

CITY OF
SUGAR CREEK,
MISSOURI

Comprehensive Annual Financial Report

Year Ended September 30, 2014

CITY OF SUGAR CREEK, MISSOURI
Comprehensive Annual Financial Report
Year Ended September 30, 2014

Prepared by

Linda R. Martinovich

City Treasurer – Finance Officer

CITY OF SUGAR CREEK, MISSOURI

Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

CITY OF SUGAR CREEK, MISSOURI

Principal Officials

Mayor

Honorable Charles Matthew Mallinson

Board of Aldermen

*Honorable Robert Ray
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 Marshall

Herbert M. Soule

Fire Chief

Patrick C. Casey

Public Works Director

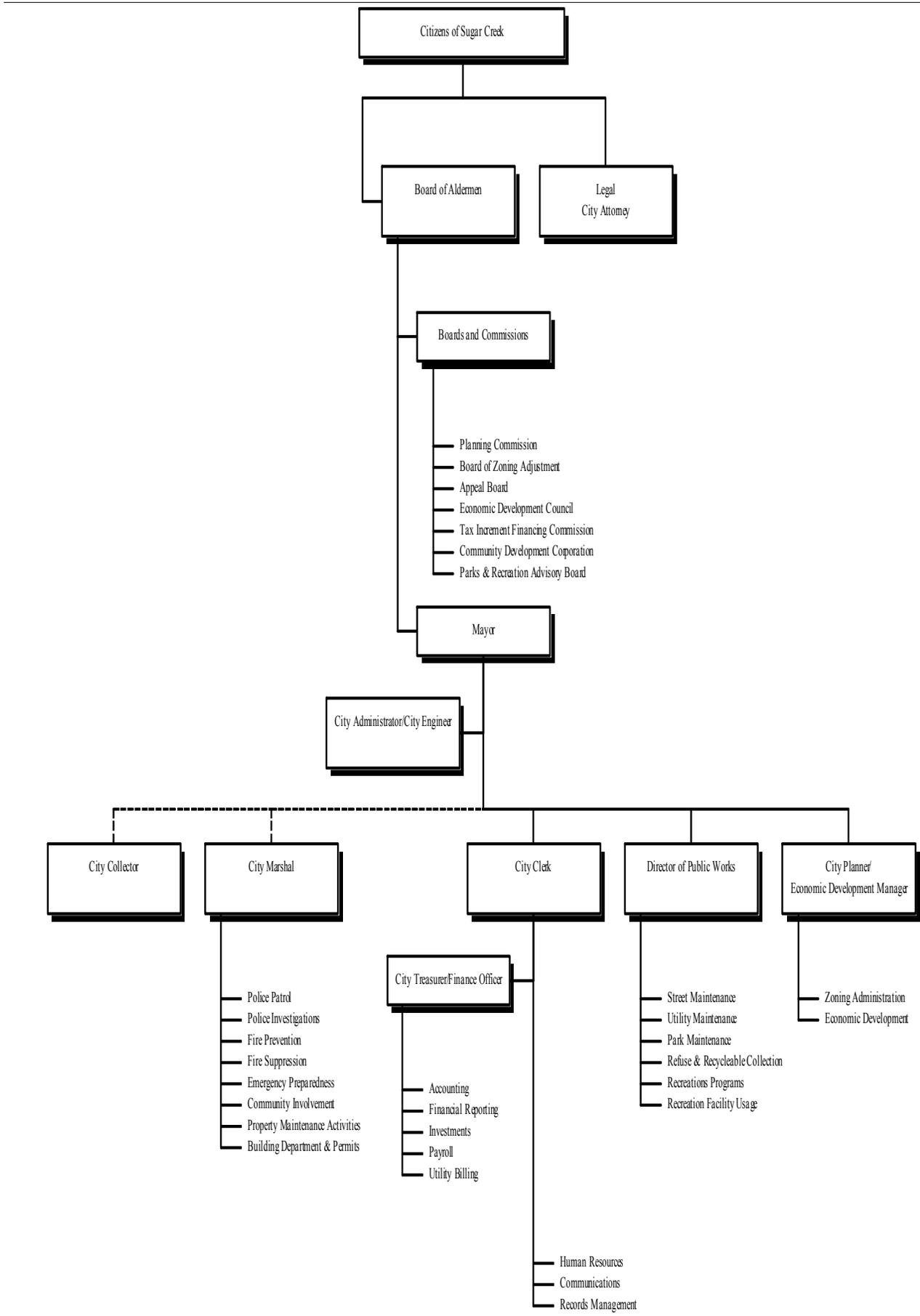
Ed Layton

Independent Certified Public Accountants

Cochran Head Vick & Co., P.C.

CITY OF SUGAR CREEK, MISSOURI

Organizational Chart
September 30, 2014





City of Sugar Creek

103 South Sterling – Sugar Creek, Missouri 64054

March 27, 2015

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 (the City) for the year ended September 30, 2014 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 internal controls over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and on compliance for each major program and on internal control over compliance required by 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 concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

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.

Administrative Offices
816-252-4400
FAX: 252-7082

Police & Fire Departments
816-252-7058
FAX: 461-3493

Public Works Department
816-252-4413
FAX: 252-8843

Parks & Recreation Department
816-252-4413
FAX: 252-8843

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 four 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 four-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 2014, sales tax and gross receipts tax, have remained the same as the prior year. Electrical franchise fees have increased slightly which is thought to be related to additional construction activity which relates to an increase in manufacturing activity. The electrical franchise and sales tax remittance correspond accordingly to the increase in construction activity since the largest users of energy or 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 Industrial Development Authority of the City of Sugar Creek (IDA) acquired all of the property associated with the retail development and the City currently leases the property from the IDA. The lease payments to the IDA services an existing loan the former developer initiated and the City assumed as a part of the settlement agreement. The Board of Aldermen extended a Tax Increment Financing Contract with Edwards Management LLC. During 2014, the Board of Alderman issued a notice of default to Edwards's management Group LLC. During the default correction period the City relaxed the redevelopment agreement terms in an effort to advance the retail project. When Edwards Management Group was not able to advance the project the City terminated the redevelopment agreement. Subsequent to termination of the redevelopment agreement the City has entered in to a Memorandum of Understanding (MOU) with R. H. Johnson as the developer of the retail project. As a part of this process the City extended its property lease with the IDA after they extended their loan with the Bank of Kansas City. The MOU contains performance standards to advance the project that extend into early 2015.

The Courtney Ridge Recycling and Disposal Facility remains one of the City's top revenues sources. During 2014, the City's revenue from gross receipts remained unchanged from the previous fiscal year. However during the last quarter of the fiscal year revenues were slightly down. Solid waste management in surrounding jurisdictions is continuing to change which can impact disposal volumes and corresponding revenues in a positive or negative manner. The

transfer of waste outside the geographic area by transfer stations and recycling efforts continue to impact 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 sent an 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 was funded by BP Corporation North America and completed during the first quarter of fiscal year 2012. The conclusions of the study indicated construction of a utility scale solar power plant is feasible and the City began meeting with Kansas City Power & Light to discuss an interconnect and application to the Southwest Power Pool. During 2014, the City attracted a power company who expressed a serious interest in constructing a utility scale solar power plant to be located on the Bluffs at Sugar Creek project site. Towards the end of 2014 the City continued to work with KCPL and the power company to approve a long term property lease and power purchase agreement.

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 States 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 completed the purchase during spring 2012. The City approved a design services agreement with Warner Nease Bost for remodel of the building into a health, wellness and community center. The design was completed during 2013 and bids were obtained for construction and the low bid was \$1,215,000. On August 5th 2014 the City presented to the voters a general obligation bond question that would fund construction of the wellness center improvements. The voters overwhelmingly turned down the general obligation bond by a majority 75% opposed to 25% in favor. The absence of a funding mechanism has stalled the project and the Board of Alderman is evaluating the future for the property. The City is considering possible funding alternatives to construct the improvements.

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 the 2013 legislative session it was determined no new license positions would be created. 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 until May 2014.

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 2012 which was subsequently approved.

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 twentieth consecutive year for its 2013 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.

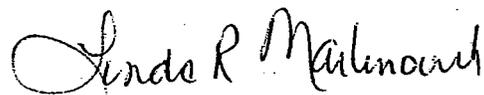
Acknowledgments

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



Government Finance Officers Association

**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, 2013

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

To the Honorable Mayor and
Board of Aldermen
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 (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government 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 financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Offices

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

5700 Broadmoor Street, Suite
202
Mission, Kansas 66202
(913) 378-1100
(913) 378-1177 FAX

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are fairly stated in all material respects in relation to the basic 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering the City's internal control over financial reporting and compliance.

Kansas City, Missouri
March 27, 2015



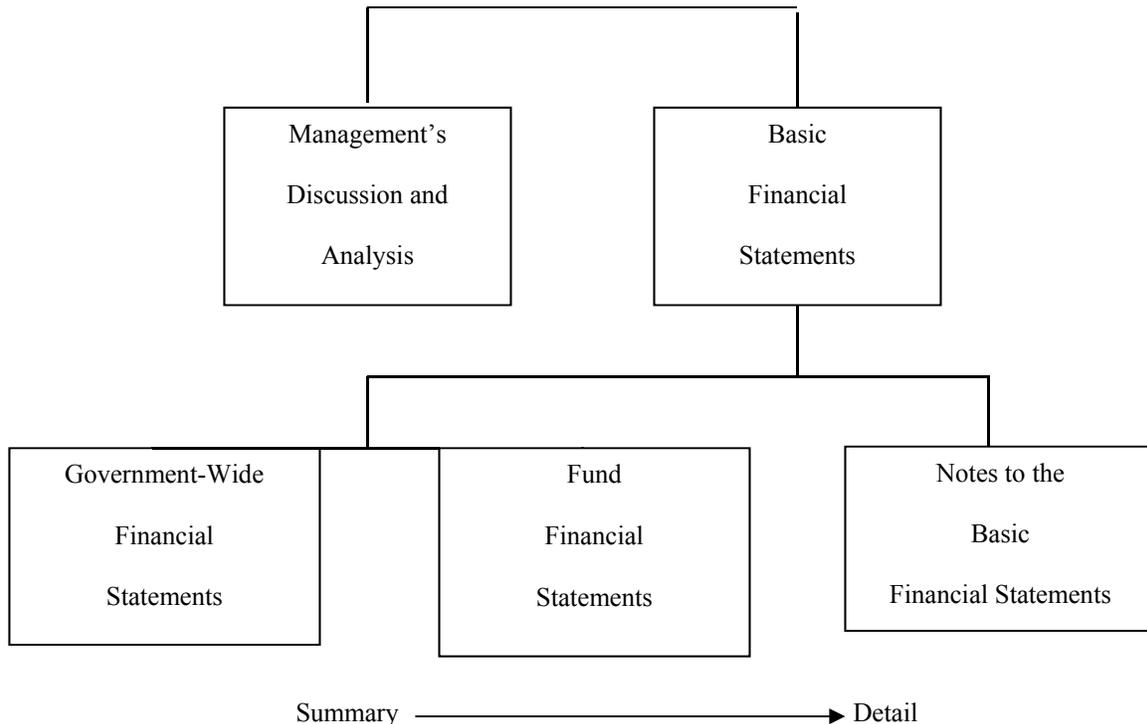
MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2014. 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, 2014 fiscal year by \$14,020,497 (Net position). The assets of the City of Sugar Creek exceeded its liabilities at the close of the September 30, 2013 fiscal year by \$13,965,505. Of this amount \$46,918 (unrestricted net position) was 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 \$6,745,207 a decrease of \$674,436 in comparison with the prior year. Approximately 27 percent of the fund balance, \$1,836,340 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 \$1,836,340 or 44 percent of the total General Fund expenditures for 2014.

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 Position 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 Position 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 position and changes in it. You can think of the City's net position—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 position 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 net financial costs 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 Position 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, State Gas Tax, 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 Position 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 Position 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 position (Figure 2) and changes in net position (Figure 3) of the governmental and business-type activities.

Figure 2 - Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,660,284	\$ 8,731,308	\$ 1,020,752	\$ 1,035,401	\$ 8,681,036	\$ 9,766,709
Capital assets	11,633,346	11,026,631	1,029,937	1,070,965	12,663,283	12,097,596
Total assets	19,293,630	19,757,939	2,050,689	2,106,366	21,344,319	21,864,305
Other liabilities	778,405	1,190,632	259,020	233,976	1,037,425	1,424,608
Long-term debt	6,270,779	6,459,877	15,618	14,315	6,286,397	6,474,192
Total liabilities	7,049,184	7,650,509	274,638	248,291	7,323,822	7,898,800
Net position:						
Net investment in capital assets	9,251,634	8,576,100	1,029,937	1,070,965	10,281,571	9,647,065
Restricted	3,939,339	4,271,522	-	-	3,939,339	4,271,522
Unrestricted (deficit)	(946,527)	(740,192)	746,114	787,110	(200,413)	46,918
Total net position	\$ 12,244,446	\$ 12,107,430	\$ 1,776,051	\$ 1,858,075	\$ 14,020,497	\$ 13,965,505

Net position may serve over time as a useful indicator of a government's financial position. The City of Sugar Creek's assets exceeded liabilities by \$14,020,497 at the close of fiscal year ended September 30, 2014. Of this total, \$3,939,339 is restricted; \$969,053 is for Debt service, \$1,006,126 for Capital Improvements, \$228,665 for Infrastructure Project, \$782,214 for Health and Welfare, \$352,109 for Parks and Recreation and \$601,172 the BP reuse and funding agreements.

