax increment financing revenues                 | -                       | -                       | 25,129                    | 25,129            |
| County Urban Road System                         | -                       | 23,629                  | -                         | 23,629            |
| <b>Total Intergovernmental Revenue</b>           | <u>\$ 61,554</u>        | <u>\$ 375,984</u>       | <u>\$ 25,129</u>          | <u>\$ 462,667</u> |

Amounts due from other governments at September 30, 2011, were as follows:

|  | <u>General<br/>Fund</u> | <u>State<br/>Gasoline<br/>Tax</u> | <u>Other<br/>Nonmajor<br/>Funds</u> | <u>Total</u>      |
|--|-------------------------|-----------------------------------|-------------------------------------|-------------------|
| Grants - Federal and State                       | \$ 40,079               | \$ 382,972                        | \$ -                                | \$ 423,051        |
| State:   |                         |                                   |                                     |                   |
| Motor vehicle sales tax                          | -                       | 3,567                             | -                                   | 3,567             |
| Motor vehicle fuel tax                           | -                       | 17,963                            | -                                   | 17,963            |
| Motor vehicle license<br>and title transfer fees | -                       | 2,431                             | -                                   | 2,431             |
| County:  |                         |                                   |                                     |                   |
| Tax increment financing revenues                 | -                       | -                                 | 18,018                              | 18,018            |
| County Urban Road System                         | -                       | 4,499                             | -                                   | 4,499             |
| City:  |                         |                                   |                                     |                   |
| City of Kansas City                              | -                       | 249,000                           | -                                   | 249,000           |
| <b>Total due from other governments</b>          | <u>\$ 40,079</u>        | <u>\$ 660,432</u>                 | <u>\$ 18,018</u>                    | <u>\$ 718,529</u> |

### (5) Notes Receivable

In prior years, the City expended approximately \$591,000 for the development of its portion of the Mill Creek Sewer System to encourage economic development. The City has engaged in efforts to be reimbursed for these costs from the beneficiaries of the sewer lines. The City has entered into reimbursement agreements with certain users of the sewer system totaling \$572,435. Amounts have been received in the form of cash and notes receivable. The notes are payable in ten annual equal installments and includes interest at 8%. The City is actively negotiating agreements from other beneficiaries. These agreements, if any, will be recognized in the year formalized.

**CITY OF SUGAR CREEK, MISSOURI**

Notes to the Basic Financial Statements

September 30, 2011

A summary of notes receivable activity for the year ending September 30, 2011, is as follows:

|                  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Payments/<br/>Adjustments</u> | <u>Ending<br/>Balance</u> | <u>Due<br/>Within<br/>One Year</u> |
|------------------|------------------------------|------------------|----------------------------------|---------------------------|------------------------------------|
| Notes Receivable | \$ 128,197                   | \$ -             | \$ 32,596                        | \$ 95,601                 | \$ 64,331                          |

The scheduled maturities for these notes receivable are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u>  | <u>Total</u>      |
|-------------|------------------|------------------|-------------------|
| 2012        | \$ 64,331        | \$ 12,466        | \$ 76,797         |
| 2013        | 31,270           | 2,502            | 33,772            |
| Total       | <u>\$ 95,601</u> | <u>\$ 14,968</u> | <u>\$ 110,569</u> |

**(6) Interfund Activity**

Transfers between funds for the year ended September 30, 2011 were as follows:

|                                | <u>Transfers Out:</u>      |                                  |   | <u>Total</u>        |
|--------------------------------|----------------------------|----------------------------------|---|---------------------|
|                                | <u>Reuse<br/>Agreement</u> | <u>Sugarland<br/>Development</u> | <u>Other<br/>Governmental<br/>Funds</u> |                     |
| Transfers In:                  |                            |                                  |   |                     |
| Governmental activities:       |                            |                                  |   |                     |
| Reuse Agreement                | \$ -                       | \$ -                             | \$ 695,490                              | \$ 695,490          |
| Sugarland Development          | 686,190                    | -                                | -                                       | 686,190             |
| Other Governmental Funds       | 197,580                    | -                                | -                                       | 197,580             |
| Total governmental activities  | <u>883,770</u>             | <u>-</u>                         | <u>695,490</u>                          | <u>1,579,260</u>    |
| Business-type activities:      |                            |                                  |   |                     |
| Sanitary Sewer Fund            | -                          | 975                              | 125                                     | 1,100               |
| Total business-type activities | <u>-</u>                   | <u>975</u>                       | <u>125</u>                              | <u>1,100</u>        |
| Total                          | <u>\$ 883,770</u>          | <u>\$ 975</u>                    | <u>\$ 695,615</u>                       | <u>\$ 1,580,360</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 debt service funds as debt service payments become due, and (3) to fund certain Sugarland development costs. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

**CITY OF SUGAR CREEK, MISSOURI**

Notes to the Basic Financial Statements

September 30, 2011

Amount due to/due from other funds as of September 30, 2011 were as follows:

|                                | Due to:         |                          |           |
|--------------------------------|-----------------|--------------------------|-----------|
|                                | General<br>Fund | Nonmajor<br>Governmental | Total     |
| Due from:                      |                 |                          |           |
| Governmental activities:       |                 |                          |           |
| General Fund                   | \$ -            | \$ 10,751                | \$ 10,751 |
| Nonmajor governmental          | -               | 10,219                   | 10,219    |
| Total governmental activities  | -               | 20,970                   | 20,970    |
| Business-type activities:      |                 |                          |           |
| Sanitary Sewer Fund            | 75,200          | -                        | 75,200    |
| Total business-type activities | 75,200          | -                        | 75,200    |
| Total                          | \$ 75,200       | \$ 20,970                | \$ 96,170 |

Interfund balances regarding the Sanitary Sewer Fund were used to pay for certain capital outlay expenses in prior years. Other interfund balances represent certain taxes collected by the General Fund and sales tax funds that are payable to the Lafarge TIF fund to service the related TIF developer obligation.

**CITY OF SUGAR CREEK, MISSOURI**

Notes to the Basic Financial Statements

September 30, 2011

**(7) Capital Assets**

A summary of the changes in capital assets for the year is as follows:

|   | September 30,<br>2010 | Additions        | Retirements     | September 30,<br>2011 |
|---|-----------------------|------------------|-----------------|-----------------------|
| Capital assets, not being depreciated       |                       |                  |                 |                       |
| Land and improvements                       | \$ 1,914,337          | \$ -             | \$ -            | \$ 1,914,337          |
| Construction in progress                    | 1,025,692             | 294,774          |                 | 1,320,466             |
| Total capital assets, not being depreciated | <u>2,940,029</u>      | <u>294,774</u>   | <u>-</u>        | <u>3,234,803</u>      |
| Capital assets, being depreciated           |                       |                  |                 |                       |
| Buildings                                   | 5,894,752             | \$ 26,000        | 31,279          | 5,889,473             |
| Equipment and vehicles                      | 2,709,236             | 45,970           | 11,700          | 2,743,506             |
| Office Equipment                            | 439,378               | 12,497           | -               | 451,875               |
| Infrastructure                              | 4,030,977             | -                | -               | 4,030,977             |
| Total capital assets being depreciated      | <u>13,074,343</u>     | <u>84,467</u>    | <u>42,979</u>   | <u>13,115,831</u>     |
| Less accumulated depreciation for:          |                       |                  |                 |                       |
| Buildings                                   | (1,286,971)           | (176,542)        | (31,279)        | (1,432,234)           |
| Equipment and vehicles                      | (1,923,815)           | (151,771)        | (11,700)        | (2,063,886)           |
| Office Equipment                            | (296,892)             | (34,485)         |                 | (331,377)             |
| Infrastructure                              | (2,782,304)           | (80,620)         |                 | (2,862,924)           |
| Total accumulated depreciation              | <u>(6,289,982)</u>    | <u>(443,418)</u> | <u>(42,979)</u> | <u>(6,690,421)</u>    |
| Total capital assets being depreciated, net | 6,784,361             |                  |                 | 6,425,410             |
| Governmental activities capital assets, net | <u>\$ 9,724,390</u>   |                  |                 | <u>\$ 9,660,213</u>   |

|   | September 30,<br>2010 | Additions       | Retirements    | September 30,<br>2011 |
|---|-----------------------|-----------------|----------------|-----------------------|
| Business-type activates:                    |                       |                 |                |                       |
| Capital assets, being depreciated           |                       |                 |                |                       |
| Equipment and vehicles                      | \$ 659,853            | \$ 7,162        | \$ 9,825       | \$ 657,190            |
| Sewer and water lines                       | 2,428,494             | 1,100           | -              | 2,429,594             |
| Total capital assets being depreciated      | <u>3,088,347</u>      | <u>8,262</u>    | <u>9,825</u>   | <u>3,086,784</u>      |
| Less accumulated depreciation for:          |                       |                 |                |                       |
| Equipment and vehicles                      | (502,972)             | (23,933)        | (9,825)        | (517,080)             |
| Sewer and water lines                       | (1,481,620)           | (40,058)        | -              | (1,521,678)           |
| Total accumulated depreciation              | <u>(1,984,592)</u>    | <u>(63,991)</u> | <u>(9,825)</u> | <u>(2,038,758)</u>    |
| Total capital assets being depreciated, net | 1,103,755             |                 |                | 1,048,026             |
| Business-type activates capital assets, net | <u>\$ 1,103,753</u>   |                 |                | <u>\$ 1,048,026</u>   |

# CITY OF SUGAR CREEK, MISSOURI

## Notes to the Basic Financial Statements

September 30, 2011

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

|   |            |
|---|------------|
| Governmental activities                                 |            |
| General administration                                  | \$ 12,565  |
| Public safety   | 242,830    |
| Streets and public works                                | 166,897    |
| Parks and recreation                                    | 21,126     |
| Total depreciation expense for governmental activities  | \$ 443,418 |
|   |            |
| Business-type activities                                |            |
| Water   | \$ 17,004  |
| Sewer   | 32,947     |
| Sanitation  | 14,040     |
| Total depreciation expense for business-type activities | \$ 63,991  |

### (8) Long Term Debt

A summary of the changes in long term debt is as follows:

|   | Beginning<br>of Year | Adjustments/<br>Additions | Adjustments/<br>Retirements | End of<br>Year      | Due Within<br>One Year |
|---|----------------------|---------------------------|-----------------------------|---------------------|------------------------|
| <b>Governmental Activities:</b>               |                      |                           |                             |                     |                        |
| * Compensated absences                        | \$ 137,366           | \$ 144,798                | \$ 149,660                  | \$ 132,504          | \$ 100,000             |
| * Other post employment benefits              | 38,776               | 16,337                    | -                           | 55,113              | -                      |
| * Net pension obligation                      | -                    | 27,049                    | -                           | 27,049              | -                      |
| Certificates of participation                 | 2,600,000            | -                         | 55,000                      | 2,545,000           | 55,000                 |
| Discount on issuance                          | (71,357)             | -                         | (3,058)                     | (68,299)            | (3,058)                |
| Developer agreement - LaFarge TIF             | 1,606,989            | 11,696                    | -                           | 1,618,685           | 50,800                 |
| Subtotal                                      | 4,311,774            | 199,880                   | 201,602                     | 4,310,052           | 202,742                |
| Settlement agreement/<br>Bank promissory note | 2,368,125            | -                         | 80,540                      | 2,287,585           | 2,287,585              |
| <b>Total</b>                                  | <b>\$ 6,679,899</b>  | <b>\$ 199,880</b>         | <b>\$ 282,142</b>           | <b>\$ 6,597,637</b> | <b>\$ 2,490,327</b>    |
| <b>Business-type Activities:</b>              |                      |                           |                             |                     |                        |
| Compensated absences                          | \$ 2,497             | \$ 5,095                  | \$ 5,809                    | \$ 1,783            | \$ 1,783               |
| Net pension obligation                        | -                    | 2,588                     | -                           | 2,588               | -                      |
| Other post employment benefits                | 60                   | -                         | -                           | 60                  | -                      |
| <b>Total</b>                                  | <b>\$ 2,557</b>      | <b>\$ 7,683</b>           | <b>\$ 5,809</b>             | <b>\$ 4,431</b>     | <b>\$ 1,783</b>        |

\* Primarily liquidated by the General fund in prior years.

#### A. Certificates of Participation

During fiscal year 2009, the City issued \$2,690,000 Certificates of Participation for the purpose of reimbursing the Reuse Agreement Fund for costs related to the City's public safety facility. Certain funds in the Reuse Agreement Fund have been made available for the Sugarland project. Principal and interest payments are due semi-annually beginning on February 1, 2010 through February 1, 2034 with principal payments ranging from \$55,000 to \$440,000, and interest rates ranging from 3.75% to 6.0%.

## CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

### ***B. Developer Agreement – LaFarge TIF***

During fiscal year 2003, the City entered into a tax increment financing (TIF) agreement to redevelop several structures, including the conversion of an elementary school into an office building, the improvement of an existing ready-mix concrete plant, the addition of sub-surface mining operations, and the construction of related infrastructure necessary to adequately serve the redevelopment area. The City's obligation to repay the related costs of this agreement will be repaid over a period of 23 years, with interest accruing at the rate of 5.9%. This obligation is a special limited obligation of the City, payable only to the extent of available tax increment financing revenues subject to annual appropriations.

At September 30, 2011, the total obligation under this agreement was \$1,618,685, including capitalized interest addition of \$11,696 in 2011. The obligation is payable to the extent incremental taxes are available for a period not to exceed 23 years. For the current year, interest payments related to the developer agreement totaled \$104,883. Incremental revenues from the City were \$94,608 in sales taxes, property taxes, and franchise taxes. The remaining funds were derived from incremental tax revenues from other taxing districts and governmental entities.

### ***C. Developer Agreement – Sugarland TIF***

During fiscal year 2007, the City entered into a tax increment financing (TIF) agreement for the construction of commercial, retail, and restaurant space, as well as a mixed use, high density residential project consisting of approximately 80 units. The project Developer's reimbursable project costs were to be funded with payments in lieu of taxes (PILOTS), economic activity taxes (EATS), Community Improvement District (CID) sales taxes (if established), or the proceeds of TIF bonds.

In addition to the funding described in the preceding paragraph, the City had pledged the additional amount of City sales tax revenues derived from City sales taxes imposed within the Redevelopment Area that are above the amount of City sales tax revenues that are captured as Economic Activity Taxes.

