

CITY OF
SUGAR CREEK,
MISSOURI

Comprehensive Annual Financial Report

Year Ended September 30, 2015

CITY OF SUGAR CREEK, MISSOURI
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Year Ended September 30, 2015

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

Christopher Soule

Fire Chief

Patrick C. Casey

Public Works Director

Ed Layton

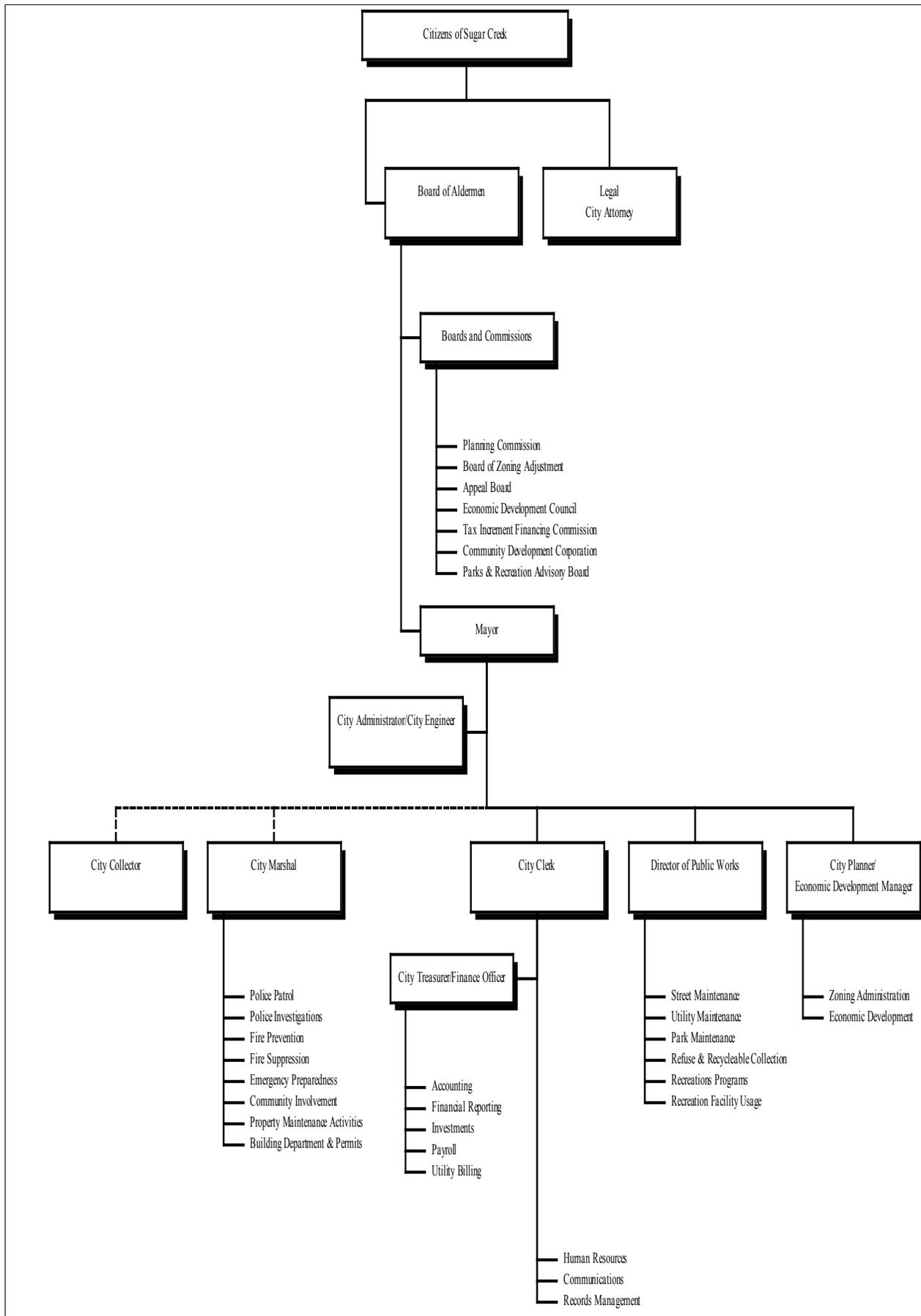
Independent Certified Public Accountants

Cochran Head Vick & Co., P.C.

CITY OF SUGAR CREEK, MISSOURI

Organizational Chart

September 30, 2015





City of Sugar Creek

103 South Sterling – Sugar Creek, Missouri 64054

March 29, 2016

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

The Comprehensive Annual Financial Report of the City of Sugar Creek for the year ended September 30, 2015 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 immediately following the report of Independent auditors.

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 primarily located in Jackson County with a very small portion in Clay County all 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 remains stable. Through calendar year 2015, sales tax and gross receipts tax, have remained the same as the prior year. Electrical franchise fees increased due to a KCP&L electrical energy rate increase and manufacturing facilities continuing to operate during the winter months. The City completed a refund of the Certificates of Participation which resulted in the annual debt service payments decreasing by approximately \$442,000 for future years. The City is continuing to work on development of Industrial and Commercial property.

As a part of a settlement agreement during 2011 the Sugar Creek Industrial Development Authority (IDA) acquired all of the property associated with the retail development located on US 24 Highway and Sterling Ave. The City leased the property from the IDA and was responsible to pay their expenses including loan payments to the Bank of Kansas City. The Board of Aldermen extended a Tax Increment Financing Contract with Edwards Management Group LLC, but subsequent to issuing a notice of default and the default correction period the City terminated the redevelopment agreement with Edwards Management Group LLC. The City entered in to a Memorandum of Understanding (MOU) with R. H. Johnson as the developer of the retail project. During 2015 R. H. Johnson completed the required obligations outlined in the agreement but was not able to attract a retail anchor to the project. Upon receiving notification from R' H. Johnson all possible options for a retail anchor were exhausted the City notified the Sugar Creek Industrial Development Authority the retail center property lease would not be extended after the lease agreement expiration. The City initiated discussions with the Bank of Kansas City to negotiate a discount of the note balance and acquire ownership of the property pledged as collateral on the note. The City, IDA, and the Bank reached a settlement agreement that accomplishes those objectives subsequent to year end which is further discussed in Note 7(D) to the financial statements.

The Courtney Ridge Recycling and Disposal Facility is one of the City's top revenues sources. During 2015, the City's revenue from gross receipts remained unchanged from the previous fiscal year. The facility operate is forecasting a slight increase activity during 2016. Solid waste management in surrounding jurisdictions is continuing to change and is impacting disposal volumes and corresponding revenues. 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 towards advancing development at the Bluffs at Sugar Creek project. Subsequent to completing a feasibility study during 2012 the City entered into a Nondisclosure agreement with a developer. During 2014 the City initiated discussions with KCP&L and the power company regarding a long term property lease and power purchase agreement. During 2015 other electrical energy service providers, business interested in renewable energy were engaged with the intent to reach agreement on a 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. After acquisition of the US Postal Service building in the spring of 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. The low bid was \$1,215,000. On August 5, 2014 the City presented to the voters a general obligation bond question that would have funded 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 caused the Board of Alderman to engage a real estate broker and advertise the building for sale. Subsequent to the decision to sell the former post office building the Board of Alderman focused efforts on remodeling the Sugar Creek Gymnasium and including wellness elements in the remodeled gymnasium. The City applied to the State of Missouri for a Community Development Block Grant and in August 2015 was awarded \$250,000 in funding to be applied towards the building remodel. The City enter into a grant administration agreement with the Mid America Regional Council and the environmental assessment commenced during the 2016 fiscal year./ A design contract was awarded towards the end of the 2015 fiscal year and design for structural elements only will be completed in early 2016.

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.

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 twenty-first consecutive year for its 2014 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, 2014

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, 2015, 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.

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

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, 2015, 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.

Change in Accounting Principle

As described in Notes 9 and 12 to the financial statements, in 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 29, 2016, 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.

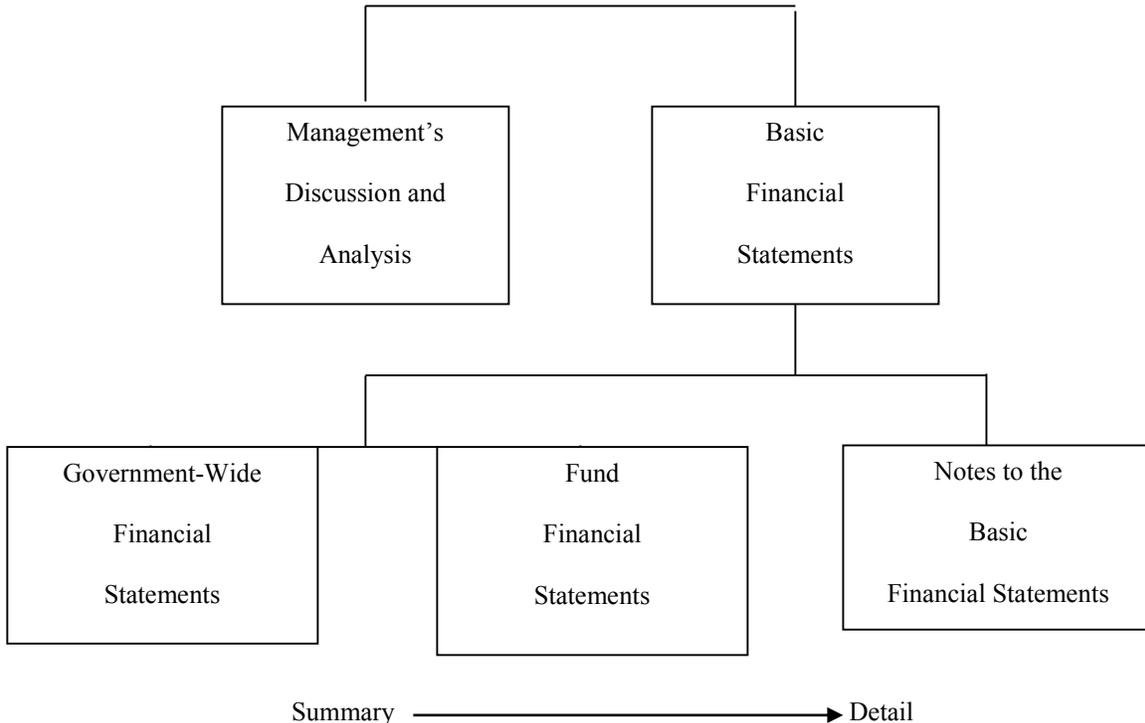
MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets and deferred outflows of the City of Sugar Creek exceeded its liabilities and deferred inflows at the close of the September 30, 2015 fiscal year by \$19,215,662 (Net position). The assets and deferred outflows of the City of Sugar Creek exceeded its liabilities and deferred inflows at the close of the September 30, 2014 fiscal year by \$17,529,174. Of this amount \$(146,739) (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 \$5,884,076 a decrease of \$861,131 in comparison with the prior year. Approximately 30 percent of the fund balance, \$1,783,192 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 \$1,828,958 or 44 percent of the total General Fund expenditures for 2015.

**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	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 10,214,296	\$ 10,812,656	\$ 1,570,237	\$ 1,296,232	\$ 11,784,533	\$ 12,108,888
Capital assets	11,856,801	11,633,346	1,015,783	1,029,937	12,872,584	12,663,283
Total assets	22,071,097	22,446,002	2,586,020	2,326,169	24,657,117	24,772,171
Deferred outflows of resources	593,395	23,314	53,325	3,838	646,720	27,152
Other liabilities	1,024,927	778,405	349,753	259,020	1,374,680	1,037,425
Long-term debt	4,446,829	6,217,106	8,644	15,618	4,455,473	6,232,724
Total liabilities	5,471,756	6,995,511	358,397	274,638	5,830,153	7,270,149
Deferred inflows of resources	217,154	-	40,868	-	258,022	-
Net position:						
Net investment in						
capital assets	9,367,544	9,251,634	1,015,783	1,029,937	10,383,327	10,281,571
Restricted	6,785,380	7,115,025	302,897	279,317	7,088,277	7,394,342
Unrestricted (deficit)	822,658	(892,854)	921,400	746,115	1,744,058	(146,739)
Total net position	\$ 16,975,582	\$ 15,473,805	\$ 2,240,080	\$ 2,055,369	\$ 19,215,662	\$ 17,529,174

* as restated

Net position may serve over time as a useful indicator of a government's financial position. The City of Sugar Creek's assets and deferred outflows exceeded liabilities and deferred inflows by \$19,215,662 at the close of fiscal year ended September 30, 2015. Of this total, \$7,088,277; is restricted; \$3,693,699 for pension benefits \$312,611 is for Debt service, \$1,008,559 for Capital Improvements, \$142,321 for Infrastructure Project, \$848,447 for Health and Welfare, \$481,148 for Parks and Recreation and \$601,492 the BP reuse and funding agreements.