Figure 3 - Statement of Changes in Net Position

Revenues:	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 386,281	\$ 553,640	\$ 1,281,905	\$ 1,189,380	\$ 1,668,186	\$ 1,743,020
Operating grants and contributions	26,556	113,971	24,300	-	50,856	113,971
Capital grants and contributions	1,190,945	2,414,122	-	-	1,190,945	2,414,122
General revenues:						
Property taxes	602,807	579,939	-	-	602,807	579,939
Sales tax	763,145	705,045	-	-	763,145	705,045
Gross receipts tax	1,065,775	1,062,366	-	-	1,065,775	1,062,366
Franchise tax	1,540,220	1,512,966	-	-	1,540,220	1,512,966
Other taxes	72,547	65,489	-	-	72,547	65,489
Intergovernmental	172,323	146,903	-	-	172,323	146,903
Contractual agreements	124,916	163,697	-	-	124,916	163,697
Unrestricted investment earnings	18,731	17,056	1,805	3,830	20,536	20,886
Miscellaneous	84,619	269,389	-	-	84,619	269,389
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	6,048,865	7,604,583	1,308,010	1,193,210	7,356,875	8,797,793
Expenses:						
General administration	1,257,424	1,246,152	-	-	1,257,424	1,246,152
Public safety	2,134,533	2,076,988	-	-	2,134,533	2,076,988
Streets and public works	1,886,215	2,362,103	-	-	1,886,215	2,362,103
Economic development	37,225	21,189	-	-	37,225	21,189
Health and welfare	-	1,047	-	-	-	1,047
Parks and recreation	283,623	256,455	-	-	283,623	256,455
Interest on long-term debt	312,829	346,990	-	-	312,829	346,990
Water	-	-	367,529	299,308	367,529	299,308
Sanitary sewer	-	-	765,695	790,566	765,695	790,566
Sanitation	-	-	256,810	255,119	256,810	255,119
Total expenses	5,911,849	6,310,924	1,390,034	1,344,993	7,301,883	7,655,917
Change in net position before transfers	137,016	1,293,659	(82,024)	(151,783)	54,992	1,141,876
Transfers	-	(136,009)	-	136,009	-	-
Change in net position	137,016	1,157,650	(82,024)	(15,774)	54,992	1,141,876
Net position, beginning of year	12,107,430	10,949,780	1,858,075	1,873,849	13,965,505	12,823,629
Net position, end of year	\$ 12,244,446	\$ 12,107,430	\$ 1,776,051	\$ 1,858,075	\$ 14,020,497	\$ 13,965,505

The City's net position increased \$54,992 during the 2014 fiscal year. Of the total, governmental activities net position increased \$137,016 and business-type net position decreased by \$82,024. The City continued to receive federal funds for the construction of the Lewis and Clark Highway project. During the 2014 fiscal year the City received grant funding of \$1,190,945 for the Lewis and Clark project. The cost of design and construction for the Lewis and Clark Expressway is shown under Streets and Public Works as portions of the project will not result in an asset of the City.

During the 2014 fiscal year, the City experienced several large water main breaks. The water fund was charged for the Public Works Department wages and additional materials and supplies and the cost of lost water. The City currently has an agreement with HDR Engineering to reconcile customer waste water meter readings with the Little Blue Valley Wholesale meter measurement. The Sanitation fund had operating losses. The rate being charged to customers did not cover the operating costs. The City studied the cost of operation and accordingly increased the refuse charge.

The City's Funds

Governmental funds reported combined ending fund balances of \$6,745,207, a decrease of \$674,436. The primary reason for the decrease is the funding of the Lewis and Clark Highway and economic development on 24 highway. Of the total governmental fund balances \$1,836,340 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 \$1,006,126, Debt service \$969,053, public health, \$782,214, parks and recreation \$352,109, community development \$601,172, and infrastructure project, \$79,782. The committed fund balance for economic development totaled \$445,166. The assigned fund balance category includes Capital Projects of \$169,388 and Fire Truck of \$250,000. The nonspendable classifications include prepaid items of \$178,657 and advances to other funds of \$75,200.

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 \$1,836,340 while total fund balance reached \$2,400,197. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44% of total general fund expenditures, while total fund balance represents 58% of that same amount.

The fund balance of the general fund decreased during 2014 by \$260,680. The revenues for court fines and forfeitures decreased due to the suspension of traffic cameras being used for traffic violations. The general fund transferred \$324,979 to Four Trails Landing for development cost this year. The Four Trails Landing was previously known as the Sugar Land Development as well as Heritage Ridge Development.

The Public Health Fund accounts for property tax levied for public health purposes including sanitary sewer maintenance. The fund balance of the public health fund increased during 2014 by \$69,405. The revenues and expenditures were comparable to the prior year. However, there was a \$136,009 transfer out for sanitary sewer maintenance in the prior year.

The State Gas Tax fund balance decreased \$680,676 from the prior year. The City continued the design and construction of the Lewis and Clark Expressway between Sterling Ave. and Interstate 435 and Front Street. The City receives federal funds for the project and has an agreement with the City of Kansas City to assist in funding the local match requirement. The City also provided the 20% local match for federal funds that were used to construct improvements to-291 Hwy. east outer roadway. The project was administered by the Missouri Highway and Transportation Department and is scheduled to be complete during 2015.

The Four Trails Landing Development Fund had a \$94,331 increase in expenditures during 2014 related to the development project. The general fund transferred \$332,979 for these expenditures. In 2011, the City terminated the TIF agreement and formed the Industrial Development Authority of the City of Sugar Creek; see Note 7(D) in the Notes to the Basic Financial Statements for additional information.

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 \$260,680 from the prior year. During the year there was \$129,905 appropriation between the original and final amended budget.

The significant components of the increase are

- \$50,000 Parks and Recreation
- \$30,705 Public Works
- \$20,000 Four Trails Landing Economic Development

Capital Asset and Debt Administration

Capital Assets

At the end of September 30, 2014 the City had over \$12 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 increase of \$565,687 from last year. See Note 6 to basic financial statements for more information and detail on the City’s capital assets

Capital assets, net of accumulated depreciation

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,914,337	\$ 1,914,337	\$ -	\$ -	\$ 1,914,337	\$ 1,914,337
Buildings and improvements	4,274,073	4,466,167	-	-	4,274,073	4,466,167
Construction in progress	1,092,054	2,934,693	22,921	-	1,114,975	2,934,693
Equipment and vehicles	506,771	593,145	82,456	101,583	589,227	694,728
Office equipment	85,179	111,476	-	-	85,179	111,476
Infrastructure	3,760,932	1,006,813	-	-	3,760,932	1,006,813
Sewer and water lines	-	-	924,560	969,382	924,560	969,382
Total	\$ 11,633,346	\$ 11,026,631	\$ 1,029,937	\$ 1,070,965	\$ 12,663,283	\$ 12,097,596

The governmental activities capital assets activities include engineering cost for design and construction of the Lewis and Clark Highway. During 2014 there was work completed related to Sewer District 21 and a hydrant purchase in the water fund.

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. The State granted the City an energy loan for HVAC energy improvements at the Mike Onka Building, City Hall and Public Works Building. 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 7 (d).; The City implemented Governmental Accounting Standards Board (GASB) Statement No. 45 which requires accounting and financial reporting by employers for postemployment benefits. This is the second year the City has recorded net pension obligation for LAGER's retirement system. See Note 7 to the basic financial statements for more information and detail on the City's long-term obligations.

	Outstanding Obligations					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Compensated absences	\$ 159,058	\$ 146,488	\$ 3,901	\$ 3,168	\$ 162,959	\$ 149,656
Other post-employment benefits	98,937	86,224	4,624	4,054	103,561	90,278
Net pension obligation	53,673	53,753	7,093	7,093	60,766	60,846
Certificates of Participation	2,370,000	2,430,000	-	-	2,370,000	2,430,000
Discount on issuance	(59,125)	(62,183)	-	-	(59,125)	(62,183)
Energy loan	70,837	82,714	-	-	70,837	82,714
Developer agreement - TIF	1,578,196	1,541,483	-	-	1,578,196	1,541,483
Bank Note - See Note 7(d)	1,999,203	2,181,398	-	-	1,999,203	2,181,398
Total	\$ 6,270,779	\$ 6,459,877	\$ 15,618	\$ 14,315	\$ 6,286,397	\$ 6,474,192

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.

City of Sugar Creek, Missouri
Statement of Net Position
September 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Pooled cash and investments	\$ 4,375,039	\$ 612,040	\$ 4,987,079
Receivables:			
Taxes	634,597	-	634,597
Special assessments	-	22,531	22,531
Contractual agreements	-	88,333	88,333
Accounts and other	65,462	251,965	317,427
Accrued interest	7,125	1,229	8,354
Due from other governments	263,687	12,222	275,909
Internal balances	75,200	(75,200)	-
Prepays, deposits, and other assets	178,657	15,795	194,452
Restricted assets:			
Cash and investments	931,798	91,837	1,023,635
Property held for redevelopment	1,128,719	-	1,128,719
Capital assets:			
Not being depreciated	3,006,391	22,921	3,029,312
Being depreciated, net of depreciation	8,626,955	1,007,016	9,633,971
Total assets	19,293,630	2,050,689	21,344,319
Liabilities			
Accounts payable	563,469	161,105	724,574
Accrued payroll and benefits	104,164	14,348	118,512
Accrued interest	62,211	-	62,211
Payable from restricted assets:			
Police unclaimed money	664	-	664
Customer deposits	24,843	83,567	108,410
Municipal court bonds	23,054	-	23,054
Long term debt:			
Due within one year	2,274,304	3,901	2,278,205
Due in more than one year	3,996,475	11,717	4,008,192
Total liabilities	7,049,184	274,638	7,323,822
Net Position			
Net investment in capital assets	9,251,634	1,029,937	10,281,571
Restricted :			
Debt service	969,053	-	969,053
Capital improvements	1,006,126	-	1,006,126
Infrastructure project	228,665	-	228,665
Public health	782,214	-	782,214
Parks and recreation	352,109	-	352,109
Community development	601,172	-	601,172
Unrestricted (deficit)	(946,527)	746,114	(200,413)
Total net position	\$ 12,244,446	\$ 1,776,051	\$ 14,020,497

See accompanying notes to the basic financial statements

City of Sugar Creek, Missouri
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Government activities							
General administration	\$ 1,257,424	\$ 172,812	\$ -	\$ -	\$ (1,084,612)	\$ -	\$ (1,084,612)
Public safety	2,134,533	176,301	26,556	-	(1,931,676)	-	(1,931,676)
Streets and public works	1,886,215	100	-	1,190,945	(695,170)	-	(695,170)
Economic development	37,225	-	-	-	(37,225)	-	(37,225)
Parks and recreation	283,623	37,068	-	-	(246,555)	-	(246,555)
Interest on long-term debt	312,829	-	-	-	(312,829)	-	(312,829)
Total governmental activities	5,911,849	386,281	26,556	1,190,945	(4,308,067)	-	(4,308,067)
Business-type activities							
Water	367,529	271,052	24,300	-	-	(72,177)	(72,177)
Sanitary sewer	765,695	798,446	-	-	-	32,751	32,751
Sanitation	256,810	212,407	-	-	-	(44,403)	(44,403)
Total business-type activities	1,390,034	1,281,905	24,300	-	-	(83,829)	(83,829)
Total primary government	\$ 7,301,883	\$ 1,668,186	\$ 50,856	\$ 1,190,945	(4,308,067)	(83,829)	(4,391,896)

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General revenues:			
Taxes:			
Property taxes, levied for general purpose	602,807	-	602,807
Sales taxes	763,145	-	763,145
Gross receipts taxes	1,065,775	-	1,065,775
Franchise taxes	1,540,220	-	1,540,220
Other taxes	72,547	-	72,547
Grants and contributions not restricted to specific programs	172,323	-	172,323
Contractual agreements	124,916	-	124,916
Unrestricted investment earnings	18,731	1,805	20,536
Miscellaneous	84,619	-	84,619
Total general revenues	4,445,083	1,805	4,446,888
Change in net position	137,016	(82,024)	54,992
Net position, beginning of year	12,107,430	1,858,075	13,965,505
Net position, end of year	\$ 12,244,446	\$ 1,776,051	\$ 14,020,497

