



CITY OF NORTH KANSAS CITY, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended September 30, 2014

**CITY OF NORTH KANSAS CITY, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2014



*Prepared by:
Administration Department*

Contents

	Page
Part I - Introductory Section:	
Letter Of Transmittal.....	i - viii
Certificate Of Achievement For Excellence In Financial Reporting	ix
Organizational Chart	x
Principal Officials	xi
 Part II - Financial Section:	
 Independent Auditors' Report	1 - 3
 Management's Discussion And Analysis - Required Supplementary Information	4 - 14
 Basic Financial Statements	
Government-Wide Financial Statements:	
Statement Of Net Position	15 - 16
Statement Of Activities	17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	18
Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities	19
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	20
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	21
Proprietary Funds:	
Statement Of Net Position - Enterprise Funds	22
Statement Of Revenues, Expenses And Changes In Net Position - Enterprise Funds	23
Statement Of Cash Flows - Enterprise Funds	24
Fiduciary Funds:	
Statement Of Fiduciary Net Position - Pension Trust Funds	25
Statement Of Changes In Fiduciary Net Position - Pension Trust Funds	26
 Notes To Basic Financial Statements.....	27 - 60

Contents

	Page
Required Supplementary Information	
Missouri Local Government Employees Retirement System	61
Police And Fire Retirement Plan	62
North Kansas City Hospital Pension Plan	63
North Kansas City Hospital Postemployment Healthcare Plan	64
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - General Fund	65
Note To Required Supplementary Information (Budgetary Comparison Information)	66
Supplementary Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	67
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances	68
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Special Revenue Funds	69
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Capital Projects Funds	70
Nonmajor Enterprise Funds:	
Combining Statement Of Net Position	71
Combining Statement Of Revenues, Expenses And Changes In Net Position	72
Combining Statement Of Cash Flows	73
Pension Trust Funds:	
Combining Statement Of Fiduciary Net Position	74
Combining Statement Of Changes In Fiduciary Net Position	75
Part III Statistical Section (Unaudited)	
Net Position By Component	76
Changes In Net Position	77 - 79
Fund Balances, Governmental Funds	80
Changes In Fund Balances, Governmental Funds	81
Tax Revenues By Source, Governmental Funds	82
Principal Sales Tax Industries	83
Legal Debt Margin Information	84
Ratios Of Net General Bonded Debt Outstanding By Type	85
Pledged-Revenue Coverage	86
Direct And Overlapping Governmental Activities Debt	87
Demographic And Economic Statistics	88
Principal Employers	89
Full-Time Equivalent City Government Employees By Functions/Programs	90
Operating Indicators By Function/Program	91
Capital Asset Statistics By Function/Program	92

Introductory Section



February 26, 2015

Honorable Mayor, Members of the City Council, and
Citizens of the City of North Kansas City:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2014.

Management assumes the responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

RubinBrown, LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of North Kansas City, Missouri’s financial statements for the year ended September 30, 2014. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City, incorporated as a village in 1912, became a fourth Class City in 1924 and a third Class City in 1954. The City currently has a land area of 4.6 square miles. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statute to extend its corporate limits by annexation; however, the City is landlocked by the Missouri River and surrounding cities.

The City operates under the mayor/council/administrator form of government. Policy making and legislative authority is vested in the governing body, which consists of a mayor and an eight-member council. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the city administrator. The city administrator is the chief administrative and budget officer of the City and is responsible for carrying out the policies and ordinances of the governing body and overseeing the day-to-day operations of the City. The council is elected on a nonpartisan basis. Council members are elected to two-year staggered terms with four council members elected every year. The mayor is elected to four-year terms. The council members are elected from within their respective wards. The mayor is elected at large.

The City is strategically located in the southwest portion of Clay County on the Missouri River, bordered by Kansas City, Missouri. Two interstate highways (I-29 and I-35) and two state highways (9 and 210) serve the community. It is adjacent to the Kansas City Municipal Airport and just twenty minutes south of the Kansas City International Airport. The Kansas City Area Transportation Authority, which operates a metropolitan-wide bus system, provides frequent, low cost service to all sections of North Kansas City. Industry enjoys easy access to rail service. There are 4,208 people residing in the City with a working population of more than 20,000 persons. The business/industrial payroll is about \$1 billion.

With total governmental fund type revenue of \$27.4 million in fiscal 2014, use of which is prudently allocated by the City Council, the City provides many services not available elsewhere, such as one police officer for every 126 residents, two fire stations with 57 firefighters providing excellent ambulance and fire protection services and two refuse collections weekly for residential property at no charge.

The City's fiscal year runs from October 1 to September 30. General operations are dependent primarily on an one-cent general sales tax, property taxes, occupation license fees, casino rent and utility franchise taxes. For the 2013–2014 budget year, revenue in the General Fund totaled \$13.8 million compared to a budget amount of \$12.9 million. Most general government capital improvements are financed from gaming revenue collections, and are accounted for in the Gaming Fund. This Gaming Fund had a total fund balance at September 30, 2014 of approximately \$38.7 million.

The North Kansas City Economy Year 2014 in Review

The strong business climate of 2013 continued through 2014, as strong building permit and business expansion activity continued to strengthen North Kansas City's excellent position for businesses and for residents.

New Business Highlights

The City's commercial and industrial real estate market remained strong. The total number of building permits surged in 2014, with a total of 238 permits issued. This activity was a 22 percent increase over 2013 permits and the highest permit level since prior to 2008.

Construction activity included some new buildings, such as a new downtown restaurant for First Watch, a highly anticipated and attractive addition to downtown's overall vitality. McDonald's constructed a new building at a very visible location on the east side of town. Construction activity also included tenant finishes for new businesses such as Safe Haven Security Solutions, which now occupies the space vacated by Colorado Technical University. Three new retail tenants – Advance Auto Parts, Nuts and Bolts True Value Hardware and Scooter's Coffee – opened at the former Petco Building on Burlington.

North Kansas City also had a good year in residential construction. Aspen Homebuilders pulled thirteen permits for new homes in the Northgate Village development, the most since 2007. With this rebound in construction, the City anticipates continued interest in the remaining lots available in that development.

Future Opportunities

The success of North Kansas City's business community is closely tied to macroeconomic conditions such as regional housing construction, consumer preferences and national development trends. Each of these areas holds reason for optimism. For example, the incoming workforce is showing a stronger propensity to live in walkable urban areas which encourages greater consumer spending. Likewise, real estate developers have begun to take notice of this trend and have become much more receptive to infill development. Together, these trends should open up new opportunities for North Kansas City.

In 2015, North Kansas City anticipates several projects along Burlington that will improve the general character of this main artery through the city. The City has received grant funds to begin design of improvements to the street to make it a more attractive corridor for redevelopment. Tnemec, Inc. is expected to construct a new research and development building at the corner of 23rd and Burlington. Commercial reinvestment also continues on the east side of the city, with Subway planning a new building on a vacant lot on Armour Road.

In residential development, it is anticipated that phase four of the Gardens senior apartments will begin the permitting process in 2015, leading to 60 additional dwelling units. Phase two of the City View apartments is also on the horizon, which will add 202 additional dwelling units just north of downtown.

The City continues working toward the groundbreaking for the first tenant in the Armour Road Redevelopment Area. Meierotto Jewelers has signed a development agreement and selected a site for a new 45,000 square foot headquarters office and retail store in the redevelopment area. This development is an exciting step toward the eventual redevelopment of this area as a signature destination in the metro area.

Planning for the Future

As the business climate improved, the City is still finding ways to adjust to the new normal of lower tax collections by exploring ways to reduce operational costs and reducing future draws of Gaming Funds to cover operations. Many options were explored and the planning, and in some cases implementation, occurred in fiscal 2014. The North Kansas City Community Center was anticipated to be one such draw on the Gaming Fund.

Since its inception in 2000, the North Kansas City Community Center relied on a reserve fund created with transfers from the Gaming Fund that were to be used to cover the anticipated Community Center operating deficit. When created, the intention of the reserve fund was that interest earnings would be sufficient to cover the deficit. However, record low interest rates and unanticipated increases in operating costs depleted the interest earnings and the initial funding.

With the reserve fund expected to be totally depleted in early fiscal 2016, it was necessary for the City to determine how it would proceed. In November, 2014, the City entered into an agreement with the YMCA of Greater Kansas City to operate the facility for ten years, with the City covering annual deficits and sharing in any annual surpluses. The YMCA began operating the Center on January 1, 2015.

Another means to reduce operating costs was the City's participation in Kansas City Power and Light's (KCPL) Solar Energy Rebate Program. Solar panels were installed at seven City-owned facilities. The City Council approved a contract with Solar World USA in December 2013 to install panels on the roofs at the Community Center, City Hall/Police Station, both Fire Stations, and the Buildings and Grounds Maintenance Building. Ground-mounted panels were installed at two sanitary sewer pump stations.

The total cost of the project was \$651,780, but after the KCPL rebates, the City's share was \$299,180. The City expects to save a minimum of \$45,000 in energy costs annually, and more than \$1.1 million over the next 25 years.

In the fall of 2014, North Kansas City submitted a grant application to the Mid America Regional Council (MARC) for funding for a "complete street" design for the Burlington Corridor. In December, the City learned that the project was one of the top awardees in MARC's Planning Sustainable Places program, receiving \$113,565 in addition to the City's \$50,000 local match amount.

The City will use these funds to design improvements for Burlington to better accommodate pedestrians and bicyclists, to support the use of existing public transit service, to improve the aesthetic impact of the corridor and to support redevelopment along Burlington. Both residents and the business community have expressed a desire to see improvements along Burlington as a major gateway to North Kansas City. This project will build on previous planning projects for Burlington: the Burlington Corridor Study of 2009 and the Burlington Corridor Overlay District of 2010.

Major Initiatives

As a result of reduced staffing, the Municipal Court office staff was merged with the Administration staff in the administrative offices. E-Ticketing eliminated the need for a full-time Deputy Court Clerk. The merger was successful in allowing the two existing Finance staff persons to function as assistance to the Court Administrator in addition to their existing Financial and Customer Service duties.

Later, the Circuit Court determined that the new configuration did not meet all of the record security requirements for municipal courts in Missouri. In order to remedy those concerns, the Court Administrator and the court files were moved into vacant offices available in the Administrative area of City Hall. With this additional step, the requirements for court security have been satisfied while maintaining the dual staff coverage achieved with the earlier move.

This last year, the City undertook a “branding” initiative to better identify North Kansas City within the metropolitan area and update people’s perceptions of the City as an exciting and vibrant community in which to live and conduct business. The project included surveys of both the residential and business communities.

A brand platform was created which led to the development of a new logo and various community marketing strategies. The initiative is in its final phase with activities underway to create marketing materials for economic development.

Before the solar panels discussed in the previous section were installed, a consultant evaluated the conditions of the roofs on five buildings and determined that four roofs needed work prior to the installation of the solar equipment. Roof replacements at the Community Center, Water Pollution Control Facility, City Hall and Fire Station One were completed just in time for the installation of the solar panels. The four TPO membrane roofs cost a total of \$672,909 and have a 20 year warranty.

On August 20, 2014, the Parks and Recreation Department opened an off leash dog park named Waggin’ Trail Park. The park was constructed with Gaming funds and is operated in a partnership with the City of Kansas City Missouri.

Waggin’ Trail Park offers great amenities for dog owners and their four legged friends including separated areas for large and small dogs and asphalt walking trails. Six laps around the trail in the large dog area equals one mile. Parking, benches and watering facilities were added during the initial construction and further amenities will be added in the coming fiscal year.

On November 6, 2014, the North Kansas City Special Road District announced the opening of a new access road to the Hospital, which is an extension of Clay Edwards Drive. The new road replaces the former western access along East 26th Avenue. The old access road was a narrow residential street that was handling traffic volumes that exceeded 8,000 vehicles daily.

The East 26th Avenue access is now closed to Hospital traffic and the residents in that area are pleased to have a safer, more peaceful neighborhood. The project began on June 9, 2014 and cost approximately \$2.2 million, which included land acquisitions, the replacement of the Vernon Street Bridge, installation of right and left turn lanes, new street lights and traffic signals at the new intersection. The Missouri Department of Transportation contributed \$250,000 toward the new bridge and the City of North Kansas City contributed \$80,000 for aesthetic enhancements and widening the bridge to accommodate a bicycle/pedestrian walkway on the west side.

Department Focus

Background

North Kansas City's fiber-optic broadband network, **liNKCity**, has the distinction of being the first municipally owned and operated true fiber-to-the-premise broadband network in the state of Missouri. The network began construction in November 2005 and the first customers were connected in August 2006. The network provides state-of-the-art fiber-optic broadband internet service via tiered residential and business packages to residents and businesses within its target market of North Kansas City. Other products currently offered include e-mail accounts, additional IP addresses, Point to Point (P2P) connections, and Dark Fiber.

While significant progress had been made in the last few years towards achieving an almost balanced budget, changes were coming that were going to increase the challenges of operating liNKCity as a municipal utility. Original capital investments were coming to the end of their life spans and replacement equipment was going to need to be purchased. Business customers increasingly rely on the service 24 hours a day, requiring around the clock support, which would mean increased staffing. Finally, new services providers have appeared in recent years creating greater competition that was not present when liNKCity began.

Planning

With those things in mind, the City Council thought it the best time to consider if the internet company should be owned and/or operated by a private sector company. On March 24, 2014, a request for proposal (RFP) was released calling for a potential sale or a potential operating agreement. On the August 5, 2014 ballot, voters approved a potential sale of the utility.

Responses to the RFP were received May 22nd and included proposals to purchase and to operate the utility. After consideration and negotiations, a proposal from a local firm to operate the system, was deemed the best option by City Council.