Figure 3 - Statement of Changes in Net Position

Revenues:	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Program revenues:						
Charges for services	\$ 335,725	\$ 386,281	\$ 1,392,698	\$ 1,281,905	\$ 1,728,423	\$ 1,668,186
Operating grants and contributions	26,167	26,556	-	24,300	26,167	50,856
Capital grants and contributions	462,197	1,190,945	-	-	462,197	1,190,945
General revenues:						
Property taxes	594,979	602,807	-	-	594,979	602,807
Sales tax	682,051	763,145	-	-	682,051	763,145
Gross receipts tax	1,199,086	1,065,775	-	-	1,199,086	1,065,775
Franchise tax	1,540,165	1,540,220	-	-	1,540,165	1,540,220
Other taxes	93,976	72,547	-	-	93,976	72,547
Intergovernmental	172,742	172,323	-	-	172,742	172,323
Contractual agreements	144,340	124,916	-	-	144,340	124,916
Unrestricted investment earnings	20,876	18,731	3,082	1,805	23,958	20,536
Miscellaneous	93,103	84,619	-	-	93,103	84,619
Total revenues	5,365,407	6,048,865	1,395,780	1,308,010	6,761,187	7,356,875
Expenses:						
General administration	1,259,546	1,257,424	-	-	1,259,546	1,257,424
Public safety	2,064,401	2,134,533	-	-	2,064,401	2,134,533
Streets and public works	1,363,905	1,886,215	-	-	1,363,905	1,886,215
Economic development	410	37,225	-	-	410	37,225
Health and welfare	1,106	-	-	-	1,106	-
Parks and recreation	242,770	283,623	-	-	242,770	283,623
Interest on long-term debt	368,445	312,829	-	-	368,445	312,829
Water	-	-	224,424	367,529	224,424	367,529
Sanitary sewer	-	-	802,304	765,695	802,304	765,695
Sanitation	-	-	246,591	256,810	246,591	256,810
Total expenses	5,300,583	5,911,849	1,273,319	1,390,034	6,573,902	7,301,883
Change in net position before transfers	64,824	137,016	122,461	(82,024)	187,285	54,992
Transfers	(62,250)	-	62,250	-	-	-
Special item	1,499,203	-	-	-	1,499,203	-
Change in net position	1,501,777	137,016	184,711	(82,024)	1,686,488	54,992
Net position, beginning of year	15,473,805	15,336,789	2,055,369	2,137,393	17,529,174	17,474,182
Net position, end of year	\$ 16,975,582	\$ 15,473,805	\$ 2,240,080	\$ 2,055,369	\$ 19,215,662	\$ 17,529,174

* as restated

The City's net position increased \$1,686,488 during the 2015 fiscal year. Of the total, governmental activities net position increased \$1,501,777 and business-type net position increased by \$184,711. The most significant impact effecting governmental activities relates to the settlement agreement between the City, the Industrial Development Authority of the City of Sugar Creek (IDA), and the Bank of Kansas City (the Bank) which is reported as a special item and is further discussed in Note 7(D) to the financial statements. The City continued to receive federal funds for the construction of the Lewis and Clark Highway project. During the 2015 fiscal year the City recorded capital grant funding of \$462,197 for the Lewis and Clark project compared to \$1,190,945 in the prior year. The decrease in capital grant revenues also decreased streets and public works expense from the prior year as certain cost of design and construction for the Lewis and Clark Expressway will not result in an asset of the City.

Increases in charges for services in the City's business-type activities resulted from the sanitation sewer rate increases that began with the June 2015 billing. The City's water rates are scheduled to increase with the October 31, 2016 billing date. The City currently has an agreement with HDR Engineering to reconcile customer waste water meter readings with the Little Blue Valley Wholesale meter measurement. Business-type expenses decreased primarily due to less water line breaks compared to the prior year.

The City's Funds

Governmental funds reported combined ending fund balances of \$5,884,076, a decrease of \$861,131. The most significant impact reducing governmental fund balances by \$500,000 in the current year relates to the settlement agreement between the City, IDA, and the Bank which is reported as a special item and is further discussed in Note 7(D) to the financial statements.

Of the total governmental fund balances \$1,783,192 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 \$1,008,559, Debt service \$312,611, public health, \$848,447, parks and recreation \$481,148, community development \$601,492. The committed fund balance for economic development totaled \$445,166. The assigned fund balance category includes Capital Projects of \$170,066. The nonspendable classifications include prepaid items of \$158,195 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 \$1,828,958 while total fund balance reached \$2,182,353. 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 47% of total general fund expenditures, while total fund balance represents 52% of that same amount.

The fund balance of the general fund decreased during 2015 by \$217,844. The general fund transferred \$85,461 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. General fund also transferred \$250,250 to Capital Improvement Sales tax fund to fund a portion of the cost for a fire truck.

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 2015 by \$66,233. The revenues and expenditures were comparable to the prior year.

The State Gas Tax fund balance decreased \$125,548 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 was completed during 2015.

The Four Trails Landing Development Fund had a \$247,518 decrease in total expenditures during 2015 over 2014. The general fund transferred \$85,461 for these expenditures. As discussed above and further discussed in Note 7(D), the City, IDA and the Bank entered into a settlement agreement resulting in decreases in property held for development totaling \$500,000.

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 \$217,844 from the prior year. During the year there was an increase of \$104,207 in appropriations between the original and final amended budget.

The significant components of the increase are:

- \$250,250 Transfers out to be used to partially fund acquisition of a fire truck
- \$35,000 Additional public works expenditures
- \$59,607 Transfer out to Four Trails Landing Economic Development
- \$242,900 Reduction in public safety

Capital Asset and Debt Administration

Capital Assets

At the end of September 30, 2015 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,914,337	\$ 1,914,337	\$ -	\$ -	\$ 1,914,337	\$ 1,914,337
Buildings and improvements	4,068,984	4,274,073	-	-	4,068,984	4,274,073
Construction in progress	994,282	1,092,054	-	22,921	994,282	1,114,975
Equipment and vehicles	880,832	506,771	113,540	82,456	994,372	589,227
Office equipment	84,713	85,179	-	-	84,713	85,179
Infrastructure	3,913,653	3,760,932	902,243	-	4,815,896	3,760,932
Sewer and water lines	-	-	-	924,560	-	924,560
Total	\$ 11,856,801	\$ 11,633,346	\$ 1,015,783	\$ 1,029,937	\$ 12,872,584	\$ 12,663,283

The governmental activities capital assets activities include engineering cost for design and construction of the Lewis and Clark Highway. During 2015, the city purchased a new fire truck, completed phase 2 engineering on the N River sewer project and purchased a refuse vehicle and trailer.

Long-term Obligations

During fiscal year 2015 the City issued \$2,425,000 Refunding Certificates of Participation to refund the 2009 Certificates of Participation issued for the purpose of reimbursing 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 entered into a capital lease agreement related to the acquisition of a fire truck. The City formed the Industrial Development Authority of the City of Sugar Creek which has entered into a bank note agreement which has subsequently been relieved 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. 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	
	2015	2014	2015	2014	2015	2014
Compensated absences	\$ 185,994	\$ 159,058	\$ 3,459	\$ 3,901	\$ 189,453	\$ 162,959
Other post-employment benefits	111,476	98,937	5,185	4,624	116,661	103,561
Certificates of Participation	2,425,000	2,370,000	-	-	2,425,000	2,370,000
Discount on issuance	(14,217)	(59,125)	-	-	(14,217)	(59,125)
Energy loan	58,528	70,837	-	-	58,528	70,837
Capital lease	135,962	-	-	-	135,962	-
Developer agreement - TIF	1,544,086	1,578,196	-	-	1,544,086	1,578,196
Bank Note - See Note 7(D)	-	1,999,203	-	-	-	1,999,203
Total	\$ 4,446,829	\$ 6,217,106	\$ 8,644	\$ 8,525	\$ 4,455,473	\$ 6,225,631

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Sugar Creek, Missouri
Statement of Net Position
September 30, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Pooled cash and investments	\$ 4,029,179	\$ 886,794	\$ 4,915,973
Receivables:			
Taxes	654,621	-	654,621
Special assessments	-	17,781	17,781
Contractual agreements	-	88,333	88,333
Accounts and other	56,265	251,933	308,198
Accrued interest	4,427	1,489	5,916
Due from other governments	178,664	-	178,664
Internal balances	75,200	(75,200)	-
Prepays, deposits, and other assets	158,195	13,400	171,595
Restricted assets:			
Cash and investments	948,449	95,267	1,043,716
Property held for redevelopment	978,719	-	978,719
Net pension asset	3,130,577	290,440	3,421,017
Capital assets:			
Not being depreciated	2,908,619	-	2,908,619
Being depreciated, net of depreciation	8,948,182	1,015,783	9,963,965
Total assets	22,071,097	2,586,020	24,657,117
Deferred Outflows of Resources			
Deferred amounts on refunding	116,016	-	116,016
Pension asset	460,024	50,229	510,253
Employer contributions	17,355	3,096	20,451
Total deferred outflows of resources	593,395	53,325	646,720
Liabilities			
Accounts payable	878,798	242,611	1,121,409
Accrued payroll and benefits	115,570	11,875	127,445
Accrued interest	17,605	-	17,605
Payable from restricted assets:			
Police unclaimed money	96	-	96
Customer deposits	1,850	95,267	97,117
Municipal court bonds	11,008	-	11,008
Long term debt:			
Due within one year	345,491	3,459	348,950
Due in more than one year	4,101,338	5,185	4,106,523
Total liabilities	5,471,756	358,397	5,830,153
Deferred Inflows of Resources			
Pension liability	217,154	40,868	258,022
	217,154	40,868	258,022
Net Position			
Net investment in capital assets	9,367,544	1,015,783	10,383,327
Restricted :			
Pension benefits	3,390,802	302,897	3,693,699
Debt service	312,611	-	312,611
Capital improvements	1,008,559	-	1,008,559
Infrastructure project	142,321	-	142,321
Public health	848,447	-	848,447
Parks and recreation	481,148	-	481,148
Community development	601,492	-	601,492
Unrestricted	822,658	921,400	1,744,058
Total net position	\$ 16,975,582	\$ 2,240,080	\$ 19,215,662

See accompanying notes to the basic financial statements

City of Sugar Creek, Missouri
Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Government activities							
General administration	\$ 1,259,546	\$ 156,633	\$ -	\$ -	\$ (1,102,913)	\$ -	\$ (1,102,913)
Public safety	2,064,401	155,267	26,167	65,834	(1,817,133)	-	(1,817,133)
Streets and public works	1,363,905	175	-	396,363	(967,367)	-	(967,367)
Economic development	410	-	-	-	(410)	-	(410)
Health and welfare	1,106	-	-	-	(1,106)	-	(1,106)
Parks and recreation	242,770	23,650	-	-	(219,120)	-	(219,120)
Interest on long-term debt	368,445	-	-	-	(368,445)	-	(368,445)
Total governmental activities	5,300,583	335,725	26,167	462,197	(4,476,494)	-	(4,476,494)
Business-type activities							
Water	224,424	278,072	-	-	-	53,648	53,648
Sanitary sewer	802,304	875,603	-	-	-	73,299	73,299
Sanitation	246,591	239,023	-	-	-	(7,568)	(7,568)
Total business-type activities	1,273,319	1,392,698	-	-	-	119,379	119,379
Total primary government	\$ 6,573,902	\$ 1,728,423	\$ 26,167	\$ 462,197	(4,476,494)	119,379	(4,357,115)