See accompanying notes to the basic financial statements

Exhibit B

CITY OF SUGAR CREEK, MISSOURI
Balance Sheet - Governmental Funds
September 30, 2014

	General	Public Health	State Gasoline Tax	Four Trails Landing Development	Other Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	\$ 1,783,045	\$ 767,261	\$ 224,424	\$ -	\$ 1,600,309	\$ 4,375,039
Receivables:						
Taxes	562,768	13,679	-	-	58,150	634,597
Accrued interest	1,510	1,274	-	-	4,341	7,125
Accounts and other	65,462	-	-	-	-	65,462
Due from other governments	5,070	-	250,385	-	8,232	263,687
Due from other funds	75,200	-	-	-	10,518	85,718
Prepays, deposits and other assets	178,657	-	-	-	-	178,657
Restricted assets:						
Cash and investments	23,053	-	39,633	3,609	865,503	931,798
Property held for redevelopment	-	-	-	1,128,719	-	1,128,719
Total Assets	\$ 2,694,765	\$ 782,214	\$ 514,442	\$ 1,132,328	\$ 2,547,053	\$ 7,670,802
Liabilities						
Accounts payable	\$ 86,317	\$ -	\$ 285,777	\$ 187,162	\$ 4,213	\$ 563,469
Accrued payroll and benefits	104,164	-	-	-	-	104,164
Payable from restricted assets:						
Police unclaimed money	664	-	-	-	-	664
Customer deposits	24,843	-	-	-	-	24,843
Municipal court bonds	23,054	-	-	-	-	23,054
Due to other funds	5,526	-	-	-	4,992	10,518
Total Liabilities	244,568	-	285,777	187,162	9,205	726,712
Deferred inflows of resources						
Unavailable revenues	50,000	-	148,883	-	-	198,883
Fund balances:						
Nonspendable:						
Prepaid Items	178,657	-	-	-	-	178,657
Advances to other funds	75,200	-	-	-	-	75,200
Restricted:						
Capital projects	-	-	-	-	1,006,126	1,006,126
Debt service	-	-	-	500,000	469,053	969,053
Public Health	-	782,214	-	-	-	782,214
Parks and recreation	60,000	-	-	-	292,109	352,109
Community development	-	-	-	-	601,172	601,172
Infrastructure project	-	-	79,782	-	-	79,782
Committed:						
Economic development	-	-	-	445,166	-	445,166
Assigned:						
Capital projects	-	-	-	-	169,388	169,388
Fire truck	250,000	-	-	-	-	250,000
Unassigned	1,836,340	-	-	-	-	1,836,340
Total fund balance	2,400,197	782,214	79,782	945,166	2,537,848	6,745,207
Total liabilities, deferred inflows and fund balances	\$ 2,694,765	\$ 782,214	\$ 514,442	\$ 1,132,328	\$ 2,547,053	\$ 7,670,802

CITY OF SUGAR CREEK, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
September 30, 2014

Fund balances of governmental funds	\$ 6,745,207
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	11,633,346
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Long-term liabilities	(6,270,779)
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the governmental funds.	198,883
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.	(62,211)
Net position of governmental activities	<u><u>\$ 12,244,446</u></u>

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, 2014

	General	Public Health	State Gasoline Tax	Four Trails Landing Development	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 3,556,944	\$ 68,038	\$ -	\$ -	\$ 434,512	\$ 4,059,494
Intergovernmental	26,556	-	1,235,351	-	18,200	1,280,107
Charges for services	66,708	-	-	-	-	66,708
Rentals	76,100	-	-	-	-	76,100
Fines and forfeitures	146,791	-	-	-	-	146,791
Payments in lieu of tax	27,688	-	-	-	-	27,688
Contractual agreements	129,916	-	-	-	-	129,916
Licenses and permits	104,990	-	-	-	-	104,990
Interest	10,912	2,430	-	-	5,390	18,732
Other	79,173	-	5,446	-	-	84,619
Total Revenues	4,225,778	70,468	1,240,797	-	458,102	5,995,145
Expenditures:						
Current:						
General administration	1,203,068	1,063	-	36,451	846	1,241,428
Public safety	1,931,181	-	-	-	-	1,931,181
Streets and public works	739,796	-	1,921,473	-	40,081	2,701,350
Economic development	-	-	-	-	512	512
Parks and recreation	262,685	-	-	-	6,663	269,348
Debt service:						
Principal	11,877	-	-	182,195	60,000	254,072
Interest and fiscal charges	2,872	-	-	114,333	154,485	271,690
Total Expenditures	4,151,479	1,063	1,921,473	332,979	262,587	6,669,581
Excess of Revenues Over (Under) Expenditures	74,299	69,405	(680,676)	(332,979)	195,515	(674,436)
Other financing sources (uses):						
Transfers in	-	-	-	332,979	198,077	531,056
Transfers out	(334,979)	-	-	-	(196,077)	(531,056)
Total Other Financing Sources (Uses)	(334,979)	-	-	332,979	2,000	-
Net change in fund balances	(260,680)	69,405	(680,676)	-	197,515	(674,436)
Fund balances, beginning of year	2,660,877	712,809	760,458	945,166	2,340,333	7,419,643
Fund balances, end of year	\$ 2,400,197	\$ 782,214	\$ 79,782	\$ 945,166	\$ 2,537,848	\$ 6,745,207

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 -
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014**

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

Net change in fund balances - total governmental funds	\$ (674,436)
<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	1,073,868
Depreciation	(463,474)
Disposal of capital assets	(3,679)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the governmental funds.</p>	
Other revenues	53,720
<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 position.</p>	
Changes in long-term debt, net	254,072
Development obligations, net	(36,713)
Changes in unamortized bond issuance discount	(3,058)
Changes in accrued interest expense	(38,081)
<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	(25,203)
Change in net position of governmental activities	\$ 137,016

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Net Position
Proprietary Funds
September 30, 2014

	Water	Sanitary Sewer	Sanitation	Totals
Assets				
Current assets:				
Pooled cash and investments	\$ 158,496	\$ 421,733	\$ 31,811	\$ 612,040
Receivables, net:				
Accounts and other	41,934	165,874	44,157	251,965
Contractual agreements	-	88,333	-	88,333
Special assessments	-	4,749	-	4,749
Accrued interest	341	831	57	1,229
Due from other governments	12,222	-	-	12,222
Prepaid expenses	4,407	4,777	6,611	15,795
Restricted cash and investments	83,567	8,270	-	91,837
Total current assets	<u>300,967</u>	<u>694,567</u>	<u>82,636</u>	<u>1,078,170</u>
Noncurrent assets:				
Receivables, net:				
Special assessments	-	17,782	-	17,782
Capital assets:				
Not being depreciated	-	22,921	-	22,921
Being depreciated, net of depreciation	180,469	799,239	27,308	1,007,016
Total noncurrent assets	<u>180,469</u>	<u>839,942</u>	<u>27,308</u>	<u>1,047,719</u>
Total assets	<u>481,436</u>	<u>1,534,509</u>	<u>109,944</u>	<u>2,125,889</u>
Liabilities				
Current liabilities:				
Accounts payable	23,925	133,080	4,100	161,105
Accrued liabilities	7,037	1,657	5,654	14,348
Compensated absences	-	-	3,901	3,901
Current liabilities (payable from restricted assets):				
Customer deposits	83,567	-	-	83,567
Total current liabilities:	<u>114,529</u>	<u>134,737</u>	<u>13,655</u>	<u>262,921</u>
Long-term liabilities:				
Due to other funds	-	75,200	-	75,200
Net pension obligation and OPEB	2,011	915	8,791	11,717
Total long-term liabilities:	<u>2,011</u>	<u>76,115</u>	<u>8,791</u>	<u>86,917</u>
Total liabilities	<u>116,540</u>	<u>210,852</u>	<u>22,446</u>	<u>349,838</u>
Net position				
Net investment in capital assets	180,469	822,160	27,308	1,029,937
Unrestricted	184,427	501,497	60,190	746,114
Total net position	<u>\$ 364,896</u>	<u>\$ 1,323,657</u>	<u>\$ 87,498</u>	<u>\$ 1,776,051</u>

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2014

	Water	Sanitary Sewer	Sanitation	Totals
Operating revenues:				
Charges for services	\$ 271,052	\$ 798,446	\$ 212,407	\$ 1,281,905
Total operating revenues	<u>271,052</u>	<u>798,446</u>	<u>212,407</u>	<u>1,281,905</u>
Operating expenses:				
Personal services	125,651	51,812	208,323	385,786
Contractual services	61,981	672,784	20,349	755,114
Materials and supplies	64,278	4,182	14,098	82,558
Cost of water purchased	97,596	-	-	97,596
Depreciation	18,023	36,886	14,040	68,949
Other	-	31	-	31
Total operating expenses	<u>367,529</u>	<u>765,695</u>	<u>256,810</u>	<u>1,390,034</u>
Operating income (loss)	<u>(96,477)</u>	<u>32,751</u>	<u>(44,403)</u>	<u>(108,129)</u>
Nonoperating revenues:				
Intergovernmental	24,300	-	-	24,300
Interest income	527	1,334	(56)	1,805
Total nonoperating revenues	<u>24,827</u>	<u>1,334</u>	<u>(56)</u>	<u>26,105</u>
Change in net position	(71,650)	34,085	(44,459)	(82,024)
Total net position, beginning of year	436,546	1,289,572	131,957	1,858,075
Total net position, end of year	<u>\$ 364,896</u>	<u>\$ 1,323,657</u>	<u>\$ 87,498</u>	<u>\$ 1,776,051</u>

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2014

	Water	Sanitary Sewer	Sanitation	Totals
Cash flows provided by (used in) operating activities:				
Receipts from customers and others	\$ 299,553	\$ 785,337	\$ 218,440	\$ 1,303,330
Payments to suppliers	(216,869)	(673,066)	(32,601)	(922,536)
Payments to employees	(121,022)	(51,396)	(206,089)	(378,507)
Net cash provided by (used in) operating activities	<u>(38,338)</u>	<u>60,875</u>	<u>(20,250)</u>	<u>2,287</u>
Cash Flows Provided by (used in) Noncapital Financing Activities:				
Negative cash balance implicitly financed	-	-	342	342
Net Cash Flows Provided by (used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>342</u>	<u>342</u>
Cash flows provided by (used in) investing activities:				
Interest received	567	852	19	1,438
Purchases of certificates of deposit	(229,090)	(294,211)	(32,153)	(555,454)
Maturity of certificates of deposit	267,129	259,747	37,179	564,055
Net cash flows provided by (used in) investing activities	<u>38,606</u>	<u>(33,612)</u>	<u>5,045</u>	<u>10,039</u>
Cash flows provided by (used in) capital and related financing activities:				
Purchases of capital assets	(5,000)	(22,921)	-	(27,921)
Special assessments received	-	(16,791)	-	(16,791)
Net cash flows provided by (used in) capital and related financing activities	<u>(5,000)</u>	<u>(39,712)</u>	<u>-</u>	<u>(44,712)</u>
Net change in cash and equivalents	(4,732)	(12,449)	(14,863)	(32,044)
Cash and equivalents, beginning of year	13,205	62,289	14,863	90,357
Cash and equivalents, end of year	8,473	49,840	-	58,313
Long-term certificates of deposit	233,590	380,163	31,811	645,564
Total cash and investments reported on the Statement of Net Position	<u>\$ 242,063</u>	<u>\$ 430,003</u>	<u>\$ 31,811</u>	<u>\$ 703,877</u>
Cash and investments reported on the Statement of Net Position				
Pooled cash and investments	\$ 158,496	\$ 421,733	\$ 31,811	\$ 612,040
Restricted cash and investments	83,567	8,270	-	91,837
Total cash and investments	<u>\$ 242,063</u>	<u>\$ 430,003</u>	<u>\$ 31,811</u>	<u>\$ 703,877</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (96,477)	\$ 32,751	\$ (44,403)	\$ (108,129)
Adjustments to reconcile operating loss to net cash used by operations:				
Depreciation	18,023	36,886	14,040	68,949
Change in compensated absences, OPEB, and net pension obligations	-	-	1,303	1,303
Nonoperating revenues	24,300	-	-	24,300
Changes in:				
Receivables	14,608	(13,109)	6,033	7,532
Due from other governments	(12,222)	-	-	(12,222)
Prepaid expenses and deposits	(1,752)	(1,438)	(1,300)	(4,490)
Accounts payable	8,738	5,369	3,146	17,253
Accrued liabilities	4,629	416	931	5,976
Customer deposits	1,815	-	-	1,815
Net cash provided by (used in) operating activities	<u>\$ (38,338)</u>	<u>\$ 60,875</u>	<u>\$ (20,250)</u>	<u>\$ 2,287</u>

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

(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 resulting from the financial burden imposed as the IDA has entered into a promissory note agreement with a bank and has leased certain development properties to the City as further discussed in Note 8(D). The IDA's total debt outstanding is expected to be repaid entirely with the resources of the primary government. The activities of the IDA are reflected in the Four Trials Landing 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 position 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, 2014

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

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.