Current Status

An agreement was concluded with DataShack L.C. to operate the system on behalf of the City for a term of ten years, thereby maintaining the service for existing customers and guaranteeing the continued availability of the system as an economic development recruiting tool. The agreement provides for free service to residential customers and anticipates sharing both profits and losses equally, but with a loss cap of \$150,000 for the City. DataShack assumed operations on September 8, 2014.

Financial Information

Management is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. For more detailed financial information, please refer to the Management's Discussion and Analysis that begins on page four of this document.

Debt Administration

At year-end, the City had two Hospital revenue bond issues outstanding. These issues combined with hospital capital leases and hospital notes payable total to \$94.5 million in long-term debt. Otherwise, the City was debt free.

OTHER INFORMATION

Independent Audit

The governing body selected the firm of RubinBrown, LLP for the annual audit. This was the third year of a four-year contract. The auditors, in conducting the engagement, used auditing standards generally accepted in the United States of America. The auditors report on the basic financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Honorable Mayor, Members of the
City Council and Citizens
City of North Kansas City, Missouri

Acknowledgments

We would like to express our appreciation to the City employees who contributed to the preparation of this report. Credit should also be given to the Mayor and the City Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Shirley Land
Finance Manager



Eric Berlin
City Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

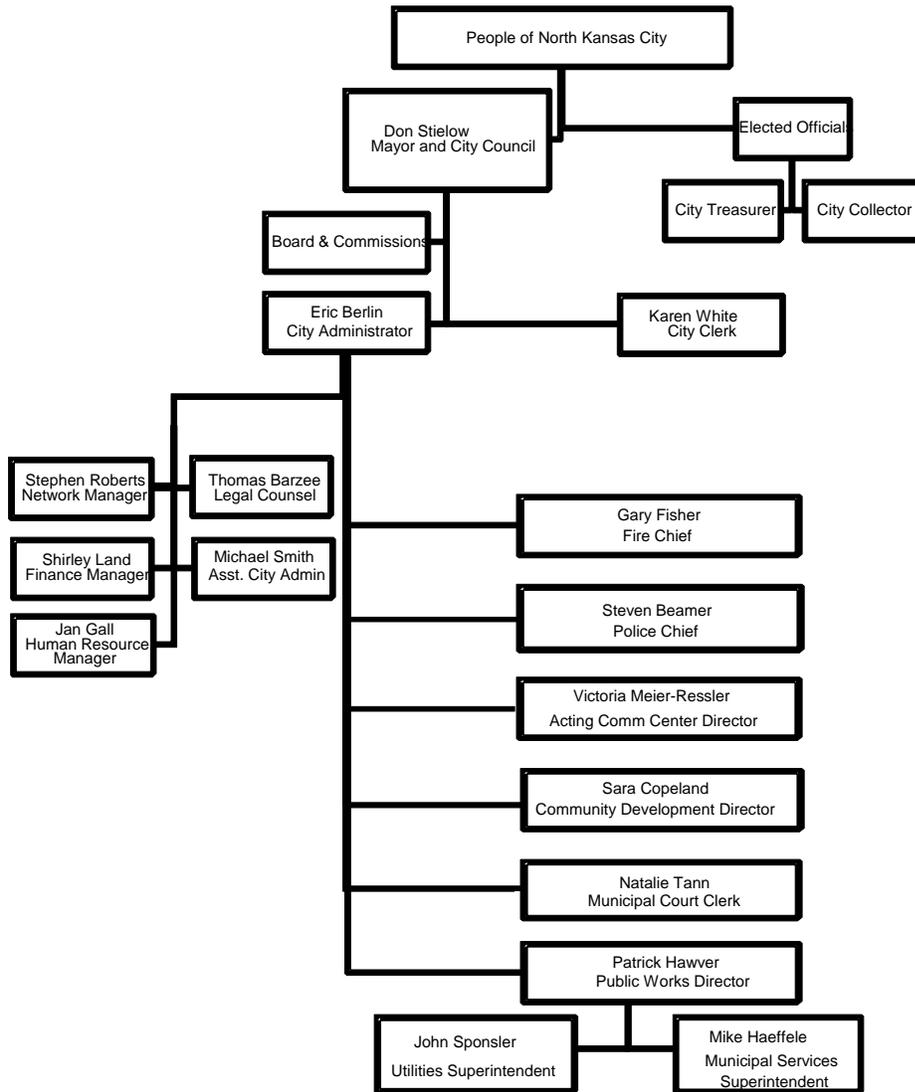
**City of North Kansas City
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

City Of North Kansas City, Missouri



CITY OF NORTH KANSAS CITY, MISSOURI

PRINCIPAL OFFICIALS

Elected Officials

Title	Name
Mayor	Don Stielow
Council Members	Gene Bruns, Ward 1 H.J. Kistler, Ward 1 David A. Silvers, Ward 2 Valarie Pearman, Ward 2 Zachary Clevenger, Ward 3 Richard Stewart, Ward 3 Tom Farr, Ward 4 Fred Steffen, Ward 4
City Collector	J. W. Brewer
City Treasurer	Beverly Sue Ryan

Appointed Officials

City Administrator	Eric Berlin
Assistant City Administrator	Michael Smith
City Clerk	Karen White
Legal Counsel	Thomas Barzee
Municipal Judge	Steven Fuller
City Attorney	Anthony W. Bologna
Police Chief	Steven Beamer
Public Works Director	Patrick Hawver
Fire Chief	Gary Fisher
Human Resource Manager	Jan Gall
Network Manager	Stephen Roberts
Community Development Director	Sara Copeland
Finance Manager	Shirley Land
Library Director	Vickie Lewis
Parks And Recreation Director	Kelli Votypka
Community Center Director	Victoria Meier-Ressler

Financial Section



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Independent Auditors' Report

The Honorable Mayor and
Members of the City Council
City of North Kansas City, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Kansas City, Missouri, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of North Kansas City Hospital, which represents 94 percent and 98 percent, respectively, of the assets and program revenues of the business-type activities and represents 100 percent of the assets and program revenues of the major enterprise funds. We also did not audit the financial statements of North Kansas City Hospital Pension Plan, which represents 63 percent and 62 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for North Kansas City Hospital and North Kansas City Hospital Pension Plan, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 and the reports of the other accountants are sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the reports of the other auditors, 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 North Kansas City, Missouri as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 20 to the financial statements, the City adopted GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. 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 the 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 and other auditors 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, and the other auditors, do not express an opinion or provide any assurance on the information because the limited procedures do not provide us or the other auditors 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 of North Kansas City, Missouri's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and other schedules and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, this information is fairly stated, in all material respects, in relation to the basic financial statements taken 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.

RubinBrown LLP

February 26, 2015

Management's Discussion And Analysis

CITY OF NORTH KANSAS CITY, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

We offer those interested in the financial statements for the City of North Kansas City, Missouri (the City) this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of September 30, 2014 and 2013 by \$734,967,472 and \$701,760,377 (net position), respectively. Of this amount, \$456,428,761 and \$420,640,216 (unrestricted net position) for 2014 and 2013, respectively, may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$33,207,095 for 2014 compared to an increase of \$12,065,731 for 2013.
- The City's governmental funds reported combined ending fund balances of \$54,026,450 and \$48,679,536 as of September 30, 2014 and 2013, respectively. For fiscal years 2014 and 2013, \$9,023,469 and \$8,242,190, respectively, of the total ending fund balance is available for spending at the government's discretion (unassigned fund balance). All of the unassigned fund balance for 2014 and 2013 was reported in the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was 71% of total General Fund expenditures compared to 63% of the 2013 General Fund expenditures.
- The City's long-term debt, excluding compensated absences, increased by \$7,676,000 during fiscal year ended September 30, 2014 and increased \$5,637,000 during the fiscal year ended September 30, 2013. The increase in 2014 is primarily due to the addition of \$16,303,000 of capital leases relating to the Hospital leasing equipment and software. The capital asset increase was offset by the Hospital refunding the 2003 and 2008 Revenue Bonds with the 2013A and 2013B Revenue Bonds and scheduled principal payments, which decreased the outstanding debt by \$4,685,000. The increase in 2013 is largely due to the addition of notes payable of \$10,804,000 relating to the Hospital purchasing three buildings and acquiring the related notes payable, offset by the scheduled repayment of the Series 2003 and Series 2008 revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both government and business type activities are included in this analysis of government-wide financial statements.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguished functions of the City that are principally supported by taxes and gaming revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, transportation and sanitation. The business-type activities of the City include the hospital, health and community center, water, water pollution control and communications.

The government-wide financial statements include only the City. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the City.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains five enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information for the Hospital Fund, as this fund is considered to be a major fund of the City. Data from the other four enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non major enterprise funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The fiduciary funds of the City are pension trust funds. Total net position of the fiduciary funds for the years ended September 30, 2014 and 2013 were \$279,538,501 and \$256,916,260, respectively.

Notes To Basic Financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and the General Fund's budgetary comparison.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and pension trust funds are presented immediately following the notes to basic financial statements and the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago. The following table reflects total net position for 2014 of \$734,967,472, which represents an increase of \$33,207,095 from 2013.

Of the City's net position, 37 and 40 percent as of September 30, 2014 and 2013, respectively, reflects its investment in capital assets (e.g., land, buildings and improvements and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported, net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	2014			(Restated) 2013		
	Governmental Activities 2014	Business-Type Activities 2014	Total 2014	Governmental Activities 2013	Business-Type Activities 2013	Total 2013
Current and other assets	\$ 61,511,260	\$ 466,478,484	\$ 527,989,744	\$ 54,698,620	\$ 435,857,003	\$ 490,555,623
Capital assets	60,838,547	309,116,356	369,954,903	59,324,108	305,332,839	364,656,947
Total Assets	122,349,807	775,594,840	897,944,647	114,022,728	741,189,842	855,212,570
Current liabilities	3,166,028	65,558,171	68,724,199	2,169,968	59,391,134	61,561,102
Noncurrent liabilities	1,700,767	89,606,501	91,307,268	1,814,082	87,693,611	89,507,693
Total Liabilities	4,866,795	155,164,672	160,031,467	3,984,050	147,084,745	151,068,795
Taxes	2,945,708	—	2,945,708	2,383,398	—	2,383,398
Total Deferred Inflows	2,945,708	—	2,945,708	2,383,398	—	2,383,398
Net position:						
Net investment in capital assets	60,838,547	214,118,356	274,956,903	59,324,108	217,343,839	276,667,947
Restricted	3,392,808	189,000	3,581,808	3,209,214	1,243,000	4,452,214
Unrestricted	50,305,949	406,122,812	456,428,761	45,121,958	375,518,258	420,640,216
Total Net Position	\$ 114,537,304	\$ 620,430,168	\$ 734,967,472	\$ 107,655,280	\$ 594,105,097	\$ 701,760,377

A restricted portion of the City's net position (0.5 and 0.6 percent for fiscal years 2014 and 2013, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$456,428,761 and \$420,640,216 for 2014 and 2013, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The City's total net position increased by \$33,207,095 and \$12,065,731 for fiscal years 2014 and 2013, respectively. The governmental-type activities increased by \$6,882,024 and \$4,343,103 in fiscal years 2014 and 2013, respectively. This increase was mainly attributable to an increase in general government revenues. The total business-type activities' net position increased by \$26,325,071 and \$7,722,628 in fiscal years 2014 and 2013, respectively. The increase in change in net position compared to the prior year was mostly attributable to significant increases in charges for services, market earnings and fair value changes on Hospital investments due to favorable returns in the market in the current year.

The following table highlights the City's revenues and expenses for the fiscal years ended September 30, 2014 and 2013. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes, gaming revenue and other unrestricted revenue sources.

	Governmental Activities 2014	Business-Type Activities 2014	Total 2014	Governmental Activities 2013	(Restated) Business-Type Activities 2013	Total 2013
Revenues:						
Program revenues:						
Charges for services	\$ 6,651,594	\$ 485,499,937	\$ 492,151,531	\$ 6,396,256	\$ 464,932,516	\$ 471,328,772
Operating grants and contributions	212,659	—	212,659	204,902	—	204,902
Capital grants and contributions	—	343,000	343,000	—	287,000	287,000
General revenues:						
Property taxes	2,247,391	—	2,247,391	2,072,697	—	2,072,697
Other taxes	8,819,146	—	8,819,146	7,646,370	—	7,646,370
Gaming/unrestricted	7,571,879	—	7,571,879	7,757,401	—	7,757,401
Investment earnings	153,835	6,948,327	7,102,162	55,849	504,568	560,417
Other	1,733,663	42,000	1,775,663	1,122,605	10,342	1,132,947
Total Revenues	27,390,167	492,833,264	520,223,431	25,256,080	465,734,426	490,990,506
Expenses:						
General government	6,428,481	—	6,428,481	4,351,838	—	4,351,838
Public safety	9,466,348	—	9,466,348	11,477,095	—	11,477,095
Public works	2,215,496	—	2,215,496	2,817,191	—	2,817,191
Culture and recreation	1,584,810	—	1,584,810	1,847,675	—	1,847,675
Transportation	361,326	—	361,326	349,162	—	349,162
Hospital	—	456,058,000	456,058,000	—	447,831,000	447,831,000
Health and community center	—	2,560,783	2,560,783	—	2,499,411	2,499,411
Water	—	1,722,107	1,722,107	—	1,849,135	1,849,135
Water pollution control	—	4,701,823	4,701,823	—	4,388,043	4,388,043
Communications	—	1,917,162	1,917,162	—	1,514,225	1,514,225
Total Expenses	20,056,461	466,959,875	487,016,336	20,842,961	458,081,814	478,924,775
Change In Net Position Before Transfers	7,333,706	25,873,389	33,207,095	4,413,119	7,652,612	12,065,731
Transfers	(451,682)	451,682	—	(70,016)	70,016	—
Change In Net Position	6,882,024	26,325,071	33,207,095	4,343,103	7,722,628	12,065,731
Net Position - Beginning Of Year	107,655,280	594,105,097	701,760,377	103,312,177	586,382,469	689,694,646
Net Position - End Of Year	\$ 114,537,304	\$ 620,430,168	\$ 734,967,472	\$ 107,655,280	\$ 594,105,097	\$ 701,760,377