The City had also pledged "City Interim Funds" to assist with acquisition of property and costs associated with the public improvements. City Interim Funds are to be paid from City sales taxes, provided the use is limited to public purposes for which the taxes are authorized by law, as well as from "other sources". City supplemental TIF revenues and City Interim Funds were only to be paid to the extent there was a shortfall in amounts otherwise available pursuant to the agreement. In no event was the sales tax portion of the City Interim Funds, subject to annual appropriation, to exceed \$270,000 in any fiscal year. In no event was the "other sources" portion of the City Interim Funds in total to exceed \$5,000,000, unless approved by the Board of Aldermen. This portion of the City Interim Funds was used for the acquisition of property associated with the redevelopment. Through September 30, 2011, the City funding provided from "other sources" was made by transfers from the Reuse Agreement fund.

In connection with the TIF agreement, the City entered into a sales tax pledge escrow agreement (pledge agreement), as amended, whereby the \$270,000 sales tax portion or other sources of the City's Interim Funds was pledged as collateral security for a \$2,000,000 public bridge loan obtained by the Developer in relation to the redevelopment project. In accordance with this agreement the City paid \$540,000 during fiscal year 2009 into an escrow fund which represented the City Interim Funds for 2008 and 2009. Future annual payments of actual sales taxes collected or an amount not to exceed \$270,000 were due under this agreement each December 15<sup>th</sup>, beginning on December 15, 2010 until the loan is repaid. However, this pledge was cancelled in connection with the Settlement Agreement as explained on page 41 and 42.

## CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

Under the pledge escrow agreement, amounts paid by the City totaling \$540,000 were applied against the outstanding public bridge loan balance and related interest in accordance with the collateral agreement. In addition, the City paid interest on the outstanding private loan balance on behalf of the Developer totaling \$162,587 as of September 30, 2010. In accordance with the pledge escrow agreement, the City paid \$258,068 on December 15, 2010 that was used to pay portions of the outstanding bridge loan balances and related interest. Accordingly, the actual outstanding balance of the public and private bridge loans related to the Sugarland development at September 30, 2010 was \$2,368,125 and \$2,287,585 at the date of the Settlement Agreement described below.

### **Settlement Agreement**

On June 21, 2011, the City and JLP Sugarland, Inc. Sugarland, LLC, and Jeffrey L. Peterson (collectively the "Developer") entered into a Settlement Agreement to terminate the relationship created by the TIF agreement. The Settlement Agreement was subsequently amended on September 29, 2011. In connection with the Settlement Agreement, the City authorized the formation of the Industrial Development Authority of the City of Sugar Creek (IDA). The IDA was created to enter into a loan agreement with the Bank, as contemplated by the Settlement Agreement. In addition to establishing the IDA, the City's Board of Aldermen approved an ordinance which among other things, authorized conveying all developer owned real estate and improvements located in the project to the IDA.

Principal terms of the Settlement Agreement as amended resulted in the following actions being taken by the Developer, and the City or its designee, the IDA:

1. The Developer conveyed title to all real property owned by the Developer within the Redevelopment Area to the IDA by warranty deed, subject to a lien on the property held as collateral by the Bank of Kansas City (the Bank).
2. At the Closing, the IDA entered into a loan agreement with the Bank of Kansas City to provide for the refinancing of the remaining balance on the Project Loans in the amount of \$2,287,585 and pledged all of its land and improvements as collateral for the note. Under the terms of the note agreement, the IDA will pay interest only at the Bank's prime rate plus one percent payable on the first day of each month beginning on September 1, 2011. The note is scheduled to mature on July 31, 2012. The loan agreement also provided that upon the IDA entering into said agreement, JLP Sugarland, Inc. Sugarland, LLC, Jeffrey L. Peterson and officers, directors, partners, predecessors successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions shall receive a full release in form and substance acceptable to JLP Sugarland, Inc., LLC and Jeffrey L. Peterson, from the Bank of Kansas City for the Project Loans and all other liability to the Bank of Kansas City associated with the Project.
3. The City assumed responsibility for the payment of certain project vendors at a cost of \$201,403.
4. The Developer was responsible for paying or otherwise satisfying all other vendors for work on the project. The City deposited \$200,000 in an escrow account to assist the Developer in meeting this responsibility.
5. The Developer relinquished any rights it may have under any and all existing leases associated with the Project.

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

In accordance with Governmental Accounting Standards related to the recording of subsequent events, including guidance provided by GASB 56, the impact of the original Settlement Agreement was reported in the City's September 30, 2010 financial statements as a Special Item as follows:

| <u>Special Item</u>  |                       |
|--|-----------------------|
| Land held for redevelopment at net<br>realizable value (received from the developer) | \$ 500,000            |
| Amounts payable (payable to the vendors and developer)                               | (401,403)             |
| Governmental fund total  | <u>98,597</u>         |
| <br>   |                       |
| Developer bank notes at Settlement Agreement   | (2,287,585)           |
| Developer bank notes balance adjustment to September 30, 2010                        | (80,540)              |
| Reimbursable project costs (prior to payments by the City)                           | 1,851,698             |
| City payments:   |                       |
| Reimbursable project costs   | (885,279)             |
| Debt service   | (702,587)             |
| Government-wide reconciling total  | <u>(2,104,293)</u>    |
| <br>   |                       |
| Government-wide total ( Special item)  | <u>\$ (2,005,696)</u> |

In connection with the IDA promissory note with the Bank, the IDA and the City entered into a Lease Purchase Agreement (the Lease Agreement). The Lease Agreement has been assigned to the Bank in connection with the promissory note. The Lease Agreement is scheduled to terminate on September 30, 2012. The Lease Agreement includes an option for an additional one year renewable term provided that the renewable term does not extend beyond September 30, 2013. Principal terms of the Lease Agreement include the following:

1. The IDA will lease its interest in its land and any improvements to the City. The City's lease payments will be in such amounts as are required to pay the obligations of the IDA under the promissory note.
2. The City will budget and appropriate funds to make the lease payments that are scheduled to come due under the Lease Agreement. These same funds are not to be expended for other purposes.
3. The City shall have the option to purchase the land and improvements for the principal amount remaining to be paid under the promissory note on any rental payment date after the rental payment for that date.

The City, IDA, and the Bank entered into an Amended and Restated Escrow Agreement. This escrow agreement's terms calls for the remainder of the original escrow account (\$81,752) be held for the benefit of the Bank.

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

## *Property Held for Redevelopment*

During 2007 and 2008, the City acquired various properties associated with the implementation of the Sugarland TIF redevelopment plan totaling approximately \$5.6 million. In accordance with the redevelopment agreement, the majority of the properties acquired were conveyed to the Developer. The agreement provided that in the event the Developer fails to perform its obligations under the redevelopment plan and/or the City and Developer agree to abandon the project, the City shall have an unconditional right to repurchase the properties at an amount equal to the amount that the Developer paid (approximately \$479,000) the City plus any reasonable costs incurred by the Developer related to work actually performed on the properties. The Developer had pledged certain property as collateral for the developer bridge loans discussed above.

As part of the Settlement agreement, the Developer conveyed title to all real property owned by the Developer within the Redevelopment Area to the IDA by warranty deed. The developer conveyed property was recorded by the City at an estimated value of \$500,000 in its September 30, 2010 financial statements. As discussed above, the IDA has pledged the conveyed property as collateral on the bank promissory note.

A summary of the changes in property held for redevelopment for the year is as follows:

|                                 | Balance at<br>September 30,<br>2009 | 2010<br>Additions | Reductions | Balance at<br>September 30,<br>2010 and 2011 |
|---------------------------------|-------------------------------------|-------------------|------------|--|
| Property Held for Redevelopment | \$ 628,719                          | \$ 500,000        | \$ -       | \$ 1,128,719                                 |

The City continues the process of evaluating and selecting another developer for the project. City management anticipates having a new development agreement approved prior to the scheduled maturity of the IDA promissory note on July 31, 2012.

## ***D. Future Debt Service Requirements***

The estimated annual payments required to retire the Certificates of Participation and Developer Agreement - LaFarge TIF is as follows:

|               | Certificates<br>of Participation |                     | Developer Agreement -<br>LaFarge TIF |                   | Total               |                     |
|---------------|----------------------------------|---------------------|--------------------------------------|-------------------|---------------------|---------------------|
|               | Principal                        | Interest            | Principal                            | Interest          | Principal           | Interest            |
| 2012          | \$ 55,000                        | \$ 140,531          | \$ 50,800                            | \$ 116,838        | \$ 105,800          | \$ 257,369          |
| 2013          | 60,000                           | 138,375             | 75,133                               | 92,505            | 135,133             | 230,880             |
| 2014          | 60,000                           | 136,125             | 79,565                               | 88,072            | 139,565             | 224,197             |
| 2015          | 60,000                           | 133,875             | 84,260                               | 83,378            | 144,260             | 217,253             |
| 2016          | 65,000                           | 131,125             | 89,231                               | 78,407            | 154,231             | 209,532             |
| 2017-2021     | 375,000                          | 601,925             | 531,619                              | 306,571           | 906,619             | 908,496             |
| 2022-2026     | 475,000                          | 488,925             | 708,077                              | 129,114           | 1,183,077           | 618,039             |
| 2027-2031     | 645,000                          | 326,250             | -                                    | -                 | 645,000             | 326,250             |
| 2032-2034     | 750,000                          | 84,900              | -                                    | -                 | 750,000             | 84,900              |
| <b>Totals</b> | <b>\$ 2,545,000</b>              | <b>\$ 2,182,031</b> | <b>\$ 1,618,685</b>                  | <b>\$ 894,885</b> | <b>\$ 4,163,685</b> | <b>\$ 3,076,916</b> |

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

## (9) Cooperative Agreement – Wastewater Treatment System

The City participates with the City of Independence, Missouri and other political subdivisions through a Cooperative Agreement for Reciprocal Sewer Services for the operation of the Rock Creek Wastewater Treatment Plant. Each participating political subdivision pays its share of operating, maintenance, and certain replacement costs as prescribed in the agreement. For the year ended September 30, 2011, the City's portion of the shared costs was \$513,316

## (10) Employees Retirement System

### A. Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo. 70.600 – 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt.

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

### B. Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required by State Statute to contribute at an actuarially determined rate; the current rate is 5.6% (general), 1.3% (police), and 1.4% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. State Statute establishes the contribution provisions of the City.

### Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation as of September 30, 2011 are as follows:

|  | Total<br>Primary<br>Government |
|--|--------------------------------|
| Annual required contribution               | \$ 112,687                     |
| Interest on net pension obligation         | -                              |
| Adjustment to annual required contribution | -                              |
| Annual pension cost (APC)                  | <u>112,687</u>                 |
| Actual contributions                       | <u>83,050</u>                  |
| Increase in net pension obligation (NPO)   | <u>29,637</u>                  |
| NPO - beginning of year                    | -                              |
| NPO - end of year                          | <u>\$ 29,637</u>               |

**CITY OF SUGAR CREEK, MISSOURI**

Notes to the Basic Financial Statements

September 30, 2011

The City's annual required contribution (ARC) was determined as part of the February 29, 2008 and/or February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually; (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit; (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women; and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 year for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2008 was fifteen years. The amortization period as of February 28, 2009 was thirty years for the general division, 14 years for police and 10 years for fire.

**Three-Year Trend Information**

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---------------------------|----------------------------|--------------------------------------|-------------------------------|
| 6/30/2009                 | \$ 73,932                  | 100%                                 | \$ -                          |
| 6/30/2010                 | 64,691                     | 100%                                 | -                             |
| 6/30/2011                 | 112,687                    | 74%                                  | 29,637                        |

*Funded Status and Funding Progress*

As of February 28, 2011, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City was \$5,484,272. The actuarial value of assets was \$6,072,856, which results in an excess funding of the actuarial accrued liability (AAL) of \$588,584 and a funded ratio of 111 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$2,192,632, which results in a ratio of the excess funding of the AAL to the covered payroll of 27 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**(11) Other Post-Employment Benefits**

**A. Plan Description**

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to employees that retire from City employment. The City provides retiree healthcare benefits through Midwest Public Risk (MPR), which is a risk pool comprised of approximately 115 entity members. It has been determined that MPR functions as an agent multiple-employer plan. The plan does not issue separate financial statements.

The City requires the retirees to pay 125% 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 issue; no medical questionnaire is required.) The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

# CITY OF SUGAR CREEK, MISSOURI

## Notes to the Basic Financial Statements

September 30, 2011

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

### *Funding Policy*

GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it.

### *Annual OPEB Cost and Net OPEB Obligation*

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan, and changes in the City's net OPEB obligation.

|  | Governmental<br>Activities | Business-<br>Type<br>Activities | Total<br>Primary<br>Government |
|--|----------------------------|---------------------------------|--------------------------------|
| Annual required contribution               | \$ 17,603                  | \$ 94                           | \$ 17,697                      |
| Interest on net OPEB obligation            | 2,230                      | 3                               | 2,233                          |
| Adjustment to annual required contribution | (2,593)                    | (4)                             | (2,597)                        |
| Annual OPEB cost (expense)                 | <u>17,240</u>              | <u>93</u>                       | <u>17,333</u>                  |
| Less: Net employer contributions           | <u>903</u>                 | <u>93</u>                       | <u>996</u>                     |
| Increase (decrease) in net OPEB obligation | 16,337                     | -                               | 16,337                         |
| Net OPEB obligation - September 30, 2010   | <u>38,776</u>              | <u>60</u>                       | <u>38,836</u>                  |
| Net OPEB obligation - September 30, 2011   | <u>\$ 55,113</u>           | <u>\$ 60</u>                    | <u>\$ 55,173</u>               |

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2011 is as follows:

| Fiscal<br>Year<br>Ended | Annual<br>OPEB Cost | Percentage of<br>Annual OPEB<br>Cost Contributed | Net OPEB<br>Obligation |
|-------------------------|---------------------|--|------------------------|
| 9/30/2009               | \$ 22,503           | 0.00%  | \$ 22,503              |
| 9/30/2010               | 17,333              | 5.77%  | 38,836                 |
| 9/30/2011               | 17,333              | 5.77%  | 55,173                 |

### *Funded Status and Funding Progress*

As of July 1, 2009, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$83,181. There are no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,153,047, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 3.9 percent.

# CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method is used in the July 1, 2009 actuarial valuation. The actuarial present value of benefits is determined for each participant. The sum of these actuarial present values of benefits allocated to the current valuation year is the normal cost for the initial plan year. The sum of actuarial present values of benefits allocated to all valuation years preceding the valuation date represents the actuarial accrued liability.

The actuarial assumptions include a 5.75 percent investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 10.0 percent for the first year and then declining by 0.5 percent per year until 5.5 percent is reached. The 5.5 percent growth is used on a go-forward basis. The UAAL will be amortized over a period of 30 years using a level percentage of projected payroll on an open basis.