Four Trials Landing Development Fund (formally known as the Sugarland Development Fund and the Heritage Ridge Development Fund) – to account for the activities and obligations related to the Four Trials Landing 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, 2014

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 position 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, 2014

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 position 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 the their respective Proprietary Fund net of an allowance for doubtful accounts.

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.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position 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

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

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 Outflows/inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Currently, the City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to taxes, fees, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 statement of net position.

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, 2014

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

In the fund financial statements, governmental funds 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 determined by a formal action of passing an ordinance by the Board of Aldermen, the City's highest level of decision-making authority. Any changes or removal of specific purpose requires the same action by 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 do not meet the criteria to be classified as committed. In accordance with the approved City policy only the Board of Alderman has the authority to assign amounts for a specific purpose 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 Position Classifications

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

- (1) Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net position – consisting of net position 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 position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

M. Expenditures in Excess of Budget Appropriations

In violation of the budget ordinance, actual expenditures exceeded budgeted appropriations in the State Gasoline Tax Fund by \$180,473.

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.

O. Missouri Revised Statutes

RSMo section 302.341 requires the City to annually calculate the percentage of its general revenue that comes from traffic violations. Any such revenues that exceed 30% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue. In the current year, the City has reported fines and forfeitures, which includes traffic violations and other additional items, in the amount of \$146,791. This amount is approximately 3% of total general revenues of \$4,225,778 and, accordingly, the City believes that they are in compliance with the requirements of the Statute.

(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 Position is as follows:

Cash on hand	\$	700
Demand deposits		1,918,155
Certificates of deposits		3,824,704
Restricted cash equivalents held in trust		267,155
	\$	<u>6,010,714</u>
		Government-wide statement of net position
		<hr/>
Pooled cash and investments	\$	4,987,079
Restricted cash and investments		1,023,635
	\$	<u>6,010,714</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

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, 2014, 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, 2014.

(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, 2013, was \$43,494,981.

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:

	General Fund	Public Health Fund	Other Nonmajor Funds	Total
Franchise taxes	\$ 1,552,020	\$ -	\$ 3,200	\$ 1,555,220
Gross receipts taxes	1,065,775	-	-	1,065,775
Property taxes	509,530	68,038	25,239	602,807
Sales and use taxes	357,072	-	406,073	763,145
Other taxes	72,547	-	-	72,547
	\$ 3,556,944	\$ 68,038	\$ 434,512	\$ 4,059,494

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

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, 2014:

	General Fund	Public Health Fund	Other Nonmajor Funds	Total
Franchise taxes	\$ 138,275	\$ -	\$ -	\$ 138,275
Gross receipts taxes	304,236	-	-	304,236
Property taxes	64,412	13,679	-	78,091
Sales and use taxes	55,845	-	58,150	113,995
	<u>\$ 562,768</u>	<u>\$ 13,679</u>	<u>\$ 58,150</u>	<u>\$ 634,597</u>

(4) Intergovernmental Revenue/Receivables

Intergovernmental revenue during the year consisted of the following:

	General Fund	State Gasoline Tax	Other Nonmajor Funds	Total
Grants - Federal, State and Local	\$ 26,556	\$ 1,108,917	\$ -	\$ 1,135,473
State:				
Motor vehicle sales tax	-	86,311	-	86,311
Motor vehicle fuel tax	-	25,974	-	25,974
Motor vehicle license and title transfer fees	-	14,149	-	14,149
Local:				
Tax increment financing revenues	-	-	18,200	18,200
Total Intergovernmental Revenue	<u>\$ 26,556</u>	<u>\$ 1,235,351</u>	<u>\$ 18,200</u>	<u>\$ 1,280,107</u>

Amounts due from other governments at September 30, 2014, were as follows:

	General Fund	State Gasoline Tax	Other Nonmajor Funds	Total
Grants - federal, state, and local	\$ 5,070	\$ 228,621	\$ -	\$ 233,691
State:				
Motor vehicle sales tax	-	14,845	-	14,845
Motor vehicle fuel tax	-	4,666	-	4,666
Motor vehicle license and title transfer fees	-	2,253	-	2,253
Local:				
Tax increment financing revenues	-	-	8,232	8,232
Total due from other governments	<u>\$ 5,070</u>	<u>\$ 250,385</u>	<u>\$ 8,232</u>	<u>\$ 263,687</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

(5) Interfund Activity

Transfers between funds for the year ended September 30, 2014 were as follows:

	<u>Transfers Out:</u>		
	<u>Other</u>		
	<u>General</u>	<u>Governmental</u>	<u>Total</u>
		<u>Funds</u>	
Transfers In:			
Governmental activities:			
Four Trails Landing Development	\$ 332,979	\$ -	\$ 332,979
Other Governmental Funds	<u>2,000</u>	<u>196,077</u>	<u>198,077</u>
Total	<u>\$ 334,979</u>	<u>\$ 196,077</u>	<u>\$ 531,056</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 Four Trails Landing debt service and development costs. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

Amount due to/due from other funds as of September 30, 2014 were as follows:

	<u>Due to:</u>		
	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	
Due from:			
Governmental activities:			
General Fund	\$ -	\$ 5,526	\$ 5,526
Nonmajor governmental	<u>-</u>	<u>4,992</u>	<u>4,992</u>
Total governmental activities	<u>-</u>	<u>10,518</u>	<u>10,518</u>
Business-type activities:			
Sanitary Sewer Fund	<u>75,200</u>	<u>-</u>	<u>75,200</u>
Total business-type activities	<u>75,200</u>	<u>-</u>	<u>75,200</u>
Total	<u>\$ 75,200</u>	<u>\$ 10,518</u>	<u>\$ 85,718</u>

Interfund balances regarding the Sanitary Sewer Fund were used to pay for certain capital assets acquisitions in prior years. Other interfund balances represent certain taxes collected by the General Fund and sales tax funds that are payable to the Eagle Materials TIF fund (formally known as the Lafarge TIF fund) to service the related TIF developer obligation.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

(6) Capital Assets

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

Governmental activities:	September 30,		September 30,	
	2013	Additions	Retirements	2014
Capital assets, not being depreciated				
Land and improvements	\$ 1,914,337	\$ -	\$ -	\$ 1,914,337
Construction in progress	2,934,693	816,303	2,658,942	1,092,054
Total capital assets, not being depreciated	<u>4,849,030</u>	<u>816,303</u>	<u>2,658,942</u>	<u>3,006,391</u>
Capital assets, being depreciated				
Buildings	6,283,020	12,212	-	6,295,232
Equipment and vehicles	2,778,148	57,628	226,882	2,608,894
Office Equipment	489,674	11,928	24,802	476,800
Infrastructure	4,030,977	2,834,739	-	6,865,716
Total capital assets being depreciated	<u>13,581,819</u>	<u>2,916,507</u>	<u>251,684</u>	<u>16,246,642</u>
Less accumulated depreciation for:				
Buildings	1,816,853	204,306	-	2,021,159
Equipment and vehicles	2,185,003	143,926	226,806	2,102,123
Office Equipment	378,198	34,622	21,199	391,621
Infrastructure	3,024,164	80,620	-	3,104,784
Total accumulated depreciation	<u>7,404,218</u>	<u>463,474</u>	<u>248,005</u>	<u>7,619,687</u>
Total capital assets being depreciated, net	<u>6,177,601</u>			<u>8,626,955</u>
Total governmental activities capital assets, net	<u>\$ 11,026,631</u>			<u>\$ 11,633,346</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

	September 30, 2013	Additions	Retirements	September 30, 2014
Business-type activates:				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 22,921	\$ -	\$ 22,921
Total capital assets, not being depreciated	-	22,921	-	22,921
Capital assets, being depreciated				
Equipment and vehicles	650,669	5,000	5,000	650,669
Sewer and water lines	2,572,027	-	-	2,572,027
Total capital assets being depreciated	3,222,696	5,000	5,000	3,222,696
Less accumulated depreciation for:				
Equipment and vehicles	549,086	24,127	5,000	568,213
Sewer and water lines	1,602,645	44,822	-	1,647,467
Total accumulated depreciation	2,151,731	68,949	5,000	2,215,680
Total capital assets being depreciated, net	1,070,965			1,007,016
Business-type activates capital assets, net	<u>\$ 1,070,965</u>			<u>\$ 1,029,937</u>

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

Governmental activities	
General administration	\$ 22,933
Public safety	182,435
Streets and public works	232,151
Parks and recreation	25,955
Total depreciation expense for governmental activities	<u>\$ 463,474</u>
Business-type activities	
Water	\$ 18,023
Sewer	36,886
Sanitation	14,040
Total depreciation expense for business-type activities	<u>\$ 68,949</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

(7) Long Term Debt

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

	Beginning of Year	Adjustments/ Additions	Adjustments/ Retirements	End of Year	Due Within One Year
Governmental Activities:					
* Compensated absences	\$ 146,488	\$ 154,312	\$ 141,742	\$ 159,058	\$ 111,752
* Other post employment benefits	86,224	12,713	-	98,937	-
* Net pension obligation	53,753	-	80	53,673	-
Certificates of participation	2,430,000	-	60,000	2,370,000	60,000
Discount on issuance	(62,183)	-	(3,058)	(59,125)	(3,058)
Energy Loan	82,714	-	11,877	70,837	12,309
Developer agreement - TIF	1,541,483	36,713	-	1,578,196	94,098
Subtotal	<u>4,278,479</u>	<u>203,738</u>	<u>210,641</u>	<u>4,271,576</u>	<u>275,101</u>
Bank promissory note	2,181,398	-	182,195	1,999,203	1,999,203
Total	<u>\$ 6,459,877</u>	<u>\$ 203,738</u>	<u>\$ 392,836</u>	<u>\$ 6,270,779</u>	<u>\$ 2,274,304</u>
Business-type Activates:					
Compensated absences	\$ 3,168	\$ 5,172	\$ 4,439	\$ 3,901	\$ 3,901
Net pension obligation	7,093	-	-	7,093	-
Other post employment benefits	4,054	570	-	4,624	-
Total	<u>\$ 14,315</u>	<u>\$ 5,742</u>	<u>\$ 4,439</u>	<u>\$ 15,618</u>	<u>\$ 3,901</u>

* 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 Four Trails Landing Development (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%.

B. Energy Efficiency Loan

During fiscal year 2012, the City entered into a loan agreement with the Missouri Department of Natural Resources for the purpose of improving the energy efficiency of City buildings. The total amount of the non-interest bearing loan was \$107,984. For financial reporting, the principal and interest payments were calculated based on the City's imputed interest rate of 3.6%. Principal and interest payments are due semi-annually beginning February 1, 2013 through February 1, 2020 with principal payments ranging from \$4,741 to \$14,197.

C. Developer Agreement – Eagle Materials TIF (Formally 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. In 2012, Eagle Materials acquired LaFarge North America.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

At September 30, 2014, the total obligation under this agreement was \$1,578,196. 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 \$16,360. Incremental revenues from the City were \$77,422 in sales taxes, property taxes, and franchise taxes. Subsequent to year end the City made a debt service payment of \$68,349.

D. Four Trials Landing Development (formally known as Sugarland Development and Heritage Ridge Development)

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. 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 of Kansas City (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.
2. 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. The note was scheduled to mature on July 31, 2012. The loan agreement also provided that upon the IDA entering into said agreement, the Developer shall receive a full release from the Bank of Kansas City for the Project Loans and all other liability to the Bank of Kansas City associated with the project.

In 2012, the IDA and the Bank modified the agreement to extend the maturity date to July 31, 2014. In addition, payment terms were modified to also include principal payments commencing March 1, 2013 on the outstanding balance as of January 31, 2013. Principal installments shall be in an amount sufficient to fully amortize the principal amount outstanding on January 31, 2013 over an amortization period of ten (10) years. On July 31, 2014, the loan terms required the City to pay the remaining principal balance plus any accrued and unpaid interest due to the Bank.

In October 2014, the IDA and the Bank modified the agreement, effective July 31, 2014 to extend the maturity date to December 31, 2014. The loan agreement required principal payments of \$15,169 and interest payments through September 2014 and interest only payments thereafter. The outstanding principal balance and interest was due on December 31, 2014. A fourth modification to the agreement was executed in February 2015 which extended the maturity date to June 30, 2015. The payment terms required interest only payments on the outstanding balance beginning January 1, 2015 and the outstanding principal and unpaid interest to be paid on June 30, 2015.