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General revenues:

Taxes:			
Property taxes, levied for general purpose	594,979	-	594,979
Sales taxes	682,051	-	682,051
Gross receipts taxes	1,199,086	-	1,199,086
Franchise taxes	1,540,165	-	1,540,165
Other taxes	93,976	-	93,976
Grants and contributions not restricted to specific programs	172,742	-	172,742
Contractual agreements	144,340	-	144,340
Unrestricted investment earnings	20,876	3,082	23,958
Miscellaneous	93,103	-	93,103
Transfers	(62,250)	62,250	-
Special item	1,499,203	-	1,499,203
Total general revenues, transfers, and special item	5,978,271	65,332	6,043,603
Change in net position	1,501,777	184,711	1,686,488
Net position, beginning of year, as restated	15,473,805	2,055,369	17,529,174
Net position, end of year	\$ 16,975,582	\$ 2,240,080	\$ 19,215,662

See accompanying notes to the basic financial statements

Exhibit B

CITY OF SUGAR CREEK, MISSOURI
Balance Sheet - Governmental Funds
September 30, 2015

	General	Public Health	State Gasoline Tax	Four Trails Landing Development	Other Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	\$ 1,531,590	\$ 834,108	\$ 169,104	\$ -	\$ 1,494,377	\$ 4,029,179
Receivables:						
Taxes	589,641	12,314	-	-	52,666	654,621
Accrued interest	407	2,025	-	-	1,995	4,427
Accounts and other	56,265	-	-	-	-	56,265
Due from other governments	6,439	-	164,786	-	7,439	178,664
Due from other funds	75,200	-	-	-	5,868	81,068
Prepays, deposits and other assets	158,195	-	-	-	-	158,195
Restricted assets:						
Cash and investments	11,008	-	39,633	3,609	894,199	948,449
Property held for redevelopment	-	-	-	978,719	-	978,719
Total Assets	\$ 2,428,745	\$ 848,447	\$ 373,523	\$ 982,328	\$ 2,456,544	\$ 7,089,587
Liabilities						
Accounts payable	\$ 64,668	\$ -	\$ 276,968	\$ 537,162	\$ -	\$ 878,798
Accrued payroll and benefits	115,570	-	-	-	-	115,570
Payable from restricted assets:						
Police unclaimed money	96	-	-	-	-	96
Customer deposits	1,850	-	-	-	-	1,850
Municipal court bonds	11,008	-	-	-	-	11,008
Due to other funds	3,200	-	-	-	2,668	5,868
Total Liabilities	196,392	-	276,968	537,162	2,668	1,013,190
Deferred inflows of resources						
Unavailable revenues	50,000	-	142,321	-	-	192,321
Fund balances:						
Nonspendable:						
Prepaid Items	158,195	-	-	-	-	158,195
Advances to other funds	75,200	-	-	-	-	75,200
Restricted:						
Capital projects	-	-	-	-	1,008,559	1,008,559
Debt service	-	-	-	-	312,611	312,611
Public Health	-	848,447	-	-	-	848,447
Parks and recreation	120,000	-	-	-	361,148	481,148
Community development	-	-	-	-	601,492	601,492
Committed:						
Economic development	-	-	-	445,166	-	445,166
Assigned:						
Capital projects	-	-	-	-	170,066	170,066
Unassigned	1,828,958	-	(45,766)	-	-	1,783,192
Total fund balance (deficit)	2,182,353	848,447	(45,766)	445,166	2,453,876	5,884,076
Total liabilities, deferred inflows and fund balances	\$ 2,428,745	\$ 848,447	\$ 373,523	\$ 982,328	\$ 2,456,544	\$ 7,089,587

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
September 30, 2015

Fund balances of governmental funds	\$	5,884,076
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.		11,856,801
Deferred charges on refunding are not due and payable in the current period and therefore are not reported in the governmental fund statements.		116,016
Net pension assets are not due and available to be used as current period resources and therefore are not reported in the governmental fund statements.		3,130,577
Deterred outflows and intflows related to pension activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position		260,225
<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. 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:</p>		
Long-term liabilities		(4,446,829)
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the governmental funds.		192,321
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.		(17,605)
Net position of governmental activities	<u>\$</u>	<u>16,975,582</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, 2015

	General	Public Health	State Gasoline Tax	Four Trails Landing Development	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 3,647,976	\$ 64,458	\$ -	\$ -	\$ 397,822	\$ 4,110,256
Intergovernmental	26,167	-	534,003	-	13,235	573,405
Charges for services	43,851	-	-	-	-	43,851
Rentals	58,946	-	-	-	-	58,946
Fines and forfeitures	130,697	-	-	-	-	130,697
Payments in lieu of tax	28,429	-	-	-	-	28,429
Contractual agreements	144,340	-	-	-	-	144,340
Licenses and permits	102,232	-	-	-	-	102,232
Interest	11,980	3,959	-	-	4,937	20,876
Other	93,103	-	-	-	-	93,103
Total Revenues	4,287,721	68,417	534,003	-	415,994	5,306,135
Expenditures:						
Current:						
General administration	1,240,444	1,078	-	9,658	19,082	1,270,262
Public safety	1,977,694	-	-	-	422,583	2,400,277
Streets and public works	719,248	-	659,551	-	47,660	1,426,459
Economic development	-	-	-	-	410	410
Health and welfare	-	1,106	-	-	-	1,106
Parks and recreation	216,969	-	-	-	12,167	229,136
Debt service:						
Principal	12,309	-	-	-	94,110	106,419
Interest and fiscal charges	2,440	-	-	75,803	332,441	410,684
Total Expenditures	4,169,104	2,184	659,551	85,461	928,453	5,844,753
Excess of Revenues Over (Under) Expenditures	118,617	66,233	(125,548)	(85,461)	(512,459)	(538,618)
Other financing sources (uses):						
Transfers in	-	-	-	85,461	390,868	476,329
Transfers out	(336,461)	-	-	-	(139,868)	(476,329)
Capital lease	-	-	-	-	135,962	135,962
Certificates of participation issued	-	-	-	-	2,425,000	2,425,000
Original issue discount	-	-	-	-	(14,475)	(14,475)
Payment to escrow agent	-	-	-	-	(2,369,000)	(2,369,000)
Total Other Financing Sources (Uses)	(336,461)	-	-	85,461	428,487	177,487
Special item	-	-	-	(500,000)	-	(500,000)
Net change in fund balances	(217,844)	66,233	(125,548)	(500,000)	(83,972)	(861,131)
Fund balances, beginning of year	2,400,197	782,214	79,782	945,166	2,537,848	6,745,207
Fund balances (deficit), end of year	\$ 2,182,353	\$ 848,447	\$ (45,766)	\$ 445,166	\$ 2,453,876	\$ 5,884,076

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, 2015**

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

Net change in fund balances - total governmental funds	\$ (861,131)
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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.

Capital outlay costs in excess of capitalization threshold	734,408
Depreciation	(510,953)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the governmental funds.

Other revenues	(6,562)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Changes in long-term debt, net	72,309
Speical item	1,999,203
Refunding of certificates of participation, net	(56,000)
Proceeds from capital leases	(135,962)
Development obligations, net	34,110
Changes in unamortized bond issuance discount	12,108
Changes in accrued interest expense	44,606

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.

Change in compensated absences and other post employment benefits payable	(39,475)
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Changes in net pension obligations, deferred outflows and inflows	215,116
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Change in net position of governmental activities	<u>\$ 1,501,777</u>
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See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Net Position
Proprietary Funds
September 30, 2015

	Water	Sanitary Sewer	Sanitation	Totals
Assets				
Current assets:				
Pooled cash and investments	\$ 220,723	\$ 641,881	\$ 24,190	\$ 886,794
Receivables, net:				
Accounts and other	35,264	161,419	55,250	251,933
Contractual agreements	-	88,333	-	88,333
Special assessments	-	1,841	-	1,841
Accrued interest	558	865	66	1,489
Prepaid expenses	3,652	4,270	5,478	13,400
Restricted cash and investments	85,347	9,920	-	95,267
Total current assets	<u>345,544</u>	<u>908,529</u>	<u>84,984</u>	<u>1,339,057</u>
Noncurrent assets:				
Receivables, net:				
Special assessments	-	15,940	-	15,940
Capital assets:				
Not being depreciated	-	-	-	-
Being depreciated, net of depreciation	171,787	784,858	59,138	1,015,783
Net Pension Asset	70,606	38,016	181,818	290,440
Total noncurrent assets	<u>242,393</u>	<u>838,814</u>	<u>240,956</u>	<u>1,322,163</u>
Total assets	<u>587,937</u>	<u>1,747,343</u>	<u>325,940</u>	<u>2,661,220</u>
Deferred Outflows of Resources				
Pension assets	12,211	6,575	31,443	50,229
Employer contributions	753	405	1,938	3,096
Total Deferred Outflows of Resources	<u>12,964</u>	<u>6,980</u>	<u>33,381</u>	<u>53,325</u>
Liabilities				
Current liabilities:				
Accounts payable	15,743	226,825	43	242,611
Accrued liabilities	2,263	1,434	8,178	11,875
Compensated absences	-	-	3,459	3,459
Current liabilities (payable from restricted assets):				
Customer deposits	85,347	9,920	-	95,267
Total current liabilities:	<u>103,353</u>	<u>238,179</u>	<u>11,680</u>	<u>353,212</u>
Long-term liabilities:				
Due to other funds	-	75,200	-	75,200
Due in more than one year	-	-	5,185	5,185
Total long-term liabilities:	<u>-</u>	<u>75,200</u>	<u>5,185</u>	<u>80,385</u>
Total liabilities	<u>103,353</u>	<u>313,379</u>	<u>16,865</u>	<u>433,597</u>
Deferred Inflows of Resources				
Pension liability	9,935	5,349	25,584	40,868
Total Deferred Inflows of Resources	<u>9,935</u>	<u>5,349</u>	<u>25,584</u>	<u>40,868</u>
Net position				
Net investment in capital assets	171,787	784,858	59,138	1,015,783
Restricted	73,635	39,647	189,615	302,897
Unrestricted	242,191	611,090	68,119	921,400
Total net position	<u>\$ 487,613</u>	<u>\$ 1,435,595</u>	<u>\$ 316,872</u>	<u>\$ 2,240,080</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, 2015

	Water	Sanitary Sewer	Sanitation	Totals
Operating revenues:				
Charges for services	\$ 278,072	\$ 875,603	\$ 239,023	\$ 1,392,698
Total operating revenues	<u>278,072</u>	<u>875,603</u>	<u>239,023</u>	<u>1,392,698</u>
Operating expenses:				
Personal services	66,588	39,727	182,707	289,022
Contractual services	21,301	718,048	17,327	756,676
Materials and supplies	23,616	6,815	16,137	46,568
Cost of water purchased	97,172	-	-	97,172
Depreciation	15,490	37,662	30,420	83,572
Other	257	52	-	309
Total operating expenses	<u>224,424</u>	<u>802,304</u>	<u>246,591</u>	<u>1,273,319</u>
Operating income (loss)	<u>53,648</u>	<u>73,299</u>	<u>(7,568)</u>	<u>119,379</u>
Nonoperating revenues:				
Interest income	879	2,092	111	3,082
Total nonoperating revenues	<u>879</u>	<u>2,092</u>	<u>111</u>	<u>3,082</u>
Income (loss) before transfers and capital contributions	54,527	75,391	(7,457)	122,461
Capital contributions	-	-	62,250	62,250
Change in net position	54,527	75,391	54,793	184,711
Total net position, beginning of year, as restated	433,086	1,360,204	262,079	2,055,369
Total net position, end of year	<u>\$ 487,613</u>	<u>\$ 1,435,595</u>	<u>\$ 316,872</u>	<u>\$ 2,240,080</u>

See accompanying notes to the basic financial statements

CITY OF SUGAR CREEK, MISSOURI
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2015