## **(12) Commitments and Contingencies**

### **A. 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, 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 coverage. 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. The City continues to carry commercial insurance for employee life insurance. The amount of settlements has not exceeded the City's insurance coverage in any of the past three fiscal years.

## CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2011

### **B. Federal and State Grants**

The City has received financial assistance from various federal, state, and local 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.

### **C. Litigation**

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have future financial effect, management believes that their ultimate outcome will not be material to the basic financial statements.

### **D. Conduit Debt**

In a prior year, the City issued Taxable Industrial Development Revenue Bonds (bonds) for the purpose of providing funds to purchase, construct, install, and equip a cement manufacturing facility, a subordinate limestone mining facility, and certain transportation and distribution improvements (the Project). In 2003, the City issued \$150,000,000 Taxable Industrial Revenue Bonds to refund the previous bonds. Along with the issuance of the refunding bonds, the City amended the existing development and lease agreement with LaFarge Corporation to develop and lease the project. The amended project lease payments are equal to the principal and interest on the bonds plus an additional lease payment of \$50,000 per year beginning in 2004 plus certain payments in lieu of taxes. The bonds and the interest are limited obligations of the City payable solely out of the payments, revenues, and receipts derived by the City from the lease agreement. As the City is only contingently liable for repayment, the bond and the related lease are not recorded on the City's books.

As of September 30, 2011, the aggregate principal amount payable on the bonds was \$150,000,000.

### **E. Real Estate Purchase Option**

In a prior year, the City entered into an agreement which gives them the option to purchase 284 acres of land near the Missouri River for future development. The option required an initial down payment of \$10,000, with additional payments due monthly. During 2011, the City amended the agreement to modify the payment schedule to keep the option open. Under the amended agreement, the City is required to make monthly payments beginning in June 2012 if the option has not been exercised. The amended agreement expires February 2013. The City may terminate this option contract at any time during the option period. Unless canceled by the City, total remaining payments under this agreement are \$63,000 as of September 30, 2011.

### **F. Lewis and Clark Expressway**

During fiscal year 2009, the City entered into agreements with the Missouri Department of Transportation, Kansas City, Missouri, and Independence, Missouri for preliminary design costs related to the construction of the Lewis and Clark Expressway Project (the project). Under these agreements, the Missouri Department of Transportation is providing 80% of the related costs through federal grant funding. The remaining local costs are split 40% to the City of Kansas City, 40% to the City of Sugar Creek, and 20% to the City of Independence. In fiscal year 2011, the City of Independence was no longer capable of funding their portion of the local costs. The remaining 20% of local costs were divided between the City of Sugar Creek and Kansas City. The City of Sugar Creek is responsible for administering the project and making all payments on the contracts. During the year ended September 30, 2011, expenditures related to the project totaled \$737,195. As of September 30, 2011, the City has outstanding commitments of approximately \$380,000 related to contracts on the project.

# **CITY OF SUGAR CREEK, MISSOURI**

Notes to the Basic Financial Statements

September 30, 2011

## **13. Subsequent Events**

The City evaluated subsequent events through March 30, 2012, the date the financial statements were available to be issued.

# CITY OF SUGAR CREEK, MISSOURI

Required Supplementary Information

September 30, 2011

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

Such information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Reuse Agreement Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – State Gasoline Tax Fund
- Schedule of Funding Progress

## ***Budgetary Process***

The City prepares an annual operating budget for all Governmental Fund Types using the modified accrual basis of accounting and does not utilize encumbrance accounting. The reported budgetary data represent the final approved budget after amendments as adopted by the Board of Aldermen. The Board of Aldermen utilizes the following procedures in establishing the budgetary data reflected in the general purpose financial statements:

- (1) Prior to September 1, the City Administrator submits to the Board of Aldermen 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 for the budget is at the fund level, and City management cannot amend the budget without the approval of the Board of Aldermen. However, the City Finance Director has the authority to transfer budgeted amounts between departments within any fund. The Board of Aldermen must approve any revision that alters the total budgeted expenditures of any fund. Unexpended appropriations lapse at year-end.

**CITY OF SUGAR CREEK, MISSOURI**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended September 30, 2011**

|  | 2011                |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original<br>Budget  | Final<br>Budget     | Actual              |   |
| Revenues:                                    |                     |                     |                     |   |
| Taxes  | \$ 3,123,851        | \$ 3,232,951        | \$ 3,279,428        | \$ 46,477   |
| Intergovernmental revenues                   | 98,625              | 98,625              | 61,554              | (37,071)  |
| Rentals                                      | 74,100              | 74,100              | 81,226              | 7,126   |
| Fines and forfeitures                        | 157,875             | 157,875             | 184,034             | 26,159  |
| Payment in lieu of taxes                     | 25,759              | 25,759              | 25,759              | -   |
| Contractual agreements                       | 180,200             | 180,200             | 198,557             | 18,357  |
| Licenses, permits, and fees                  | 89,920              | 89,200              | 101,955             | 12,755  |
| Interest                                     | 11,400              | 11,400              | 13,828              | 2,428   |
| Charges for services                         | 45,030              | 53,030              | 66,656              | 13,626  |
| Donations                                    | 100                 | 100                 |                     |   |
| Other  | 32,917              | 82,917              | 109,411             | 26,494  |
| Total Revenues                               | <u>3,839,777</u>    | <u>4,006,157</u>    | <u>4,122,408</u>    | <u>116,351</u>  |
| Expenditures:                                |                     |                     |                     |   |
| General administration                       | 1,308,959           | 1,343,331           | 1,269,695           | 73,636  |
| Public safety                                | 1,846,552           | 1,898,388           | 1,893,517           | 4,871   |
| Streets and public works                     | 804,170             | 826,528             | 768,734             | 57,794  |
| Parks and recreation                         | 234,810             | 278,632             | 304,592             | (25,960)  |
| Total Expenditures                           | <u>4,194,491</u>    | <u>4,346,879</u>    | <u>4,236,538</u>    | <u>110,341</u>  |
| Excess of Revenues Over (Under) Expenditures | <u>(354,714)</u>    | <u>(340,722)</u>    | <u>(114,130)</u>    | <u>226,692</u>  |
| Other Financing Sources (Uses):              |                     |                     |                     |   |
| Transfers in                                 | 45,524              | 45,524              |                     |   |
| Transfers out                                | -                   | -                   | -                   | -   |
| Total Other Financing Sources (Uses)         | <u>45,524</u>       | <u>45,524</u>       | <u>-</u>            | <u>-</u>  |
| Change in fund balance                       | <u>\$ (309,190)</u> | <u>\$ (295,198)</u> | <u>(114,130)</u>    | <u>\$ 226,692</u>                                       |
| Fund Balances, Beginning of Year             |                     |                     | <u>2,935,413</u>    |   |
| Fund Balances, End of Year                   |                     |                     | <u>\$ 2,821,283</u> |   |

Note: GAAP is the budgetary basis used to prepare this schedule

**CITY OF SUGAR CREEK, MISSOURI**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Reuse Agreement Fund**  
**Year Ended September 30, 2011**

|  | 2011                |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original<br>Budget  | Final<br>Budget     |                     |   |
| Revenues:                                    |                     |                     |                     |   |
| Contractual agreements                       | \$ -                | \$ -                | \$ 1,272            | \$ 1,272  |
| Interest                                     | -                   | -                   | 7,235               | 7,235   |
| Total Revenues                               | <u>-</u>            | <u>-</u>            | <u>8,507</u>        | <u>8,507</u>  |
| Expenditures:                                |                     |                     |                     |   |
| Economic development                         | 25,200              | 25,200              | 19,767              | 5,433   |
| Total Expenditures                           | <u>25,200</u>       | <u>25,200</u>       | <u>19,767</u>       | <u>5,433</u>  |
| Excess of Revenues Over (Under) Expenditures | <u>(25,200)</u>     | <u>(25,200)</u>     | <u>(11,260)</u>     | <u>13,940</u>   |
| Other Financing Sources (Uses):              |                     |                     |                     |   |
| Transfers in                                 | 40,281              | 733,191             | 695,490             | (37,701)  |
| Transfers out                                | <u>(532,881)</u>    | <u>(940,091)</u>    | <u>(883,770)</u>    | <u>56,321</u>   |
| Total Other Financing Sources (Uses)         | <u>(492,600)</u>    | <u>(206,900)</u>    | <u>(188,280)</u>    | <u>18,620</u>   |
| Change in fund balance                       | <u>\$ (517,800)</u> | <u>\$ (232,100)</u> | (199,540)           | <u>\$ 32,560</u>  |
| Fund Balances, Beginning of Year             |                     |                     | <u>1,590,934</u>    |   |
| Fund Balances, End of Year                   |                     |                     | <u>\$ 1,391,394</u> |   |

Note: GAAP is the budgetary basis used to prepare this schedule

**CITY OF SUGAR CREEK, MISSOURI**  
**Required Supplementary Information**  
**State Gasoline Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|  | 2011               |                   | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-------------------|---------------------|---|
|  | Original<br>Budget | Final<br>Budget   |                     |   |
| Revenues:                                    |                    |                   |                     |   |
| Intergovernmental                            | \$ 150,000         | \$ 350,000        | \$ 375,984          | \$ 25,984   |
| Interest                                     | 200                | 200               | 40                  | (160)   |
| Total Revenues                               | <u>150,200</u>     | <u>350,200</u>    | <u>376,024</u>      | <u>25,824</u>   |
| Expenditures:                                |                    |                   |                     |   |
| Streets and public works                     | 465,300            | 465,300           | 906,779             | (441,479)   |
| Total Expenditures                           | <u>465,300</u>     | <u>465,300</u>    | <u>906,779</u>      | <u>(441,479)</u>  |
| Excess of Revenues Over (Under) Expenditures | (315,100)          | (115,100)         | (530,755)           | (415,655)   |
| Other financing (uses):                      |                    |                   |                     |   |
| Transfers in                                 | <u>250,000</u>     | <u>250,000</u>    | -                   | <u>(250,000)</u>  |
| Change in fund balance                       | <u>\$ (65,100)</u> | <u>\$ 134,900</u> | (530,755)           | <u>\$ (665,655)</u>                                     |
| Fund Balance, Beginning of Year              |                    |                   | <u>180,958</u>      |   |
| Fund Balance (deficit), End of Year          |                    |                   | <u>\$ (349,797)</u> |   |

Note: GAAP is the budgetary basis used to prepare this schedule

City of Sugar Creek, Missouri  
 Required Supplementary Information  
 Schedules of Funding Progress  
 Year Ended September 30, 2011

**Employees Retirement System**

| Fiscal year | Actuarial valuation date | (a)<br>Actuarial value of assets | (b)<br>actuarial accrued liability | (b) - (a)  | (a)/(b)<br>Funded ratio | (c)<br>annual covered payroll | (b)-(a)/(c)                            |
|-------------|--------------------------|----------------------------------|------------------------------------|--|-------------------------|-------------------------------|--|
|             |                          |                                  |                                    | Unfunded (assets in excess of) accrued liability (UAL) |                         |                               | UAL as a percentage of covered payroll |
| 9/30/2009   | 2/29/2009                | \$ 5,269,909                     | \$ 4,836,292                       | \$ (433,617)   | 109%                    | \$ 2,225,132                  | -19%                                   |
| 9/30/2010   | 2/28/2010                | 5,559,192                        | 5,095,562                          | (463,630)  | 109%                    | 2,185,867                     | -21%                                   |
| 9/30/2011   | 2/28/2011                | 6,072,856                        | 5,484,272                          | (588,584)  | 111%                    | 2,192,632                     | -27%                                   |

The above assets and actuarial liability do not include assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations.

For a complete description of the actuarial assumptions used in the annual valuations, please contact LAGERS office in Jefferson City.

**Other Post Employment Benefits**

| Fiscal year | Actuarial valuation date | (a)<br>Actuarial value of assets | (b)<br>actuarial accrued liability | (b) - (a)                        | (a)/(b)<br>Funded ratio | (c)<br>annual covered payroll | (b)-(a)/(c)                            |
|-------------|--------------------------|----------------------------------|------------------------------------|----------------------------------|-------------------------|-------------------------------|--|
|             |                          |                                  |                                    | Unfunded accrued liability (UAL) |                         |                               | UAL as a percentage of covered payroll |
| 9/30/2009   | 7/1/2007                 | \$ -                             | \$ 150,496                         | \$ 150,496                       | 0%                      | \$ 1,941,032                  | 8%                                     |
| 9/30/2010   | 7/1/2009                 | -                                | 83,181                             | 83,181                           | 0%                      | 2,153,047                     | 4%                                     |
| 9/30/2011   | 7/1/2009                 | -                                | 83,181                             | 83,181                           | 0%                      | 2,153,047                     | 4%                                     |

**COMBINING INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## NON-MAJOR FUNDS

Special Revenue Funds are used to account for specific revenues, which are legally restricted to expenditure for particular purposes.

*Public Health Fund* – used to account for property tax levied for public health purposes including sanitary sewer maintenance.

*Capital Improvement Sales Tax Fund* – used to account for the City's ½ cent sales tax for capital improvements.

*Park Improvement Sales Tax Fund* – used to account for the City's ¼ cent sales tax for park improvements.

*Stormwater Sales Tax Fund* – used to account for the City's ¼ cent sales tax for stormwater improvements.

Capital Project Funds account for resources used for the acquisition and/or construction of capital facilities, except facilities accounted for in Enterprise Funds.

*Capital Improvement Fund* – used to account for major capital improvement projects.

*Revolving Improvement Fund* – used to account for special assessments on City and resident properties.

Debt Service Fund account for resources used for the repayment of debt.

*Certificates of Participation* – used to account for activity related to the Series 2009 Certificates of Participation.

*Debt Service Fund – Lafarge TIF* – used to account for the tax increment financing revenues and the related TIF obligation to Lafarge.