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

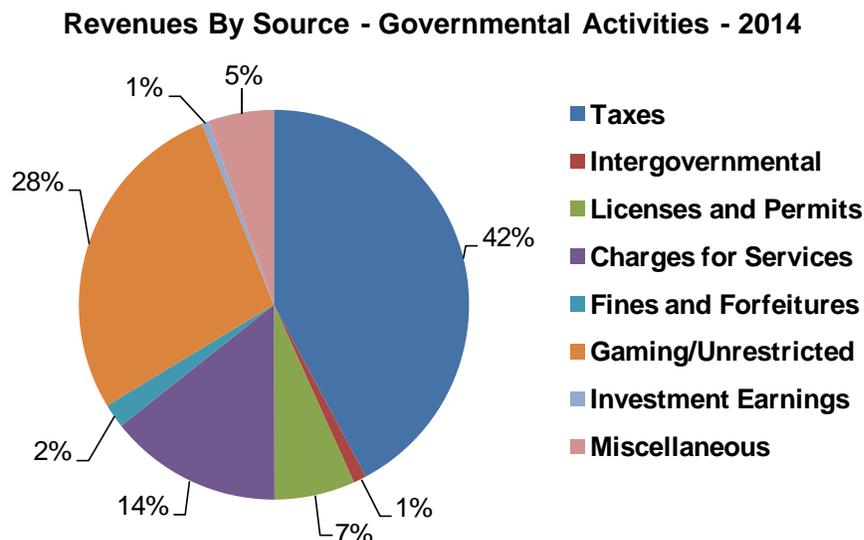
The following table below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

	Total Cost Of Service		Net Cost Of Service	
	2014	2013	2014	2013
General government	\$ 6,428,481	\$ 4,351,838	\$ 544,463	\$ (1,534,536)
Public safety	9,466,348	11,477,095	8,899,755	11,069,834
Public works	2,215,496	2,817,191	2,215,496	2,817,191
Culture and recreation	1,584,810	1,847,675	1,421,225	1,695,093
Transportation	361,326	349,162	111,269	194,221
Total	\$ 20,056,461	\$ 20,842,961	\$ 13,192,208	\$ 14,241,803

Net cost of services is 66 percent and 68 percent of total cost of services in 2014 and 2013, respectively. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

Governmental Activities

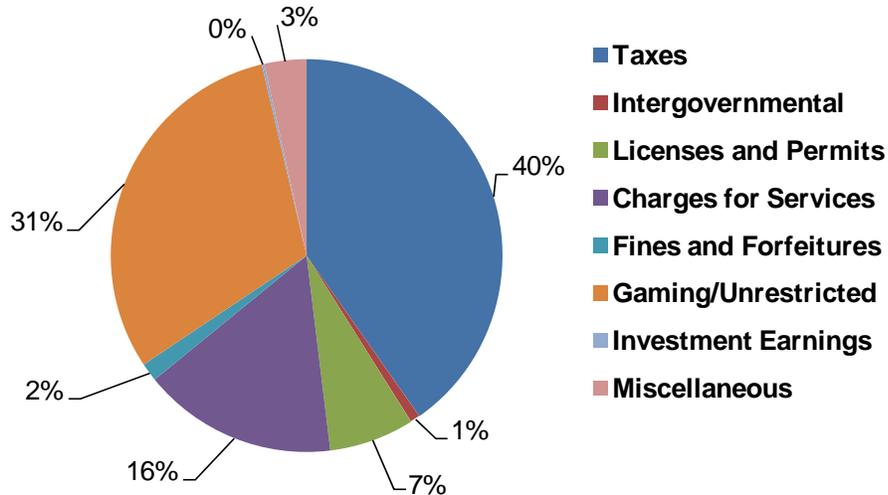
The graphs below show the percentage of the total governmental activities' revenues allocated by each revenue type for 2014 and 2013:



CITY OF NORTH KANSAS CITY, MISSOURI

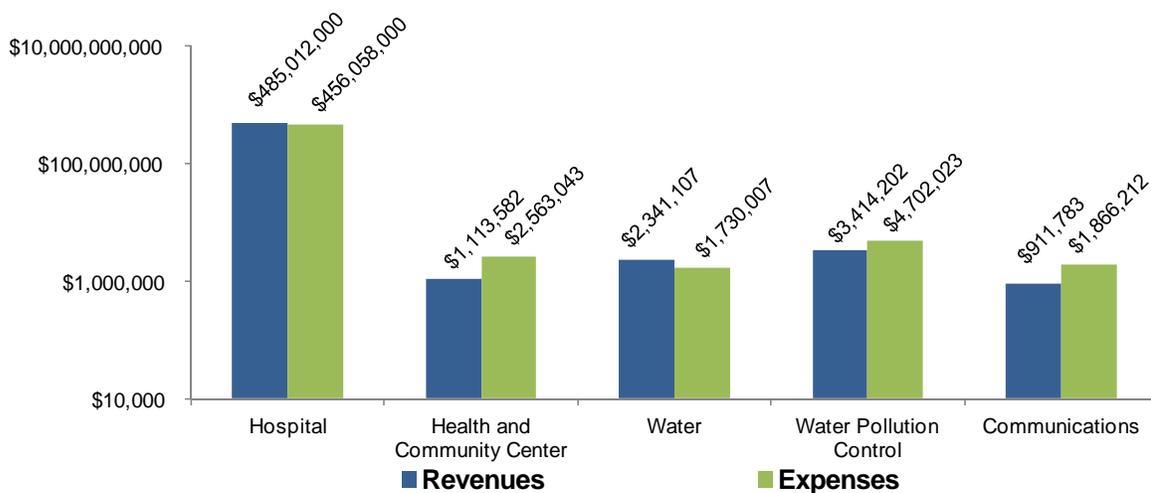
Management's Discussion and Analysis (Continued)

Revenues By Source - Governmental Activities - 2013



Total business-type activities' revenue for the fiscal year was \$492,833,264. All but \$6,990,327 of this revenue was generated from specific business-type activity revenue. The graphs below show a comparison between the business-type activity expenses and program revenues for 2014 and 2013.

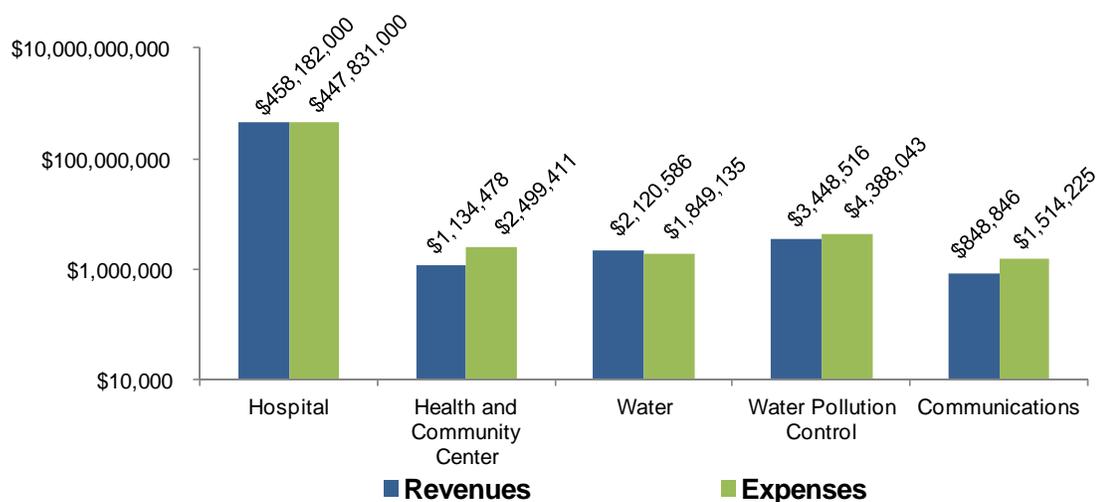
Revenues And Expenses - Business-Type Activities - 2014



CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

Revenues And Expenses - Business-Type Activities - 2013



Business-Type Activities - Business-type activities increased the City's net position by \$26,325,071 and \$7,622,628 in fiscal years 2014 and 2013, respectively, accounting for the majority of the growth in the government's net position.

The Hospital Fund continued to reflect a strong operating income of \$24,625,000 and \$12,649,000 and change in net position of \$28,954,000 and \$10,251,000 for fiscal years 2014 and 2013, respectively. During 2013, the Hospital implemented a financial operation improvement plan to increase net revenues, improve operations and workforce productivity, decrease supply cost, and improve outcomes and efficiencies by decreasing clinical variation.

Financial Analysis Of The Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

The City's governmental funds reported combined ending fund balances of \$54,026,450 and \$48,679,536 as of September 30, 2014 and 2013, respectively. Approximately 17 percent of this total amount or \$9,023,469 and \$7,023,200 for 2014 and 2013, respectively, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable (\$737,034), restricted (\$3,392,808), or assigned (\$40,873,139) to indicate it is not available for new spending. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,023,469 while total fund balance reached \$9,831,136. This is up from the 2013 unassigned fund balance of \$8,242,190 and total 2013 General Fund balance of \$8,756,889. This increase relates to an increase in tax revenue. 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 71 percent of total General Fund expenditures for 2014, while total fund balance represents approximately 77 percent of that same amount. Unassigned fund balance represented 63 percent of total General Fund expenditures for 2013, while total fund balance represented approximately 67 percent of that same amount.

The fund balance of the City's General Fund increased by \$1,074,247 in the current fiscal year. This increase is primarily due to an increase in tax revenue and continued monitoring of costs for the current year to reduce expenditures.

Total governmental fund expenditures increased from \$19,877,647 in 2013 to \$21,591,571 in 2014.

Proprietary Funds - The City of North Kansas City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the General Fund can be summarized as follows:

- The total original revenue budget of \$12,818,413 was increased to \$12,932,413 (an increase of \$114,000) mostly due to an increase in business licensing collections and partially due to an increase in ambulance collections.
- The total original expenditure budget of \$13,476,404 was increased to \$13,625,214 (an increase of \$148,810) to cover the costs related to vacation and sick leave payouts and recruitment due to employee turnover of several key positions during the year.

During the year, however, expenditures were less than budgetary estimates.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

Capital Asset And Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014 and 2013, were \$369,954,903 and \$364,656,947, respectively, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and construction-in-progress. The total net increase in the City's investment in capital assets for the current fiscal year was 1.5 percent (a 2.6 percent increase for governmental activities and a 1.2 percent increase for business-type activities).

City Of North Kansas City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 28,128,536	\$ 27,845,615	\$ 6,674,989	\$ 6,674,989	\$ 34,803,525	\$ 34,520,604
Construction-in-progress	—	—	1,538,000	4,097,000	1,538,000	4,097,000
Buildings and improvements	35,439,518	34,701,195	385,402,312	373,372,276	420,841,830	408,073,471
Infrastructure	8,383,686	7,652,579	24,335,409	23,839,177	32,719,095	31,491,756
Equipment	18,383,405	16,286,444	270,737,536	257,535,792	289,120,941	273,822,236
Accumulated depreciation	(29,496,598)	(27,161,725)	(379,571,890)	(360,186,395)	(409,068,488)	(387,348,120)
Total	\$ 60,838,547	\$ 59,324,108	\$ 309,116,356	\$ 305,332,839	\$ 369,954,903	\$ 364,656,947

Additional information on the City's capital assets can be found in Note 3 of this report.

Debt - The City had revenue bonds outstanding totaling \$67,202,000 and \$71,887,000 as of September 30, 2014 and 2013, respectively. The City had capital leases outstanding totaling \$17,517,000 and \$4,424,000 as of September 30, 2014 and 2013, respectively. The City also had notes payable with outstanding balances totaling \$9,735,000 and \$10,467,000 as of September 30, 2014 and 2013, respectively. The City did pay \$8,570,000 and \$5,205,000 in principal on total outstanding debt for fiscal years 2014 and 2013, respectively.

The City's available general obligation legal debt margin was \$52,478,612 and \$50,874,326 as of September 30, 2014 and 2013, respectively.

City Of North Kansas City's Outstanding Debt - Revenue Bonds

	Business-Type Activities		Maturity
	2014	2013	
2003 Hospital Revenue Bonds	\$ —	\$ 36,815,000	
2008 Hospital Revenue Bonds	—	35,015,000	
2013A Hospital revenue bonds	34,512,000	—	2025
2013B Hospital revenue bonds	32,690,000	—	2025
Capital leases	17,517,000	4,424,000	2017
Notes payable	9,735,000	10,467,000	2020
Unamortized discounts	—	57,000	
Total	\$ 94,454,000	\$ 86,778,000	

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Additional information about the City's long-term debt can be found in Note 5 to the financial statements.

Economic Factors And Next Year's Budgets And Rates

- The City's compensation plan allowed for a two percent pay increase for all employees.
- The budget included a 0.9 percent increase to the LAGERs pension plan contribution.
- The budget allows for a 28.9 percent increase in health insurance premiums.
- Subsequent to year end the management company for Harrah's Casino filed for bankruptcy.

All of these factors, except for the aforementioned bankruptcy, were considered in preparing the City's budget for the 2014 fiscal year.

Requests For Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the City's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Shirley Land, Finance Manager, City of North Kansas City, 2010 Howell, North Kansas City, Missouri, 64116.