	Water	Sanitary Sewer	Sanitation	Totals
Cash flows provided by (used in) operating activities:				
Receipts from customers and others	\$ 298,744	\$ 889,978	\$ 227,930	\$ 1,416,652
Payments to suppliers	(149,773)	(630,663)	(36,388)	(816,824)
Payments to employees	(78,818)	(43,965)	(199,265)	(322,048)
Net cash provided by (used in) operating activities	<u>70,153</u>	<u>215,350</u>	<u>(7,723)</u>	<u>277,780</u>
Cash Flows Provided by (used in) Noncapital Financing Activities:				
Negative cash balance implicitly financed	-	-	2,987	2,987
Net Cash Flows Provided by (used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>2,987</u>	<u>2,987</u>
Cash flows provided by (used in) investing activities:				
Interest received	662	2,058	102	2,822
Purchases of certificates of deposit	(229,090)	(294,211)	(32,153)	(555,454)
Maturity of certificates of deposit	179,491	153,662	36,787	369,940
Net cash flows provided by (used in) investing activities	<u>(48,937)</u>	<u>(138,491)</u>	<u>4,736</u>	<u>(182,692)</u>
Cash flows provided by (used in) capital and related financing activities:				
Purchases of capital assets	(6,808)	(360)	-	(7,168)
Special assessments received	-	4,750	-	4,750
Net cash flows provided by (used in) capital and related financing activities	<u>(6,808)</u>	<u>4,390</u>	<u>-</u>	<u>(2,418)</u>
Net change in cash and equivalents	14,408	81,249	-	95,657
Cash and equivalents, beginning of year	8,473	49,840	-	58,313
Cash and equivalents, end of year	<u>22,881</u>	<u>131,089</u>	<u>-</u>	<u>153,970</u>
Long-term certificates of deposit	283,189	520,712	24,190	828,091
Total cash and investments reported on the Statement of Net Position	<u>\$ 306,070</u>	<u>\$ 651,801</u>	<u>\$ 24,190</u>	<u>\$ 982,061</u>
Cash and investments reported on the Statement of Net Position				
Pooled cash and investments	\$ 220,723	\$ 641,881	\$ 24,190	\$ 886,794
Restricted cash and investments	85,347	9,920	-	95,267
Total cash and investments	<u>\$ 306,070</u>	<u>\$ 651,801</u>	<u>\$ 24,190</u>	<u>\$ 982,061</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 53,648	\$ 73,299	\$ (7,568)	\$ 119,379
Adjustments to reconcile operating loss to net cash used by operations:				
Depreciation	15,490	37,662	30,420	83,572
Change in compensated absences and OPEB	-	-	119	119
Changes in net pension asset	(5,360)	(2,886)	(13,807)	(22,053)
Changes in deferred outflows of resources	(12,031)	(6,478)	(30,978)	(49,487)
Changes in deferred inflows of resources	9,935	5,349	25,584	40,868
Changes in:				
Receivables	6,670	4,455	(11,093)	32
Due from other governments	12,222	-	-	12,222
Prepaid expenses and deposits	755	507	1,133	2,395
Accounts payable	(8,182)	93,745	(4,057)	81,506
Accrued liabilities	(4,774)	(223)	2,524	(2,473)
Customer deposits	1,780	9,920	-	11,700
Net cash provided by (used in) operating activities	<u>\$ 70,153</u>	<u>\$ 215,350</u>	<u>\$ (7,723)</u>	<u>\$ 277,780</u>
Noncash capital and financing activities:				
Capital contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,250</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

(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 7(D). The IDA's total debt outstanding has been expected to be repaid entirely with the resources of the City. 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, 2015

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, 2015

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, 2015

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, 2015

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. The City has three items that qualify for reporting in this category. The first two relate to the change in actual and projected earnings in calculating the pension asset and employer contributions made subsequent to the measurement date of June 30, 2015. The last is a deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 two types of items, which arises under the accrual and modified accrual basis of accounting, which qualify for reporting in this category. The first one relates to the change in actual and projected experience in calculating the pension liability. The second 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.

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

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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

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.

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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

- (3) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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 Certificates of Participation Fund and TIF Fund by \$2,441,172 and \$61,014, respectively.

N. Use of Estimates

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

(2) Cash and Investments

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

Cash on hand	\$	700
Demand deposits		1,937,354
Certificates of deposits		3,839,088
Restricted cash equivalents held in trust		182,547
	\$	<u>5,959,689</u>
		Government-wide statement of net position
		<hr/>
Pooled cash and investments	\$	4,915,973
Restricted cash and investments		1,043,716
	\$	<u>5,959,689</u>

Custodial Credit Risk

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

As of September 30, 2015, 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, 2015.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

(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, 2014, was \$43,701,832.

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	\$ 1,536,965	\$ -	\$ 3,200	\$ 1,540,165
Gross receipts taxes	1,199,086	-	-	1,199,086
Property taxes	494,155	64,458	36,365	594,978
Sales and use taxes	323,794	-	358,257	682,051
Other taxes	93,976	-	-	93,976
	<u>\$ 3,647,976</u>	<u>\$ 64,458</u>	<u>\$ 397,822</u>	<u>\$ 4,110,256</u>

Taxes receivable represent property, sales, gross receipts, and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes. Taxes receivable consisted of the following at September 30, 2015:

	General Fund	Public Health Fund	Other Nonmajor Funds	Total
Franchise taxes	\$ 139,474	\$ -	\$ -	\$ 139,474
Gross receipts taxes	333,395	-	-	333,395
Property taxes	65,348	12,314	-	77,662
Sales and use taxes	51,424	-	52,666	104,090
	<u>\$ 589,641</u>	<u>\$ 12,314</u>	<u>\$ 52,666</u>	<u>\$ 654,621</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

(4) Intergovernmental Revenue/Receivables

Intergovernmental revenue during the year consisted of the following:

	<u>General Fund</u>	<u>Gasoline Tax</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Grants - Federal, State and Local	\$ 26,167	\$ 402,925	\$ -	\$ 429,092
State:		-		
Motor vehicle sales tax	-	89,293	-	89,293
Motor vehicle fuel tax	-	27,351	-	27,351
Motor vehicle license and title transfer fees	-	14,434	-	14,434
Local:				
Tax increment financing revenues	-	-	13,235	13,235
Total Intergovernmental Revenue	<u>\$ 26,167</u>	<u>\$ 534,003</u>	<u>\$ 13,235</u>	<u>\$ 573,405</u>

Amounts due from other governments at September 30, 2015, were as follows:

	<u>General Fund</u>	<u>State Gasoline Tax</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Grants - federal, state, and local	\$ 6,439	\$ 142,321	\$ -	\$ 148,760
State:				
Motor vehicle sales tax	-	14,907	-	14,907
Motor vehicle fuel tax	-	5,201	-	5,201
Motor vehicle license and title transfer fees	-	2,357	-	2,357
Local:				
Tax increment financing revenues	-	-	7,439	7,439
Total due from other governments	<u>\$ 6,439</u>	<u>\$ 164,786</u>	<u>\$ 7,439</u>	<u>\$ 178,664</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

(5) Interfund Activity

Transfers between funds for the year ended September 30, 2015 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	\$ 85,461	\$ -	\$ 85,461
Other Governmental Funds	<u>251,000</u>	<u>139,868</u>	<u>390,868</u>
 Total	 <u>\$ 336,461</u>	 <u>\$ 139,868</u>	 <u>\$ 476,329</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.

In the government-wide statement of activities, capital contributions totaling \$62,250 from governmental activities to business-type activities has been reclassified as transfers in and transfers out. Accordingly, transfers between governmental activities and business-type activities totaled \$62,250.

Amount due to/due from other funds as of September 30, 2015 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	\$ -	\$ 3,200	\$ 3,200
Nonmajor governmental	<u>-</u>	<u>2,668</u>	<u>2,668</u>
Total governmental activities	<u>-</u>	<u>5,868</u>	<u>5,868</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>\$ 5,868</u>	 <u>\$ 81,068</u>

Interfund balances of 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, 2015

(6) Capital Assets

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

Governmental activities:	September 30,		September 30,	
	2014	Additions	Retirements	2015
Capital assets, not being depreciated				
Land and improvements	\$ 1,914,337	\$ -	\$ -	\$ 1,914,337
Construction in progress	1,092,054	198,182	295,954	994,282
Total capital assets, not being depreciated	<u>3,006,391</u>	<u>198,182</u>	<u>295,954</u>	<u>2,908,619</u>
Capital assets, being depreciated				
Buildings	6,295,232	-	-	6,295,232
Equipment and vehicles	2,608,894	510,315	26,191	3,093,018
Office Equipment	476,800	25,911	15,763	486,948
Infrastructure	6,865,716	295,954		7,161,670
Total capital assets being depreciated	<u>16,246,642</u>	<u>832,180</u>	<u>41,954</u>	<u>17,036,868</u>
Less accumulated depreciation for:				
Buildings	2,021,159	205,089	-	2,226,248
Equipment and vehicles	2,102,123	136,254	26,191	2,212,186
Office Equipment	391,621	26,377	15,763	402,235
Infrastructure	3,104,784	143,233	-	3,248,017
Total accumulated depreciation	<u>7,619,687</u>	<u>510,953</u>	<u>41,954</u>	<u>8,088,686</u>
Total capital assets being depreciated, net	<u>8,626,955</u>			<u>8,948,182</u>
Governmental activities capital assets, net	<u>\$ 11,633,346</u>			<u>\$ 11,856,801</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

	September 30, 2014	Additions	Retirements	September 30, 2015
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 22,921	\$ -	\$ 22,921	\$ -
Total capital assets, not being depreciated	<u>22,921</u>	<u>-</u>	<u>22,921</u>	<u>-</u>
Capital assets, being depreciated				
Equipment and vehicles	650,669	69,058	196,126	523,601
Sewer and water lines	2,572,027	23,281	-	2,595,308
Total capital assets being depreciated	<u>3,222,696</u>	<u>92,339</u>	<u>196,126</u>	<u>3,118,909</u>
Less accumulated depreciation for:				
Equipment and vehicles	568,213	37,974	196,126	410,061
Sewer and water lines	1,647,467	45,598	-	1,693,065
Total accumulated depreciation	<u>2,215,680</u>	<u>83,572</u>	<u>196,126</u>	<u>2,103,126</u>
Total capital assets being depreciated, net	<u>1,007,016</u>			<u>1,015,783</u>
Business-type activates capital assets, net	<u>\$ 1,029,937</u>			<u>\$ 1,015,783</u>

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

Governmental activities	
General administration	\$ 24,441
Public safety	235,720
Streets and public works	225,750
Parks and recreation	<u>25,042</u>
Total depreciation expense for governmental activities	<u>\$ 510,953</u>
Business-type activities	
Water	\$ 15,490
Sewer	37,662
Sanitation	<u>30,420</u>
Total depreciation expense for business-type activities	<u>\$ 83,572</u>

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

(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	\$ 159,058	\$ 154,858	\$ 127,922	\$ 185,994	\$ 119,681
* Other post employment benefits	98,937	12,539	-	111,476	-
Certificates of participation	2,370,000	2,425,000	2,370,000	2,425,000	120,000
Discount on issuance	(59,125)	(14,475)	(59,383)	(14,217)	(775)
Energy Loan	70,837	-	12,309	58,528	12,756
Firetruck Lease	-	135,962	-	135,962	43,829
Developer agreement - TIF	1,578,196	-	34,110	1,544,086	50,000
Subtotal	<u>4,217,903</u>	<u>2,713,884</u>	<u>2,484,958</u>	<u>4,446,829</u>	<u>345,491</u>
Bank promissory note (see note 7(D))	1,999,203	-	1,999,203	-	-
Total	<u>\$ 6,217,106</u>	<u>\$ 2,713,884</u>	<u>\$ 4,484,161</u>	<u>\$ 4,446,829</u>	<u>\$ 345,491</u>
Business-type Activates:					
Compensated absences	\$ 3,901	\$ 5,172	\$ 5,614	\$ 3,459	\$ 3,459
Other post employment benefits	4,624	561	-	5,185	-
Total	<u>\$ 8,525</u>	<u>\$ 5,733</u>	<u>\$ 5,614</u>	<u>\$ 8,644</u>	<u>\$ 3,459</u>

* Primarily liquidated by the General fund in prior years.

A. Certificates of Participation

During fiscal year 2015 the City issued \$2,425,000 Refunding Certificates of Participation to refund the 2009 Certificates of Participation issued 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 August 1, 2015 through February 1, 2034 with principal payments ranging from \$120,000 to \$355,000, and interest rates ranging from 2.00% to 4.25%.