**CITY OF SUGAR CREEK, MISSOURI**  
**Combining Balance Sheet - Non-major Governmental Funds**  
**September 30, 2011**

|   | Special Revenue Funds |                          | Capital Projects Funds |                       | Debt Service Funds            |                  | Totals              |
|---|-----------------------|--------------------------|------------------------|-----------------------|-------------------------------|------------------|---------------------|
|   | Public Health         | Combined Sales Tax Funds | Capital Improvement    | Revolving Improvement | Certificates of Participation | Lafarge TIF      |                     |
| <b>Assets</b>                                 |                       |                          |                        |                       |                               |                  |                     |
| Pooled cash and equivalents                   | \$ 754,797            | \$ 905,669               | \$ 54,871              | \$ 113,261            | \$ -                          | \$ 30,760        | \$ 1,859,358        |
| Receivables:                                  |                       |                          |                        |                       |                               |                  |                     |
| Taxes   | 10,712                | 53,645                   | -                      | -                     | -                             | -                | 64,357              |
| Accrued interest                              | 1,550                 | 223                      | 28                     | 174                   | 195                           | -                | 2,170               |
| Due from other governments                    | -                     | -                        | -                      | -                     | -                             | 18,018           | 18,018              |
| Due from other funds                          | -                     | -                        | -                      | -                     | -                             | 20,970           | 20,970              |
| Restricted Assets - cash and cash equivalents | -                     | -                        | -                      | -                     | 403,000                       | -                | 403,000             |
| Total Assets                                  | <u>\$ 767,059</u>     | <u>\$ 959,537</u>        | <u>\$ 54,899</u>       | <u>\$ 113,435</u>     | <u>\$ 403,195</u>             | <u>\$ 69,748</u> | <u>\$ 2,367,873</u> |
| <b>Liabilities and Fund Balances</b>          |                       |                          |                        |                       |                               |                  |                     |
| Liabilities:                                  |                       |                          |                        |                       |                               |                  |                     |
| Due to other funds                            | \$ -                  | \$ 10,219                | \$ -                   | \$ -                  | \$ -                          | \$ -             | \$ 10,219           |
| Total Liabilities                             | <u>-</u>              | <u>10,219</u>            | <u>-</u>               | <u>-</u>              | <u>-</u>                      | <u>-</u>         | <u>10,219</u>       |
| Fund balances:                                |                       |                          |                        |                       |                               |                  |                     |
| Restricted:                                   |                       |                          |                        |                       |                               |                  |                     |
| Capital projects                              | -                     | 766,648                  | -                      | -                     | -                             | -                | 766,648             |
| Debt service                                  | -                     | -                        | -                      | -                     | 403,195                       | 69,748           | 472,943             |
| Health and welfare                            | 767,059               | -                        | -                      | -                     | -                             | -                | 767,059             |
| Parks and recreation                          | -                     | 182,670                  | -                      | -                     | -                             | -                | 182,670             |
| Assigned:                                     |                       |                          |                        |                       |                               |                  |                     |
| Capital projects                              | -                     | -                        | 54,899                 | 113,435               | -                             | -                | 168,334             |
| Total fund balances                           | <u>767,059</u>        | <u>949,318</u>           | <u>54,899</u>          | <u>113,435</u>        | <u>403,195</u>                | <u>69,748</u>    | <u>2,357,654</u>    |
| Total liabilities and fund balances           | <u>767,059</u>        | <u>959,537</u>           | <u>54,899</u>          | <u>113,435</u>        | <u>403,195</u>                | <u>69,748</u>    | <u>2,367,873</u>    |

**CITY OF SUGAR CREEK, MISSOURI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**Year Ended September 30, 2011**

|   | Special Revenue Funds |                          | Capital Projects Funds |                       | Debt Service Funds            |                  | Totals              |
|---|-----------------------|--------------------------|------------------------|-----------------------|-------------------------------|------------------|---------------------|
|   | Public Health         | Combined Sales Tax Funds | Capital Improvement    | Revolving Improvement | Certificates of Participation | Lafarge TIF      |                     |
| <b>Revenues:</b>                                |                       |                          |                        |                       |                               |                  |                     |
| Taxes   | \$ 70,834             | \$ 301,826               | \$ -                   | \$ -                  | \$ -                          | \$ 94,608        | \$ 467,268          |
| Intergovernmental                               | -                     | -                        | -                      | -                     | -                             | 25,129           | 25,129              |
| Special assessments                             | -                     | -                        | -                      | 3,722                 | -                             | -                | 3,722               |
| Interest  | 4,007                 | 1,722                    | 28                     | 429                   | 1,341                         | 206              | 7,733               |
|   | <u>74,841</u>         | <u>303,548</u>           | <u>28</u>              | <u>4,151</u>          | <u>1,341</u>                  | <u>119,943</u>   | <u>503,852</u>      |
| <b>Expenditures:</b>                            |                       |                          |                        |                       |                               |                  |                     |
| Current:  |                       |                          |                        |                       |                               |                  |                     |
| General administration                          | 1,161                 | 41                       | -                      | 37                    | 610                           | 520              | 2,369               |
| Streets and public works                        | -                     | 1,016                    | -                      | -                     | -                             | -                | 1,016               |
| Health and welfare                              | 40,129                | -                        | -                      | -                     | -                             | -                | 40,129              |
| Parks and recreation                            | -                     | 27,970                   | -                      | -                     | -                             | -                | 27,970              |
| Debt service:                                   |                       |                          |                        |                       |                               |                  |                     |
| Principal                                       | -                     | -                        | -                      | -                     | 55,000                        | -                | 55,000              |
| Interest and fiscal charges                     | -                     | -                        | -                      | -                     | 145,330                       | 104,883          | 250,213             |
|   | <u>41,290</u>         | <u>29,027</u>            | <u>-</u>               | <u>37</u>             | <u>200,940</u>                | <u>105,403</u>   | <u>376,697</u>      |
| Excess of Revenues<br>Over (Under) Expenditures | 33,551                | 274,521                  | 28                     | 4,114                 | (199,599)                     | 14,540           | 127,155             |
| <b>Other financing sources (uses):</b>          |                       |                          |                        |                       |                               |                  |                     |
| Transfers in                                    | -                     | -                        | -                      | -                     | 197,580                       | -                | 197,580             |
| Transfers out                                   | (1,100)               | (258,068)                | -                      | -                     | (436,447)                     | -                | (695,615)           |
| Total Other Financing<br>Sources (Uses)         | <u>(1,100)</u>        | <u>(258,068)</u>         | <u>-</u>               | <u>-</u>              | <u>(238,867)</u>              | <u>-</u>         | <u>(498,035)</u>    |
| Change in fund balance                          | 32,451                | 16,453                   | 28                     | 4,114                 | (438,466)                     | 14,540           | (370,880)           |
| Fund Balances, Beginning of Year                | <u>734,608</u>        | <u>932,865</u>           | <u>54,871</u>          | <u>109,321</u>        | <u>841,661</u>                | <u>55,208</u>    | <u>2,728,534</u>    |
| Fund Balances, End of Year                      | <u>\$ 767,059</u>     | <u>\$ 949,318</u>        | <u>\$ 54,899</u>       | <u>\$ 113,435</u>     | <u>\$ 403,195</u>             | <u>\$ 69,748</u> | <u>\$ 2,357,654</u> |

**CITY OF SUGAR CREEK, MISSOURI**  
**Combining Balance Sheet - Non-major Sales Tax Funds**  
**September 30, 2011**

|                                      | Capital<br>Improvement<br>Sales Tax | Parks and<br>Recreation<br>Sales Tax | Stormwater<br>Sales Tax | Totals            |
|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------|-------------------|
| <b>Assets</b>                        |                                     |                                      |                         |                   |
| Pooled cash and equivalents          | \$ 459,075                          | \$ 171,794                           | \$ 274,800              | \$ 905,669        |
| Receivables:                         |                                     |                                      |                         |                   |
| Taxes                                | 26,823                              | 13,411                               | 13,411                  | 53,645            |
| Accrued interest                     | 34                                  | 20                                   | 169                     | 223               |
| Total Assets                         | <u>\$ 485,932</u>                   | <u>\$ 185,225</u>                    | <u>\$ 288,380</u>       | <u>\$ 959,537</u> |
| <b>Liabilities and Fund Balances</b> |                                     |                                      |                         |                   |
| Liabilities:                         |                                     |                                      |                         |                   |
| Accounts payable                     | \$ -                                | \$ -                                 | \$ -                    | \$ -              |
| Due to other funds                   | 5,109                               | 2,555                                | 2,555                   | 10,219            |
| Total Liabilities                    | <u>5,109</u>                        | <u>2,555</u>                         | <u>2,555</u>            | <u>10,219</u>     |
| Fund balances:                       |                                     |                                      |                         |                   |
| Restricted:                          |                                     |                                      |                         |                   |
| Capital projects                     | 480,823                             | -                                    | 285,825                 | 766,648           |
| Parks and recreation                 | -                                   | 182,670                              | -                       | 182,670           |
| Total fund balances                  | <u>480,823</u>                      | <u>182,670</u>                       | <u>285,825</u>          | <u>949,318</u>    |
| Total liabilities and fund balances  | <u>\$ 485,932</u>                   | <u>\$ 185,225</u>                    | <u>\$ 288,380</u>       | <u>\$ 959,537</u> |

**CITY OF SUGAR CREEK, MISSOURI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Sales Tax Funds**  
**Year Ended September 30, 2011**

|   | Capital<br>Improvement<br>Sales Tax | Parks and<br>Recreation<br>Sales Tax | Stormwater<br>Sales Tax | Totals            |
|---|-------------------------------------|--------------------------------------|-------------------------|-------------------|
| <b>Revenues:</b>                                |                                     |                                      |                         |                   |
| Taxes   | \$ 150,911                          | \$ 75,457                            | \$ 75,458               | \$ 301,826        |
| Intergovernmental                               | -                                   | -                                    | -                       | -                 |
| Interest  | 687                                 | 216                                  | 819                     | 1,722             |
|   | <u>151,598</u>                      | <u>75,673</u>                        | <u>76,277</u>           | <u>303,548</u>    |
| <b>Expenditures:</b>                            |                                     |                                      |                         |                   |
| Current:  |                                     |                                      |                         |                   |
| General administration                          | -                                   | -                                    | 41                      | 41                |
| Streets and public works                        | 1,016                               | -                                    | -                       | 1,016             |
| Parks and recreation                            | -                                   | 27,970                               | -                       | 27,970            |
|   | <u>1,016</u>                        | <u>27,970</u>                        | <u>41</u>               | <u>29,027</u>     |
| Excess of Revenues Over<br>(Under) Expenditures | 150,582                             | 47,703                               | 76,236                  | 274,521           |
| <b>Other financing sources (uses):</b>          |                                     |                                      |                         |                   |
| Transfers out                                   | <u>(129,034)</u>                    | <u>(64,517)</u>                      | <u>(64,517)</u>         | <u>(258,068)</u>  |
| Change in fund balance                          | 21,548                              | (16,814)                             | 11,719                  | 16,453            |
| Fund Balances, Beginning of Year                | <u>459,275</u>                      | <u>199,484</u>                       | <u>274,106</u>          | <u>932,865</u>    |
| Fund Balances, End of Year                      | <u>\$ 480,823</u>                   | <u>\$ 182,670</u>                    | <u>\$ 285,825</u>       | <u>\$ 949,318</u> |

**CITY OF SUGAR CREEK, MISSOURI**  
**Public Health Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|                                      | 2011               |                    |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|--------------------|-------------------|---|
|                                      | Original<br>Budget | Final<br>Budget    | Actual            |   |
| Revenues:                            |                    |                    |                   |   |
| Taxes                                | \$ 71,615          | \$ 72,615          | \$ 70,834         | \$ (1,781)  |
| Interest                             | 1,500              | 1,500              | 4,007             | 2,507   |
| Total Revenues                       | <u>73,115</u>      | <u>74,115</u>      | <u>74,841</u>     | <u>726</u>  |
| Expenditures:                        |                    |                    |                   |   |
| General administration               | 1,720              | 1,720              | 1,161             | 559   |
| Health and welfare                   | 70,500             | 70,500             | 40,129            | 30,371  |
| Total Expenditures                   | <u>72,220</u>      | <u>72,220</u>      | <u>41,290</u>     | <u>30,930</u>   |
| Excess of Revenues Over Expenditures | 895                | 1,895              | 33,551            | 31,656  |
| Other financing (uses):              |                    |                    |                   |   |
| Transfers out                        | <u>-</u>           | <u>(28,000)</u>    | <u>(1,100)</u>    | <u>26,900</u>   |
| Change in fund balance               | <u>\$ 895</u>      | <u>\$ (26,105)</u> | 32,451            | <u>\$ 58,556</u>  |
| Fund Balance, Beginning of Year      |                    |                    | <u>734,608</u>    |   |
| Fund Balance, End of Year            |                    |                    | <u>\$ 767,059</u> |   |

**CITY OF SUGAR CREEK, MISSOURI**  
**Capital Improvement Sales Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|  | 2011               |                  | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|------------------|-------------------|---|
|  | Original<br>Budget | Final<br>Budget  |                   |   |
| Revenues:                                    |                    |                  |                   |   |
| Taxes  | \$ 105,120         | \$ 152,620       | \$ 150,911        | \$ (1,709)  |
| Interest                                     | 450                | 450              | 687               | 237   |
| Total Revenues                               | <u>105,570</u>     | <u>153,070</u>   | <u>151,598</u>    | <u>(1,472)</u>  |
| Expenditures:                                |                    |                  |                   |   |
| Streets and public works                     | 600                | 1,600            | 1,016             | 584   |
| Total Expenditures                           | <u>600</u>         | <u>1,600</u>     | <u>1,016</u>      | <u>584</u>  |
| Excess of Revenues Over (Under) Expenditures | 104,970            | 151,470          | 150,582           | (888)   |
| Other financing (uses):                      |                    |                  |                   |   |
| Transfers out                                | -                  | (129,034)        | (129,034)         | -   |
| Change in fund balance                       | <u>\$ 104,970</u>  | <u>\$ 22,436</u> | 21,548            | <u>\$ (888)</u>   |
| Fund Balance, Beginning of Year              |                    |                  | <u>459,275</u>    |   |
| Fund Balance, End of Year                    |                    |                  | <u>\$ 480,823</u> |   |

**CITY OF SUGAR CREEK, MISSOURI**  
**Parks and Recreation Sales Tax**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|  | 2011                |                     | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|-------------------|---|
|  | Original<br>Budget  | Final<br>Budget     |                   |   |
| Revenues:                                    |                     |                     |                   |   |
| Taxes  | \$ 52,000           | \$ 77,000           | \$ 75,457         | \$ (1,543)  |
| Interest                                     | 600                 | 600                 | 216               | (384)   |
| Total Revenues                               | <u>52,600</u>       | <u>77,600</u>       | <u>75,673</u>     | <u>(1,927)</u>  |
| Expenditures:                                |                     |                     |                   |   |
| Parks and recreation                         | 343,200             | 343,200             | 27,970            | 315,230   |
| Total Expenditures                           | <u>343,200</u>      | <u>343,200</u>      | <u>27,970</u>     | <u>315,230</u>  |
| Excess of Revenues Over (Under) Expenditures | <u>(290,600)</u>    | <u>(265,600)</u>    | 47,703            | 313,303   |
| Other Financing Sources (Uses):              |                     |                     |                   |   |
| Transfers in                                 | 60,000              | 60,000              | -                 | (60,000)  |
| Transfers out                                | -                   | -                   | (64,517)          | (64,517)  |
| Total Other Financing Sources (Uses)         | <u>60,000</u>       | <u>60,000</u>       | <u>(64,517)</u>   | <u>(124,517)</u>  |
| Change in fund balance                       | <u>\$ (230,600)</u> | <u>\$ (205,600)</u> | (16,814)          | <u>\$ 188,786</u>                                       |
| Fund Balance, Beginning of Year              |                     |                     | <u>199,484</u>    |   |
| Fund Balance, End of Year                    |                     |                     | <u>\$ 182,670</u> |   |