Basic Financial Statements

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION

September 30, 2014

Page 1 Of 2

	Governmental Activities	Business-Type Activity	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 10,895,734	\$ 18,019,953	\$ 28,915,687
Investments	42,947,894	4,914,086	47,861,980
Current portion of assets held by trustee	—	1,931,000	1,931,000
Restricted cash and cash equivalents	149,584	—	149,584
Receivables, net of allowances for uncollectibles of \$16,219,000:			
Taxes	3,007,298	—	3,007,298
Accounts	835,308	65,154,793	65,990,101
Special assessments	—	144,792	144,792
Accrued interest	10,127	1,571	11,698
Due from other governmental units	945,581	—	945,581
Inventory	—	7,627,069	7,627,069
Prepaid items	319,610	8,597,005	8,916,615
Property held for resale	417,424	—	417,424
Total Current Assets	59,528,560	106,390,269	165,918,829
Noncurrent Assets			
Designated assets:			
Cash and cash equivalents	—	4,696,000	4,696,000
Investments	—	304,256,000	304,256,000
Net pension assets	1,982,700	34,705,000	36,687,700
Other assets	—	4,764,000	4,764,000
Investment in unconsolidated affiliate	—	9,836,000	9,836,000
Receivables, special assessments	—	1,831,215	1,831,215
Capital assets:			
Nondepreciable	28,128,536	8,212,989	36,341,525
Depreciable, net	32,710,011	300,903,367	333,613,378
Total Noncurrent Assets	62,821,247	669,204,571	732,025,818
Total Assets	122,349,807	775,594,840	897,944,647

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION

September 30, 2014

Page 2 Of 2

	Governmental Activities	Business-Type Activity	Total
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 3,042,325	\$ 18,454,098	\$ 21,496,423
Compensated absences	104,142	33,455,073	33,559,215
Estimated reimbursement payable	—	1,150,000	1,150,000
Payable from restricted assets, court bonds	19,561	—	19,561
Current portion of revenue bonds, notes payable and capital lease payable	—	10,568,000	10,568,000
Current portion of reserve for liability risks	—	1,931,000	1,931,000
Total Current Liabilities	3,166,028	65,558,171	68,724,199
Noncurrent Liabilities			
Compensated absences	1,631,552	157,807	1,789,359
Net postemployment healthcare and termination benefits obligation	69,215	2,058,694	2,127,909
Reserve for liability risks	—	3,504,000	3,504,000
Revenue bonds, notes payable and capital lease payable	—	83,886,000	83,886,000
Total Noncurrent Liabilities	1,700,767	89,606,501	91,307,268
Total Liabilities	4,866,795	155,164,672	160,031,467
Deferred Inflows Of Resources			
Property taxes	2,945,708	—	2,945,708
Net Position			
Net investment in capital assets	60,838,547	214,118,356	274,956,903
Restricted for:			
Capital projects	1,789,166	—	1,789,166
Bridges and streets	1,473,619	—	1,473,619
Public safety training programs	34,289	—	34,289
City beautification	95,734	—	95,734
Donor purposes	—	189,000	189,000
Unrestricted	50,305,949	406,122,812	456,428,761
Total Net Position	\$ 114,537,304	\$ 620,430,168	\$ 734,967,472

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position Primary Government		
		Charges For Services And Sales	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business- Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 6,428,481	\$ 5,884,018	\$ —	\$ —	\$ (544,463)	\$ —	\$ (544,463)
Public safety	9,466,348	548,316	18,277	—	(8,899,755)	—	(8,899,755)
Public works	2,215,496	—	—	—	(2,215,496)	—	(2,215,496)
Culture and recreation	1,584,810	128,257	35,328	—	(1,421,225)	—	(1,421,225)
Transportation	361,326	91,003	159,054	—	(111,269)	—	(111,269)
Total Governmental Activities	20,056,461	6,651,594	212,659	—	(13,192,208)	—	(13,192,208)
Business-Type Activities							
Hospital	456,058,000	477,701,000	—	343,000	—	21,986,000	21,986,000
Health and community center	2,560,783	1,104,420	—	—	—	(1,456,363)	(1,456,363)
Water	1,722,107	2,328,295	—	—	—	606,188	606,188
Water pollution control	4,701,823	3,405,992	—	—	—	(1,295,831)	(1,295,831)
Communications	1,917,162	960,230	—	—	—	(956,932)	(956,932)
Total Business-Type Activities	466,959,875	485,499,937	—	343,000	—	18,883,062	18,883,062
Total Primary Government	\$ 487,016,336	\$ 492,151,531	\$ 212,659	\$ 343,000	(13,192,208)	18,883,062	5,690,854
General Revenues:							
Taxes:							
Property tax					2,247,391	—	2,247,391
Franchise taxes					2,586,451	—	2,586,451
Sales taxes					4,868,873	—	4,868,873
Other taxes					1,363,822	—	1,363,822
Gaming/unrestricted					7,571,879	—	7,571,879
Investment earnings					153,835	6,948,327	7,102,162
Miscellaneous					1,733,663	42,000	1,775,663
Transfers					(451,682)	451,682	—
Total General Revenues And Transfers					20,074,232	7,442,009	27,516,241
Change In Net Position					6,882,024	26,325,071	33,207,095
Net Position - Beginning Of Year, As Previously Stated					107,655,280	596,183,097	703,838,377
Prior Period Adjustment					—	(2,078,000)	(2,078,000)
Net Position - Beginning Of Year, As Restated					107,655,280	594,105,097	701,760,377
Net Position - End Of Year					\$ 114,537,304	\$ 620,430,168	\$ 734,967,472

CITY OF NORTH KANSAS CITY, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2014

	General	Nonmajor Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 2,070,913	\$ 8,824,821	\$ 10,895,734
Investments	7,124,505	35,823,389	42,947,894
Receivables, net of allowance for uncollectibles:			
Taxes	1,117,430	1,889,868	3,007,298
Accounts	831,844	3,464	835,308
Accrued interest	1,800	8,327	10,127
Due from other governmental units	—	945,581	945,581
Prepaid items	302,211	17,399	319,610
Property held for resale	—	417,424	417,424
Restricted assets, cash and cash equivalents	149,584	—	149,584
Total Assets	\$ 11,598,287	\$ 47,930,273	\$ 59,528,560
Liabilities			
Accounts payable and accrued expenditures	\$ 630,160	\$ 1,906,681	\$ 2,536,841
Payable from restricted assets, court bonds	19,561	—	19,561
Total Liabilities	649,721	1,906,681	2,556,402
Deferred Inflows Of Resources			
Property taxes	1,117,430	1,828,278	2,945,708
Fund Balances			
Nonspendable:			
Prepaid items	302,211	17,399	319,610
Property held for resale	—	417,424	417,424
Restricted:			
Capital projects	—	1,789,166	1,789,166
Bridges and streets	—	1,473,619	1,473,619
Public safety training programs	34,289	—	34,289
City beautification	95,734	—	95,734
Assigned:			
Culture and recreation	—	1,770,792	1,770,792
Fire and police pension	—	30,008	30,008
Capital projects and redevelopment	—	38,696,906	38,696,906
Health	340,650	—	340,650
Other purposes	34,783	—	34,783
Unassigned	9,023,469	—	9,023,469
Total Fund Balances	9,831,136	44,195,314	54,026,450
Total Liabilities, Deferred Inflows And Fund Balances	\$ 11,598,287	\$ 47,930,273	\$ 59,528,560

CITY OF NORTH KANSAS CITY, MISSOURI

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

September 30, 2014

Total Fund Balance - Governmental Funds	\$ 54,026,450
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	60,838,547
Long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	(1,735,694)
The net pension assets resulting from contributions in excess of the annual required contribution are not current financial resources and, therefore, are not reported in the funds.	1,982,700
The long term portion of liability which is not reported in the funds.	(505,484)
The termination benefits obligation resulting from the retirement incentive program is not a current financial use and, therefore, is not reported in the funds.	(69,215)
Total Net Position - Governmental Activities	<u>\$ 114,537,304</u>

CITY OF NORTH KANSAS CITY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended September 30, 2014

	General	Nonmajor Governmental Funds	Total
Revenues			
Taxes	\$ 7,243,673	\$ 4,311,335	\$ 11,555,008
Intergovernmental	18,277	280,230	298,507
Licenses and permits	1,830,007	—	1,830,007
Charges for services	586,150	128,257	714,407
Fines and forfeitures	550,891	—	550,891
Gaming	3,219,713	7,571,879	10,791,592
Investment earnings	26,144	132,315	158,459
Miscellaneous	354,194	1,137,102	1,491,296
Total Revenues	13,829,049	13,561,118	27,390,167
Expenditures			
Current:			
General government	1,264,669	474,977	1,739,646
Public safety	9,661,941	997,094	10,659,035
Public works	1,070,027	1,159,021	2,229,048
Culture and recreation	—	1,607,509	1,607,509
Transportation	—	361,326	361,326
Interdepartmental	758,165	—	758,165
Capital outlay	—	4,236,842	4,236,842
Total Expenditures	12,754,802	8,836,769	21,591,571
Revenues Over Expenditures	1,074,247	4,724,349	5,798,596
Other Financing Sources (Uses)			
Transfers in	—	1,613,984	1,613,984
Transfers out	—	(2,065,666)	(2,065,666)
Total Other Financing Uses	—	(451,682)	(451,682)
Net Change In Fund Balances	1,074,247	4,272,667	5,346,914
Fund Balances - Beginning Of Year	8,756,889	39,922,647	48,679,536
Fund Balances - End Of Year	\$ 9,831,136	\$ 44,195,314	\$ 54,026,450

CITY OF NORTH KANSAS CITY, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For The Year Ended September 30, 2014

Net Change In Fund Balances - Total Governmental Funds \$ 5,346,914
Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current year:

Capital outlay		
General government	\$ 332,496	
Public safety	2,308,640	
Public works	988,255	
Culture and recreation	<u>408,661</u>	4,038,052
Depreciation		
General government	(127,377)	
Public safety	(974,266)	
Public works	(993,667)	
Culture and recreation	<u>(408,218)</u>	(2,503,528)
Loss on disposal of capital assets		(20,085)

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:

Changes in compensated absences:

General government	5,146	
Public safety	38,078	
Public works	4,631	
Culture and recreation	<u>3,602</u>	51,457

Changes in termination benefits obligation:

General government	3,810	
Public safety	28,148	
Public works	14,333	
Culture and recreation	<u>18,654</u>	64,945

Claims payable for litigation 112,182

The increase in net pension assets resulting from contributions that are more than the annual required contribution for 2014 is not a current financial resource and is not reported in the funds (207,913)

Change In Net Position Of Governmental Activities \$ 6,882,024

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION ENTERPRISE FUNDS September 30, 2014

	Hospital	Nonmajor Enterprise Funds	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 15,209,000	\$ 2,810,953	\$ 18,019,953
Investments	—	4,914,086	4,914,086
Current portion of restricted assets held by trustee	1,931,000	—	1,931,000
Receivables, net of allowance for uncollectibles of \$18,414,000:			
Accounts	64,491,000	663,793	65,154,793
Special assessments	—	144,792	144,792
Accrued interest	—	1,571	1,571
Inventory	7,593,000	34,069	7,627,069
Prepays	8,500,000	97,005	8,597,005
Total Current Assets	97,724,000	8,666,269	106,390,269
Noncurrent Assets:			
Designated assets:			
Cash and cash equivalents	4,696,000	—	4,696,000
Investments	304,256,000	—	304,256,000
Net pension asset	34,705,000	—	34,705,000
Other assets	4,764,000	—	4,764,000
Investment in unconsolidated affiliate	9,836,000	—	9,836,000
Receivables, special assessments	—	1,831,215	1,831,215
Capital assets, nondepreciable	6,104,746	2,108,243	8,212,989
Capital assets, net depreciable	270,040,254	30,863,113	300,903,367
Total Noncurrent Assets	634,402,000	34,802,571	669,204,571
Total Assets	732,126,000	43,468,840	775,594,840
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	15,911,000	2,543,098	18,454,098
Compensated absences	33,445,000	10,073	33,455,073
Estimated reimbursement payable	1,150,000	—	1,150,000
Current portion of revenue bonds, notes payable and capital lease payable	10,568,000	—	10,568,000
Current portion of reserve for liability risks	1,931,000	—	1,931,000
Total Current Liabilities	63,005,000	2,553,171	65,558,171
Noncurrent Liabilities:			
Compensated absences	—	157,807	157,807
Net postemployment healthcare and termination benefits obligation	2,054,000	4,694	2,058,694
Reserve for liability risks	3,504,000	—	3,504,000
Revenue bonds, notes payable and capital lease payable	83,886,000	—	83,886,000
Total Noncurrent Liabilities	89,444,000	162,501	89,606,501
Total Liabilities	152,449,000	2,715,672	155,164,672
Net Position			
Net investment in capital assets	181,147,000	32,971,356	214,118,356
Restricted for:			
Donor purposes	189,000	—	189,000
Unrestricted	398,341,000	7,781,812	406,122,812
Total Net Position	\$ 579,677,000	\$ 40,753,168	\$ 620,430,168

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ENTERPRISE FUNDS

For The Year Ended September 30, 2014

	Hospital	Nonmajor Enterprise Funds	Total
Operating Revenues			
Charges for services	\$ 460,171,000	\$ 7,798,937	\$ 467,969,937
Other operating revenues	17,530,000	—	17,530,000
Total Operating Revenues	477,701,000	7,798,937	485,499,937
Operating Expenses			
Personal services	242,674,000	3,180,408	245,854,408
Contractual services	63,280,000	4,508,325	67,788,325
Materials and supplies	121,007,000	693,792	121,700,792
Depreciation and amortization	26,115,000	2,478,760	28,593,760
Total Operating Expenses	453,076,000	10,861,285	463,937,285
Operating Income (Expense)	24,625,000	(3,062,348)	21,562,652
Nonoperating Revenues (Expenses)			
Other revenue	42,000	—	42,000
Other expenses	(334,000)	(40,590)	(374,590)
Investment earnings	6,926,000	22,327	6,948,327
Interest expense	(2,648,000)	—	(2,648,000)
Total Nonoperating Revenues (Expenses)	3,986,000	(18,263)	3,967,737
Income (Loss) Before Transfers And Capital Contributions	28,611,000	(3,080,611)	25,530,389
Transfers	—	451,682	451,682
Capital Contributions	343,000	—	343,000
Change In Net Position	28,954,000	(2,628,929)	26,325,071
Net Position - Beginning Of Year, As Previously Stated	552,801,000	43,382,097	596,183,097
Prior Period Adjustment	(2,078,000)	—	(2,078,000)
Net Position - Beginning Of Year, As Restated	550,723,000	43,382,097	594,105,097
Net Position - End Of Year	\$ 579,677,000	\$ 40,753,168	\$ 620,430,168