The net proceeds of the certificates of participation together with the other available funds totaling \$2,369,000 were deposited in trust with an escrow agent to provide for all future debt service payments on the refunded 2009 Certificates of Participation. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$118,125. This amount is reported as a deferred outflow of resources and is amortized over the remaining life of the refunded debt using the straight-line method. The City completed the refunding to reduce its debt service payments by \$441,910 and to obtain an economic gain of \$312,010.

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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

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.

At September 30, 2015, the total obligation under this agreement was \$1,544,086. 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 \$126,893. Incremental revenues from the City were \$74,025 in sales taxes, property taxes, and franchise taxes.

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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

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.
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.

At September 30, 2015, the IDA and City were in default under the promissory note agreement and related lease agreement.

Subsequent Settlement Agreement – Special Item

Subsequent to year end, the City, IDA and the Bank entered into a settlement agreement. Principal terms include the following:

1. The City's lease with the IDA was terminated.
2. Land and improvements held as collateral related on the promissory note was transferred to the Bank.
3. The Bank released the IDA and City from all liability under the 2011 note agreement between the IDA and the Bank.
4. The City has agreed to acquire the related land and improvements for \$350,000 from the Bank.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

In accordance with Governmental Accounting Standards dealing with the recording of subsequent events, including guidance provided by GASB 56, the impact of the subsequent settlement agreement is reflected in the City's September 30, 2015 financial statements as a Special Item as follows:

Special Item	
Land held for redevelopment (loan collateral)	\$ (500,000)
Governmental fund total	(500,000)
Bank promissory note forgiven by bank	1,999,203
Government-wide total	\$ 1,499,203

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.

As discussed above, subsequent to year end a settlement agreement was entered into by the City, IDA and the Bank whereby the land and improvements were transferred to the bank as pledged collateral on the promissory note and were then acquired by the City at a costs of \$350,000 to complete the settlement agreement.

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

	Balance at September 30, 2014	Additions	Reductions	Balance at September 30, 2015
Property Held for Redevelopment	\$ 1,128,719	\$ 350,000	\$ 500,000	\$ 978,719

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

Future Debt Service Requirements

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

	Certificates of Participation		Energy Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 120,000	\$ 84,349	\$ 12,756	\$ 1,993	\$ 132,756	\$ 86,342
2017	90,000	82,249	13,219	1,530	103,219	83,779
2018	95,000	80,399	13,699	1,050	108,699	81,449
2019	95,000	78,380	14,197	552	109,197	78,932
2020	95,000	76,124	4,657	84	99,657	76,208
2021-2025	530,000	335,708	-	-	530,000	335,708
2026-2030	625,000	230,706	-	-	625,000	230,706
2031-2035	775,000	78,519	-	-	775,000	78,519
Totals	\$ 2,425,000	\$ 1,046,434	\$ 58,528	\$ 5,209	\$ 2,483,528	\$ 1,051,643

Capital Lease Obligations

The City has entered into a capital leasing agreement for equipment. The cumulative amount of assets acquired under the capital lease (including a cash payment of \$250,000) is \$385,962 with related accumulated depreciation of \$2,144 as of September 30, 2015.

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2015 were as follows:

Governmental Activities:	
Year ending September 30:	
2016	\$ 48,073
2017	48,073
2018	48,073
	<u>144,219</u>
Less imputed interest	<u>(8,257)</u>
Present value of minimum lease payments	<u>\$ 135,962</u>

(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, 2015, the City's portion of the shared costs was \$613,801.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

(9) Employees Retirement System

A. Plan Description

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

B. Benefits Provided

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

	<u>2015 Valuation</u>
Benefit Multiplier:	1.25% plus 0.75% to age 65
Final Average Salary:	3 Years
Member Contributions:	0%

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

C. Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	19	12	7	38
Inactive employees entitled to but no yet receiving benefits	14	14	2	30
Active employees	33	15	6	54
	<u>66</u>	<u>41</u>	<u>15</u>	<u>122</u>

D. Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 3.4% (General), 0.2% (Police) and 0.2% (Fire) of annual covered payroll.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

E. Net Pension Liability/(Asset)

The City's net pension liability/(asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of February 28, 2015.

F. Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increase	3.5% to 6.8% including wage inflation (General and Police)
	3.5% to 8.6% including wage inflation (Fire)
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

G. Discount Rate

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

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

H. Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 8,821,433	\$ 12,242,191	\$ (3,420,758)
Changes for the year:			
Service Cost	164,061	-	164,061
Interest	632,399	-	632,399
Difference between expected and actual	(332,242)	-	(332,242)
Contributions - employer	-	97,371	(97,371)
Net investment income	-	244,577	(244,577)
Benefit payments, including refunds	(364,938)	(364,938)	-
Administrative expense	-	(9,692)	9,692
Other changes (net transfer)	-	132,221	(132,221)
Net changes	99,280	99,539	(259)
Balances at end of year	\$ 8,920,713	\$ 12,341,730	\$ (3,421,017)

I. Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability/(Asset) would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	Current Single Discount Rate		
	1% Decrease 6.25%	Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 10,083,895	\$ 8,920,713	\$ 7,950,968
Plan Fiduciary Net Position	(12,341,730)	(12,341,730)	(12,341,730)
Net Pension Liability/(Asset)	\$ (2,257,835)	\$ (3,421,017)	\$ (4,390,762)

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized LAGERS pension expense of \$(155,119) (\$92,993) (General), \$(56,620) (Police) and \$(5,506) (Fire)). The City reported deferred outflows (inflows) related to LAGERS pension from the following sources:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
Differences in experience	\$ (224,259)	\$ (14,449)	\$ (19,314)	\$ (258,022)
Excess (deficit) investment returns	275,615	175,769	58,869	510,253
Contributions subsequent to the measurement date	16,986	2,963	502	20,451
Total	<u>\$ 68,342</u>	<u>\$ 164,283</u>	<u>\$ 40,057</u>	<u>\$ 272,682</u>

Net amounts reported as deferred outflows resources related to LAGERS pension will be recognized in pension expense as follows:

Year ending September 30:	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
2015-2016	\$ 20,332	\$ 41,823	\$ 11,639	\$ 73,794
2016-2017	3,346	38,860	11,137	53,343
2017-2018	3,346	39,657	11,137	54,140
2018-2019	41,318	43,943	11,138	96,399
2019-2020	-	-	(3,580)	(3,580)
Thereafter	-	-	(1,414)	(1,414)
Total	<u>\$ 68,342</u>	<u>\$ 164,283</u>	<u>\$ 40,057</u>	<u>\$ 272,682</u>

K. Payable to the Pension Plan

At September 30, 2015, the City reported a payable of \$7,008 for the outstanding amount of contributions to the LAGERS pension plan.

(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).

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

	<u>Total Primary Government</u>
Annual required contribution	\$ 16,524
Interest on net OPEB obligation	4,660
Adjustment to annual required contribution	<u>(6,084)</u>
Annual OPEB cost	15,100
Less: Net employer contributions	<u>2,000</u>
Change in net OPEB obligation	13,100
OPEB - beginning of year	103,561
OPEB - end of year	<u><u>\$ 116,661</u></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, 2015 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	\$ 17,525	0.00%	\$ 90,278
9/30/2014	15,283	13.09%	103,561
9/30/2015	15,100	13.25%	116,661

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

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.

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, 2015 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.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

B. Federal and State Grants

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

C. Litigation

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

D. Conduit Debt

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

As of September 30, 2015, 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, 2015, expenditures related to the project totaled \$475,453.

CITY OF SUGAR CREEK, MISSOURI

Notes to the Basic Financial Statements

September 30, 2015

(12) Change in Accounting Principle

The beginning net position of the City's governmental and business-type activities was restated due to the implementation of the GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

	Governmental Activities	Bussiness-Type Activities	Total
Net Position, beginning of year as previously reported	\$ 12,244,446	\$ 1,776,051	\$ 14,020,497
Changes in accounting and reporting related to the City's pension plan	3,229,359	279,318	3,508,677
Net Position, beginning of year as restated	<u>\$ 15,473,805</u>	<u>\$ 2,055,369</u>	<u>\$ 17,529,174</u>

(13) Subsequent Events

The City evaluated subsequent events through March 29, 2016, the date the financial statements were available to be issued. Certain subsequent events were identified that required adjustment to or disclosure in the financial statements as further described in Note 7(D).

CITY OF SUGAR CREEK, MISSOURI

Required Supplementary Information

September 30, 2015

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
- Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios
- Schedule of Employer Contributions
- Schedule of Funding Progress - OPEB

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, 2015

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 3,523,766	\$ 3,623,766	\$ 3,647,976	\$ 24,210
Intergovernmental	11,000	11,000	26,167	15,167
Rentals	68,705	68,705	58,946	(9,759)
Fines and forfeitures	167,800	167,800	130,697	(37,103)
Payment in lieu of taxes	50,000	50,000	28,429	(21,571)
Contractual agreements	112,615	112,615	144,340	31,725
Licenses, permits, and fees	99,780	99,780	102,232	2,452
Interest	9,040	9,040	11,980	2,940
Charges for services	52,717	52,717	43,851	(8,866)
Other	170,910	170,910	93,103	(77,807)
Total Revenues	4,266,333	4,366,333	4,287,721	(78,612)
Expenditures:				
Current:				
General administration	1,281,419	1,281,419	1,240,444	40,975
Public safety	2,262,995	2,020,095	1,977,694	42,401
Streets and public works	733,155	768,155	719,248	48,907
Parks and recreation	231,453	231,453	216,969	14,484
Debt Service:				
Principal	12,310	12,310	12,309	1
Interest and fiscal charges	2,440	2,440	2,440	-
Total Expenditures	4,523,772	4,315,872	4,169,104	146,768
Excess of Revenues Over (Under) Expenditures	(257,439)	50,461	118,617	68,156
Other Financing Sources (Uses):				
Transfers in	30,000	30,000	-	(30,000)
Transfers out	(25,949)	(338,056)	(336,461)	1,595
Total Other Financing Sources (Uses)	4,051	(308,056)	(336,461)	(28,405)
Change in fund balance	<u>\$ (253,388)</u>	<u>\$ (257,595)</u>	(217,844)	<u>\$ 39,751</u>
Fund Balances, Beginning of Year			<u>2,400,197</u>	
Fund Balances, End of Year			<u>\$ 2,182,353</u>	

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

CITY OF SUGAR CREEK, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Public Health Fund
Year Ended September 30, 2015

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 65,099	\$ 65,099	\$ 64,458	\$ (641)
Interest	2,600	2,600	3,959	1,359
Total Revenues	<u>67,699</u>	<u>67,699</u>	<u>68,417</u>	<u>718</u>
Expenditures:				
General administration	1,265	1,265	1,078	187
Health and welfare	155,000	155,000	1,106	153,894
Total Expenditures	<u>156,265</u>	<u>156,265</u>	<u>2,184</u>	<u>154,081</u>
Change in fund balance	<u>\$ (88,566)</u>	<u>\$ (88,566)</u>	66,233	<u>\$ 154,799</u>
Fund Balances, Beginning of Year			<u>782,214</u>	
Fund Balances, End of Year			<u>\$ 848,447</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, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intergovernmental	\$ 557,847	\$ 557,847	\$ 534,003	\$ (23,844)
Total Revenues	<u>557,847</u>	<u>557,847</u>	<u>534,003</u>	<u>(23,844)</u>
Expenditures:				
Streets and public works	752,759	752,759	659,551	93,208
Total Expenditures	<u>752,759</u>	<u>752,759</u>	<u>659,551</u>	<u>93,208</u>
Change in fund balance	<u>\$ (194,912)</u>	<u>\$ (194,912)</u>	(125,548)	<u>\$ 69,364</u>
Fund Balance, Beginning of Year			<u>79,782</u>	
Fund Balance (deficit), End of Year			<u>\$ (45,766)</u>	

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

CITY OF SUGAR CREEK, MISSOURI
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended September 30, 2015