3. The City assumed responsibility for the payment of certain project vendors at a cost of \$201,403.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

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.

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 IDA and the City modified the Lease Agreement to extend the final renewal term to not exceed December 31, 2014. In January 2015 the Lease Agreement was amended to extend the final renewal term to not exceed September 30, 2015.

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.

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. 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 September 30, 2013	Additions	Reductions	Balance at September 30, 2014
Property Held for Redevelopment	\$ 1,128,719	\$ -	\$ -	\$ 1,128,719

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

In September, 2012, the City entered into a tax increment financing contract with Edwards Management Group, LLC (Edwards). Edwards had not provided the City with the required project financing plan within the 60 days of the effective date of the contract thus effectively putting the project on hold.

During the year, the City was notified by Edwards that a new anchor tenant lease was executed. On February 26, 2014, the first amended and restated tax increment financing contract with Edwards was approved by the Board of Aldermen.

Under the first amended and restated contract, proposed project financing may include a combination of private funds, issuance of tax increment financing bonds, and establishing a community improvement district. The City has been notified by the Missouri Department of Economic Development that the City's request for a Community Development Block Grant has been internally recommended for approval. The grant amount, if final approval is received, is anticipated to be \$500,000 to be used for certain qualifying construction costs. The City has also applied for project funding under the State of Missouri's Missouri Downtown Economic Stimulus Act (MODESA). The Missouri Department of Economic Development has requested an updated application which could lead to additional State funding for the project.

On August 20, 2014 the City sent to Edwards a notice of default of the terms of the first amended and restated contract regarding Edwards' failure to comply with the provisions of the contract. On November 24, 2014 the City adopted an ordinance terminating the contract with Edwards. Subsequent to year end, Edwards has informed the City that it disputes the City's actions to terminate the contract.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

E. Future Debt Service Requirements

The estimated annual payments required to retire the City's debt obligations are as follows:

	Certificates of Participation		Developer Agreement - Eagle Materials TIF		Bank Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 60,000	\$ 133,875	\$ 94,098	\$ 93,114	\$ 1,999,203	\$ 66,440
2016	65,000	131,125	99,650	87,562	-	-
2017	70,000	127,750	105,530	81,682	-	-
2018	70,000	124,250	111,756	75,456	-	-
2019	75,000	120,625	118,349	68,863	-	-
2020-2024	430,000	538,626	705,098	230,960	-	-
2025-2029	570,000	398,750	343,715	30,709	-	-
2030-2034	1,030,000	192,000	-	-	-	-
Totals	\$ 2,370,000	\$ 1,767,001	\$ 1,578,196	\$ 668,346	\$ 1,999,203	\$ 66,440

	Energy Loan		Total	
	Principal	Interest	Principal	Interest
2015	\$ 12,309	\$ 2,440	\$ 2,165,610	\$ 295,869
2016	12,756	1,993	177,406	220,680
2017	13,219	1,530	188,749	210,962
2018	13,699	1,050	195,455	200,756
2019	14,197	552	207,546	190,040
2020-2024	4,657	84	1,139,755	769,670
2025-2029	-	-	913,715	429,459
2030-2034	-	-	1,030,000	192,000
Totals	\$ 70,837	\$ 7,649	\$ 6,018,236	\$ 2,509,436

(8) 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, 2014, the City's portion of the shared costs was \$538,920.

(9) 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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

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 7.5% (general), 2.3% (police), and 2.4% (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, 2014 are as follows:

	Total Primary Government
Annual required contribution	\$ 111,474
Interest on net pension obligation	4,411
Adjustment to annual required contribution	(4,825)
Annual pension cost (APC)	<u>111,060</u>
Actual contributions	<u>111,140</u>
Change in net pension obligation (NPO)	(80)
NPO - beginning of year	<u>60,846</u>
NPO - end of year	<u><u>\$ 60,766</u></u>

The City's annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 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 years 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 28, 2011 was thirty years for the general division, 14 years for police division, and 15 years for the fire division. The amortization period as of February 29, 2012 was thirty years for the general division, 15 years for police division, and 19 years for the fire division. The equivalent single amortization period is 27 years.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 125,903	80%	\$ 55,178
9/30/2013	118,931	95%	60,846
9/30/2014	111,060	100%	60,766

Funded Status and Funding Progress

As of February 28, 2014, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City was \$5,444,722. The actuarial value of assets was \$7,092,306, which results in an excess funding of the actuarial accrued liability (UAL) of \$1,647,584 and a funded ratio of 130 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$2,085,202, which results in a ratio of the excess funding of the UAL to the covered payroll of 79 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.

(10) 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).

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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

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.

	Total Primary Government
Annual required contribution	\$ 16,524
Interest on net OPEB obligation	4,063
Adjustment to annual required contribution	(5,304)
Annual OPEB cost	<u>15,283</u>
Less: Net employer contributions	2,000
Change in net OPEB obligation	<u>13,283</u>
OPEB - beginning of year	90,278
OPEB - end of year	<u>\$ 103,561</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, 2014 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	\$ 17,580	0.00%	\$ 72,753
9/30/2014	17,525	0.00%	90,278
9/30/2014	15,283	13.09%	103,561

Funded Status and Funding Progress

As of July 1, 2013, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$118,674. 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 \$2,067,633, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 5.7 percent.

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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

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, 2013 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 4.50 percent investment rate of return and a 2.5 percent inflation rate. The actuarial assumptions for healthcare cost trend which includes the inflation rate assumption of 7.0 percent for the first year and then declining by 0.25 percent per year until 5.0 percent is reached. The 5.0 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.

(11) 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 and short-term disability. The amount of settlements has not exceeded the City's insurance coverage in any of the past three fiscal years.

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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

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, 2014, the aggregate principal amount payable on the bonds was \$103,000,000. During November 2012, Eagle Material purchased the Lafarge Sugar Creek assets and the Mayor and Board of Aldermen approved transferring the Chapter 100 Agreement and bonds to Eagle Materials. \$47,000,000 of the tax exempt Chapter 100 Bonds were paid in full by Lafarge at closing.

E. 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. In 2012, an amendment to the funding agreement between the City and the Missouri Department of Transportation was approved increasing the federal funding amount not to exceed \$8,490,498 including providing for 100% of costs for certain items.

During the year ended September 30, 2014, expenditures related to the project totaled \$1,289,596.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2014

(12) Subsequent Events

The City evaluated subsequent events through March 27, 2015, the date the financial statements were available to be issued. In addition to the events previously disclosed in Note 7, the following significant events occurred subsequent to September 30, 2014;

In November 2014, the City entered into a Master Equipment Lease Purchase Agreement with Community First National Bank for a 2015 Toyne Fire Pumper. The agreement includes a \$250,000 down payment to be paid by the City and the balance of \$135,962 to be paid in three annual installments of \$48,073 due beginning December 1, 2015. The agreement provides for a purchase option price of \$47,200 in December 2016.

In February 2015 the City entered into a Memorandum of Understanding (MOU) with RH Johnson Company, LLC to be the developer of certain property related to the Four Trials Landing Development referred in Note 7(d). The MOU outlines the mutual understandings of both parties to pursue in good faith any and all actions, tenants, concept plans and/or agreements necessary to determine if the project is financially feasible and to present the finding to the City.

CITY OF SUGAR CREEK, MISSOURI

Required Supplementary Information

September 30, 2014

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 – Public Health Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – State Gasoline Tax Fund
- Schedules 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.

Schedule 1

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, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 3,418,257	\$ 3,418,257	\$ 3,556,944	\$ 138,687
Intergovernmental	42,300	42,300	26,556	(15,744)
Rentals	73,705	73,705	76,100	2,395
Fines and forfeitures	321,449	321,449	146,791	(174,658)
Payment in lieu of taxes	28,147	28,147	27,688	(459)
Contractual agreements	107,193	107,193	129,916	22,723
Licenses, permits, and fees	88,320	88,320	104,990	16,670
Interest	8,500	8,500	10,912	2,412
Charges for services	66,190	77,793	66,708	(11,085)
Other	12,910	12,910	79,173	66,263
Total Revenues	4,166,971	4,178,574	4,225,778	47,204
Expenditures:				
Current:				
General administration	1,338,257	1,357,457	1,203,068	154,389
Public safety	1,923,860	1,933,860	1,931,181	2,679
Streets and public works	792,904	823,609	739,796	83,813
Parks and recreation	222,629	272,629	262,685	9,944
Debt Service:				
Principal	-	-	11,877	(11,877)
Interest and fiscal charges	14,750	14,750	2,872	11,878
Total Expenditures	4,292,400	4,402,305	4,151,479	250,826
Excess of Revenues Over (Under) Expenditures	(125,429)	(223,731)	74,299	298,030
Other Financing Sources (Uses):				
Transfers out	(338,000)	(358,000)	(334,979)	23,021
Total Other Financing Sources (Uses)	(338,000)	(358,000)	(334,979)	23,021
Change in fund balance	\$ (463,429)	\$ (581,731)	(260,680)	\$ 321,051
Fund Balances, Beginning of Year			2,660,877	
Fund Balances, End of Year			\$ 2,400,197	

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

Schedule 2

CITY OF SUGAR CREEK, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Public Health Fund
Year Ended September 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 64,586	\$ 64,586	\$ 68,038	\$ 3,452
Interest	1,700	1,700	2,430	730
Total Revenues	<u>66,286</u>	<u>66,286</u>	<u>70,468</u>	<u>4,182</u>
Expenditures:				
General administration	1,265	1,265	1,063	202
Health and welfare	<u>155,000</u>	<u>155,000</u>	-	<u>155,000</u>
Total Expenditures	<u>156,265</u>	<u>156,265</u>	<u>1,063</u>	<u>155,202</u>
Change in fund balance	<u>\$ (89,979)</u>	<u>\$ (89,979)</u>	69,405	<u>\$ 159,384</u>
Fund Balances, Beginning of Year			<u>712,809</u>	
Fund Balances, End of Year			<u>\$ 782,214</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, 2014

	2014		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intergovernmental	\$ 279,800	\$ 1,279,800	\$ 1,235,351	\$ (44,449)
Other	-	6,000	5,446	(554)
Total Revenues	<u>279,800</u>	<u>1,285,800</u>	<u>1,240,797</u>	<u>(45,003)</u>
Expenditures:				
Streets and public works	429,000	1,741,000	1,921,473	(180,473)
Total Expenditures	<u>429,000</u>	<u>1,741,000</u>	<u>1,921,473</u>	<u>(180,473)</u>
Change in fund balance	<u>\$ (149,200)</u>	<u>\$ (455,200)</u>	(680,676)	<u>\$ (225,476)</u>
Fund Balance, Beginning of Year			<u>760,458</u>	
Fund Balance, End of Year			<u>\$ 79,782</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, 2014

Employees Retirement System

Fiscal year	Actuarial valuation date	(a) Actuarial value of assets	(b) actuarial accrued liability	(b) - (a) Unfunded (assets in excess of) accrued liability (UAL)	(a)/(b) Funded ratio	(c) Annual covered payroll	(b)-(a)/(c) UAL as a percentage of covered payroll
9/30/2012	2/28/2012	\$ 6,108,491	\$ 5,341,693	\$ (766,798)	114%	\$ 2,249,022	-34%
9/30/2013	2/29/2013	6,225,634	5,258,631	(967,003)	118%	2,134,741	-45%
9/30/2014	2/28/2014	7,092,306	5,444,722	(1,647,584)	130%	2,085,202	-79%

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 years	Actuarial valuation date	(a) Actuarial value of assets	(b) actuarial accrued liability	(b) - (a) Unfunded accrued liability (UAL)	(a)/(b) Funded ratio	(c) Annual covered payroll	(b)-(a)/(c) UAL as a percentage of covered payroll
2010/2011	7/1/2009	\$ -	\$ 83,181	\$ 83,181	0%	\$ 2,153,047	4%
2012/2013	7/1/2011	-	82,937	82,937	0%	2,146,536	4%
2014/2015	7/1/2013	-	118,674	118,674	0%	2,067,633	6%

**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.

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

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 Funds 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 – Eagle Materials TIF – used to account for the tax increment financing revenues and the related TIF obligation to Eagle Materials.