**CITY OF SUGAR CREEK, MISSOURI**  
**Stormwater Sales Tax**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|                                      | 2011               |                 | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|-----------------|-------------------|---|
|                                      | Original<br>Budget | Final<br>Budget |                   |   |
| Revenues:                            |                    |                 |                   |   |
| Taxes                                | \$ 52,000          | \$ 76,913       | \$ 75,458         | \$ (1,455)  |
| Interest                             | 600                | 600             | 819               | 219   |
| Total Revenues                       | <u>52,600</u>      | <u>77,513</u>   | <u>76,277</u>     | <u>(1,236)</u>  |
| Expenditures:                        |                    |                 |                   |   |
| General administration               | 10,050             | 10,050          | 41                | 10,009  |
| Excess of Revenues Over Expenditures | <u>42,550</u>      | <u>67,463</u>   | <u>76,236</u>     | <u>8,773</u>  |
| Other Financing Sources (Uses):      |                    |                 |                   |   |
| Transfers out                        | -                  | (64,517)        | (64,517)          | -   |
| Total Other Financing Sources (Uses) | <u>-</u>           | <u>(64,517)</u> | <u>(64,517)</u>   | <u>-</u>  |
| Change in fund balance               | <u>\$ 42,550</u>   | <u>\$ 2,946</u> | 11,719            | <u>\$ 8,773</u>   |
| Fund Balance, Beginning of Year      |                    |                 | <u>274,106</u>    |   |
| Fund Balance, End of Year            |                    |                 | <u>\$ 285,825</u> |   |

**CITY OF SUGAR CREEK, MISSOURI**  
**Capital Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|                                 | 2011               |                 | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|--------------------|-----------------|------------------|---|
|                                 | Original<br>Budget | Final<br>Budget |                  |   |
| Revenues:                       |                    |                 |                  |   |
| Interest                        | \$ 100             | \$ 100          | \$ 28            | \$ (72)   |
| Total Revenues                  | <u>100</u>         | <u>100</u>      | <u>28</u>        | <u>(72)</u>   |
| Expenditures:                   | -                  | -               | -                | -   |
| Change in fund balance          | <u>\$ 100</u>      | <u>\$ 100</u>   | 28               | <u>\$ (72)</u>  |
| Fund Balance, Beginning of Year |                    |                 | <u>54,871</u>    |   |
| Fund Balance, End of Year       |                    |                 | <u>\$ 54,899</u> |   |

**CITY OF SUGAR CREEK, MISSOURI**  
**Revolving Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|                                      | 2011               |                 | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|-----------------|-------------------|---|
|                                      | Original<br>Budget | Final<br>Budget |                   |   |
| Revenues:                            |                    |                 |                   |   |
| Special assessments                  | \$ -               | \$ 1,900        | \$ 3,722          | \$ 1,822  |
| Interest                             | 100                | 450             | 429               | (21)  |
| Total Revenues                       | <u>100</u>         | <u>2,350</u>    | <u>4,151</u>      | <u>1,801</u>  |
| Expenditures:                        |                    |                 |                   |   |
| General administration               | -                  | 53              | 37                | 16  |
| Total Expenditures                   | <u>-</u>           | <u>53</u>       | <u>37</u>         | <u>16</u>   |
| Excess of Revenues Over Expenditures | <u>\$ 100</u>      | <u>\$ 2,297</u> | 4,114             | <u>\$ 1,817</u>   |
| Fund Balance, Beginning of Year      |                    |                 | <u>109,321</u>    |   |
| Fund Balance, End of Year            |                    |                 | <u>\$ 113,435</u> |   |

**CITY OF SUGAR CREEK, MISSOURI**  
**Certificates of Participation Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|  | 2011                |                     | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|-------------------|---|
|  | Original<br>Budget  | Final<br>Budget     |                   |   |
| Revenues:                                    |                     |                     |                   |   |
| Interest                                     | \$ 300              | \$ 2,300            | \$ 1,341          | \$ (959)  |
| Total Revenues                               | <u>300</u>          | <u>2,300</u>        | <u>1,341</u>      | <u>(959)</u>  |
| Expenditures:                                |                     |                     |                   |   |
| General administration                       | 800                 | 800                 | 610               | 190   |
| Debt service                                 | 200,350             | 200,350             | 200,330           | 20  |
| Total Expenditures                           | <u>201,150</u>      | <u>201,150</u>      | <u>200,940</u>    | <u>210</u>  |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (200,850)</u> | <u>\$ (198,850)</u> | <u>(199,599)</u>  | <u>\$ (749)</u>   |
| Other Financing Sources (Uses):              |                     |                     |                   |   |
| Transfers in                                 | 197,600             | 197,600             | 197,580           | (20)  |
| Transfers out                                | (40,281)            | (474,191)           | (436,447)         | 37,744  |
| Total Other Financing Sources (Uses)         | <u>157,319</u>      | <u>(276,591)</u>    | <u>(238,867)</u>  | <u>37,724</u>   |
| Change in fund balance                       | <u>\$ (43,531)</u>  | <u>\$ (475,441)</u> | (438,466)         | <u>\$ 36,975</u>  |
| Fund Balance, Beginning of Year              |                     |                     | <u>841,661</u>    |   |
| Fund Balance, End of Year                    |                     |                     | <u>\$ 403,195</u> |   |

**CITY OF SUGAR CREEK, MISSOURI**  
**Lafarge TIF Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|  | 2011               |                   | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-------------------|------------------|---|
|  | Original<br>Budget | Final<br>Budget   |                  |   |
| Revenues:                                    |                    |                   |                  |   |
| Taxes  | \$ 95,578          | \$ 95,578         | \$ 94,608        | \$ (970)  |
| Intergovernmental                            | 20,000             | 20,000            | 25,129           | 5,129   |
| Interest                                     | 100                | 100               | 206              | 106   |
| Total Revenues                               | <u>115,678</u>     | <u>115,678</u>    | <u>119,943</u>   | <u>4,265</u>  |
| Expenditures:                                |                    |                   |                  |   |
| General government                           | 500                | 500               | 520              | (20)  |
| Debt service                                 | 125,000            | 125,000           | 104,883          | 20,117  |
| Total Expenditures                           | <u>125,500</u>     | <u>125,500</u>    | <u>105,403</u>   | <u>20,097</u>   |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (9,822)</u>  | <u>\$ (9,822)</u> | 14,540           | <u>\$ 24,362</u>  |
| Fund Balance, Beginning of Year              |                    |                   | <u>55,208</u>    |   |
| Fund Balance, End of Year                    |                    |                   | <u>\$ 69,748</u> |   |

**CITY OF SUGAR CREEK, MISSOURI**  
**Sugarland Development Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2011**

|  | 2011               |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-------------------|-------------------|---|
|  | Original<br>Budget | Final<br>Budget   |                   |   |
| Revenues:                                    | \$ -               | \$ -              | \$ 7              | \$ 7  |
| Expenditures:                                |                    |                   |                   |   |
| Economic development                         | 85,281             | 495,575           | 422,267           | 73,308  |
| Total Expenditures                           | 85,281             | 495,575           | 422,267           | 73,308  |
| Excess of Revenues Over (Under) Expenditures | (85,281)           | (495,575)         | (422,260)         | 73,308  |
| Other Financing Sources (Uses):              |                    |                   |                   |   |
| Transfers in                                 | 85,281             | 794,485           | 686,190           | (108,295)   |
| Transfers out                                | -                  | -                 | (975)             | -   |
| Total Other Financing Sources (Uses)         | 85,281             | 794,485           | 685,215           | (108,295)   |
| Change in fund balance                       | <u>\$ -</u>        | <u>\$ 298,910</u> | 262,955           | <u>\$ (34,987)</u>                                      |
| Fund Balance, Beginning of Year              |                    |                   | <u>727,316</u>    |   |
| Fund Balance, End of Year                    |                    |                   | <u>\$ 990,271</u> |   |

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## **STATISTICAL SECTION** *(Unaudited)*

The statistical data "relate to the physical, economic, social, and political characteristics of the City." Its design is to provide "a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the Financial Section

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# STATISTICAL SECTION

This part of the City of Sugar Creek's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## Contents

## Tables

### **Financial Trends**

**1 - 4**

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **Revenue Capacity**

**5 - 10**

These tables contain information to help the reader assess the City's most significant local revenue sources, franchise taxes and property taxes .

### **Debt Capacity**

**11 - 14**

These tables 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

### **Demographic and Economic Information**

**15-17**

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information**

**17-19**

These tables 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.

**Sources:** Unless otherwise noted, the information in these tables are derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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City of Sugar Creek  
Net Assets by Component  
Last Eight Fiscal Years  
(accrual basis of accounting)

|   | 2004                 | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities                   |                      |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets                | \$ 4,931,451         | 4,819,322         | 4,683,107         | 4,778,611         | 7,959,443         | 7,110,615         | 7,652,024         | 7,183,512         |
| Restricted                                | 12,680,228           | 12,658,780        | 12,811,432        | 12,962,934        | 4,083,654         | 3,999,319         | 4,308,600         | 4,547,389         |
| Unrestricted                              | 1,353,232            | 1,023,244         | 1,080,320         | 1,943,643         | 3,433,674         | 1,928,854         | (580,644)         | (686,688)         |
| Total governmental activities net assets  | \$ <u>18,964,911</u> | <u>18,501,346</u> | <u>18,574,859</u> | <u>19,685,188</u> | <u>15,476,771</u> | <u>13,038,788</u> | <u>11,379,980</u> | <u>11,044,213</u> |
| Business-type activities                  | \$                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets                | 762,858              | 870,422           | 892,075           | 953,464           | 947,501           | 904,596           | 1,103,752         | 1,048,026         |
| Unrestricted                              | 942,986              | 979,691           | 961,389           | 833,604           | 798,688           | 824,090           | 875,001           | 878,480           |
| Total business-type activities net assets | \$ <u>1,705,844</u>  | <u>1,850,113</u>  | <u>1,853,464</u>  | <u>1,787,068</u>  | <u>1,746,189</u>  | <u>1,728,686</u>  | <u>1,978,753</u>  | <u>1,926,506</u>  |
| Primary government                        |                      |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets                | \$ 5,694,309         | 5,689,744         | 5,575,182         | 5,732,075         | 8,906,944         | 8,015,211         | 8,755,776         | 8,231,538         |
| Restricted                                | 12,680,228           | 12,658,780        | 12,811,432        | 12,962,934        | 4,083,654         | 3,999,319         | 4,308,600         | 4,547,389         |
| Unrestricted                              | 2,296,218            | 2,002,935         | 2,041,709         | 2,777,247         | 4,232,362         | 2,752,944         | 294,357           | 191,792           |
| Total primary government net assets       | \$ <u>20,670,755</u> | <u>20,351,459</u> | <u>20,428,323</u> | <u>21,472,256</u> | <u>17,222,960</u> | <u>14,767,474</u> | <u>13,358,733</u> | <u>12,970,719</u> |

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

City of Sugar Creek  
Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)