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF CASH FLOWS ENTERPRISE FUNDS For The Year Ended September 30, 2014

	Hospital	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 455,008,000	\$ 7,979,257	\$ 462,987,257
Payments to suppliers	(185,845,000)	(4,257,557)	(190,102,557)
Payments to employees	(235,768,000)	(3,256,883)	(239,024,883)
Other receipts	17,575,000	—	17,575,000
Net Cash Provided By Operating Activities	50,970,000	464,817	51,434,817
Cash Flows Provided By Noncapital Financing Activities			
Proceeds from interfund accounts	—	451,682	451,682
Cash Flows From Capital And Related Financing Activities			
Purchases of capital assets	(13,656,000)	(2,162,727)	(15,818,727)
Interest payments	(2,882,000)	—	(2,882,000)
Proceeds from issuance of capital debt	69,660,000	—	69,660,000
Redemption of Series 2003A and 2008 bond issues	(69,660,000)	—	(69,660,000)
Principal payments on debt	(8,570,000)	—	(8,570,000)
Proceeds from sale of capital assets	776,000	10,860	786,860
Restricted assets used for capital purposes	(365,000)	—	(365,000)
Contributions restricted for capital purposes	395,000	—	395,000
Net Cash Used In Capital And Related Financing Activities	(24,302,000)	(2,151,867)	(26,453,867)
Cash Flows From Investing Activities			
Interest and dividends received	6,897,000	22,299	6,919,299
Purchase of investments	(90,909,000)	(1,176,990)	(92,085,990)
Proceeds from sale of investments	46,710,000	93,095	46,803,095
Change in other assets and liabilities	(497,000)	—	(497,000)
Distributions from investees	1,434,000	—	1,434,000
Net Cash Used In Investing Activities	(36,365,000)	(1,061,596)	(37,426,596)
Decrease In Cash And Cash Equivalents	(9,697,000)	(2,296,964)	(11,993,964)
Cash And Cash Equivalents - Beginning Of Year	29,602,000	5,107,917	34,709,917
Cash And Cash Equivalents - End Of Year	\$ 19,905,000	\$ 2,810,953	\$ 22,715,953
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 24,625,000	\$ (3,062,348)	\$ 21,562,652
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	26,115,000	2,478,760	28,593,760
Gain on sale of capital assets	45,000	—	45,000
Changes in assets and liabilities:			
Receivables	(5,374,000)	180,320	(5,193,680)
Inventory	(218,000)	—	(218,000)
Prepaid items and other	(1,149,000)	(43,842)	(1,192,842)
Net pension asset	7,551,000	—	7,551,000
Accounts payable and accrued expenses	391,000	988,402	1,379,402
Net postemployment health care benefits obligation	—	(3,755)	(3,755)
Accrued employee related expenses	(645,000)	(72,720)	(717,720)
Reserve for liability risk	(582,000)	—	(582,000)
Estimated reimbursements payable	211,000	—	211,000
Net Cash Provided By Operating Activities	\$ 50,970,000	\$ 464,817	\$ 51,434,817
Schedule Of Noncash Items			
Note and capital lease obligations incurred for capital assets	\$ 16,303,000	\$ —	\$ 16,303,000
Property and equipment purchases included in accounts payable	573,000	—	573,000

CITY OF NORTH KANSAS CITY, MISSOURI

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2014**

Assets

Cash and cash equivalents	\$	81,648
Investments		
Pimco Total Return Fund		18,382,775
Vanguard 500 Index Fund		19,529,288
Vanguard Developed Markets Index Fund		6,842,701
Vanguard Extended Market Index		2,389,818
Vanguard Emerging Markets Index Fund		4,646
Commingled employee benefit fund trusts		230,497,996
Money market mutual funds		1,809,622
Receivables:		
Accrued interest and dividends		<u>7</u>
Net Position Held In Trust For Pension Benefits	\$	<u><u>279,538,501</u></u>

CITY OF NORTH KANSAS CITY, MISSOURI

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

For The Year Ended September 30, 2014

Additions

Contributions:

Employer	\$ 11,539,745
Plan member deposits	186,275
Total Contributions	<u>11,726,020</u>

Investment Income

Net appreciation in fair value of investments	36,237,735
Interest and dividends	1,153,020
Net Investment Income	<u>37,390,755</u>

Total Additions	<u>49,116,775</u>
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Deductions

Benefits	25,427,011
Administrative expenses	1,067,523
Total Deductions	<u>26,494,534</u>

Change In Net Position	22,622,241
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Net Position Held In Trust For Pension Benefits - Beginning Of Year	<u>256,916,260</u>
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Net Position Held In Trust For Pension Benefits - End Of Year	<u><u>\$ 279,538,501</u></u>
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CITY OF NORTH KANSAS CITY, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2014

1. **Reporting Entity, Basis Of Presentation, Measurement Focus And Basis Of Accounting And Summary Of Significant Accounting Policies**

The following is a summary of significant accounting policies employed in the preparation of these financial statements.

Reporting Entity

The City of North Kansas City, Missouri (the City) was incorporated in 1912 and covers an area of approximately four square miles in Clay County, Missouri. The City is a city of the third class and operates under the Mayor-Council-Administrator form of government. The City provides services to its residents in many areas, including law enforcement, fire protection, medical services, paramedic services, water and sewer services, community enrichment and development and various social services. Educational services are provided by the various school districts, all of which are separate government entities.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, the City does not have any component units. Though the North Kansas City Hospital (the Hospital) has a separate Board of Trustees that is appointed by the City's Mayor and City Council, the Hospital does not meet the definition of a legally separate entity as defined by the Codification of GASB. Therefore, the Hospital is considered part of the City (primary government) and its financial data is included with the financial data of the City as an enterprise fund. Separate audited financial statements for the Hospital are available by contacting the Chief Financial Officer at 2800 Clay Edwards Drive, North Kansas City, Missouri 64116.

Basis Of Presentation

Government-wide and fund financial statements: The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance.” The measurement focus is based upon determination of changes in financial position, rather than upon net income determination. The following is the City’s major governmental fund:

General Fund: The General Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditures for specific projects.

Convention and Tourism Tax: Established solely for the purpose of funding the promotion of tourism and infrastructure improvements.

Parks and Recreation: Established to account for the activities of the Park Board which administers the operation of all City parks.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Public Library: Established to account for the activities of the Library Board which administers the operations of the City's free library.

Transportation Sales Tax: Established to account for the activities related to transportation sales tax, other specifically designated state taxes and expenditures related to transportation.

Fire and Police Pension Tax: Established to account for the collections of property tax used to fund a portion of the City's contribution to the City of North Kansas City Police Officers and Firefighters Retirement Fund, which provides post-employment benefits to the City's police and fire employees.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources that are restricted, committed or assigned to expenditures for capital outflows, including the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

Gaming Revenue: Established to account for monies related to gaming revenue that is largely used for the acquisition and construction of capital facilities, development projects and other capital assets.

Capital Projects: Established to account for certain taxes and other funds that are used for the acquisition and construction of capital facilities, projects and other capital assets.

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon income determination, financial position and cash flows.

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The following is the City's major enterprise fund:

Hospital: Established to account for the activities of the City-owned hospital. Revenue is derived mainly from user charges or third-party reimbursements. The Hospital enterprise fund is a June 30 year-end and has been included based on its June 30, 2014 year-end.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The other enterprise funds of the City are considered non major and are as follows:

Health and Community Center: Accounts for the activities related to the operations of the City's Health and Community Center.

Water: Accounts for activities of the City's water production and distribution system. Revenues are derived mainly from water service and installation charges.

Water Pollution Control: Accounts for the activities of the wastewater and sewage collection. Revenue is derived mainly from sewer users' service charges and fees.

Communications: Accounts for the activities of the City's internet utility. The revenue for this fund will be derived from internet service charges and interfund transfers as needed.

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

Pension Trust Funds: Are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Pension Trust Funds account for the assets of the City's public safety employees and Hospital plans. The Hospital plan is a December 31 year-end and has been included based on its December 31, 2013 year-end.

Hospital Pension: Provides pensions and benefits to employees of the City-owned hospital for the North Kansas City Hospital Retirement Plan.

Police and Fire Retirement: Provides pensions and benefits to the salaried employees of the City's police and fire departments.

Measurement Focus And Basis Of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represent the 2014 levy plus any uncollected amounts from prior years' levies.

Property taxes that are not available for current year operations are shown as deferred inflows. Property taxes are levied each year on all taxable real and personal property in the City. The City's property tax is levied each September 1 on the assessed value as of the prior January 1. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all real property for which taxes are unpaid.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Taxes receivable represent property, sales and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Summary Of Significant Accounting Policies

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

Cash And Pooled Cash Investments: Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. These deposits are invested on a short-term basis with interest income being allocated to the funds based on their respective balance.

Investments: Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

Statement Of Cash Flows: For purposes of the statement of cash flows for proprietary fund type funds, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Accounts Receivable: Accounts receivable result primarily from miscellaneous services provided to citizens and are accounted for in the General Fund. Hospital services are accounted for in the Hospital Fund and water, sewer and internet services are accounted for in the Water Fund, Water Pollution Control Fund and the Communications Fund, respectively. All are net of an allowance for uncollectible accounts.

Special Assessments Receivable: Special assessments are levied against certain property owners benefited by the Paseo Industrial District project. Special assessments receivable consist of assessments due over the next 20 years in relation to this project, which was completed during the year ended September 30, 2009.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Inventory: Consists of medical and water purification supplies in the enterprise funds and are stated at cost (first-in, first-out). The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets: Capital assets include land, buildings, improvements, equipment assets and infrastructure, and they are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

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

Buildings and improvements	20 - 50 years
Equipment	3 - 10 years
Infrastructure	10 - 50 years

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Property Held For Resale: Property held for resale consists of the Northgate Village Property. The City intends to sell specified tracts to developers for building. The property is currently accounted for as an asset in the Capital Projects Fund and is valued at the lower of historical cost or fair value, and as nonspendable fund balance.

Deferred Inflows Of Resources: 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

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

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

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported as other financing sources/uses in the respective funds' operating statements.

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

Compensated Absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the maximum accruable of one and one-half times the annual amount earned, and accumulated sick leave of 33 percent of the maximum accruable (six months for all employees except firemen and nine months for firemen). Prior to 1991, no "cap" was in place for accumulated sick leave. All employees who had accrued sick leave in excess of the implemented cap were allowed to keep their accrued hours and will be paid 50 percent of this sick leave upon termination. Sick leave hours are used on a last-in, first-out basis.

For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

Fund Balance: In the governmental financial statements, fund balances are displayed in five components as follows:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation. Amounts restricted for public safety training programs and City beautification are determined by state legislation and donor restrictions, respectively.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority.

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative Fund Balances are always reported as Unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies And Procedures

For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken by City Council to establish, modify or rescind a fund balance commitment is through the adoption of an ordinance.

For assigned fund balance, the City Council is authorized to assign amounts to a specific purpose. The authorization to assign fund balance resides with City Council.

For the classification of fund balances, the City considers restricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Expenditures are to be spent from restricted fund balance first, followed by committed, assigned and lastly unassigned.

Net Position: Represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Charges For Services: The Hospital Fund reports charges for services at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The hospital provides care to patients who are not covered by insurance or reimbursement contracts. \$31,231,000 of lost charges from free care was considered to be charity care in the year ended June 30, 2014.

Use Of Estimates: The preparation of 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.

Reclassifications

Certain reclassifications were made to the 2013 financial statements, where appropriate, in order to conform to the presentation used in the 2014 financial statements. These reclassifications had no impact on changes in net position or net position as previously reported.

2. Deposits And Investments

Authorized Investments: The City is authorized to invest in U.S. obligations, U.S. government agency securities and instrumentalities of government-sponsored corporations, certificates of deposit and time open agreements.

The Hospital Enterprise Fund may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in money market mutual funds.

The Hospital Pension Plan and Police and Fire Retirement investments are generally not subject to limitation on the types of investments allowed.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires operating funds to be invested to coincide with projected cash flow needs.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Hospital's investment policy limits its investment portfolio to maturities of 15 years. The money market mutual funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

As of September 30, 2014, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				No Maturity
		Less Than 1	1 To 5	6 To 10	More Than 10	
Investments, excluding Hospital and Pension Trust Funds:						
U.S. Government agencies	\$ 47,861,980	\$ 47,861,980	\$ —	\$ —	\$ —	\$ —
Investments, Hospital Fund						
Money market mutual funds	4,696,000	4,696,000	—	—	—	—
U.S. Treasury and agency obligations	306,187,000	24,987,000	196,329,000	78,565,000	6,306,000	—
Total Investments, Hospital Fund	310,883,000	29,683,000	196,329,000	78,565,000	6,306,000	—
Investments, Pension Trust Funds						
Pimco Total Return Fund	18,382,775	18,382,775	—	—	—	—
Vanguard 500 Index Fund	19,529,288	—	—	—	—	19,529,288
Vanguard Developed Markets Index Fund	6,842,701	—	—	—	—	6,842,701
Vanguard Extended Market Index	2,389,818	—	—	—	—	2,389,818
Vanguard Emerging Markets Stock Index Inv	4,646	4,646	—	—	—	—
Money market mutual funds - police and fire	81,648	81,648	—	—	—	—
Commingled employee benefit fund trusts - hospital	230,497,996	230,497,996	—	—	—	—
Money market mutual funds - hospital	1,809,622	1,809,622	—	—	—	—
Total Investments, Pension Trust Funds	279,538,494	250,776,687	—	—	—	28,761,807
Total Investments	\$ 638,283,474	\$ 328,321,667	\$ 196,329,000	\$ 78,565,000	\$ 6,306,000	\$ 28,761,807

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy states that investments may only be made with institutions that possess overall financial strength, capitalization and liquidity to reasonably ensure the safety and availability of such monies. Security dealers not affiliated with a bank shall be required to have an office located in Missouri and be classified as reporting dealers affiliated with the New York Federal Reserve Bank as primary dealers.