	Lagers
	2015
Total Pension Liability	
Service costs	\$ 164,061
Interest on total pension liability	632,399
Changes in benefit terms	-
Difference between expected and actual experience of the total pension liability	(332,242)
Benefit payments and refunds	(364,938)
Net change in total pension liability	99,280
Total pension liability - beginning of year	8,821,433
Total pension liability - end of year (a)	<u>\$ 8,920,713</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 97,371
Contributions - employee	-
Net investment income	244,577
Benefit payments and refunds	(364,938)
Administrative expenses	(9,692)
Other (net transfer)	132,221
Net change in plan fiduciary net position	99,539
Plan fiduciary net position - beginning of year	12,242,191
Plan fiduciary net position - end of year (b)	<u>\$ 12,341,730</u>
Net pension liability/(asset) (a) - (b)	<u>\$ (3,421,017)</u>
Plan net position as a percentage of the total pension liability	138.35%
Covered employee payroll	2,034,865
Net pension liability/(asset) as a percentage of covered payroll	-168.12%

City of Sugar Creek, Missouri
Required Supplementary Information
Schedule of Employer Contributions
Year Ended September 30, 2015

LAGERS (General, Police and Fire)

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2006	\$ 97,270	\$ 97,270	\$ -	\$ 1,994,869	4.88%
2007	104,020	104,020	-	2,033,725	5.11%
2008	79,968	79,968	-	2,110,245	3.79%
2009	70,413	70,413	-	2,244,058	3.14%
2010	63,791	63,791	-	2,233,687	2.86%
2011	137,199	86,775	50,424	2,235,084	3.88%
2012	136,243	104,120	32,123	2,214,225	4.70%
2013	117,879	115,404	2,475	2,144,073	5.38%
2014	111,154	111,154	-	2,122,927	5.24%
2015	91,716	91,716	-	2,041,495	4.49%

City of Sugar Creek, Missouri
Required Supplementary Information
Notes to Schedule of Contributions
Year Ended September 30, 2015

Lagers

Valuation Date February 28, 2015

Notes: The roll-forward of total pension liability from February 28, 2015 to June 30, 2015 reflects expected service cost and interest reduced by actual benefit payments and administrative costs

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 14 to 15 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation assumption	3.5% wage inflation; 3% price inflation
Salary increases	3.5% to 6.8% including wage inflation (General and Police) 3.5% to 8.6% including wage inflation (Fire)
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

City of Sugar Creek, Missouri
 Required Supplementary Information
 Schedules of Funding Progress
 Year Ended September 30, 2015

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, 2015

	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	\$ -	\$ 1,319,410	\$ 55,214	\$ 114,396	\$ -	\$ 5,357	\$ 1,494,377
Receivables:							
Taxes	-	51,426	-	-	-	1,240	52,666
Accrued interest	-	1,539	139	317	-	-	1,995
Due from other governments	-	-	-	-	-	7,439	7,439
Due from other funds	-	-	-	-	-	5,868	5,868
Restricted assets - cash and cash investments	601,492	-	-	-	292,707	-	894,199
Total Assets	\$ 601,492	\$ 1,372,375	\$ 55,353	\$ 114,713	\$ 292,707	\$ 19,904	\$ 2,456,544
Liabilities and Fund Balances							
Liabilities:							
Due to other funds	\$ -	\$ 2,668	\$ -	\$ -	\$ -	\$ -	\$ 2,668
Total Liabilities	-	2,668	-	-	-	-	2,668
Fund balances							
Restricted:							
Capital projects	-	1,008,559	-	-	-	-	1,008,559
Debt service	-	-	-	-	292,707	19,904	312,611
Parks and recreation	-	361,148	-	-	-	-	361,148
Community Development	601,492	-	-	-	-	-	601,492
Assigned:							
Capital projects	-	-	55,353	114,713	-	-	170,066
Total fund balances	601,492	1,369,707	55,353	114,713	292,707	19,904	2,453,876
Total liabilities and fund balances	\$ 601,492	\$ 1,372,375	\$ 55,353	\$ 114,713	\$ 292,707	\$ 19,904	\$ 2,456,544

CITY OF SUGAR CREEK, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended September 30, 2015

	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	\$ -	\$ 323,797	\$ -	\$ -	\$ -	\$ 74,025	\$ 397,822
Intergovernmental	-	-	-	-	-	13,235	13,235
Interest	730	1,713	208	470	58	1,758	4,937
	<u>730</u>	<u>325,510</u>	<u>208</u>	<u>470</u>	<u>58</u>	<u>89,018</u>	<u>415,994</u>
Expenditures:							
Current:							
General administration	-	18,222	-	-	249	611	19,082
Streets and public works	-	47,660	-	-	-	-	47,660
Public Safety	-	422,583	-	-	-	-	422,583
Economic development	410	-	-	-	-	-	410
Parks and recreation	-	12,167	-	-	-	-	12,167
Debt service:							
Principal	-	-	-	-	60,000	34,110	94,110
Interest and fiscal charges	-	-	-	-	205,548	126,893	332,441
	<u>410</u>	<u>500,632</u>	<u>-</u>	<u>-</u>	<u>265,797</u>	<u>161,614</u>	<u>928,453</u>
Excess of Revenues Over (Under) Expenditures	320	(175,122)	208	470	(265,739)	(72,596)	(512,459)
Other financing sources (uses):							
Transfers in	-	250,250	-	-	140,618	-	390,868
Transfers out	-	(139,618)	-	-	(250)	-	(139,868)
Lease Proceeds	-	135,962	-	-	-	-	135,962
Refunding of certificates of participation	-	-	-	-	2,425,000	-	2,425,000
Original issue discount	-	-	-	-	(14,475)	-	(14,475)
Payment to escrow agent	-	-	-	-	(2,369,000)	-	(2,369,000)
Total Other Financing Sources (Uses)	-	<u>246,594</u>	-	-	<u>181,893</u>	-	<u>428,487</u>
Change in fund balance	320	71,472	208	470	(83,846)	(72,596)	(83,972)
Fund Balances, Beginning 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>
Fund Balances, End of Year	<u>\$ 601,492</u>	<u>\$ 1,369,707</u>	<u>\$ 55,353</u>	<u>\$ 114,713</u>	<u>\$ 292,707</u>	<u>\$ 19,904</u>	<u>\$ 2,453,876</u>

CITY OF SUGAR CREEK, MISSOURI
Combining Balance Sheet - Non-major Sales Tax Funds
September 30, 2015

	Capital Improvement Sales Tax	Parks and Recreation Sales Tax	Stormwater Sales Tax	Totals
Assets				
Pooled cash and investments	\$ 440,724	\$ 348,714	\$ 529,972	\$ 1,319,410
Receivables:				
Taxes	25,716	12,855	12,855	51,426
Accrued interest	526	246	767	1,539
Total Assets	<u>\$ 466,966</u>	<u>\$ 361,815</u>	<u>\$ 543,594</u>	<u>\$ 1,372,375</u>
Liabilities				
Due to other funds	\$ 1,334	\$ 667	\$ 667	\$ 2,668
Total Liabilities	<u>1,334</u>	<u>667</u>	<u>667</u>	<u>2,668</u>
Fund balances				
Restricted:				
Capital projects	465,632	-	542,927	1,008,559
Parks and recreation	-	361,148	-	361,148
Total fund balances	<u>465,632</u>	<u>361,148</u>	<u>542,927</u>	<u>1,369,707</u>
Total liabilities and fund balances	<u>\$ 466,966</u>	<u>\$ 361,815</u>	<u>\$ 543,594</u>	<u>\$ 1,372,375</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, 2015

	Capital Improvement Sales Tax	Parks and Recreation Sales Tax	Stormwater Sales Tax	Totals
Revenues:				
Taxes	\$ 161,901	\$ 80,949	\$ 80,947	\$ 323,797
Interest	607	257	849	1,713
	<u>162,508</u>	<u>81,206</u>	<u>81,796</u>	<u>325,510</u>
Expenditures:				
Current:				
General administration	-	-	18,222	18,222
Streets and public works	47,660	-	-	47,660
Parks and recreation	-	12,167	-	12,167
Public Safety	422,583	-	-	422,583
	<u>470,243</u>	<u>12,167</u>	<u>18,222</u>	<u>500,632</u>
Excess of Revenues Over (Under) Expenditures	(307,735)	69,039	63,574	(175,122)
Other financing sources (uses):				
Transfers in	250,250	-	-	250,250
Transfers out	(139,618)	-	-	(139,618)
Lease proceeds	135,962	-	-	135,962
Total Other Financing Sources	<u>246,594</u>	<u>-</u>	<u>-</u>	<u>246,594</u>
Change in fund balance	(61,141)	69,039	63,574	71,472
Fund Balances, Beginning of Year	<u>526,773</u>	<u>292,109</u>	<u>479,353</u>	<u>1,298,235</u>
Fund Balances, End of Year	<u>\$ 465,632</u>	<u>\$ 361,148</u>	<u>\$ 542,927</u>	<u>\$ 1,369,707</u>

CITY OF SUGAR CREEK, MISSOURI
Reuse Agreement

**Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2015**

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ -	\$ -	\$ 730	\$ 730
Total Revenues	<u>-</u>	<u>-</u>	<u>730</u>	<u>730</u>
Expenditures:				
Economic development	700	700	410	290
Total Expenditures	<u>700</u>	<u>700</u>	<u>410</u>	<u>290</u>
Change in fund balance	<u>\$ (700)</u>	<u>\$ (700)</u>	320	<u>\$ 1,020</u>
Fund Balance, Beginning of Year			<u>601,172</u>	
Fund Balance, End of Year			<u>\$ 601,492</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, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 160,000	\$ 160,000	\$ 161,901	\$ 1,901
Interest	400	550	607	57
Total Revenues	<u>160,400</u>	<u>160,550</u>	<u>162,508</u>	<u>1,958</u>
Expenditures:				
Streets and public works	580	48,011	47,660	351
Public Safety	42,000	292,000	286,621	5,379
Total Expenditures	<u>42,580</u>	<u>340,011</u>	<u>334,281</u>	<u>5,730</u>
Excess of Revenues Over (Under) Expenditures	117,820	(179,461)	(171,773)	7,688
Other financing (uses):				
Transfers In	-	250,250	250,250	-
Transfers Out	(193,875)	(193,875)	(139,618)	54,257
	<u>(193,875)</u>	<u>56,375</u>	<u>110,632</u>	<u>54,257</u>
Change in fund balance	<u>\$ 117,820</u>	<u>\$ 70,789</u>	(61,141)	<u>\$ 61,945</u>
Fund Balance, Beginning of Year			<u>526,773</u>	
Fund Balance, End of Year			<u>\$ 465,632</u>	
Reconciliation of Budgetary expenditures to GAAP expenditures:				
Expenditures-Budget Basis			\$ 334,281	
Capital lease/outlay-public safety			135,962	
Expenditures GAAP basis			<u>\$ 470,243</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, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 80,000	\$ 80,000	\$ 80,949	\$ 949
Interest	143	143	257	114
Total Revenues	<u>80,143</u>	<u>80,143</u>	<u>81,206</u>	<u>1,063</u>
Expenditures:				
Parks and recreation	280	12,280	12,167	113
Total Expenditures	<u>280</u>	<u>12,280</u>	<u>12,167</u>	<u>113</u>
Change in fund balance	<u>\$ 79,863</u>	<u>\$ 67,863</u>	69,039	<u>\$ 1,176</u>
Fund Balance, Beginning of Year			<u>292,109</u>	
Fund Balance, End of Year			<u>\$ 361,148</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, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 80,000	\$ 80,000	\$ 80,947	\$ 947
Interest	50	50	849	799
Total Revenues	<u>80,050</u>	<u>80,050</u>	<u>81,796</u>	<u>1,746</u>
Expenditures:				
General administration	10,150	30,150	18,222	11,928
Total Expenditures	<u>10,150</u>	<u>30,150</u>	<u>18,222</u>	<u>11,928</u>
Change in fund balance	<u>\$ 69,900</u>	<u>\$ 49,900</u>	63,574	<u>\$ 13,674</u>
Fund Balance, Beginning of Year			<u>479,353</u>	
Fund Balance, End of Year			<u>\$ 542,927</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, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 30	\$ 30	\$ 208	\$ 178
Total Revenues	<u>30</u>	<u>30</u>	<u>208</u>	<u>178</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>\$ 30</u>	<u>\$ 30</u>	208	<u>\$ 178</u>
Fund Balance, Beginning of Year			<u>55,145</u>	
Fund Balance, End of Year			<u>\$ 55,353</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, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 100	\$ 100	\$ 470	\$ 370
Total Revenues	<u>100</u>	<u>100</u>	<u>470</u>	<u>370</u>
Expenditures:	-	-	-	-
Excess of Revenues Over Expenditures	<u>\$ 100</u>	<u>\$ 100</u>	470	<u>\$ 370</u>
Fund Balance, Beginning of Year			<u>114,243</u>	
Fund Balance, End of Year			<u>\$ 114,713</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, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Interest	\$ 50	\$ 50	\$ 58	\$ 8
Total Revenues	<u>50</u>	<u>50</u>	<u>58</u>	<u>8</u>
Expenditures:				
General administration	270	270	249	21
Debt service	193,605	193,605	265,548	(71,943)
Total Expenditures	<u>193,875</u>	<u>193,875</u>	<u>265,797</u>	<u>(71,922)</u>
Excess of Revenues Over (Under) Expenditures	<u>(193,825)</u>	<u>(193,825)</u>	<u>(265,739)</u>	<u>(71,914)</u>
Other Financing Sources:				
Transfers in	193,875	193,875	140,618	(53,257)
Transfers out	-	-	(250)	(250)
Refunding of certificates of participation	-	-	2,425,000	2,425,000
Original issue discount	-	-	(14,475)	(14,475)
Payment to escrow agent	-	-	(2,369,000)	(2,369,000)
Total Other Financing Sources	<u>193,875</u>	<u>193,875</u>	<u>181,893</u>	<u>(11,982)</u>
Change in fund balance	<u>\$ 50</u>	<u>\$ 50</u>	(83,846)	<u>\$ (83,896)</u>
Fund Balance, Beginning of Year			<u>376,553</u>	
Fund Balance, End of Year			<u>\$ 292,707</u>	