|   | 2004                  | 2005               | 2006               | 2007               | 2008               | 2009               | 2010               | 2011               |
|---|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Expenses</b>   |                       |                    |                    |                    |                    |                    |                    |                    |
| <b>Governmental activities:</b>                         |                       |                    |                    |                    |                    |                    |                    |                    |
| General Administration                                  | \$ 1,032,150          | 1,353,415          | 1,137,432          | 1,197,212          | 1,361,541          | 1,350,687          | 1,284,854          | 1,292,777          |
| Public safety   | 1,514,973             | 1,607,577          | 1,587,582          | 1,646,199          | 1,729,300          | 1,014,227          | 1,988,248          | 2,104,012          |
| Public works  | 2,961,823             | 1,134,927          | 946,350            | 899,069            | 1,192,799          | 1,164,936          | 2,549,047          | 1,554,873          |
| Health and welfare                                      | 2,508                 | 17,866             | 1,367              | 23,939             | 12,504             | 6,774              | 1,100              | 40,129             |
| Parks & Recreation                                      | 393,254               | 234,737            | 272,588            | 298,354            | 359,177            | 345,374            | 261,170            | 325,393            |
| Community development                                   | 2,307,546             | 267,851            | 243,450            | 345,501            | 5,303,205          | 3,077,439          | 35,849             | 361,812            |
| Interest on long-term debt                              | 86,210                | 100,184            | 176,859            | 138,779            | 126,575            | 106,906            | 265,869            | 249,250            |
| <b>Total governmental activities expenses</b>           | <b>8,298,464</b>      | <b>4,716,557</b>   | <b>4,365,628</b>   | <b>4,549,053</b>   | <b>10,085,101</b>  | <b>7,066,343</b>   | <b>6,386,137</b>   | <b>5,928,246</b>   |
| <b>Business-type activities:</b>                        |                       |                    |                    |                    |                    |                    |                    |                    |
| Water   | 182,568               | 224,144            | 195,438            | 213,808            | 216,054            | 192,704            | 194,390            | 190,949            |
| Sewer   | 469,931               | 522,023            | 508,135            | 527,598            | 539,833            | 558,313            | 595,176            | 696,236            |
| Sanitation  | 192,847               | 199,262            | 210,783            | 206,987            | 207,788            | 206,746            | 211,824            | 220,006            |
| <b>Total business-type activities expenses</b>          | <b>845,346</b>        | <b>945,429</b>     | <b>914,356</b>     | <b>948,393</b>     | <b>963,675</b>     | <b>957,763</b>     | <b>1,001,390</b>   | <b>1,107,191</b>   |
| <b>Total primary government expenses</b>                | <b>\$ 9,143,810</b>   | <b>5,661,986</b>   | <b>5,279,984</b>   | <b>5,497,446</b>   | <b>11,048,776</b>  | <b>8,024,106</b>   | <b>7,387,527</b>   | <b>7,035,437</b>   |
| <b>Program Revenues</b>                                 |                       |                    |                    |                    |                    |                    |                    |                    |
| <b>Governmental activities:</b>                         |                       |                    |                    |                    |                    |                    |                    |                    |
| <b>Charges for services:</b>                            |                       |                    |                    |                    |                    |                    |                    |                    |
| General Administration                                  | \$ 112,170            | 136,091            | 128,730            | 184,341            | 170,141            | 131,274            | 149,805            | 177,441            |
| Public safety   | 106,404               | 117,759            | 170,845            | 236,037            | 161,940            | 150,986            | 179,980            | 201,944            |
| Public works  | 2,088                 | 6,980              | 2,318              | 1,079              | 179                | 282                | 75                 | 125                |
| Parks & Recreation                                      | 11,961                | 8,181              | 8,214              | 34,534             | 13,900             | 29,855             | 18,534             | 54,361             |
| Operating grants and contributions                      | 7,730                 | 3,200              | 15,361             | 3,288              | 5,819              | 91,923             | 130,988            | 61,554             |
| Capital grants and contributions                        | 35,625                | 53,883             | 14,006             | -                  | 219,955            | 29,352             | 2,306,471          | 815,967            |
| <b>Total governmental activities program revenues</b>   | <b>275,978</b>        | <b>326,094</b>     | <b>339,474</b>     | <b>459,279</b>     | <b>571,934</b>     | <b>433,672</b>     | <b>2,785,853</b>   | <b>1,311,392</b>   |
| <b>Business-type activities:</b>                        |                       |                    |                    |                    |                    |                    |                    |                    |
| <b>Charges for services:</b>                            |                       |                    |                    |                    |                    |                    |                    |                    |
| Water   | 159,866               | 159,858            | 159,464            | 159,554            | 157,638            | 200,272            | 239,175            | 245,798            |
| Sewer   | 419,997               | 422,131            | 430,539            | 440,488            | 488,509            | 490,421            | 524,723            | 581,907            |
| Sanitation  | 162,642               | 163,370            | 218,308            | 227,594            | 230,345            | 221,868            | 224,578            | 215,052            |
| Capital grants and contributions                        | -                     | 255,922            | 26,212             | -                  | -                  | -                  | -                  | -                  |
| <b>Total business-type activities program revenues</b>  | <b>742,505</b>        | <b>1,001,281</b>   | <b>834,523</b>     | <b>827,636</b>     | <b>876,492</b>     | <b>912,561</b>     | <b>988,476</b>     | <b>1,042,757</b>   |
| <b>Total primary government program revenues</b>        | <b>\$ 1,018,483</b>   | <b>1,327,375</b>   | <b>1,173,997</b>   | <b>1,286,915</b>   | <b>1,448,426</b>   | <b>1,346,233</b>   | <b>3,774,329</b>   | <b>2,354,149</b>   |
| <b>Net (expense)/revenue</b>                            |                       |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities                                 | \$ (8,022,486)        | (4,390,463)        | (4,026,154)        | (4,089,774)        | (9,513,167)        | (6,632,671)        | (3,600,284)        | (4,616,854)        |
| Business-type activities                                | (102,841)             | 55,852             | (79,833)           | (120,757)          | (87,183)           | (45,202)           | (12,914)           | (64,434)           |
| <b>Total primary government net expense</b>             | <b>\$ (8,125,327)</b> | <b>(4,334,611)</b> | <b>(4,105,987)</b> | <b>(4,210,531)</b> | <b>(9,600,350)</b> | <b>(6,677,873)</b> | <b>(3,613,198)</b> | <b>(4,681,288)</b> |
| <b>General Revenues and Other Changes in Net Assets</b> |                       |                    |                    |                    |                    |                    |                    |                    |
| <b>Governmental activities:</b>                         |                       |                    |                    |                    |                    |                    |                    |                    |
| <b>Taxes</b>  |                       |                    |                    |                    |                    |                    |                    |                    |
| Property taxes  | \$ 507,639            | 593,248            | 609,544            | 627,680            | 640,137            | 644,084            | 636,343            | 646,534            |
| Sales and use taxes                                     | 505,236               | 794,998            | 880,323            | 1,016,163          | 754,035            | 625,473            | 721,092            | 662,596            |
| Gross Receipts Tax                                      | 643,264               | 699,623            | 633,152            | 880,986            | 1,083,598          | 942,316            | 909,744            | 913,107            |
| Franchise taxes   | 1,127,351             | 1,157,054          | 1,196,464          | 1,265,227          | 1,458,309          | 1,378,238          | 1,446,007          | 1,454,033          |
| Other taxes   | 97,861                | 85,785             | 58,492             | 70,844             | 54,343             | 44,304             | 54,962             | 51,316             |
| Intergovernmental                                       | 303,718               | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Unrestricted grants and contributions                   | -                     | 326,585            | 241,966            | 454,914            | 210,094            | 301,809            | 187,696            | 220,296            |
| Investment earnings                                     | 139,264               | 202,736            | 381,885            | 496,824            | 316,752            | 72,965             | 32,386             | 28,844             |
| Miscellaneous   | 154,392               | 30,474             | 30,848             | 74,272             | 198,128            | 29,897             | 63,806             | 105,632            |
| Contractual agreements                                  | 101,036               | 72,051             | 66,993             | 313,193            | 445,970            | 155,602            | 141,942            | 199,829            |
| Gain on Sale of Capital Assets                          | -                     | -                  | -                  | -                  | 143,384            | -                  | -                  | -                  |
| Transfers   | -                     | (35,656)           | -                  | -                  | -                  | -                  | (246,806)          | (1,100)            |
| Special Item -Legal settlement                          | 2,834,046             | -                  | -                  | -                  | -                  | -                  | (2,005,696)        | -                  |
| Special Item -Sugarland                                 | -                     | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Total governmental activities</b>                    | <b>6,413,807</b>      | <b>3,926,898</b>   | <b>4,099,667</b>   | <b>5,200,103</b>   | <b>5,304,750</b>   | <b>4,194,688</b>   | <b>1,941,476</b>   | <b>4,281,087</b>   |
| <b>Business-type activities:</b>                        |                       |                    |                    |                    |                    |                    |                    |                    |
| Investment earnings                                     | 24,598                | 52,761             | 83,184             | 54,361             | 46,304             | 27,699             | 16,175             | 11,085             |
| Transfers   | -                     | 35,656             | -                  | -                  | -                  | -                  | 246,806            | 1,100              |
| <b>Total business-type activities</b>                   | <b>24,598</b>         | <b>88,417</b>      | <b>83,184</b>      | <b>54,361</b>      | <b>46,304</b>      | <b>27,699</b>      | <b>262,981</b>     | <b>12,185</b>      |
| <b>Total primary government</b>                         | <b>\$ 6,438,405</b>   | <b>4,015,315</b>   | <b>4,182,851</b>   | <b>5,254,464</b>   | <b>5,351,054</b>   | <b>4,222,387</b>   | <b>2,204,457</b>   | <b>4,293,272</b>   |
| <b>Changes in Net Assets</b>                            |                       |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities                                 | \$ (1,608,679)        | (463,565)          | 73,513             | 1,110,329          | (4,208,417)        | (2,437,983)        | (1,658,808)        | (335,767)          |
| Business-type activities                                | (78,243)              | 144,269            | 3,351              | (66,396)           | (40,879)           | (17,503)           | 250,067            | (52,249)           |
| <b>Total primary government</b>                         | <b>\$ (1,686,922)</b> | <b>(319,296)</b>   | <b>76,864</b>      | <b>1,043,933</b>   | <b>(4,249,296)</b> | <b>(2,455,486)</b> | <b>(1,408,741)</b> | <b>(388,016)</b>   |

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

City of Sugar Creek  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

|                                    | 2002                | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011**           |
|------------------------------------|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund                       |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Reserved                           | \$ 519,189          | 669,783          | 665,230          | 426,373          | 319,906          | 299,883          | 312,446          | 692,683          | 195,963          |                  |
| Unreserved                         | 2,039,985           | 1,766,536        | 2,337,351        | 2,251,582        | 2,133,459        | 2,307,597        | 3,037,873        | 2,372,443        | 2,739,450        |                  |
| Nonspendable                       |                     |                  |                  |                  |                  |                  |                  |                  |                  | 201,592          |
| Restricted                         |                     |                  |                  |                  |                  |                  |                  |                  |                  | 180,000          |
| Assigned                           |                     |                  |                  |                  |                  |                  |                  |                  |                  | 100,000          |
| Unassigned                         |                     |                  |                  |                  |                  |                  |                  |                  |                  | 2,339,691        |
| Total General Fund                 | <u>\$ 2,559,174</u> | <u>2,436,319</u> | <u>3,002,581</u> | <u>2,677,955</u> | <u>2,453,365</u> | <u>2,607,480</u> | <u>3,350,319</u> | <u>3,065,126</u> | <u>2,935,413</u> | <u>2,821,283</u> |
| All other governmental funds       |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Reserved                           | \$ -                | 2,164,639        | 4,551,131        | 5,728,146        | 6,692,071        | 6,349,872        | 1,287,156        | 1,817,946        | 2,025,588        |                  |
| Unreserved, reported in:           |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Special revenue funds              | 412,144             | 450,071          | 545,573          | 533,127          | 954,723          | 1,552,008        | 1,925,803        | 1,309,939        | 3,439,365        |                  |
| Capital project funds              | 134,567             | 466,067          | 162,198          | 207,527          | 277,890          | 360,537          | 394,875          | 401,434          | (237,211)        |                  |
| Nonspendable                       |                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Restricted                         |                     |                  |                  |                  |                  |                  |                  |                  |                  | 4,080,714        |
| Committed                          |                     |                  |                  |                  |                  |                  |                  |                  |                  | 490,271          |
| Assigned                           |                     |                  |                  |                  |                  |                  |                  |                  |                  | 168,334          |
| Unassigned                         |                     |                  |                  |                  |                  |                  |                  |                  |                  | (349,797)        |
| Total all other governmental funds | <u>\$ 546,711</u>   | <u>3,080,777</u> | <u>5,258,902</u> | <u>6,468,800</u> | <u>7,924,684</u> | <u>8,262,417</u> | <u>3,607,834</u> | <u>3,529,319</u> | <u>5,227,742</u> | <u>4,389,522</u> |

\*\*Note: GASB 54 was implemented in the 2011 fiscal year, which has new categories.

City of Sugar Creek  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

|  | 2002             | 2003             | 2004             | 2005             | 2006             | 2007             | 2008               | 2009             | 2010             | 2011             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|
| <b>Revenues</b>  |                  |                  |                  |                  |                  |                  |                    |                  |                  |                  |
| Taxes  | \$ 2,265,234     | 2,473,092        | 2,821,255        | 3,287,277        | 3,376,463        | 3,806,557        | 4,103,935          | 3,549,574        | 3,844,537        | 3,746,696        |
| Intergovernmental  | 322,068          | 486,181          | 339,343          | 334,022          | 265,826          | 434,397          | 191,868            | 329,062          | 2,591,214        | 462,667          |
| Licenses, fees and permits                               | 180,083          | 94,213           | 80,498           | 106,381          | 91,943           | 136,980          | 124,480            | 88,798           | 101,231          | 101,955          |
| Rentals  | 50,343           | 53,812           | 43,792           | 44,871           | 45,704           | 63,328           | 51,896             | 51,643           | 52,564           | 81,226           |
| Fines, forfeitures, and court costs                      | 111,187          | 100,140          | 106,404          | 117,759          | 167,608          | 231,584          | 161,070            | 144,233          | 163,740          | 184,034          |
| Payment in lieu of taxes                                 | 21,004           | 21,625           | 22,213           | 46,446           | 37               | 23,806           | 24,040             | 24,280           | 25,008           | 25,759           |
| Special Assessments                                      | 6,680            | 2,548            | -                | 2,480            | 3,694            | 3,466            | 355                | 4,111            | -                | 3,722            |
| Contractual agreements                                   | -                | 2,961,000        | 2,246,036        | 1,207,051        | 1,196,993        | 113,193          | 3,935,970          | 255,603          | 2,401,942        | 199,829          |
| Interest   | 90,787           | 103,768          | 139,264          | 202,736          | 381,885          | 496,824          | 316,755            | 72,965           | 32,386           | 28,843           |
| Charges for services                                     | 5,453            | 4,020            | 1,929            | -                | 4,852            | 24,098           | 8,715              | 27,723           | 30,858           | 66,656           |
| Reimbursements   | 74,240           | 101,255          | 18,765           | -                | -                | -                | -                  | -                | -                | -                |
| Donations  | -                | 1,000            | 7,730            | 3,200            | 5,470            | -                | -                  | -                | -                | -                |
| Miscellaneous  | 61,873           | 26,226           | 152,127          | 30,474           | 33,640           | 74,272           | 197,773            | 29,827           | 63,806           | 109,411          |
| <b>Total revenues</b>                                    | <b>3,188,952</b> | <b>6,428,880</b> | <b>5,979,356</b> | <b>5,382,697</b> | <b>5,574,115</b> | <b>5,408,505</b> | <b>9,116,857</b>   | <b>4,577,819</b> | <b>9,307,286</b> | <b>5,010,798</b> |
| <b>Expenditures</b>                                      |                  |                  |                  |                  |                  |                  |                    |                  |                  |                  |
| General government                                       | 1,167,665        | 1,494,262        | 1,012,335        | 1,321,292        | 1,131,548        | 1,262,426        | 1,373,739          | 1,365,650        | 1,246,177        | 1,272,064        |
| Public safety  | 1,106,031        | 1,176,177        | 1,464,261        | 1,601,983        | 1,552,944        | 1,626,709        | 5,082,303          | 1,751,866        | 1,830,692        | 1,893,517        |
| Streets and Public works                                 | 703,190          | 681,779          | 2,939,033        | 1,007,843        | 810,910          | 763,297          | 1,033,326          | 1,352,124        | 3,487,082        | 1,676,529        |
| Community development                                    | -                | 150,200          | 270,698          | 267,851          | 243,450          | 607,364          | 5,303,205          | 2,482,971        | 366,485          | 442,034          |
| Health and welfare                                       | 13,998           | 54,623           | 2,508            | 17,866           | 1,367            | 23,939           | 12,504             | 6,774            | 1,100            | 40,129           |
| Parks and recreation                                     | 170,217          | 357,674          | 380,180          | 244,934          | 272,602          | 282,922          | 348,407            | 346,720          | 288,233          | 332,562          |
| Debt Service   |                  |                  |                  |                  |                  |                  |                    |                  |                  |                  |
| Principal  | -                | -                | -                | -                | 17,737           | 188,292          | 150,822            | 58,574           | 100,975          | 55,000           |
| Interest   | -                | -                | -                | -                | 312,263          | 161,708          | 105,178            | 191,286          | 269,623          | 250,213          |
| Miscellaneous  | -                | -                | -                | -                | -                | -                | -                  | -                | -                | -                |
| <b>Total expenditures</b>                                | <b>3,161,101</b> | <b>3,914,715</b> | <b>6,069,015</b> | <b>4,461,769</b> | <b>4,342,821</b> | <b>4,916,657</b> | <b>13,409,484</b>  | <b>7,555,965</b> | <b>7,590,367</b> | <b>5,962,048</b> |
| Excess of revenues over (under) expenditures             | 27,851           | 2,514,165        | (89,659)         | 920,928          | 1,231,294        | 491,848          | (4,292,627)        | (2,978,146)      | 1,716,919        | (951,250)        |
| <b>Other Financing Sources (Uses)</b>                    |                  |                  |                  |                  |                  |                  |                    |                  |                  |                  |
| Special items  | -                | -                | 2,834,046        | -                | -                | -                | -                  | -                | 98,597           | -                |
| Sale of Capital Assets                                   | -                | -                | -                | -                | -                | -                | 380,883            | -                | -                | -                |
| Transfers in   | -                | -                | -                | 150,500          | 47,779           | 368,474          | 8,356,188          | 2,749,812        | 1,126,408        | 1,579,260        |
| Transfers out  | -                | -                | -                | (186,156)        | (47,779)         | (368,474)        | (8,356,188)        | (2,749,812)      | (1,373,214)      | (1,580,360)      |
| Issuance of Certificats of Participation                 | -                | -                | -                | -                | -                | -                | -                  | 2,690,000        | -                | -                |
| Original Issue Discount                                  | -                | -                | -                | -                | -                | -                | -                  | (75,562)         | -                | -                |
| <b>Total other financing sources (uses)</b>              | <b>-</b>         | <b>-</b>         | <b>2,834,046</b> | <b>(35,656)</b>  | <b>-</b>         | <b>-</b>         | <b>380,883</b>     | <b>2,614,438</b> | <b>(148,209)</b> | <b>(1,100)</b>   |
| <b>Net change in fund balances</b>                       | <b>\$ 27,851</b> | <b>2,514,165</b> | <b>2,744,387</b> | <b>885,272</b>   | <b>1,231,294</b> | <b>491,848</b>   | <b>(3,911,744)</b> | <b>(363,708)</b> | <b>1,568,710</b> | <b>(952,350)</b> |
| Debt service as a percentage of non capital expenditures | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 7.85%            | 7.72%            | 2.63%              | 4.05%            | 5.82%            | 5.47%            |