CITY OF SUGAR CREEK, MISSOURI
Combining Balance Sheet - Non-major Governmental Funds
September 30, 2014

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds		Totals
	Reuse Agreement	Combined Sales Tax Funds	Capital Improvement	Revolving Improvement	Certificates of Participation	TIF Fund	
Assets							
Pooled cash and investments	\$ 110,144	\$ 1,249,668	\$ 55,012	\$ 114,038	\$ -	\$ 71,447	\$ 1,600,309
Receivables:							
Taxes	-	55,847	-	-	-	2,303	58,150
Accrued interest	2,078	1,925	133	205	-	-	4,341
Due from other governments	-	-	-	-	-	8,232	8,232
Due from other funds	-	-	-	-	-	10,518	10,518
Restricted assets - cash and cash investments	488,950	-	-	-	376,553	-	865,503
Total Assets	<u>\$ 601,172</u>	<u>\$ 1,307,440</u>	<u>\$ 55,145</u>	<u>\$ 114,243</u>	<u>\$ 376,553</u>	<u>\$ 92,500</u>	<u>\$ 2,547,053</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ 4,213	\$ -	\$ -	\$ -	\$ -	\$ 4,213
Due to other funds	-	4,992	-	-	-	-	4,992
Total Liabilities	<u>-</u>	<u>9,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,205</u>
Fund balances							
Restricted:							
Capital projects	-	1,006,126	-	-	-	-	1,006,126
Debt service	-	-	-	-	376,553	92,500	469,053
Parks and recreation	-	292,109	-	-	-	-	292,109
Community Development	601,172	-	-	-	-	-	601,172
Assigned:							
Capital projects	-	-	55,145	114,243	-	-	169,388
Total fund balances	<u>601,172</u>	<u>1,298,235</u>	<u>55,145</u>	<u>114,243</u>	<u>376,553</u>	<u>92,500</u>	<u>2,537,848</u>
Total liabilities and fund balances	<u>\$ 601,172</u>	<u>\$ 1,307,440</u>	<u>\$ 55,145</u>	<u>\$ 114,243</u>	<u>\$ 376,553</u>	<u>\$ 92,500</u>	<u>\$ 2,547,053</u>

CITY OF SUGAR CREEK, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended September 30, 2014

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds		Totals
	Reuse Agreement	Combined Sales Tax Funds	Capital Improvement	Revolving Improvement	Certificates of Participation	TIF Fund	
Revenues:							
Taxes	\$ -	\$ 357,090	\$ -	\$ -	\$ -	\$ 77,422	\$ 434,512
Intergovernmental	-	-	-	-	-	18,200	18,200
Interest	1,444	3,030	150	305	71	390	5,390
	<u>1,444</u>	<u>360,120</u>	<u>150</u>	<u>305</u>	<u>71</u>	<u>96,012</u>	<u>458,102</u>
Expenditures:							
Current:							
General administration	-	136	-	-	300	410	846
Streets and public works	-	40,081	-	-	-	-	40,081
Economic development	512	-	-	-	-	-	512
Parks and recreation	-	6,663	-	-	-	-	6,663
Debt service:							
Principal	-	-	-	-	60,000	-	60,000
Interest and fiscal charges	-	-	-	-	138,125	16,360	154,485
	<u>512</u>	<u>46,880</u>	<u>-</u>	<u>-</u>	<u>198,425</u>	<u>16,770</u>	<u>262,587</u>
Excess of Revenues Over (Under) Expenditures	932	313,240	150	305	(198,354)	79,242	195,515
Other financing sources (uses):							
Transfers in	-	-	-	-	198,077	-	198,077
Transfers out	-	(196,077)	-	-	-	-	(196,077)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(196,077)</u>	<u>-</u>	<u>-</u>	<u>198,077</u>	<u>-</u>	<u>2,000</u>
Change in fund balance	932	117,163	150	305	(277)	79,242	197,515
Fund Balances, Beginning of Year	<u>600,240</u>	<u>1,181,072</u>	<u>54,995</u>	<u>113,938</u>	<u>376,830</u>	<u>13,258</u>	<u>2,340,333</u>
Fund Balances, End of Year	<u>\$ 601,172</u>	<u>\$ 1,298,235</u>	<u>\$ 55,145</u>	<u>\$ 114,243</u>	<u>\$ 376,553</u>	<u>\$ 92,500</u>	<u>\$ 2,537,848</u>

CITY OF SUGAR CREEK, MISSOURI
Combining Balance Sheet - Non-major Sales Tax Funds
September 30, 2014

	Capital Improvement Sales Tax	Parks and Recreation Sales Tax	Stormwater Sales Tax	Totals
Assets				
Pooled cash and investments	\$ 500,741	\$ 283,480	\$ 465,447	\$ 1,249,668
Receivables:				
Taxes	27,923	13,962	13,962	55,847
Accrued interest	605	128	1,192	1,925
Total Assets	<u>\$ 529,269</u>	<u>\$ 297,570</u>	<u>\$ 480,601</u>	<u>\$ 1,307,440</u>
Liabilities				
Accounts payable	\$ -	\$ 4,213	\$ -	\$ 4,213
Due to other funds	2,496	1,248	1,248	4,992
Total Liabilities	<u>2,496</u>	<u>5,461</u>	<u>1,248</u>	<u>9,205</u>
Fund balances				
Restricted:				
Capital projects	526,773	-	479,353	1,006,126
Parks and recreation	-	292,109	-	292,109
Total fund balances	<u>526,773</u>	<u>292,109</u>	<u>479,353</u>	<u>1,298,235</u>
Total liabilities and fund balances	<u>\$ 529,269</u>	<u>\$ 297,570</u>	<u>\$ 480,601</u>	<u>\$ 1,307,440</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, 2014

	Capital Improvement Sales Tax	Parks and Recreation Sales Tax	Stormwater Sales Tax	Totals
Revenues:				
Taxes	\$ 178,540	\$ 89,272	\$ 89,278	\$ 357,090
Interest	1,147	259	1,624	3,030
	<u>179,687</u>	<u>89,531</u>	<u>90,902</u>	<u>360,120</u>
Expenditures:				
Current:				
General administration	-	-	136	136
Streets and public works	403	-	39,678	40,081
Parks and recreation	-	6,663	-	6,663
	<u>403</u>	<u>6,663</u>	<u>39,814</u>	<u>46,880</u>
Excess of Revenues Over (Under) Expenditures	179,284	82,868	51,088	313,240
Other financing sources (uses):				
Transfers out	<u>(196,077)</u>	-	-	<u>(196,077)</u>
Total Other Financing Sources	<u>(196,077)</u>	-	-	<u>(196,077)</u>
Change in fund balance	(16,793)	82,868	51,088	117,163
Fund Balances, Beginning of Year	<u>543,566</u>	<u>209,241</u>	<u>428,265</u>	<u>1,181,072</u>
Fund Balances, End of Year	<u>\$ 526,773</u>	<u>\$ 292,109</u>	<u>\$ 479,353</u>	<u>\$ 1,298,235</u>

**CITY OF SUGAR CREEK, MISSOURI
Reuse Agreement**

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2014**

	2014		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 500	\$ 500	\$ 1,444	\$ 944
Total Revenues	<u>500</u>	<u>500</u>	<u>1,444</u>	<u>944</u>
Expenditures:				
Economic development	700	700	512	188
Total Expenditures	<u>700</u>	<u>700</u>	<u>512</u>	<u>188</u>
Change in fund balance	<u>\$ (200)</u>	<u>\$ (200)</u>	932	<u>\$ 1,132</u>
Fund Balance, Beginning of Year			<u>600,240</u>	
Fund Balance, End of Year			<u>\$ 601,172</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, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 135,000	\$ 190,000	\$ 178,540	\$ (11,460)
Interest	550	550	1,147	597
Total Revenues	<u>135,550</u>	<u>190,550</u>	<u>179,687</u>	<u>(10,863)</u>
Expenditures:				
Streets and public works	580	1,580	403	1,177
Total Expenditures	<u>580</u>	<u>1,580</u>	<u>403</u>	<u>1,177</u>
Excess of Revenues Over (Under) Expenditures	134,970	188,970	179,284	(9,686)
Other financing (uses):				
Transfers out	<u>(196,125)</u>	<u>(196,125)</u>	<u>(196,077)</u>	<u>48</u>
Change in fund balance	<u>\$ (61,155)</u>	<u>\$ (7,155)</u>	(16,793)	<u>\$ (9,638)</u>
Fund Balance, Beginning of Year			<u>543,566</u>	
Fund Balance, End of Year			<u>\$ 526,773</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, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 67,500	\$ 99,825	\$ 89,272	\$ (10,553)
Interest	143	143	259	116
Total Revenues	<u>67,643</u>	<u>99,968</u>	<u>89,531</u>	<u>(10,437)</u>
Expenditures:				
Parks and recreation	42,280	42,280	6,663	35,617
Total Expenditures	<u>42,280</u>	<u>42,280</u>	<u>6,663</u>	<u>35,617</u>
Change in fund balance	<u>\$ 25,363</u>	<u>\$ 57,688</u>	82,868	<u>\$ 25,180</u>
Fund Balance, Beginning of Year			<u>209,241</u>	
Fund Balance, End of Year			<u>\$ 292,109</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, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 67,500	\$ 99,825	\$ 89,278	\$ (10,547)
Interest	50	50	1,624	1,574
Total Revenues	<u>67,550</u>	<u>99,875</u>	<u>90,902</u>	<u>(8,973)</u>
Expenditures:				
General administration	150	150	136	14
Streets and public works	10,000	45,000	39,678	5,322
Total Expenditures	<u>10,150</u>	<u>45,150</u>	<u>39,814</u>	<u>5,336</u>
Change in fund balance	<u>\$ 57,400</u>	<u>\$ 54,725</u>	51,088	<u>\$ (3,637)</u>
Fund Balance, Beginning of Year			<u>428,265</u>	
Fund Balance, End of Year			<u>\$ 479,353</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, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Interest	\$ 30	\$ 80	\$ 150	\$ 70
Total Revenues	<u>30</u>	<u>80</u>	<u>150</u>	<u>70</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>\$ 30</u>	<u>\$ 80</u>	150	<u>\$ 70</u>
Fund Balance, Beginning of Year			<u>54,995</u>	
Fund Balance, End of Year			<u>\$ 55,145</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, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Interest	\$ 100	\$ 250	\$ 305	\$ 55
Total Revenues	<u>100</u>	<u>250</u>	<u>305</u>	<u>55</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>\$ 100</u>	<u>\$ 250</u>	305	<u>\$ 55</u>
Fund Balance, Beginning of Year			<u>113,938</u>	
Fund Balance, End of Year			<u>\$ 114,243</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, 2014

	2014		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 50	\$ 50	\$ 71	\$ 21
Total Revenues	<u>50</u>	<u>50</u>	<u>71</u>	<u>21</u>
Expenditures:				
General administration	250	3,250	300	2,950
Debt service	<u>196,125</u>	<u>196,125</u>	<u>198,125</u>	<u>(2,000)</u>
Total Expenditures	<u>196,375</u>	<u>199,375</u>	<u>198,425</u>	<u>950</u>
Excess of Revenues Over (Under) Expenditures	<u>(196,325)</u>	<u>(199,325)</u>	<u>(198,354)</u>	<u>971</u>
Other Financing Sources:				
Transfers in	<u>196,125</u>	<u>198,125</u>	<u>198,077</u>	<u>(48)</u>
Total Other Financing Sources	<u>196,125</u>	<u>198,125</u>	<u>198,077</u>	<u>(48)</u>
Change in fund balance	<u>\$ (200)</u>	<u>\$ (1,200)</u>	<u>(277)</u>	<u>\$ 923</u>
Fund Balance, Beginning of Year			<u>376,830</u>	
Fund Balance, End of Year			<u>\$ 376,553</u>	

CITY OF SUGAR CREEK, MISSOURI
TIF Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 85,200	\$ 85,200	\$ 77,422	\$ (7,778)
Intergovernmental	17,000	17,000	18,200	1,200
Interest	100	100	390	290
Total Revenues	<u>102,300</u>	<u>102,300</u>	<u>96,012</u>	<u>(6,288)</u>
Expenditures:				
General government	600	600	410	190
Debt service	175,000	175,000	16,360	158,640
Total Expenditures	<u>175,600</u>	<u>175,600</u>	<u>16,770</u>	<u>158,830</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (73,300)</u>	<u>\$ (73,300)</u>	79,242	<u>\$ 152,542</u>
Fund Balance, Beginning of Year			<u>13,258</u>	
Fund Balance, End of Year			<u>\$ 92,500</u>	

CITY OF SUGAR CREEK, MISSOURI
Four Trails Landing Development Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2014

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
General dministration	50,000	70,000	36,451	33,549
Debt service	288,000	288,000	296,528	(8,528)
Total Expenditures	<u>338,000</u>	<u>358,000</u>	<u>332,979</u>	<u>25,021</u>
Excess of Revenues Over (Under) Expenditures	<u>(338,000)</u>	<u>(358,000)</u>	<u>(332,979)</u>	<u>(25,021)</u>
Other Financing Sources (Uses):				
Transfers in	338,000	358,000	332,979	(25,021)
Total Other Financing Sources (Uses)	<u>338,000</u>	<u>358,000</u>	<u>332,979</u>	<u>(25,021)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year			<u>945,166</u>	
Fund Balance, End of Year			<u>\$ 945,166</u>	

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.

<u>Contents</u>	<u>Tables</u>
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 - 12
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	13 - 14
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	15 - 17
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.