CITY OF SUGAR CREEK, MISSOURI
TIF Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended September 30, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 86,200	\$ 86,200	\$ 74,025	\$ (12,175)
Intergovernmental	22,000	22,000	13,235	(8,765)
Interest	100	100	1,758	1,658
Total Revenues	<u>108,300</u>	<u>108,300</u>	<u>89,018</u>	<u>(19,282)</u>
Expenditures:				
General government	600	600	611	(11)
Debt service	100,000	100,000	161,003	(61,003)
Total Expenditures	<u>100,600</u>	<u>100,600</u>	<u>161,614</u>	<u>(61,014)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 7,700</u>	<u>\$ 7,700</u>	(72,596)	<u>\$ (80,296)</u>
Fund Balance, Beginning of Year			<u>92,500</u>	
Fund Balance, End of Year			<u>\$ 19,904</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, 2015

	2015		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Expenditures:				
General administration	30,000	30,000	9,658	20,342
Debt service	25,949	85,556	75,803	9,753
Total Expenditures	<u>55,949</u>	<u>115,556</u>	<u>85,461</u>	<u>30,095</u>
Excess of Revenues Over (Under) Expenditures	<u>(25,949)</u>	<u>(85,556)</u>	<u>(85,461)</u>	<u>(95)</u>
Other Financing Sources (Uses):				
Transfers in	115,556	175,163	85,461	(89,702)
Transfers out	(30,000)	(30,000)	-	30,000
Total Other Financing Sources (Uses)	<u>85,556</u>	<u>145,163</u>	<u>85,461</u>	<u>(59,702)</u>
Special item	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
Change in fund balance	<u>\$ 59,607</u>	<u>\$ 59,607</u>	<u>(500,000)</u>	<u>\$ 59,607</u>
Fund Balance, Beginning of Year			<u>945,166</u>	
Fund Balance, End of Year			<u>\$ 445,166</u>	

STATISTICAL SECTION *(Unaudited)*

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

STATISTICAL SECTION

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

Contents

Tables

Financial Trends

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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

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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

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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

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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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net, investment in capital assets	\$ 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	9,367,544
Restricted	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	6,785,380
Unrestricted	1,080,320	1,943,643	3,433,674	1,928,854	(580,644)	(473,272)	(870,455)	(740,192)	(946,527)	822,658
Total governmental activities net position	\$ <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>	<u>16,975,582</u>
Business-type activities	\$									
Net, investment in capital assets	892,075	953,464	947,501	904,596	1,103,752	1,048,026	1,044,329	1,070,965	1,029,937	1,015,783
Restricted	-	-	-	-	-	-	-	-	-	302,897
Unrestricted	961,389	833,604	798,688	824,090	875,001	878,480	829,520	787,110	746,114	921,400
Total business-type activities net position	\$ <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>	<u>2,240,080</u>
Primary government										
Invested in capital assets	\$ 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	10,383,327
Restricted	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	7,088,277
Unrestricted	2,041,709	2,777,247	4,232,362	2,752,944	294,357	405,208	(40,935)	46,918	(200,413)	1,744,058
Total primary government net position	\$ <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>	<u>19,215,662</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General Administration	\$ 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	1,259,546
Public safety	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	2,064,401
Public works	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	1,363,905
Health and welfare	1,367	23,939	12,504	6,774	1,100	40,129	1,242	1,047	-	1,106
Parks & Recreation	272,588	298,354	359,177	345,374	261,170	325,393	269,815	256,455	283,623	242,770
Community development	243,450	345,501	5,303,205	3,077,439	35,849	361,812	67,768	21,189	37,225	410
Interest on long-term debt	176,859	138,779	126,575	106,906	265,869	249,250	343,780	346,990	312,829	368,445
Total governmental activities expenses	<u>4,365,628</u>	<u>4,549,053</u>	<u>10,085,101</u>	<u>7,066,343</u>	<u>6,386,137</u>	<u>5,928,246</u>	<u>6,243,347</u>	<u>6,310,924</u>	<u>5,911,849</u>	<u>5,300,583</u>
Business-type activities:										
Water	195,438	213,808	216,054	192,704	194,390	190,949	216,015	299,308	367,529	224,424
Sewer	508,135	527,598	539,833	558,313	595,176	696,236	750,208	790,566	765,695	802,304
Sanitation	210,783	206,987	207,788	206,746	211,824	220,006	242,657	255,119	256,810	246,591
Total business-type activities expenses	<u>914,356</u>	<u>948,393</u>	<u>963,675</u>	<u>957,763</u>	<u>1,001,390</u>	<u>1,107,191</u>	<u>1,208,880</u>	<u>1,344,993</u>	<u>1,390,034</u>	<u>1,273,319</u>
Total primary government expenses	<u>\$ 5,279,984</u>	<u>5,497,446</u>	<u>11,048,776</u>	<u>8,024,106</u>	<u>7,387,527</u>	<u>7,035,437</u>	<u>7,452,227</u>	<u>7,655,917</u>	<u>7,301,883</u>	<u>6,573,902</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Administration	\$ 128,730	184,341	170,141	131,274	149,805	177,441	177,087	182,043	172,812	156,633
Public safety	170,845	236,037	161,940	150,986	179,980	201,944	296,195	337,523	176,301	155,267
Public works	2,318	1,079	179	282	75	125	249	50	100	175
Parks & Recreation	8,214	34,534	13,900	29,855	18,534	54,361	44,453	34,024	37,068	23,650
Operating grants and contr.	15,361	3,288	5,819	91,923	130,988	61,554	65,351	113,971	26,556	26,167
Capital grants and contributions	14,006	-	219,955	29,352	2,306,471	815,967	988,369	2,414,122	1,190,945	462,197
Total governmental activities program revenues	<u>339,474</u>	<u>459,279</u>	<u>571,934</u>	<u>433,672</u>	<u>2,785,853</u>	<u>1,311,392</u>	<u>1,571,704</u>	<u>3,081,733</u>	<u>1,603,782</u>	<u>824,089</u>
Business-type activities:										
Charges for services:										
Water	159,464	159,554	157,638	200,272	239,175	245,798	265,498	280,278	271,052	278,072
Sewer	430,539	440,488	488,509	490,421	524,723	581,907	608,874	689,088	798,446	875,603
Sanitation	218,308	227,594	230,345	221,868	224,578	215,052	221,740	220,014	212,407	239,023
Capital grants and contributions	26,212	-	-	-	-	-	-	-	24,300	-
Total business-type activities program revenues	<u>834,523</u>	<u>827,636</u>	<u>876,492</u>	<u>912,561</u>	<u>988,476</u>	<u>1,042,757</u>	<u>1,096,112</u>	<u>1,189,380</u>	<u>1,306,205</u>	<u>1,392,698</u>
Total primary government program revenues	<u>\$ 1,173,997</u>	<u>1,286,915</u>	<u>1,448,426</u>	<u>1,346,233</u>	<u>3,774,329</u>	<u>2,354,149</u>	<u>2,667,816</u>	<u>4,271,113</u>	<u>2,909,987</u>	<u>2,216,787</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	(4,476,494)
Business-type activities	(79,833)	(120,757)	(87,183)	(45,202)	(12,914)	(64,434)	(112,768)	(155,613)	(83,829)	119,379
Total primary government net expense	<u>\$ (4,105,987)</u>	<u>(4,210,531)</u>	<u>(9,600,350)</u>	<u>(6,677,873)</u>	<u>(3,613,198)</u>	<u>(4,681,288)</u>	<u>(4,784,411)</u>	<u>(3,384,804)</u>	<u>(4,391,896)</u>	<u>(4,357,115)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 609,544	627,680	640,137	644,084	636,343	646,534	632,432	579,939	602,807	594,979
Sales and use taxes	880,323	1,016,163	754,035	625,473	721,092	662,596	705,667	705,045	763,145	682,051
Gross Receipts Tax	633,152	880,986	1,083,598	942,316	909,744	913,107	1,043,078	1,062,366	1,065,775	1,199,086
Franchise taxes	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	1,540,165
Other taxes	58,492	70,844	54,343	44,304	54,962	51,316	46,759	65,489	72,547	93,976
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contr.	241,966	454,914	210,094	301,809	187,696	220,296	197,644	146,903	172,323	172,742
Investment earnings	381,885	496,824	316,752	72,965	32,386	28,844	19,917	17,056	18,731	20,876
Miscellaneous	30,848	74,272	198,128	29,897	63,806	105,632	70,727	269,389	84,619	93,103
Contractual agreements	66,993	313,193	445,970	155,602	141,942	199,829	357,659	163,697	124,916	144,340
Special Item	-	-	-	-	(2,005,696)	-	-	-	-	1,499,203
Gain on Sale of Capital Assets	-	-	143,384	-	-	-	-	-	-	-
Transfers	-	-	-	-	(246,806)	(1,100)	(53,527)	(136,009)	-	(62,250)
Total governmental activities	<u>4,099,667</u>	<u>5,200,103</u>	<u>5,304,750</u>	<u>4,194,688</u>	<u>1,941,476</u>	<u>4,281,087</u>	<u>4,474,809</u>	<u>4,386,841</u>	<u>4,445,083</u>	<u>5,978,271</u>
Business-type activities:										
Investment earnings	83,184	54,361	46,304	27,699	16,175	11,085	6,584	3,830	1,805	3,082
Transfers	-	-	-	-	246,806	1,100	53,527	136,009	-	62,250
Total business-type activities	<u>83,184</u>	<u>54,361</u>	<u>46,304</u>	<u>27,699</u>	<u>262,981</u>	<u>12,185</u>	<u>60,111</u>	<u>139,839</u>	<u>1,805</u>	<u>65,332</u>
Total primary government	<u>\$ 4,182,851</u>	<u>5,254,464</u>	<u>5,351,054</u>	<u>4,222,387</u>	<u>2,204,457</u>	<u>4,293,272</u>	<u>4,534,920</u>	<u>4,526,680</u>	<u>4,446,888</u>	<u>6,043,603</u>
Changes in Net Position										
Governmental activities	\$ 73,513	1,110,329	(4,208,417)	(2,437,983)	(1,658,808)	(335,767)	(196,834)	1,157,650	137,016	1,501,777
Business-type activities	3,351	(66,396)	(40,879)	(17,503)	250,067	(52,249)	(52,657)	(15,774)	(82,024)	184,711
Total primary government	<u>\$ 76,864</u>	<u>1,043,933</u>	<u>(4,249,296)</u>	<u>(2,455,486)</u>	<u>(1,408,741)</u>	<u>(388,016)</u>	<u>(249,491)</u>	<u>1,141,876</u>	<u>54,992</u>	<u>1,686,488</u>