Investment Type	Fair Value	Rating
FNMA bonds	\$ 8,098,592	Not Rated
FHLMC bonds	6,788,151	Not Rated
FHLB bonds	17,395,828	Not Rated
FFCB bonds	15,579,409	Not Rated
Money market mutual funds - hospital	4,696,000	*
U.S. Treasury and agency obligations - hospital	306,187,000	**
Money market mutual funds - pensions	1,891,270	Not Rated
Commingled employee benefit fund trusts (Russell Funds)	230,497,996	***
Pimco Total Return Fund	18,382,775	Not Rated
Vanguard 500 Index Fund	19,529,288	Not Rated
Vanguard Developed Markets Index Fund	6,842,701	Not Rated
Vanguard Extended Market Index	2,389,818	Not Rated
Vanguard Emerging Markets Stock Index Inv	4,646	Not Rated

* As of June 30, 2014, the money market mutual funds owned by the Hospital were rated Aaa-mf and AAAM by Moody's and Standard & Poor's, respectively.

** As of June 30, 2014, the Hospital's investments in U.S. Agency obligations not directly guaranteed by the U.S. government were rated AA+ by Standard & Poor's and Aaa by Moody's.

*** As of December 31, 2013, the commingled employee benefit fund trusts owned by the Hospital Pension Plan were rated between AAA and Caal by Moody's and Standard & Poor's.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Concentration Of Credit Risk: The City's investment policy is to apply the prudent-person rule: Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering probable safety of their capital as well as the probable income to be derived. In addition, no more than 50 percent of City funds shall be invested in any one U.S. Treasury bill or in one U.S. government agency security at any given time. Only 30 percent of City funds may be invested in certificates of deposit. At September 30, 2014, 17 percent of the City's funds were invested in certificates of deposit.

<u>Investment Type</u>	<u>Concentration</u>
City (excluding Pension and Hospital)	
FNMA bonds	16.9%
FHLMC bonds	14.2%
FHLB bonds	36.3%
FFCB bonds	32.6%
Hospital	
FNMA	27.0%
FHLMC	27.0%
FHLB	14.0%
Pensions	
Russell International Fund	8.1%
Russell Fixed Income I Fund	36.0%
Russell 1000 Index Fund Series I	33.9%
Russell World Equity Fund	8.0%
Pimco Total Return Fund	38.9%
Vanguard 500 Index Fund	41.3%
Vanguard Developed Markets Index Fund	14.5%
Vanguard Extended Market Index	5.1%

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2014, none of the City's bank balances with financial institutions were exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy states that all funds or investments purchased by the City from a qualified bank, savings and loan association or securities dealer on behalf of the City must be held in third party safekeeping by a bank designated as primary agent of the Federal Reserve Bank and may not be held in street name; they must be held in the City's name. As of September 30, 2014, the City's investments were not exposed to custodial credit risk.

As of June 30, 2014, none of the Hospital's bank balance of \$18,779,128 and investment balances were exposed to custodial credit risk.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

The investments of \$279,456,846 of the Hospital Pension and Police and Fire Retirement are held in SEC registered external investment pools. These investments have not been assigned a risk category since the Plans are not issued securities, but rather own a divided beneficial interest on the assets of the related investment pools. The fair value of the position in the external investment pool is the same as the value of the pool shares.

Foreign currency risk: This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City itself has no investments in foreign currency. However, the Hospital Pension Plan does contain such risk. The Plan's exposure to foreign currency risk derives from its investment in bonds issued by foreign corporations.

A summary of deposits and investments, along with financial statement classifications, is as follows:

Deposits	\$ 29,065,271
Investments	<u>638,283,474</u>
	<u>\$ 667,348,745</u>
Cash and cash equivalents	\$ 28,997,335
Current portion of restricted assets held by trustee	1,931,000
Investments	
City (not including Pension Trust Funds)	47,861,980
Pension Trust Funds	279,456,846
Restricted and designated assets:	
Cash and cash equivalents	4,845,584
Investments	<u>304,256,000</u>
	<u>\$ 667,348,745</u>

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

3. Capital Assets

The following is a summary of changes in capital assets for the year ended 2014:

	Balance 2013	Additions	Retirements	Balance 2014
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 27,845,615	\$ 282,921	\$ —	\$ 28,128,536
Capital assets being depreciated:				
Buildings and improvements	34,701,195	738,323	—	35,439,518
Infrastructure	7,652,579	731,107	—	8,383,686
Equipment	16,286,444	2,285,701	188,740	18,383,405
Total capital assets being depreciated	58,640,218	3,755,131	188,740	62,206,609
Less: Accumulated depreciation for:				
Buildings and improvements	12,254,276	1,164,571	—	13,418,847
Infrastructure	2,389,083	445,797	—	2,834,880
Equipment	12,518,366	893,160	168,655	13,242,871
Total accumulated depreciation	27,161,725	2,503,528	168,655	29,496,598
Total capital assets being depreciated, net	31,478,493	1,251,603	20,085	32,710,011
Governmental activities capital assets, net	\$ 59,324,108	\$ 1,534,524	\$ 20,085	\$ 60,838,547

	Balance 2013	Additions	Retirements	Balance 2014
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 6,674,989	\$ —	\$ —	\$ 6,674,989
Construction in progress	4,097,000	14,442,000	17,001,000	1,538,000
Total capital assets, not being depreciated	10,771,989	14,442,000	17,001,000	8,212,989
Capital assets being depreciated:				
Buildings and improvements	373,372,276	12,839,036	809,000	385,402,312
Infrastructure	23,839,177	496,232	—	24,335,409
Equipment	257,535,792	21,696,457	8,494,713	270,737,536
Total capital assets being depreciated	654,747,245	35,031,725	9,303,713	680,475,257
Less: Accumulated depreciation for:				
Buildings and improvements	156,468,725	10,116,284	633,002	165,952,007
Infrastructure	8,453,282	1,253,050	—	9,706,332
Equipment	195,264,388	16,447,426	7,798,263	203,913,551
Total accumulated depreciation	360,186,395	27,816,760	8,431,265	379,571,890
Total capital assets being depreciated, net	294,560,850	7,214,965	872,448	300,903,367
Business-type activities capital assets, net	\$ 305,332,839	\$ 21,656,965	\$ 17,873,448	\$ 309,116,356

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities	
General government	\$ 127,377
Public safety	974,266
Public works	993,667
Culture and recreation	408,218
	<u>408,218</u>
	<u>\$ 2,503,528</u>

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities	
Hospital	\$ 25,338,000
Health and community center	404,413
Water	413,027
Water pollution control	1,015,903
Communications	645,417
	<u>645,417</u>
	<u>\$ 27,816,760</u>

The Hospital leases certain building space to facilitate the Meritas health care practices under noncancelable operating leases. Rental expense was \$3,418,000 for the Hospital Enterprise Fund's year ended June 30, 2014.

4. **Related-Party Transactions And Investments In Unconsolidated Affiliates**

On January 1, 2002, a cooperative action agreement was signed between the Hospital and New Liberty Hospital District of Clay County. The purpose of the agreement is to provide health care services to the communities served by the two organizations. During 2013, the agreement was terminated. As of June 30, 2014 and 2013, the Hospital had no investment related to this agreement.

The Hospital is a member of a joint venture agreement with United Surgical Partners International, Inc. (USPI), whereby the Hospital owns 50% of NKCH/USPI Surgery Centers I, L.L.C., a Missouri Limited Liability Company (the Joint Venture). The Joint Venture owns 51% and 59%, respectively, of the two Centers. The Centers' remaining 49% and 41% ownership interests are divided between surgeons who practice at the respective Centers, the Hospital and other healthcare facilities.

The Hospital is a member of a joint venture agreement with USPI, whereby the Hospital owns 49% of NKCH/USPI Surgery Centers II, L.L.C. and USPI will operate the Center under a management agreement. The Joint Venture owns 47.6% of the Center. The Center's remaining ownership interest is divided between surgeons who practice at the respective Centers, the Hospital and other healthcare facilities.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

During the year ended June 30, 2010, the Hospital and St. Luke's Health System acquired Heart Surgeons of Kansas City. The Hospital has a 20.9% net ownership interest in the Heart Surgeons of Kansas City at June 30, 2014.

During the year ended June 30, 2011, the Hospital formed North Kansas City Hospital Ortho-Spine Co-Management Company, LLC. The Hospital has a 26% net ownership interest in the organization.

5. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended 2014:

	Balance - October 1, 2013			Balance - September 30, 2014		
		Additions	Retirements		Due Within One Year	
Governmental Activities						
Compensated absences	\$ 1,787,152	\$ 1,735,694	\$ 1,787,152	\$ 1,735,694	\$ 104,142	
Business-Type Activities						
Revenue bonds						
2003A Hospital revenue bonds	36,815,000	—	36,815,000	—	—	
2008 Hospital revenue bonds	35,015,000	—	35,015,000	—	—	
2013A Hospital revenue bonds	—	35,760,000	1,248,000	34,512,000	2,682,000	
2013B Hospital revenue bonds	—	33,900,000	1,210,000	32,690,000	2,593,000	
Unamortized discounts	57,000	—	57,000	—	—	
Total revenue bonds	71,887,000	69,660,000	74,345,000	67,202,000	5,275,000	
Notes payable	10,467,000	—	732,000	9,735,000	750,000	
Capital lease	4,424,000	16,303,000	3,210,000	17,517,000	4,543,000	
Compensated absences	34,531,600	33,612,880	34,531,600	33,612,880	33,455,073	
	\$ 121,309,600	\$ 119,575,880	\$ 112,818,600	\$ 128,066,880	\$ 44,023,073	

The accrued compensated absences attributable to the governmental activities are generally liquidated by the General Fund.

Hospital Revenue Bonds

Series 1998 and Series 2003 hospital revenue bonds (the Bonds) were issued by the City under a Bond Indenture, dated December 1, 1998, as amended and supplemented, to finance expansion and renovation of the Health Services Pavilion. The Bonds and interest thereon are special, limited obligations of the City payable solely from: (i) lease payments from the Hospital, (ii) a pledge of the Hospital's gross revenues, (iii) a pledge of most Hospital facilities and equipment and (iv) amounts on deposit with the Bond Trustee. Therefore, both the Hospital facilities and equipment and Bonds payable are recorded in the accompanying financial statements. The Bond Indenture requires the Hospital to meet certain measures of financial performance on an annual basis and places limitations on future borrowings. The Series 2003 were insured by Financial Security Assurance, Inc. The bonds were refunded in December 2013.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

On July 2, 2008, the Hospital issued Variable Rate Demand Hospital Revenue Bonds, Series 2008 in the amount of \$39,370,000. The proceeds of this issue, along with approximately \$590,000 of funds from the Hospital, were used to refund the Series 2003B auction rate bonds with a principal balance outstanding of \$39,475,000 and pay for the costs of issuance related to the Series 2008 Bonds. The Series 2008 Bonds are backed by an irrevocable direct pay letter of credit equal to the outstanding balance on the Series 2008 bonds issued by Bank of America, N.A. This letter of credit expired on July 2, 2014. The letter of credit requires repayment of any draws starting no earlier than 366 days from the date of any draw on the letter with payment in full no later than 5 years from the date of any liquidity draw. The Series 2008 bonds are subject to mandatory tender for purchase on the 5th business day prior to the expiration or termination of the letter of credit if the trustee has not received evidence by the 30th day preceding the expiration or termination of the letter of credit. The bonds were refunded in December 2013.

On December 1, 2013, the Series 2003A and 2008 bonds were refunded by the City with the issuance of the Series 2013A and 2013B Revenue Bonds under an Indenture of Trust dated December 1, 2013 in the amount of \$35,760,000 and \$33,900,000, respectively, and bear interest at 2.0735% and 1.7%, respectively. The bonds mature in 2025. The bonds are special limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the net income and revenues arising from the operation of the Hospital. The Indenture of Trust requires the Hospital to meet certain measures of financial performance on an annual basis and places limitations on future borrowings. The economic gain related to the refunding of the Series 2003A and 2008 bonds was approximately \$8.5 million. Operating revenues and net income available for the payment of principal and interest on the bonds was \$477,701,000 and \$28,954,000, respectively. Principal and interest paid on the bonds in the current year totaled \$8,570,000 and \$2,882,000, respectively.