City of Sugar Creek  
 General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

| <b>Fiscal Year</b> | <b>Franchise Tax</b> | <b>Gross Receipts Tax</b> | <b>Property Tax</b> | <b>City Sales Tax</b> | <b>Other Taxes</b> | <b>Total</b> |
|--------------------|----------------------|---------------------------|---------------------|-----------------------|--------------------|--------------|
| 2002               | \$ 867,185           | \$ 564,471                | \$ 455,327          | \$ 321,647            | \$ 56,604          | 2,265,234    |
| 2003               | 1,021,333            | 692,851                   | 480,039             | 226,292               | 52,577             | 2,473,092    |
| 2004               | 1,089,468            | 643,264                   | 507,639             | 505,236               | 75,648             | 2,821,255    |
| 2005               | 1,134,322            | 678,924                   | 593,248             | 794,998               | 85,785             | 3,287,277    |
| 2006               | 1,171,054            | 653,851                   | 593,242             | 908,766               | 49,550             | 3,376,463    |
| 2007               | 1,210,885            | 880,986                   | 627,679             | 1,016,163             | 70,844             | 3,806,557    |
| 2008               | 1,571,821            | 1,083,598                 | 640,137             | 754,035               | 54,344             | 4,103,935    |
| 2009               | 1,293,395            | 942,316                   | 644,084             | 625,473               | 44,304             | 3,549,572    |
| 2010               | 1,522,395            | 909,744                   | 636,343             | 721,092               | 54,963             | 3,844,537    |
| 2011               | 1,470,299            | 915,950                   | 646,534             | 662,596               | 51,317             | 3,746,696    |

City of Sugar Creek  
Franchise Tax by Receipt Type  
Last Ten Fiscal Years

| Receipts by<br>Tax Type | 2002              | 2003                | 2004                | 2005                | 2006                | 2007                | 2008                | 2009               | 2010                | 2011                |
|-------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| Electrical              | \$ 639,457        | \$ 775,983          | \$ 848,334          | \$ 874,650          | \$ 909,204          | \$ 950,601          | \$ 974,684          | \$ 883,949         | \$ 1,056,133        | \$ 1,083,212        |
| Gas                     | 119,782           | 148,336             | 174,751             | 177,176             | 181,380             | 174,982             | 185,175             | 178,556            | 163,293             | 174,357             |
| Telephone               | 92,385            | 80,470              | 49,885              | 66,620              | 64,944              | 66,984              | 394,975             | 213,536            | 287,046             | 196,435             |
| Cable                   | 15,560            | 16,544              | 16,498              | 15,876              | 15,526              | 18,318              | 16,987              | 17,354             | 15,923              | 16,295              |
| <b>Total</b>            | <b>\$ 867,184</b> | <b>\$ 1,021,333</b> | <b>\$ 1,089,468</b> | <b>\$ 1,134,322</b> | <b>\$ 1,171,054</b> | <b>\$ 1,210,885</b> | <b>\$ 1,571,821</b> | <b>\$1,293,395</b> | <b>\$ 1,522,395</b> | <b>\$ 1,470,299</b> |

Source- City Revenue Reports

City of Sugar Creek  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>September 30 | Tax<br>Year | Real Property           |                          |                        |               | Other Property       |                          | Total Taxable<br>Assessed<br>Value | Total Direct<br>Tax Rate | Estimated<br>Market<br>Value | Assessed Value<br>as a Percentage<br>of Actual Value |
|--------------------------------------|-------------|-------------------------|--------------------------|------------------------|---------------|----------------------|--------------------------|------------------------------------|--------------------------|------------------------------|--|
|                                      |             | Residential<br>Property | Agricultural<br>Property | Commercial<br>Property | Total         | Personal<br>Property | Railroads<br>& Utilities |                                    |                          |                              |  |
| 2002                                 | 2001        | \$ 15,502,852           | \$ 63,253                | \$ 13,948,775          | \$ 29,514,880 | \$ 11,467,224        | \$ 1,502,375             | \$ 42,484,479                      | 1.0923                   | \$ 164,842,018               | 25.77%   |
| 2003                                 | 2002        | 15,535,165              | 60,510                   | 13,887,802             | 29,483,477    | 12,567,192           | 1,851,345                | 43,902,014                         | 1.0923                   | 169,192,426                  | 25.95%   |
| 2004                                 | 2003        | 17,693,744              | 97,272                   | 14,935,270             | 32,726,286    | 11,977,160           | 2,127,890                | 46,831,336                         | 1.0685                   | 183,225,391                  | 25.56%   |
| 2005                                 | 2004        | 17,768,153              | 96,173                   | 14,870,796             | 32,735,122    | 11,920,735           | 2,319,148                | 46,975,005                         | 1.0685                   | 183,834,614                  | 25.55%   |
| 2006                                 | 2005        | 19,088,550              | 100,795                  | 15,819,337             | 35,008,682    | 11,099,688           | 2,386,293                | 48,494,663                         | 1.0685                   | 191,531,001                  | 25.32%   |
| 2007                                 | 2006        | 19,183,709              | 99,322                   | 16,202,100             | 35,485,131    | 11,205,900           | 2,485,239                | 49,176,270                         | 1.0685                   | 193,843,859                  | 25.37%   |
| 2008                                 | 2007        | 19,666,628              | 105,073                  | 16,792,213             | 36,563,914    | 11,848,150           | 2,505,281                | 50,917,345                         | 1.0685                   | 200,268,876                  | 25.42%   |
| 2009                                 | 2008        | 19,456,454              | 105,133                  | 16,473,897             | 36,035,484    | 10,740,398           | 2,742,896                | 49,518,778                         | 1.0596                   | 195,584,423                  | 25.32%   |
| 2010                                 | 2009        | 18,156,818              | 105,152                  | 15,983,411             | 34,245,381    | 10,001,787           | 2,238,096                | 46,485,264                         | 1.0596                   | 183,416,072                  | 25.34%   |
| 2011                                 | 2010        | 18,090,075              | 105,160                  | 16,057,309             | 34,252,544    | 10,454,126           | 2,690,221                | 47,396,891                         | 1.0596                   | 186,067,057                  | 25.47%   |

Note: The Jackson County Assessor's Office did not start breaking out the Real Property into Residential, Agricultural, and Commercial until 2001. Before Jackson County broke out Residential, Agricultural, and Commercial an average of the % was used to Calculate Total Taxable assessed value. 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 Sugar Creek  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(rate per \$100 assessed value)

| Fiscal Year | Tax Year | City Direct Rates (1) |               |              | Overlapping Rates (2)      |                              |                |          | Total Direct & Overlapping Rates |
|-------------|----------|-----------------------|---------------|--------------|----------------------------|------------------------------|----------------|----------|----------------------------------|
|             |          | Basic/General Rate    | Public Health | Total Direct | Fort Osage School District | Independence School District | Jackson County | State    |                                  |
| 2001        | 2000     | \$ 0.953              | \$ 0.130      | \$ 1.083     | \$ 4.420                   | \$ 4.460                     | \$ 1.1030      | \$ 0.030 | \$ 11.096                        |
| 2002        | 2001     | 0.962                 | 0.130         | 1.092        | 4.410                      | 4.460                        | 1.1030         | 0.030    | 11.095                           |
| 2003        | 2002     | 0.962                 | 0.130         | 1.092        | 4.359                      | 5.190                        | 1.1067         | 0.030    | 11.778                           |
| 2004        | 2003     | 0.941                 | 0.127         | 1.069        | 4.359                      | 5.190                        | 1.1067         | 0.030    | 11.754                           |
| 2005        | 2004     | 0.941                 | 0.127         | 1.069        | 4.959                      | 5.190                        | 1.1067         | 0.030    | 12.354                           |
| 2006        | 2005     | 0.941                 | 0.127         | 1.069        | 4.959                      | 5.190                        | 1.0598         | 0.030    | 12.307                           |
| 2007        | 2006     | 0.941                 | 0.127         | 1.069        | 4.912                      | 5.084                        | 1.0523         | 0.030    | 12.147                           |
| 2008        | 2007     | 0.941                 | 0.127         | 1.069        | 4.910                      | 5.084                        | 1.0610         | 0.030    | 12.153                           |
| 2009        | 2008     | 0.970                 | 0.130         | 1.100        | 5.381                      | 5.280                        | 1.0596         | 0.030    | 12.851                           |
| 2010        | 2009     | 1.000                 | 0.130         | 1.130        | 5.381                      | 5.430                        | 1.0596         | 0.030    | 13.031                           |
| 2011        | 2010     | 1.000                 | 0.130         | 1.130        | 5.500                      | 5.580                        | 1.0464         | 0.030    | 13.286                           |

Notes: 1 The General Fund and Public Health Fund levy rates are limited by Missouri Statutes to \$1.00 and \$.13 per \$100.00

2 County Tax Breakdown for Current Year:

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

Note: Taxes are due November 1, delinquent after December 31. A penalty of 1% per month, up to a maximum of 10% is added for each month of delinquency. Collections are enforced through the attachment and sale of the property.

City of Sugar Creek  
Principal Property Taxpayers  
Current Year and Nine Years Ago

| Taxpayer                      | 2011                 |      |  | 2002                 |      |  |
|-------------------------------|----------------------|------|--|----------------------|------|--|
|                               | Total Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Total Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Woodmen of the World Life     | \$ 6,266,848         | 1    | 13.22%                                     | \$ 5,600,660         | 1    | 13.18%                                     |
| BP Products Co                | 4,877,127            | 2    | 10.29%                                     | 3,333,738            | 2    | 7.84%                                      |
| Kansas City Power & Light     | 2,422,323            | 3    | 5.11%                                      | 1,373,399            | 4    | 3.23%                                      |
| Lafarge Corporation           | 2,256,887            | 4    | 4.76%                                      | 1,124,247            | 5    | 2.65%                                      |
| Courtney Ridge Landfill       | 1,878,469            | 5    | 3.96%                                      | 1,561,141            | 3    | 3.67%                                      |
| APAC Kansas                   | 780,350              | 6    | 1.65%                                      | 531,882              | 9    | 1.25%                                      |
| Davidson Trustee              | 586,678              | 7    | 1.24%                                      | 435,200              | 10   | 1.02%                                      |
| Waste Management of MO. Inc   | 300,190              | 8    | 0.63%                                      |                      |      |  |
| Wilson Machinery              | 295,472              | 9    | 0.62%                                      |                      |      |  |
| Damon Pursell Construction Co | 253,339              | 10   | 0.53%                                      |                      |      |  |
| Dunn Industries               |                      |      |  | 729,057              | 7    | 1.72%                                      |
| Limpus Quarries               |                      |      |  | 682,024              | 8    | 1.60%                                      |
| AMOCO                         |                      |      |  | 1,063,606            | 6    | 2.50%                                      |
| <b>Total</b>                  | <b>19,917,683</b>    |      | <b>42.02%</b>                              | <b>\$ 16,434,954</b> |      | <b>38.66%</b>                              |

Source: Jackson County Collection Department

City of Sugar Creek  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

| Fiscal Year<br>Ended September 30, | Taxes Levied<br>for Fiscal Year | Collected within Fiscal Year of Levy |                       | Collections in<br>Subsequent Years | Total Collections to Date |                       |
|------------------------------------|---------------------------------|--------------------------------------|-----------------------|------------------------------------|---------------------------|-----------------------|
|                                    |                                 | Amount                               | Percentage<br>of Levy |                                    | Amount                    | Percentage<br>of Levy |
| 2002                               | \$ 443,164                      | \$ 425,582                           | 96.03%                | \$ 15,502                          | \$ 441,084                | 99.53%                |
| 2003                               | 470,052                         | 449,429                              | 95.61%                | 18,144                             | 467,573                   | 99.47%                |
| 2004                               | 488,340                         | 452,085                              | 92.58%                | 33,316                             | 485,401                   | 99.40%                |
| 2005                               | 501,923                         | 453,223                              | 90.30%                | 41,212                             | 494,435                   | 98.51%                |
| 2006                               | 502,516                         | 461,075                              | 91.75%                | 33,440                             | 494,516                   | 98.41%                |
| 2007                               | 537,512                         | 516,670                              | 96.12%                | 16,076                             | 532,746                   | 99.11%                |
| 2008                               | 528,766                         | 474,278                              | 89.70%                | 40,222                             | 514,500                   | 97.30%                |
| 2009                               | 530,882                         | 481,679                              | 90.73%                | 14,702                             | 496,381                   | 93.50%                |
| 2010                               | 505,038                         | 486,521                              | 96.33%                | 19,331                             | 486,521                   | 96.33%                |
| 2011                               | 474,928                         | 463,411                              | 97.58%                |                                    | 463,411                   | 97.58%                |