Table 1

City of Sugar Creek
 Net position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net, investment in capital assets	\$ 4,819,322	4,683,107	4,778,611	7,959,443	7,110,615	7,652,024	7,183,512	7,973,473	8,576,100	9,251,634
Restricted	12,658,780	12,811,432	12,962,934	4,083,654	3,999,319	4,308,600	4,547,389	3,846,762	4,271,522	3,939,339
Unrestricted	1,023,244	1,080,320	1,943,643	3,433,674	1,928,854	(580,644)	(473,272)	(870,455)	(740,192)	(946,527)
Total governmental activities net position	\$ <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>11,257,629</u>	<u>10,949,780</u>	<u>12,107,430</u>	<u>12,244,446</u>
Business-type activities	\$									
Net, investment in capital assets	870,422	892,075	953,464	947,501	904,596	1,103,752	1,048,026	1,044,329	1,070,965	1,029,937
Unrestricted	979,691	961,389	833,604	798,688	824,090	875,001	878,480	829,520	787,110	746,114
Total business-type activities net position	\$ <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>	<u>1,873,849</u>	<u>1,858,075</u>	<u>1,776,051</u>
Primary government										
Invested in capital assets	\$ 5,689,744	5,575,182	5,732,075	8,906,944	8,015,211	8,755,776	8,231,538	9,017,802	9,647,065	10,281,571
Restricted	12,658,780	12,811,432	12,962,934	4,083,654	3,999,319	4,308,600	4,547,389	3,846,762	4,271,522	3,939,339
Unrestricted	2,002,935	2,041,709	2,777,247	4,232,362	2,752,944	294,357	405,208	(40,935)	46,918	(200,413)
Total primary government net position	\$ <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>13,184,135</u>	<u>12,823,629</u>	<u>13,965,505</u>	<u>14,020,497</u>

City of Sugar Creek
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General Administration	\$ 1,353,415	1,137,432	1,197,212	1,361,541	1,350,687	1,284,854	1,292,777	1,367,474	1,246,152	1,257,424
Public safety	1,607,577	1,587,582	1,646,199	1,729,300	1,014,227	1,988,248	2,104,012	2,152,945	2,076,988	2,134,533
Public works	1,134,927	946,350	899,069	1,192,799	1,164,936	2,549,047	1,554,873	2,040,323	2,362,103	1,886,215
Health and welfare	17,866	1,367	23,939	12,504	6,774	1,100	40,129	1,242	1,047	-
Parks & Recreation	234,737	272,588	298,354	359,177	345,374	261,170	325,393	269,815	256,455	283,623
Community development	267,851	243,450	345,501	5,303,205	3,077,439	35,849	361,812	67,768	21,189	37,225
Interest on long-term debt	100,184	176,859	138,779	126,575	106,906	265,869	249,250	343,780	346,990	312,829
Total governmental activities expenses	4,716,557	4,365,628	4,549,053	10,085,101	7,066,343	6,386,137	5,928,246	6,243,347	6,310,924	5,911,849
Business-type activities:										
Water	224,144	195,438	213,808	216,054	192,704	194,390	190,949	216,015	299,308	367,529
Sewer	522,023	508,135	527,598	539,833	558,313	595,176	696,236	750,208	790,566	765,695
Sanitation	199,262	210,783	206,987	207,788	206,746	211,824	220,006	242,657	255,119	256,810
Total business-type activities expenses	945,429	914,356	948,393	963,675	957,763	1,001,390	1,107,191	1,208,880	1,344,993	1,390,034
Total primary government expenses	\$ 5,661,986	5,279,984	5,497,446	11,048,776	8,024,106	7,387,527	7,035,437	7,452,227	7,655,917	7,301,883
Program Revenues										
Governmental activities:										
Charges for services:										
General Administration	\$ 136,091	128,730	184,341	170,141	131,274	149,805	177,441	177,087	182,043	172,812
Public safety	117,759	170,845	236,037	161,940	150,986	179,980	201,944	296,195	337,523	176,301
Public works	6,980	2,318	1,079	179	282	75	125	249	50	100
Parks & Recreation	8,181	8,214	34,534	13,900	29,855	18,534	54,361	44,453	34,024	37,068
Operating grants and contr.	3,200	15,361	3,288	5,819	91,923	130,988	61,554	65,351	113,971	26,556
Capital grants and contributions	53,883	14,006	-	219,955	29,352	2,306,471	815,967	988,369	2,414,122	1,190,945
Total governmental activities program revenues	326,094	339,474	459,279	571,934	433,672	2,785,853	1,311,392	1,571,704	3,081,733	1,603,782
Business-type activities:										
Charges for services:										
Water	159,858	159,464	159,554	157,638	200,272	239,175	245,798	265,498	280,278	271,052
Sewer	422,131	430,539	440,488	488,509	490,421	524,723	581,907	608,874	689,088	798,446
Sanitation	163,370	218,308	227,594	230,345	221,868	224,578	215,052	221,740	220,014	212,407
Capital grants and contributions	255,922	26,212	-	-	-	-	-	-	-	24,300
Total business-type activities program revenues	1,001,281	834,523	827,636	876,492	912,561	988,476	1,042,757	1,096,112	1,189,380	1,306,205
Total primary government program revenues	\$ 1,327,375	1,173,997	1,286,915	1,448,426	1,346,233	3,774,329	2,354,149	2,667,816	4,271,113	2,909,987
Net (expense)/revenue										
Governmental activities	\$ (4,390,463)	(4,026,154)	(4,089,774)	(9,513,167)	(6,632,671)	(3,600,284)	(4,616,854)	(4,671,643)	(3,229,191)	(4,308,067)
Business-type activities	55,852	(79,833)	(120,757)	(87,183)	(45,202)	(12,914)	(64,434)	(112,768)	(155,613)	(83,829)
Total primary government net expense	\$ (4,334,611)	(4,105,987)	(4,210,531)	(9,600,350)	(6,677,873)	(3,613,198)	(4,681,288)	(4,784,411)	(3,384,804)	(4,391,896)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 593,248	609,544	627,680	640,137	644,084	636,343	646,534	632,432	579,939	602,807
Sales and use taxes	794,998	880,323	1,016,163	754,035	625,473	721,092	662,596	705,667	705,045	763,145
Gross Receipts Tax	699,623	633,152	880,986	1,083,598	942,316	909,744	913,107	1,043,078	1,062,366	1,065,775
Franchise taxes	1,157,054	1,196,464	1,265,227	1,458,309	1,378,238	1,446,007	1,454,033	1,454,453	1,512,966	1,540,220
Other taxes	85,785	58,492	70,844	54,343	44,304	54,962	51,316	46,759	65,489	72,547
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contr.	326,585	241,966	454,914	210,094	301,809	187,696	220,296	197,644	146,903	172,323
Investment earnings	202,736	381,885	496,824	316,752	72,965	32,386	28,844	19,917	17,056	18,731
Miscellaneous	30,474	30,848	74,272	198,128	29,897	63,806	105,632	70,727	269,389	84,619
Contractual agreements	72,051	66,993	313,193	445,970	155,602	141,942	199,829	357,659	163,697	124,916
Special Item -Legal settlement	-	-	-	-	-	-	-	-	-	-
Special Item - Sugarland	-	-	-	-	-	(2,005,696)	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	143,384	-	-	-	-	-	-
Transfers	(35,656)	-	-	-	-	(246,806)	(1,100)	(53,527)	(136,009)	-
Total governmental activities	3,926,898	4,099,667	5,200,103	5,304,750	4,194,688	1,941,476	4,281,087	4,474,809	4,386,841	4,445,083
Business-type activities:										
Investment earnings	52,761	83,184	54,361	46,304	27,699	16,175	11,085	6,584	3,830	1,805
Transfers	35,656	-	-	-	-	246,806	1,100	53,527	136,009	-
Total business-type activities	88,417	83,184	54,361	46,304	27,699	262,981	12,185	60,111	139,839	1,805
Total primary government	\$ 4,015,315	4,182,851	5,254,464	5,351,054	4,222,387	2,204,457	4,293,272	4,534,920	4,526,680	4,446,888
Changes in Net Position										
Governmental activities	\$ (463,565)	73,513	1,110,329	(4,208,417)	(2,437,983)	(1,658,808)	(335,767)	(196,834)	1,157,650	137,016
Business-type activities	144,269	3,351	(66,396)	(40,879)	(17,503)	250,067	(52,249)	(52,657)	(15,774)	(82,024)
Total primary government	\$ (319,296)	76,864	1,043,933	(4,249,296)	(2,455,486)	(1,408,741)	(388,016)	(249,491)	1,141,876	54,992

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

	2005	2006	2007	2008	2009	2010	2011**	2012**	2013**	2014**
General Fund										
Reserved	\$ 426,373	319,906	299,883	312,446	692,683	195,963	-	-	-	-
Unreserved	2,251,582	2,133,459	2,307,597	3,037,873	2,372,443	2,739,450	-	-	-	-
Nonspendable	-	-	-	-	-	-	201,592	211,070	232,921	253,857
Restricted	-	-	-	-	-	-	180,000	60,000	60,000	60,000
Assigned	-	-	-	-	-	-	100,000	150,000	200,000	250,000
Unassigned	-	-	-	-	-	-	2,339,691	2,139,475	2,167,956	1,836,340
Total General Fund	\$ <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>	<u>2,560,545</u>	<u>2,660,877</u>	<u>2,400,197</u>
All other governmental funds										
Reserved	\$ 5,728,146	6,692,071	6,349,872	1,287,156	1,817,946	2,025,588	-	-	-	-
Unreserved, reported in:										
Special revenue funds	533,127	954,723	1,552,008	1,925,803	1,309,939	3,439,365	-	-	-	-
Capital project funds	207,527	277,890	360,537	394,875	401,434	(237,211)	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	4,080,714	3,669,465	4,144,667	3,730,456
Committed	-	-	-	-	-	-	490,271	445,165	445,166	445,166
Assigned	-	-	-	-	-	-	168,334	168,614	168,933	169,388
Unassigned	-	-	-	-	-	-	(349,797)	-	-	-
Total all other governmental funds	\$ <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>	<u>4,283,244</u>	<u>4,758,766</u>	<u>4,345,010</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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 3,287,277	3,376,463	3,806,557	4,103,935	3,549,574	3,844,537	3,746,696	3,880,519	3,935,642	4,059,494
Intergovernmental	334,022	265,826	434,397	191,868	329,062	2,591,214	462,667	1,687,145	2,198,882	1,280,107
Licenses, fees and permits	106,381	91,943	136,980	124,480	88,798	101,231	101,955	101,712	117,004	104,990
Rentals	44,871	45,704	63,328	51,896	51,643	52,564	81,226	79,745	71,744	76,100
Fines, forfeitures, and court costs	117,759	167,608	231,584	161,070	144,233	163,740	184,034	272,510	311,693	146,791
Payment in lieu of taxes	46,446	37	23,806	24,040	24,280	25,008	25,759	26,439	27,227	27,688
Special Assessments	2,480	3,694	3,466	355	4,111	-	3,722	-	-	-
Contractual agreements	1,207,051	1,196,993	113,193	3,935,970	255,603	2,401,942	199,829	499,669	220,103	129,916
Interest	202,736	381,885	496,824	316,755	72,965	32,386	28,843	19,915	17,057	18,732
Charges for services	-	4,852	24,098	8,715	27,723	30,858	66,656	64,018	53,199	66,708
Reimbursements	-	-	-	-	-	-	-	-	-	-
Donations	3,200	5,470	-	-	-	-	-	-	-	-
Miscellaneous	30,474	33,640	74,272	197,773	29,827	63,806	109,411	88,227	769,387	84,619
Total revenues	<u>5,382,697</u>	<u>5,574,115</u>	<u>5,408,505</u>	<u>9,116,857</u>	<u>4,577,819</u>	<u>9,307,286</u>	<u>5,010,798</u>	<u>6,719,899</u>	<u>7,721,938</u>	<u>5,995,145</u>
Expenditures										
General government	1,321,292	1,131,548	1,262,426	1,373,739	1,365,650	1,246,177	1,272,064	1,494,975	1,229,161	1,241,428
Public safety	1,601,983	1,552,944	1,626,709	5,082,303	1,751,866	1,830,692	1,893,517	1,975,570	1,864,979	1,931,181
Streets and Public works	1,007,843	810,910	763,297	1,033,326	1,352,124	3,487,082	1,676,529	2,580,806	3,071,178	2,701,350
Community development	267,851	243,450	607,364	5,303,205	2,482,971	366,485	442,034	67,768	21,189	512
Health and welfare	17,866	1,367	23,939	12,504	6,774	1,100	40,129	22,257	1,047	-
Parks and recreation	244,934	272,602	282,922	348,407	346,720	288,233	332,562	537,156	283,049	269,348
Debt Service										
Principal	-	17,737	188,292	150,822	58,574	100,975	55,000	118,797	191,590	254,072
Interest	-	312,263	161,708	105,178	191,286	269,623	250,213	365,058	347,882	271,690
Total expenditures	<u>4,461,769</u>	<u>4,342,821</u>	<u>4,916,657</u>	<u>13,409,484</u>	<u>7,555,965</u>	<u>7,590,367</u>	<u>5,962,048</u>	<u>7,162,387</u>	<u>7,010,075</u>	<u>6,669,581</u>
Excess of revenues over (under) expenditures	920,928	1,231,294	491,848	(4,292,627)	(2,978,146)	1,716,919	(951,250)	(442,488)	711,863	(674,436)
Other Financing Sources (Uses)										
Legal Settlement	-	-	-	-	-	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	766,530	570,746	531,056
Transfers out	(186,156)	(47,779)	(368,474)	(8,356,188)	(2,749,812)	(1,373,214)	(1,580,360)	(799,042)	(706,755)	(531,056)
Issuance of Debt	-	-	-	-	2,690,000	-	-	107,984	-	-
Original Issue Discount	-	-	-	-	(75,562)	-	-	-	-	-
Total other financing sources (uses)	<u>(35,656)</u>	<u>-</u>	<u>-</u>	<u>380,883</u>	<u>2,614,438</u>	<u>(148,209)</u>	<u>(1,100)</u>	<u>75,472</u>	<u>(136,009)</u>	<u>-</u>
Net change in fund balances	<u>\$ 885,272</u>	<u>1,231,294</u>	<u>491,848</u>	<u>(3,911,744)</u>	<u>(363,708)</u>	<u>1,568,710</u>	<u>(952,350)</u>	<u>(367,016)</u>	<u>575,854</u>	<u>(674,436)</u>
Debt service as a percentage of non capital expenditures	0.00%	7.85%	7.72%	2.63%	4.05%	5.82%	5.47%	8.22%	8.97%	8.66%