Maturities of the Hospital revenue bonds are as follows:

For The Year Ending June 30:	Principal	Interest
2015	\$ 5,275,000	\$ 1,243,000
2016	5,374,000	1,144,000
2017	5,480,000	1,037,000
2018	5,586,000	931,000
2019	5,695,000	823,000
2020 - 2024	30,165,000	2,422,000
2025 - 2026	9,627,000	147,000
	<u>\$ 67,202,000</u>	<u>\$ 7,747,000</u>

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

The Hospital purchased three buildings and acquired the related notes payable. The notes each have an annual interest rate with principal payments due monthly. Additional information about the notes follows:

	Original Balance	Interest Rates	Final Maturity	Balloon Payment At Maturity
Note 1	\$ 5,451,000	6.42%	\$ 42,614	\$ 4,446,000
Note 2	2,422,000	6.42%	42,614	1,976,000
Note 3	2,931,000	5.47%	44,084	—

The debt service requirements as of June 30, 2014 on the notes payable are as follows:

	For The Year Ending June 30:	Total To Be Paid	Principal	Interest
2015	\$	1,285,000	\$ 750,000	\$ 535,000
2016		1,331,000	792,000	539,000
2017		7,066,000	6,876,000	190,000
2018		465,000	399,000	66,000
2019		465,000	422,000	43,000
2020		517,000	496,000	21,000
	\$	11,129,000	\$ 9,735,000	\$ 1,394,000

The Hospital is obligated under leases for equipment and software that are accounted for as capital leases. Assets under capital leases as of June 30, 2014 totaled \$27,882,626, which is net of accumulated depreciation of \$13,320,744. The following is a schedule by year of future minimum lease payments under the capital leases including interest at a rates between 1.5% and of 5.0% together with the present value of the future minimum lease payments:

For The Year Ending June 30:	Amount
2015	\$ 4,925,000
2016	4,634,000
2017	3,786,000
2018	3,361,000
2019	1,680,000
Less amount representing interest	(869,000)
	\$ 17,517,000

6. Designated Hospital Fund Assets

Designated assets include assets in the Hospital Fund set aside by the Hospital Board of Trustees for future capital improvements, future development and other uses, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets held by trustees under liability assumption agreements.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The Hospital has assets limited as to use for certain purposes as follows:

Designated by Board for:	
Capital improvements	\$ 301,443,000
Assumption of malpractice and general liability risks	5,140,000
Assumption of workers' compensation risks	<u>4,300,000</u>
	<u>\$ 310,883,000</u>

These amounts are displayed on the balance sheet as follows:

Current portion of restricted assets held by trustee	\$ 1,931,000
Designated assets:	
Cash and cash equivalents	4,696,000
Investments	<u>304,256,000</u>
	<u>\$ 310,883,000</u>

7. Operating Lease

The City leases land and a building to a third party under an operating lease that expired during 2013. The lease terms have been extended by the City into 2015 on a month-to-month basis. The lessee pays the City monthly rent in an amount equal to two percent of gross sales, but not less than \$100,000 each year. Guaranteed minimum future lease payments to be received under the operating lease agreement are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 100,000

The land and building as of September 30, 2014 include the following asset under the operating lease:

Land	\$ 744,000
Building	1,339,924
Less: accumulated depreciation	<u>(438,427)</u>
Net book value of the asset being leased	<u>\$ 1,645,497</u>

8. Gaming Rent Revenue

The City has an agreement with Promus Companies to operate a riverboat casino on land owned by the City. Under the agreement, Promus Companies agreed to pay the City two percent of the casino's adjusted gross winnings with a minimum of \$2,000,000, less the City's share of taxes and fees paid with respect to the premises or the excursion gambling boats annually. The agreement expires in fiscal year 2015, with four remaining five-year options to extend the terms of the lease.

9. Interfund Transfers And Balances

The following is a schedule of transfers as included in the basic financial statements of the City:

	<u>Transfers In</u>	<u>Transfers Out</u>
Other nonmajor governmental funds	\$ 1,613,984	\$ 2,065,666
Other nonmajor enterprise funds	621,666	169,984
	<u>\$ 2,235,650</u>	<u>\$ 2,235,650</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

10. Missouri Local Government Employees Retirement System Plan

Missouri Local Government Employees Retirement System Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo.70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The Plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1.800.447.4334.

Funding Policy

Full-time employees of the City do not contribute to the pension plan. The June 30, 2014 statutorily required contribution rate is 17.6 percent (General) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Funding Status

As of February 28, 2014, the most recent actuarial valuation date, the plan was 79 percent funded. The actuarial accrued liability for benefits was \$9,949,663 and the actuarial value of assets was \$7,861,064 resulting in an unfunded actuarial accrued liability (UAAL) of \$2,088,599. The covered payroll (annual payroll of active employees covered by the plan) was \$4,016,762 and the ratio of the UAAL to the covered payroll was 52 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Annual Pension Cost

The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 697,810
Interest on net pension obligation	7,914
Adjustment to annual required contribution	<u>(9,187)</u>
Annual pension cost	696,537
Actual contributions	<u>697,810</u>
Decrease in net pension obligation	(1,273)
Net pension obligation, beginning of year	<u>109,154</u>
Net pension obligation, end of year	<u><u>\$ 107,881</u></u>

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included (a) a rate of return on the investment of present and future assets of 7.25 percent per year, compounded annually, (b) projected salary increases of 3.5 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75 percent of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women (e) post-retirement mortality based on 105 percent of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women and (f) inflation rate of 3.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 19 years for the General division. The amortization period as of February 29, 2012 was 26 years for the General division.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fiscal Year Ended	Three Year Trend Information		
	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 666,597	95.1%	\$ 102,502
June 30, 2013	677,699	99.0%	109,154
June 30, 2014	696,537	100.2%	107,881

11. Police And Fire Retirement Plan (Pension Trust)

Condensed financial statements for 2014 are as follows:

Assets		
Cash and cash equivalents	\$	81,648
Investments		47,149,227
Total Assets		<u>47,230,875</u>
Net Position Held In Trust For Pension Benefits		<u>\$ 47,230,875</u>
Additions		
Contributions		
Employer	\$	992,924
Member		186,275
Total contributions		<u>1,179,199</u>
Investment income		
Net increase in fair value of investments		3,055,519
Interest and dividends		1,152,657
Total investment income		<u>4,208,176</u>
Total Additions		<u>5,387,375</u>
Deductions		
Benefits		2,346,923
Administrative expenses		99,608
Total Deductions		<u>2,446,531</u>
Change In Net Position		2,940,844
Net Position Held In Trust - Beginning Of Year		<u>44,290,031</u>
Net Position Held In Trust - End Of Year	\$	<u>47,230,875</u>

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Plan Description

The City's salaried police and fire employees participate in the City of North Kansas City Police Officers and Firefighters Retirement Fund (the Plan), a single-employer, defined benefit pension plan. For the year ended September 30, 2014, the Plan issued a publicly available financial report that included financial statements and RSI. The report can be obtained by writing the Plan at 2010 Howell, North Kansas City, Missouri, 64116 or by calling 816.274.6000. The Plan is included in the City's financial statements as a Pension Trust Fund. The defined benefits, as well as employee and employer contribution levels, are mandated by and may be amended by City Council. Plan members' contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. The Plan sponsor pays certain expenses related to administration of the Plan.

Members may take early retirement at age 45 after 25 years of service but must retire by age 65. Members also are eligible for disability pensions and death benefits. Benefit amounts are generally based upon a percentage not to exceed 60 percent of average monthly base salary during the previous five years, with certain reductions for lesser years of service. In lieu of other benefits, employee contributions will be returned with interest earned upon termination.

Current membership in the Plan is comprised of the following as of October 1, 2013, the valuation date:

Active employees	84
Vested terminated employees	4
Retirees, beneficiaries and contingent annuitants	77
	<hr/>
	165
	<hr/> <hr/>

Funding Policy

Police and fire employees are required to contribute 10 percent of their annual salary to the Plan. The City is currently contributing 6.9 percent of the employee's contribution. The City contributes the remaining amounts necessary to fund the Plan from a special designated ad valorem property tax levy. The City Council has the authority to establish or amend benefit provisions.

Funding Status

As of October 1, 2013, the actuarial valuation date, the plan was 92.2 percent funded. The actuarial accrued liability for benefits was \$45,675,222 and the actuarial value of assets was \$42,131,291 resulting in an UAAL of \$3,543,931. The covered payroll (annual payroll of active employees covered by the plan) was \$5,015,202 and the ratio of the UAAL to the covered payroll was 70.7 percent.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The annual pension cost and net obligation (asset) as of September 30, 2014 are as follows:

Annual required contribution	\$	890,916
Interest on net pension asset		(149,485)
Adjustment to annual required contribution		142,755
Annual pension cost		884,186
Contributions made		675,000
Increase in net pension asset		209,186
Net Pension Asset - Beginning Of Year		(2,299,767)
Net Pension Asset - End Of Year	\$	(2,090,581)

The annual required contribution for the current year was determined as part of an October 1, 2013 actuarial valuation using the entry-age normal actuarial cost method. The actuarial assumptions included (a) 6.5 percent investment rate of return and (b) projected salary increases of 4 percent. Both (a) and (b) include an inflation component of 2.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage-of payroll on an open basis. The remaining amortization period as of October 1, 2013 was 20 years.

For The Fiscal Year Ended	Three Year Trend Information		
	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation (Asset)
September 30, 2012	\$ 1,523,877	47%	\$ (2,011,193)
September 30, 2013	1,376,425	121%	(2,299,767)
September 30, 2014	884,186	76%	(2,090,581)

12. North Kansas City Hospital Pension Plan (Pension Trust)

Plan Description

The Hospital sponsors a single-employer noncontributory defined benefit pension plan. The Hospital provides retirement, disability and death benefits to plan members and beneficiaries. The Hospital issues a publicly available financial report that includes financial statements and RSI for the pension plan. That report may be obtained by writing to attention: Chief Financial Officer, North Kansas City Hospital, 2800 Clay Edwards Drive, North Kansas City, Missouri 64116. It is included as a Pension Trust Fund in these financial statements.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Current membership in the Plan is comprised of the following:

Participants of the Plan	
Retired participants and beneficiaries currently receiving benefits and terminated participants entitled to benefits but not yet receiving them	1,325
Active participants	
Vested	1,761
Nonvested	647
	<hr/>
	2,408
	<hr/> <hr/>

Funding Policy

The contribution requirements of plan member and the Hospital are established and may be amended by the Hospital Board of Trustees. Plan members are not required or permitted to contribute any of their annual covered salary. The Hospital uses a Funding Method Contribution rate that is actuarially determined each year. The current rate is 7.25 percent of annual covered payroll.

The annual pension cost and net obligation (asset) are as follows:

Annual required contribution	\$ 3,843,000
Interest on net pension asset	(2,949,000)
Adjustment to annual required contribution	6,657,000
Annual pension cost	<hr/> 7,551,000
Contributions made	<hr/> —
Increase in net pension asset	<hr/> 7,551,000
Net Pension Asset - Beginning Of Year	<hr/> (42,256,000)
Net Pension Asset - End Of Year	<hr/> \$ (34,705,000)

Funded Status And Funding Progress

As of January 1, 2014, the most recent valuation date, the plan was 112.1 percent funded. The actuarial accrued liability for benefits was \$207,300,000 and the actuarial value of assets was \$232,300,000, resulting in a funded actuarial accrued liability (AAL) of \$25,000,000 for the year ended June 30, 2014. The covered payroll (annual payroll of active employees covered by the plan) was \$127,800,000, and the ratio of the AAL to the covered payroll was 19.5 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting does not explicitly incorporate the potential effects of legal or contractual funding limitations.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Significant actuarial assumptions used as part of an actuarial valuation dated January 1, 2014 were (a) funding rate of 7.25 percent and a 4.5 percent lump-sum interest rate, (b) investments valued at fair market value, (c) salary increase of 2.5 percent and a taxable wage increase of 4 percent and (d) the valuation did not use an inflation rate or cost of living adjustment. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable. The actuarial method used for valuing assets of the plan is the aggregate cost method. 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.

For The Fiscal Year Ended	Three Year Trend Information		
	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation (Asset)
2012	\$ 8,006,000	87%	\$ (30,451,000)
2013	6,719,000	276%	(42,256,000)
2014	7,551,000	0%	(34,705,000)

13. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to employees; natural disasters and employee health, dental and accident benefits. However, the City is entitled to the defense of sovereign and official immunity against tort action that may be brought against it under Section 537.600, RSMo (1978). This defense provides immunity except in two areas: motor vehicles and the condition of property of governmental entities.

The City carries commercial insurance for property and casualty, workers' compensation, employee health, life and dental insurance. During the last three years, settled claims have not exceeded insurance coverage.

The Hospital, as an enterprise fund, has assumed the risk of loss for malpractice, general liability and workers' compensation. Costs and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

At year end, the amount of these liabilities was approximately \$5,435,000. This liability is the Hospital's best estimate based on available information. Changes in the reported liability for the last three fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Of Year</u>	<u>Provisions</u>	<u>Payments</u>	<u>End Of Year</u>
2012	\$ 6,374,000	\$ 1,425,000	\$ 1,875,000	\$ 5,924,000
2013	5,924,000	2,742,000	2,649,000	6,017,000
2014	6,017,000	1,350,000	1,932,000	5,435,000

At yearend, the Hospital had approximately \$9,440,000 in an escrow account to pay prior and current year-end claims and to provide for catastrophic losses.

These liabilities are classified as part of the reserve for liability risks balance of \$1,931,000 current and \$3,504,000 long-term on the accompanying statement of net position as of June 30, 2014.

14. Patient Service Revenues

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payers. These payment arrangements include:

Medicare - Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor. The Hospital's Medicare cost reports have been reviewed by the Medicare Administrative Contractor through June 30, 2011. Medicare patients accounted for approximately 49 percent of gross patient service revenues of the Hospital.

Medicaid - The State of Missouri's Medicaid program operates primarily on a prospective basis, and accordingly, provision for contractual adjustments is made in the period in which the related services are rendered. Medicaid patients accounted for approximately 6 percent of gross patient service revenues of the Hospital.