City of Sugar Creek  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities |                        |                |                               | Business-Type Activities |                |                              | Total Primary Government | Percentage of Personal Income (2) | Per Capita (2) |
|-------------|-------------------------|------------------------|----------------|-------------------------------|--------------------------|----------------|------------------------------|--------------------------|-----------------------------------|----------------|
|             | Promissory Notes        | Development Agreements | Capital Leases | Certificates of Participation | Revenue Bonds            | Capital Leases | Certificate of Participation |                          |                                   |                |
| 2002        | \$ -                    | -                      | -              | -                             | \$ -                     | -              | -                            | \$ -                     | -                                 | -              |
| 2003        | -                       | -                      | -              | -                             | -                        | -              | -                            | -                        | -                                 | -              |
| 2004        | -                       | -                      | -              | -                             | -                        | -              | -                            | -                        | -                                 | -              |
| 2005        | -                       | -                      | -              | -                             | -                        | -              | -                            | -                        | -                                 | -              |
| 2006        | -                       | -                      | -              | -                             | -                        | -              | -                            | -                        | -                                 | -              |
| 2007        | -                       | -                      | -              | -                             | -                        | -              | -                            | -                        | -                                 | -              |
| 2008        | -                       | -                      | -              | -                             | -                        | -              | -                            | -                        | -                                 | -              |
| 2009        | -                       | -                      | -              | 2,690,000                     | -                        | -              | -                            | 2,690,000                | 0.003%                            | 759            |
| 2010        | -                       | -                      | -              | 2,600,000                     | -                        | -              | -                            | 2,600,000                | 0.004%                            | 777            |
| 2011        | -                       | -                      | -              | 2,545,000                     | -                        | -              | -                            | 2,545,000                | Not Available                     | Not Available  |

Notes: (2) See Table 15 for personal income and population data.

Table 12

City of Sugar Creek  
Ratio of General Bonded Debt Outstanding  
Last Ten Calendar Years

| Fiscal<br>Year | General<br>Obligation<br>Bonds | Less Amounts<br>Available<br>in Debt Service | Total | Percentage of Est<br>Actual Taxable<br>Value of Property (1) | Per<br>Capita (1) |
|----------------|--------------------------------|--|-------|--|-------------------|
| 2002           | -                              | -  | -     | 0.00%  | -                 |
| 2003           | -                              | -  | -     | 0.00%  | -                 |
| 2004           | -                              | -  | -     | 0.00%  | -                 |
| 2005           | -                              | -  | -     | 0.00%  | -                 |
| 2006           | -                              | -  | -     | 0.00%  | -                 |
| 2007           | -                              | -  | -     | 0.00%  | -                 |
| 2008           | -                              | -  | -     | 0.00%  | -                 |
| 2009           | -                              | -  | -     | 0.00%  | -                 |
| 2010           | -                              | -  | -     | 0.00%  | -                 |
| 2011           | -                              | -  | -     | 0.00%  | -                 |

Notes: (1) See Table 15 for personal income and population data.

City of Sugar Creek  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2011

| <u>Governmental Unit</u>                                  | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated Share<br/>of Overlapping<br/>Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes                           |                             |  |  |
| Independence School District                              | \$ 155,775,000              | 23.00%   | \$ 35,828,250                                      |
| Fort Osage Reorganized #1 School District (as of June 30) | 48,470,000                  | 3.00%  | 1,454,100  |
| Subtotal, overlapping debt                                |                             |  | <u>37,282,350</u>                                  |
| City direct debt  |                             |  | <u>-</u>   |
| Total direct and overlapping debt                         |                             |  | <u>\$ 37,282,350</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 Independence. 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 Sugar Creek  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

|  | 2002         | 2003      | 2004      | 2005      | 2006      | 2007      | 2008       | 2009      | 2010      | 2011      |
|--|--------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| Debt Limit (1)   | \$ 8,499,174 | 8,781,583 | 9,367,015 | 9,395,749 | 9,698,933 | 9,835,254 | 10,183,469 | 9,903,756 | 9,297,053 | 9,479,378 |
| Total net debt applicable to limit                                   | -            | -         | -         | -         | -         | -         | -          | -         | -         | -         |
| Legal Debt Margin  | \$ 8,499,174 | 8,781,583 | 9,367,015 | 9,395,749 | 9,698,933 | 9,835,254 | 10,183,469 | 9,903,756 | 9,297,053 | 9,479,378 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.000%       | 0.000%    | 0.000%    | 0.000%    | 0.000%    | 0.000%    | 0.000%     | 0.000%    | 0.000%    | 0.000%    |

| Legal Debt Margin Calculation for Fiscal Year 2011 |               |
|--|---------------|
| Assessed Value                                     | \$ 47,396,891 |
| Debt Limit (20% of assessed value)                 | 9,479,378     |
| Total net debt applicable to limit                 | -             |
| Legal debt margin                                  | \$ 9,479,378  |

Note:

(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.

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.

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 Sugar Creek  
 Demographic and Economic Statistics  
 Last Ten Calendar Years

| Calendar Year (3) | Population (1) | Personal Income<br>(thousands of dollars) | Median Household<br>Income<br>Personal Income | Median<br>Per Capita<br>Personal Income | Unemployment<br>Rate (2) |
|-------------------|----------------|---|---|---|--------------------------|
| 2002              | 4,109          | \$ 64,762,200                             | \$ 35,979                                     | \$ 15,761                               | 3.40%                    |
| 2003              | 3,974          | 66,072,600                                | 36,707  | 16,626                                  | 8.20%                    |
| 2004              | 4,005          | 65,793,600                                | 36,552  | 16,428                                  | 7.70%                    |
| 2005              | 3,975          | 67,586,400                                | 37,548  | 17,003                                  | 6.30%                    |
| 2006              | 3,975          | 68,938,128                                | 38,299  | 17,343                                  | 6.30%                    |
| 2007              | 3,544          | 70,317,000                                | 39,065  | 19,841                                  | 5.90%                    |
| 2008              | 3,533          | 93,232,000                                | 48,094  | 26,389                                  | 7.30%                    |
| 2009              | 3,543          | 86,282,600                                | 46,692  | 24,353                                  | 6.80%                    |
| 2010              | 3,345          | 66,722,715                                | 37,167  | 19,947                                  | 9.00%                    |
| 2011              | Not Available  | Not Available                             | Not Available                                 | Not Available                           | Not Available            |

Sources: (1 [www.city-data.com](http://www.city-data.com)  
[2010.census.gov](http://2010.census.gov)  
[www.moving.com/realestate](http://www.moving.com/realestate) (city profile)

Note: (3 The information shown is for calendar year.

City of Sugar Creek  
Principal Employers  
Current Year and Nine Years Ago

| Employer  | 2011       |      |                                     | 2002       |      |                                     |
|---|------------|------|-------------------------------------|------------|------|-------------------------------------|
|   | Employees  | Rank | Percentage of Total City Employment | Employees  | Rank | Percentage of Total City Employment |
| 1 Recovery Sales Corporation                    | 138        | 2    | 8.93%                               | 260        | 1    | 16.82%                              |
| 2 LaFarge Corporation                           | 132        | 1    | 8.54%                               | 106        | 2    | 6.86%                               |
| 3 Midwest Warehousing Services Inc              | 31         | 3    | 2.01%                               |            |      |                                     |
| 4 Wil-Pav Inc                                   | 30         | 4    | 1.94%                               | 23         | 8    | 1.49%                               |
| 5 Transwood, inc                                | 27         | 5    | 1.75%                               |            |      |                                     |
| 6 Menco Royal Inc                               | 27         | 5    | 1.75%                               | 42         | 6    | 2.72%                               |
| 7 Taco Bell                                     | 23         | 7    | 1.49%                               |            |      |                                     |
| 8 Buckeye                                       | 14         | 8    | 0.91%                               |            |      |                                     |
| 9 Brothers & Sisters Home Repair                | 12         | 9    | 0.78%                               |            |      |                                     |
| 10 O'Reilly Auto Parts                          | 11         | 10   | 0.71%                               |            |      |                                     |
| 11 Metcalf Bank/Formerly American Sterling Bank | 11         | 10   | 0.71%                               | 70         | 4    | 4.53%                               |
| APAC Missouri Inc                               |            |      |                                     | 87         | 3    | 5.63%                               |
| Jones Wholesale Grocer - Unit 39                |            |      |                                     | 28         | 7    | 1.81%                               |
| Love Box  |            |      |                                     | 69         | 5    | 4.46%                               |
| Sonic Drive In                                  |            |      |                                     | 20         | 10   | 1.29%                               |
| Kross Restaurant                                |            |      |                                     | 22         | 9    | 1.42%                               |
| Total   | <u>318</u> |      | <u>20.57%</u>                       | <u>467</u> |      | <u>30.21%</u>                       |

City of Sugar Creek  
Full-Time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

| Function:               | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|
| General Administration  | 10   | 11   | 11   | 11   | 11   | 11   | 11   | 11   | 11   | 11   |
| Public Safety           |      |      |      |      |      |      |      |      |      |      |
| Police                  | 15   | 16   | 16   | 15   | 16   | 16   | 16   | 16   | 16   | 16   |
| Dispatch                | 6    | 6    | 6    | 6    | 6    | 6    | 6    | 6    | 6    | 5    |
| Firefighters            | 4    | 4    | 5    | 6    | 6    | 6    | 6    | 6    | 6    | 6    |
| Street and Public Works |      |      |      |      |      |      |      |      |      |      |
| Steet Maint.            | 13   | 14   | 17   | 14   | 16   | 16   | 14   | 14   | 13   | 12   |
| Refuse                  | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| Community Development   | 3    | 3    | 3    | 1    | 1    | 1    | 2    | 1    | 1    | 1    |
| Parks and Recreation    | 1    | 1    | 1    | 1    | 1    | 1    | 2    | 1    | 1    | 1    |

Source: Various City Departments

City of Sugar Creek  
Operating Indicators by Function/Program  
Last Nine Calendar Years

| Function/Program              | 2003  | 2004  | 2005  | 2006  | 2007  | 2008 | 2009 | 2010 | 2011 |
|-------------------------------|-------|-------|-------|-------|-------|------|------|------|------|
| Public Safety                 |       |       |       |       |       |      |      |      |      |
| Police                        |       |       |       |       |       |      |      |      |      |
| Physical Arrest               | 550   | 727   | 767   | 838   | 1,140 | 958  | 795  | 1116 | 721  |
| Traffic violations            | 1,345 | 1,142 | 1,651 | 1,673 | 1,861 | 1017 | 992  | 665  | 990  |
| Speed & Stop Light violations |       |       |       |       |       |      |      |      | 3281 |
| Park violations               | -     | 3     | -     | 34    | 9     | 10   | 3    | 16   | 28   |
| Fire                          |       |       |       |       |       |      |      |      |      |
| Number of calls answered      | 431   | 474   | 525   | 480   | 536   | 527  | 504  | 482  | 557  |
| Number of inspections covered | -     | -     | -     | 391   | 352   | 179  | 249  | 231  | 226  |
| Water                         |       |       |       |       |       |      |      |      |      |
| Number of customers           | 1,002 | 998   | 1,000 | 985   | 979   | 981  | 969  | 964  | 956  |
| Sewer                         |       |       |       |       |       |      |      |      |      |
| Number of customers           | 1,578 | 1,573 | 1,587 | 1,559 | 1,549 | 1529 | 1508 | 1509 | 1425 |

Note: Information for 2002 is not available

Source: Various City Departments

City of Sugar Creek  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

| Function/Program              | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Public Safety</b>          |        |        |        |        |        |        |        |        |        |        |
| Police                        |        |        |        |        |        |        |        |        |        |        |
| Police stations               | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Patrol Units                  | 10     | 10     | 10     | 15     | 15     | 16     | 14     | 10     | 10     | 10     |
| Fire                          |        |        |        |        |        |        |        |        |        |        |
| Fire Stations                 | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| <b>Public Works</b>           |        |        |        |        |        |        |        |        |        |        |
| Total area (square miles)     | 9.5    | 9.5    | 9.5    | 10.88  | 10.88  | 10.88  | 10.88  | 10.88  | 10.88  | 10.88  |
| Miles of streets              | 33     | 33     | 33     | 33     | 33     | 33     | 33     | 33     | 33     | 33     |
| <b>Culture and Recreation</b> |        |        |        |        |        |        |        |        |        |        |
| Park acreage                  | 391.63 | 391.63 | 391.63 | 391.63 | 391.63 | 391.63 | 391.63 | 391.63 | 391.63 | 391.63 |
| Parks                         | 2      | 2      | 2      | 2      | 2      | 5      | 5      | 5      | 5      | 5      |
| Gymnasium                     | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Shelterhouses                 | 1      | 1      | 3      | 3      | 3      | 6      | 6      | 6      | 6      | 6      |
| Ball Fields                   | 7      | 7      | 7      | 7      | 7      | 7      | 9      | 9      | 6      | 6      |
| Pavilion                      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Walking track                 | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Gazebo                        |        |        |        |        |        | 1      | 1      | 1      | 1      | 1      |
| <b>Water</b>                  |        |        |        |        |        |        |        |        |        |        |
| Water mains (miles)           | 19     | 19     | 19     | 19     | 19     | 19     | 19     | 19     | 19     | 19     |
| Fire hydrants                 | 85     | 85     | 87     | 87     | 87     | 87     | 97     | 98     | 99     | 99     |
| <b>Sewer</b>                  |        |        |        |        |        |        |        |        |        |        |
| Number of treatment plants    | -      | -      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Sewers mains (miles)          | 21     | 21     | 21     | 21     | 21     | 21     | 21     | 21     | 21     | 21     |
| Number of service connections | 1,576  | 1,578  | 1,573  | 1,587  | 1,559  | 1,549  | 1,529  | 1,508  | 1,509  | 1,425  |

Source: Various City Departments

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