Table 5

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

Fiscal Year	Franchise Tax	Gross Receipts Tax	Property Tax	City Sales Tax	Other Taxes	Total
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	54,962	3,844,536
2011	1,470,299	915,950	646,534	662,596	51,317	3,746,696
2012	1,454,453	1,041,209	632,432	705,666	46,759	3,880,519
2013	1,512,966	1,072,203	579,939	705,045	65,489	3,935,642
2014	1,555,220	1,065,775	602,807	763,145	72,547	4,059,494

Table 6

Franchise Tax by Receipt Type
Last Ten Fiscal Years

Receipts by Tax Type	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Electrical	\$ 874,650	\$ 909,204	\$ 950,601	\$ 974,684	\$ 883,949	\$ 1,056,133	\$ 1,083,212	\$ 1,139,968	\$ 1,189,769	\$ 1,239,188
Gas	177,176	181,380	174,982	185,175	178,556	163,293	174,357	125,049	138,593	147,175
Telephone	66,620	64,944	66,984	394,975	213,536	287,046	196,435	172,747	168,008	149,021
Cable	15,876	15,526	18,318	16,987	17,354	15,923	16,295	16,689	16,596	16,636
Total	<u>\$ 1,134,322</u>	<u>\$ 1,171,054</u>	<u>\$ 1,210,885</u>	<u>\$ 1,571,821</u>	<u>\$ 1,293,395</u>	<u>\$ 1,522,395</u>	<u>\$ 1,470,299</u>	<u>\$ 1,454,453</u>	<u>\$ 1,512,966</u>	<u>\$ 1,552,020</u>

Source- City Revenue Reports

Table 7

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

Fiscal Year Ended September 30	Tax Year	Real Property				Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Agricultural Property	Commercial Property	Total	Personal Property	Railroads & Utilities				
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	1.1001	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	1.1300	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	1.1300	186,067,057	25.47%
2012	2011	18,290,560	95,574	14,565,693	32,951,827	10,321,511	3,078,696	46,352,034	1.1300	183,196,799	25.30%
2013	2012	18,241,029	102,329	12,543,304	30,886,662	9,136,698	3,141,969	43,165,329	1.1300	173,312,167	24.91%
2014	2013	18,240,794	102,329	13,025,186	31,368,309	8,785,722	3,340,950	43,494,981	1.1300	174,384,645	24.94%

Note: The assessed value is set at 19% for residential property; 12% for agricultural property; and 32% for commercial property of the estimated fair market value.

Source: Jackson County Assessor's Office

Table 8

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 Blind Pension	
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
2012	2011	1.000	0.130	1.130	5.500	5.670	1.0461	0.030	13.376
2013	2012	1.000	0.130	1.130	5.600	5.700	1.0464	0.030	13.506
2014	2013	1.000	0.130	1.130	5.600	5.700	1.0464	0.030	13.506

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:

Jackson County	0.5298
Mid-Continent Public Library	0.3200
Handicap	0.0748
Mental Health	<u>0.1218</u>
Total County	<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.

Table 9

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

Taxpayer	2014			2005		
	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	\$ 4,546,554	1	10.45%	\$ 6,308,219	1	13.43%
Kansas City Power & Light	3,355,452	2	7.71%	2,209,127	3	4.70%
BP Products Co / Amoco	2,800,238	3	6.44%	4,710,158	2	10.03%
Courtney Ridge Landfill	1,772,616	4	4.08%	1,429,263	5	3.04%
Buckeye Tank Terminals	1,571,582	5	3.61%			
Lafarge Corporation	777,006	6	1.79%	1,977,774	4	4.21%
Davidson Trustee	518,262	7	1.19%	712,768	7	1.52%
Eagle Materials	468,931	8	1.08%			
Waste Management of MO. Inc	274,487	9	0.63%			
APAC Kansas	246,760	10	0.57%	1,258,232	6	2.68%
Limpus Quarries				490,857	9	1.04%
Love Box Co #704				536,733	8	1.14%
Damon Pursell Construction Co				340,903	10	0.73%
Total	\$ <u>16,331,888</u>		<u>37.55%</u>	\$ <u>19,974,034</u>		<u>42.52%</u>

Source: Jackson County Collection Department

Table 10

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

Fiscal Year Ended September 30, 2014	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	10,917	474,328	99.87%
2012	461,125	443,013	96.07%	18,112	461,125	100.00%
2013	487,768	409,930	96.12%	18,222	428,152	96.12%
2014	491,493	474,245	96.49%	-	474,245	96.49%

Table 11

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	Energy Loan	Development Agreements	Certificates of Participation	Discounts on Issuance COP	Revenue Bonds	Capital Leases	Certificate of Participation			
2005	\$ -	2,033,388	-	-	\$ -	-	-	\$ 2,033,388	3%	\$ 512
2006	-	2,015,651	-	-	-	-	-	2,015,651	3%	507
2007	-	1,827,359	-	-	-	-	-	1,827,359	3%	516
2008	-	1,676,537	-	-	-	-	-	1,676,537	2%	475
2009	-	1,617,963	2,690,000	(74,415)	-	-	-	4,233,548	5%	1,195
2010	-	1,606,989	2,600,000	(71,357)	-	-	-	4,135,632	6%	1,236
2011	-	1,618,685	2,545,000	(68,299)	-	-	-	4,095,386	8%	1,223
2012	94,712	1,554,888	2,490,000	(65,241)	-	-	-	4,074,359	6%	1,220
2013	82,714	1,541,483	2,430,000	(62,183)	-	-	-	3,992,014	6%	1,196
2014	70,837	1,578,196	2,370,000	(59,125)	-	-	-	3,959,908	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 Year	General Obligation Bonds	Less Amounts Available in Debt Service	Total	Percentage of Est Actual Taxable Value of Property (1)	Per Capita (1)
2005	\$ -	\$ -	\$ -	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-

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

Table 13

City of Sugar Creek
Direct and Overlapping Governmental Activities Debt
As of September 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Independence School District	\$ 138,585,000	23%	\$ 31,874,550
Fort Osage Reorganized #1 School District (as of June 30)	53,540,000	3%	1,606,200
Subtotal, overlapping debt			<u>33,480,750</u>
City direct debt			<u>3,959,908</u>
Total direct and overlapping debt			<u>\$ 37,440,658</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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit (1)	\$ 9,395,749	9,698,933	9,835,254	10,183,469	9,903,756	9,297,053	9,479,378	9,270,407	8,633,066	8,698,996
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 9,395,749	9,698,933	9,835,254	10,183,469	9,903,756	9,297,053	9,479,378	9,270,407	8,633,066	8,698,996
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 2013

Assessed Value	\$ 43,494,981
Debt Limit (20% of assessed value)	8,698,996
Total net debt applicable to limit	-
Legal debt margin	\$ <u>8,698,996</u>

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 of 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 of 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, contracting, 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.

Table 15

City of Sugar Creek
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year (3)</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Median Household Income Personal Income</u>	<u>Median Per Capita Personal Income</u>	<u>Unemployment Rate (1)</u>
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	24,503	7.30%
2009	3,543	86,282,600	46,692	23,722	6.80%
2010	3,345	66,900,600	37,167	20,000	9.00%
2011	3,348	57,033,000	31,685	17,035	8.20%
2012	3,341	65,772,000	36,540	19,686	8.20%
2013	3,339	64,600,200	35,889	19,347	7.50%
2014	Not Available	Not Available	Not Available	Not Available	Not Available

Sources: (1) www.city-data.com
2010.census.gov

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

Table 16

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

Employer	2014			2006*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Central Plains Cement (formerly Lafarge)	143	1	9.25%			
Midwest Warehousing Services Inc	60	2	3.88%			
Menco Royal Inc.	30	3	1.94%	40	6	2.59%
Talon Concrete Aggregate (formerly Lafarge)	30	8	1.94%			
Wil-Pav Inc	28	4	1.81%			
Taco Bell	26	5	1.68%	30	7	1.94%
Transwood, Inc.	15	6	0.97%			
Kross Restaurant	15	9	0.97%			
Talon Material Quarry (formerly Lafarge)	13	7	0.84%			
Buckeye Terminals (formerly BP)	10	10	0.65%			
Recovery Sales Corporation				300	1	19.40%
Lafarge Corporation				115	2	7.44%
Courtney Ridge Recycling (formerly APAC)				75	3	4.85%
American Sterling Bank				42	4	2.72%
Love Box				56	4	3.62%
Jim's Family Restaurant				29	8	1.88%
Jones Wholesale Grocer - Unit 39				27	9	1.75%
Transwood, Inc.				24	10	1.55%
Total	<u>370</u>		<u>23.93%</u>	<u>738</u>		<u>47.74%</u>

*2005 information was not available

Table 17

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

Function:

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Administration	11	11	11	11	11	11	11	10	9	8
Public Safety										
Police	15	16	16	16	16	16	16	17	17	17
Dispatch	6	6	6	6	6	6	5	5	5	5
Firefighters	6	6	6	6	6	6	6	5	6	6
Street and Public Works										
Street Maint.	14	16	16	14	14	13	12	12	11	11
Refuse	3	3	3	3	3	3	3	3	3	3
Community Development	1	1	1	2	1	1	1	1	1	1
Parks and Recreation	1	1	1	2	1	1	1	1	1	1

Source: Various City Departments

Table 18

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Physical Arrest	767	838	1,140	958	795	1116	721	632	621	559
Traffic violations	1,651	1,673	1,861	1017	992	665	990	897	697	846
Speed & Stop Light violations							3281	4705	2590	0
Park violations	-	34	9	10	3	16	28	5	2	18
Fire										
Number of calls answered	525	480	536	527	504	482	557	610	639	612
Number of inspections covered	-	391	352	179	249	231	226	236	266	217
Water										
Number of customers	1,000	985	979	981	969	964	956	956	967	975
Sewer										
Number of customers	1,587	1,559	1,549	1529	1508	1509	1425	1462	1431	1506

Source: Various City Departments

Table 19

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	15	15	16	14	10	10	10	14	14	15
Fire										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Total area (square miles)	10.88	10.88	10.88	10.88	10.88	10.88	10.88	10.88	10.88	12.88
Miles of streets	33	33	33	33	33	33	33	33	33	35
Culture and Recreation										
Park acreage	391.63	391.63	391.63	391.63	391.63	391.63	391.63	391.63	391.63	392
Parks	2	2	5	5	5	5	5	5	5	6
Gymnasium	1	1	1	1	1	1	1	1	1	1
Shelterhouses	3	3	6	6	6	6	6	6	6	7
Ball Fields	7	7	7	9	9	6	6	6	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	1	1	1
Water										
Water mains (miles)	19	19	19	19	19	19	19	19	19	19
Fire hydrants	87	87	87	97	98	99	99	102	102	118
Sewer										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers mains (miles)	21	21	21	21	21	21	21	21	21	22
Number of service connections	1,587	1,559	1549	1529	1508	1509	1425	1462	1431	1506

Source: Various City Departments