Table 3

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

	2006	2007	2008	2009	2010	2011**	2012**	2013**	2014**	2015**
General Fund										
Reserved	\$ 319,906	299,883	312,446	692,683	195,963	-	-	-	-	-
Unreserved	2,133,459	2,307,597	3,037,873	2,372,443	2,739,450	-	-	-	-	-
Nonspendable	-	-	-	-	-	201,592	211,070	232,921	253,857	233,395
Restricted	-	-	-	-	-	180,000	60,000	60,000	60,000	120,000
Assigned	-	-	-	-	-	100,000	150,000	200,000	250,000	0
Unassigned	-	-	-	-	-	2,339,691	2,139,475	2,167,956	1,836,340	1,828,958
Total General Fund	<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>	<u>2,182,353</u>
All other governmental funds										
Reserved	\$ 6,692,071	6,349,872	1,287,156	1,817,946	2,025,588	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	954,723	1,552,008	1,925,803	1,309,939	3,439,365	-	-	-	-	-
Capital project funds	277,890	360,537	394,875	401,434	(237,211)	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	4,080,714	3,669,465	4,144,667	3,730,456	3,132,257
Committed	-	-	-	-	-	490,271	445,165	445,166	445,166	445,166
Assigned	-	-	-	-	-	168,334	168,614	168,933	169,388	170,066
Unassigned	-	-	-	-	-	(349,797)	-	-	-	(45,766)
Total all other governmental funds	<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>	<u>3,701,723</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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 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	4,110,256
Intergovernmental	265,826	434,397	191,868	329,062	2,591,214	462,667	1,687,145	2,198,882	1,280,107	573,405
Licenses, fees and permits	91,943	136,980	124,480	88,798	101,231	101,955	101,712	117,004	104,990	102,232
Rentals	45,704	63,328	51,896	51,643	52,564	81,226	79,745	71,744	76,100	58,946
Fines, forfeitures, and court costs	167,608	231,584	161,070	144,233	163,740	184,034	272,510	311,693	146,791	130,697
Payment in lieu of taxes	37	23,806	24,040	24,280	25,008	25,759	26,439	27,227	27,688	28,429
Special Assessments	3,694	3,466	355	4,111	-	3,722	-	-	-	-
Contractual agreements	1,196,993	113,193	3,935,970	255,603	2,401,942	199,829	499,669	220,103	129,916	144,340
Interest	381,885	496,824	316,755	72,965	32,386	28,843	19,915	17,057	18,732	20,876
Charges for services	4,852	24,098	8,715	27,723	30,858	66,656	64,018	53,199	66,708	43,851
Donations	5,470	-	-	-	-	-	-	-	-	-
Miscellaneous	33,640	74,272	197,773	29,827	63,806	109,411	88,227	769,387	84,619	93,103
Total revenues	5,574,115	5,408,505	9,116,857	4,577,819	9,307,286	5,010,798	6,719,899	7,721,938	5,995,145	5,306,135
Expenditures										
General government	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	1,270,262
Public safety	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	2,400,277
Streets and Public works	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	1,426,459
Community development	243,450	607,364	5,303,205	2,482,971	366,485	442,034	67,768	21,189	512	410
Health and welfare	1,367	23,939	12,504	6,774	1,100	40,129	22,257	1,047	-	1,106
Parks and recreation	272,602	282,922	348,407	346,720	288,233	332,562	537,156	283,049	269,348	229,136
Debt Service										
Principal	17,737	188,292	150,822	58,574	100,975	55,000	118,797	191,590	254,072	106,419
Interest	312,263	161,708	105,178	191,286	269,623	250,213	365,058	347,882	271,690	410,684
Total expenditures	4,342,821	4,916,657	13,409,484	7,555,965	7,590,367	5,962,048	7,162,387	7,010,075	6,669,581	5,844,753
Excess of revenues over (under) expenditures	1,231,294	491,848	(4,292,627)	(2,978,146)	1,716,919	(951,250)	(442,488)	711,863	(674,436)	(538,618)
Other Financing Sources (Uses)										
Legal Settlement	-	-	-	-	98,597	-	-	-	-	-
Sale of Capital Assets	-	-	380,883	-	-	-	-	-	-	-
Transfers in	47,779	368,474	8,356,188	2,749,812	1,126,408	1,579,260	766,530	570,746	531,056	476,329
Transfers out	(47,779)	(368,474)	(8,356,188)	(2,749,812)	(1,373,214)	(1,580,360)	(799,042)	(706,755)	(531,056)	(476,329)
Capital Lease Proceeds	-	-	-	-	-	-	-	-	-	135,962
Certificates of Participation Issued	-	-	-	-	-	-	-	-	-	2,425,000
Issuance of Debt	-	-	-	2,690,000	-	-	107,984	-	-	(14,475)
Payment to Escrow Agent	-	-	-	-	-	-	-	-	-	(2,369,000)
Original Issue Discount	-	-	-	(75,562)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	380,883	2,614,438	(148,209)	(1,100)	75,472	(136,009)	-	177,487
Special Item	-	-	-	-	-	-	-	-	-	(500,000)
Net change in fund balances	\$ 1,231,294	491,848	(3,911,744)	(363,708)	1,568,710	(952,350)	(367,016)	575,854	(674,436)	(861,131)
Debt service as a percentage of non capital expenditures	7.85%	7.72%	2.63%	4.05%	5.82%	5.47%	8.22%	8.97%	9.40%	10.12%

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
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
2015	1,540,165	1,199,086	594,979	682,051	93,976	4,110,257

Table 6

Franchise Tax by Receipt Type
Last Ten Fiscal Years

Receipts by Tax Type	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Electrical	\$ 909,204	\$ 950,601	\$ 974,684	\$ 883,949	\$ 1,056,133	\$ 1,083,212	\$ 1,139,968	\$ 1,189,769	\$ 1,239,188	\$ 1,243,973
Gas	181,380	174,982	185,175	178,556	163,293	174,357	125,049	138,593	147,175	143,967
Telephone	64,944	66,984	394,975	213,536	287,046	196,435	172,747	168,008	149,021	135,454
Cable	15,526	18,318	16,987	17,354	15,923	16,295	16,689	16,596	16,636	16,772
Total	<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>	<u>\$ 1,540,165</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				
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%
2015	2014	18,289,391	104,617	12,732,537	31,126,545	8,796,664	3,778,623	43,701,832	1.1300	175,145,544	24.95%

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

Source: Jackson County Assessor's Office

City of 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	
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	1.0317	0.030	13.492
2014	2013	1.000	0.130	1.130	5.600	5.700	1.0464	0.030	13.506
2015	2014	1.000	0.130	1.130	5.700	5.700	1.0317	0.030	13.592

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	0.5141
Mid-Continent Public Library	0.3200
Handicap	0.0753
Mental Health	0.1223
Total County	<u>1.0317</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	2015			2006		
	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	10.40%	\$ 6,308,219	1	13.43%
Kansas City Power & Light	3,822,808	2	8.75%	2,209,127	3	4.70%
BP Products Co / Amoco	2,793,354	3	6.39%	4,710,158	2	10.03%
Courtney Ridge Landfill	1,967,483	4	4.50%	1,429,263	5	3.04%
Buckeye Tank Terminals	1,446,078	5	3.31%			
Davidson Trustee	518,262	6	1.19%	712,768	7	1.52%
Audubon Materials	477,112	7	1.09%			
Eagle Materials	468,931	8	1.07%			
Lafarge Corporation	376,060	9	0.86%	1,977,774	4	4.21%
APAC Kansas	335,646	10	0.77%	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>16,752,288</u>		<u>38.33%</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, 2015	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
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	87.78%
2014	493,114	474,245	96.49%	18,869	493,114	100.00%
2015	423,510	417,418	98.56%	-	417,418	98.56%

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	Fire Truck Lease Agreement	Certificates of Participation	Discounts on Issuance COP	Revenue Bonds	Capital Leases	Certificate of Participation			
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	6%	1,183
2015	58,528	1,544,086	135,962	2,425,000	(14,217)	-	-	-	4,149,359	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)
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%	-
2015	-	-	-	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, 2015

<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	\$ 125,255,000	23%	\$ 28,808,650
Fort Osage Reorganized #1 School District (as of June 30)	68,492,369	3%	2,054,771
Subtotal, overlapping debt			<u>30,863,421</u>
City direct debt			<u>4,149,359</u>
Total direct and overlapping debt			<u>\$ 35,012,780</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit (1)	\$ 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	8,740,366
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ <u>9,698,933</u>	<u>9,835,254</u>	<u>10,183,469</u>	<u>9,903,756</u>	<u>9,297,053</u>	<u>9,479,378</u>	<u>9,270,407</u>	<u>8,633,066</u>	<u>8,698,996</u>	<u>8,740,366</u>
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 2015

Assessed Value	\$ 43,701,832
Debt Limit (20% of assessed value)	8,740,366
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 8,740,366</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>
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	3,348	68,414,400	38,008	20,434	7.50%
2015	Not Available	Not Available	Not Available	Not Available	Not Available

Sources: (1) www.city-data.com
www.bestplaces.net/people/city/missouri/sugar_creek

Table 16

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Central Plains Cement (formerly Lafarge)	142	1	9.18%			
Menco Royal Inc.	37	2	2.39%	40	6	2.59%
Midwest Warehousing Services Inc	32	3	2.07%			
Wil-Pav Inc	31	4	2.01%			
Transwood, Inc.	27	5	1.75%			
Talon Concrete Aggregate (formerly Lafarge)	22	6	1.42%			
Taco Bell	21	7	1.36%	30	7	1.94%
Kross Restaurant	17	8	1.10%			
Talon Material Quarry (formerly Lafarge)	12	9	0.78%			
Buckeye Terminals (formerly BP)	12	10	0.78%			
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>353</u>		<u>22.83%</u>	<u>738</u>		<u>47.74%</u>

Table 17

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

Function:

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Administration	11	11	11	11	11	11	10	9	8	8
Public Safety										
Police	16	16	16	16	16	16	17	17	17	17
Dispatch	6	6	6	6	6	5	5	5	5	6
Firefighters	6	6	6	6	6	6	5	6	6	6
Street and Public Works										
Steet Maint.	16	16	14	14	13	12	12	11	11	10
Refuse	3	3	3	3	3	3	3	3	3	3
Community Development	1	1	2	1	1	1	1	1	1	1
Parks and Recreation	1	1	2	1	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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Physical Arrest	838	1,140	958	795	1116	721	632	621	559	922
Traffic violations	1,673	1,861	1017	992	665	990	897	697	846	1552
Speed & Stop Light violations						3281	4705	2590	0	457
Park violations	34	9	10	3	16	28	5	2	18	10
Fire										
Number of calls answered	480	536	527	504	482	557	610	639	612	597
Number of inspections covered	391	352	179	249	231	226	236	266	217	206
Water										
Number of customers	985	979	981	969	964	956	956	967	975	984
Sewer										
Number of customers	1,559	1,549	1529	1508	1509	1425	1462	1431	1506	1521

Source: Various City Departments

Table 19

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	15	16	14	10	10	10	14	14	15	16
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	12.88	12.88
Miles of streets	33	33	33	33	33	33	33	33	35	35
Culture and Recreation										
Park acreage	392	392	392	392	392	392	392	392	392	392
Parks	2	5	5	5	5	5	5	5	6	6
Gymnasium	1	1	1	1	1	1	1	1	1	1
Shelter houses	3	6	6	6	6	6	6	6	7	7
Ball Fields	7	7	9	9	6	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	1
Water										
Water mains (miles)	19	19	19	19	19	19	19	19	19	19
Fire hydrants	87	87	97	98	99	99	102	102	118	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	22	22
Number of service connections	1,559	1549	1529	1508	1509	1425	1462	1431	1506	1521

Source: Various City Departments