Blue Cross - A majority of inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per discharge or per diem reimbursement. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The prospectively determined rates are not subject to retroactive adjustment. Outpatient services are reimbursed at a percentage of established charges. Blue Cross patients accounted for approximately 19 percent of gross patient service revenues of the Hospital.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

15. Commitments And Contingencies

Excelsior Springs Medical Center: On February 28, 1994, the Hospital and Excelsior Springs Medical Center (the Medical Center) entered into an affiliation agreement to cooperate in several areas including, but not limited to, providing more geographic coverage of health care services, entering joint managed care arrangements and improving employee educational opportunities. Additionally, the Medical Center granted the Hospital the right of first refusal upon the lease of all or a majority of the assets of the Medical Center or similar management agreement, which would have the effect of transferring authority and responsibility for operation to any other person or entity.

The Hospital entered into a management agreement with the Medical Center effective July 1, 2014. Under the management agreement, the Hospital will provide operational oversight to the Medical Center through the employment of the Medical Center's Chief Executive Officer.

On September 2, 2014, the City signed an agreement with DataShack, LC (DataShack) which authorized DataShack to operate and maintain the City's fiber optic network known as liNKCity for a term of 10 years with the City retaining ownership of the network. As consideration, the City will share profits and losses equally with losses capped at \$150,000 per year for the City. The agreement calls for the transfer, through a promissory note, of certain liNKCity equipment valued at \$57,250, which will be forgiven over the term of the agreement so long as DataShack is in compliance with all terms of the lease agreement. The agreement commenced on September 8, 2014.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

In the normal course of business, the City and the Hospital are, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's self-insurance program or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The City and Hospital evaluate such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

As of September 30, 2014, various claims and lawsuits were on file against the City. City management believes that the potential settlements against the City not covered by insurance would not materially affect the financial position of the City.

16. Concentration Of Credit Risk

The Hospital grants credit without collateral to its patients that are insured under third-party payer agreements. The mix of gross accounts receivable from patients and third-party payers as of June 30, 2014 was as follows:

Medicare	30%
Medicaid	3%
Commercial insurance	12%
Patients	19%
Contracted payers	36%
	<hr/>
	100%
	<hr/> <hr/>

17. Other Postemployment Benefits (OPEB) - Hospital

Plan Description

North Kansas City Hospital offers postemployment medical, dental and vision insurance benefits to its retirees (and their dependents) who are eligible for immediate pension benefits at the time of retirement through the Hospital's defined benefit pension plan. Also, at the time of retirement, the employee must have been enrolled in the Hospital's medical coverage for at least the five previous years. Medical, vision and dental benefits are self-funded with no stop-loss coverage. Coverage is available until the retiree qualifies for Medicare. Spouses may continue coverage upon retiree death or attainment of age 65 under COBRA for up to 36 months not to exceed the spouse's age 65. All benefits renew on a calendar basis. The plan is a single-employer defined benefit plan, is administered by the Hospital and does not issue stand-alone financial statements.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Funding Policy

The contribution requirements of plan members and the Hospital are established and may be amended by the Hospital Board of Trustees. The required contribution is based on a pay-as-you-go financing requirement. For fiscal year 2014, the Hospital contributed approximately \$109,000 to the plan, net of premiums paid by Plan members receiving benefits. These plan members contributed \$268,000, or approximately 71 percent of the total cost, through their required monthly contribution that is equal to the current COBRA rates for individual or individual plus spouse coverage.

Annual OPEB Cost And Net OPEB Obligation

The Hospital's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Hospital's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Hospital's net OPEB obligation:

Annual required contribution (ARC)	\$	316,000
Interest on net OPEB obligation		65,000
Adjustment to the ARC		(71,000)
Annual OPEB cost (expense)		<u>310,000</u>
Contributions made		<u>(109,000)</u>
Increase in net OPEB obligation		201,000
Net OPEB Obligation - Beginning Of Year		<u>1,853,000</u>
Net OPEB Obligation - End Of Year	\$	<u>2,054,000</u>

The Hospital's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2014, 2013 and 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 284,000	39.4%	\$ 1,710,000
June 30, 2013	284,000	49.6%	1,853,000
June 30, 2014	310,000	35.2%	2,054,000

Funded Status And Funding Progress

As of June 30, 2014, the most recent actuarial valuation date January 1, 2014 and the plan was not funded. The actuarial accrued liability for benefits was \$2,500,000 and, since the plan is funded on a pay-as-you-go basis, this results in a UAAL of \$2,500,000. The covered payroll (annual payroll of active employees covered by the plan) was \$110,900,000 and the ratio of the UAAL to the covered payroll was 2.3 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 health care cost trends. 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 RSI following the notes to the financial statements, presents multiyear 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.

In the June 30, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments since the plan is funded on a pay-as-you go basis, and an annual health care cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 12 years. There were no projected salary and post-retirement benefit increases or an inflation rate used in the valuation. The UAAL is being amortized as a level dollar amount on an open-period amortization basis. The remaining amortization period at June 30, 2014 was 30 years.

18. Retirement Incentive Program

During the year ended September 30, 2011, the City offered an early retirement incentive to eligible employees. The early retirement incentive relates to benefits that were originally offered as part of an OPEB plan to provide health and dental care benefits at participation percentages originally outlined in the OPEB plan. In conjunction with offering the early retirement incentive, the City effectively terminated the OPEB plan. Active employees are no longer offered these benefits. The only individuals that are provided the benefits previously offered are those that were already retired and receiving benefits under the terminated OPEB plan and those that accepted the retirement incentive program (28 participants). The retirees that were part of the terminated plan comprise an immaterial portion of the benefits being offered as part of the retirement incentive program; therefore, all the benefits and the obligation of the City are being reported in accordance with GASB Statement No. 47, *Accounting For Termination Benefits*.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The liability reported for the early retirement incentive program was determined by taking the discounted present value of expected future benefit payments for participants. Significant assumptions used in this calculation include a health care cost inflation rate of 7.0% for the current year (decreasing by 0.5% each year thereafter) and a discount rate of 4.5%. The liability recorded at September 30, 2014 for the retirement incentive program is \$73,904, of which \$69,215 is reported in the governmental activities on the statement of net position.

19. Major Customer

Revenue generated by one utility customer of the City amounted to \$1,571,549 and \$720,923 for the Sewer Fund and Water Fund, respectively. Revenue generated by this customer comprised 46 percent and 31 percent of total operating revenue for the Sewer Fund and Water Fund, respectively, for the year ended September 30, 2014.

20. Change In Accounting Principle

In fiscal year 2014, the Hospital adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. As a result the following assets and liabilities have been reclassified, as indicated:

	<u>Previously Reported</u>	<u>Change</u>	<u>As Restated</u>
Assets			
Bond issuance costs, net	\$ 2,078,000	\$ (2,078,000)	\$ —
Net Position			
Beginning balance	\$ 552,801,000	\$ (2,078,000)	\$ 550,723,000

21. Subsequent Events

On November 18, 2014, the City Council approved an ordinance which approved a facility operating and cooperative agreement by and between the City of North Kansas City and the Young Men's Christian Association of Greater Kansas City (YMCA) which gives the YMCA the right to operate the City's Community Center, with the City retaining ownership of the Community Center. This ordinance will take effect on January 1, 2015.

On January 15, 2015, Harrah's North Kansas City, LLC (Harrah's), and its parent company, Caesars Entertainment Operating Company, Inc. (Caesars), filed for bankruptcy protection. In addition, several other creditors filed a separate involuntary bankruptcy petition against Caesars. According to the petition filed by Caesars, the City has a claim of approximately \$2,400,000 based on the City's lease with Harrah's. The City does not know how the claim was calculated, however, lease revenues for the City in fiscal year 2014 were approximately \$3,200,000. The amount claimed in the petition relates to Caesars' estimate of lease revenues that would be at risk of loss to the City in fiscal year 2015.

Required Supplementary Information

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
For The Year Ended September 30, 2014**

Schedule Of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (b)	(Overfunded)/ Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL As A Percentage Of Covered Payroll [(b-a)/c]
2/28/2009	\$ 9,710,361	\$ 12,823,395	\$ 3,113,034	76%	\$ 5,343,631	58%
2/28/2010	11,176,696	13,997,413	2,820,717	80%	5,459,612	52%
2/28/2011	12,663,911	15,209,816	2,545,905	83%	5,505,329	46%
2/29/2012	6,454,460	9,383,807	2,929,347	69%	3,930,518	75%
2/28/2013	6,909,440	9,534,791	2,625,351	72%	4,089,083	64%
2/28/2014	7,861,064	9,949,663	2,088,599	79%	4,016,762	52%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City, Missouri.

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIRE RETIREMENT PLAN
For The Year Ended September 30, 2014**

Schedule Of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (b)	(Overfunded)/ Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL As A Percentage Of Covered Payroll [(b-a)/c]
10/1/2008	\$ 34,000,000	\$ 38,836,000	\$ 4,836,000	88%	\$ 5,318,000	91%
10/1/2009	34,040,000	40,953,000	6,913,000	83%	5,859,000	118%
10/1/2010	34,636,000	42,050,000	7,414,000	82%	5,669,000	131%
10/1/2011	34,605,000	44,441,000	9,836,000	78%	5,571,000	177%
10/1/2012	39,322,000	45,860,000	6,538,000	86%	5,049,000	129%
10/1/2013	42,131,000	45,675,000	3,544,000	92%	5,015,000	71%

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
NORTH KANSAS CITY HOSPITAL PENSION PLAN
For The Year Ended September 30, 2014**

Schedule Of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets (a)*	Actuarial Accrued Liability (b)*	(Overfunded)/ Unfunded Accrued Liability (UAL) (b-a)*	Funded Ratio (a/b)	Annual Covered Payroll (c)*	UAL As A Percentage Of Covered Payroll [(b-a)/c]
2012	\$ 192,630	\$ 198,040	\$ 5,410	97%	\$ 130,960	4%
2013	212,630	207,210	(5,420)	103%	131,020	-4%
2014	232,310	207,320	(24,990)	112%	127,830	-20%

* Amounts shown are in thousands.

Note: Effective January 1, 2008, information about the Plan's funded status and funding progress has been prepared using the entry age normal cost method (intending to serve as a surrogate for the funded status and progress of the Plan).

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
NORTH KANSAS CITY HOSPITAL POSTEMPLOYMENT
HEALTHCARE PLAN
For The Year Ended September 30, 2014

Schedule Of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (b)	(Overfunded)/ Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL As A Percentage Of Covered Payroll [(b-a)/c]
1/1/2009	\$ —	\$ 2,210,000	\$ 2,210,000	0%	\$ 90,380,000	2.4%
1/1/2011	—	2,180,000	2,180,000	0%	104,180,000	2.1%
1/1/2013	—	2,500,000	2,500,000	0%	110,930,000	2.3%

The actuarial method used to calculate the actuarial accrued liability is the projected unit credit actuarial cost method.

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended September 30, 2014**

	Budget		Actual	Variance
	Original	Final		With Final Budget (Over) Under
Revenues				
Taxes	\$ 6,730,000	\$ 6,730,000	\$ 7,243,673	\$ (513,673)
Intergovernmental	31,500	31,500	18,277	13,223
Licenses and permits	1,650,300	1,735,300	1,830,007	(94,707)
Charges for services	508,613	511,613	586,150	(74,537)
Fines and forfeitures	433,500	459,500	550,891	(91,391)
Gaming	3,330,000	3,330,000	3,219,713	110,287
Investment earnings	10,500	10,500	26,144	(15,644)
Miscellaneous	124,000	124,000	354,194	(230,194)
Total Revenues	12,818,413	12,932,413	13,829,049	(896,636)
Expenditures				
Current:				
General government	1,442,345	1,410,245	1,264,669	145,576
Public safety	10,168,678	10,182,588	9,661,941	520,647
Public works	1,157,341	1,204,341	1,070,027	134,314
Interdepartmental	708,040	828,040	758,165	69,875
Total Expenditures	13,476,404	13,625,214	12,754,802	870,412
Net Change In Fund Balances	\$ (657,991)	\$ (692,801)	1,074,247	\$ (1,767,048)
Fund Balances - Beginning Of Year			8,756,889	
Fund Balances - End Of Year			\$ 9,831,136	

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON INFORMATION September 30, 2014

Budgetary Data

The reported budgetary data represents the final approved budget after amendments, as adopted by the City Council. Appropriations lapse at year end. The City Council follows these procedures in establishing the budgetary data recorded in the basic financial statements:

- Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget for all funds is legally enacted through passage of a resolution.
- Any revision that increases the budget of any fund (the legal level of control) must be approved by the City Council.
- The City is required by state statute to adopt annual budgets for all funds. The City's policy is to prepare the annual operating budget for the General Fund, special revenue funds and capital projects fund types on a budgetary basis that includes encumbrances. This is an accounting method not in accordance with accounting principles generally accepted in the United States of America. Budgetary basis expenditures and revenues are reconciled to GAAP in the budgetary comparison schedules, as applicable. The Fire and Police Pension Tax Fund does not prepare a budget.

Supplementary Information

**Combining And Individual Fund
Financial Statements And Schedules**

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014**

	Special Revenue					Capital Projects		Total
	Parks And Recreation	Public Library	Convention And Tourism Sales Tax	Fire And Police Pension Tax	Transportation Sales Tax	Gaming Revenue	Capital Projects	
Assets								
Cash and cash equivalents	\$ 209,213	\$ 159,573	\$ 122,404	\$ 5,516	\$ 276,836	\$ 7,821,596	\$ 229,683	\$ 8,824,821
Investments	844,042	647,373	497,522	22,421	1,132,519	31,791,429	888,083	35,823,389
Receivables, net of allowance for uncollectibles:								
Taxes	504,652	761,316	59,524	564,376	—	—	—	1,889,868
Accounts	1,249	2,215	—	—	—	—	—	3,464
Accrued interest	199	153	—	5	267	7,494	209	8,327
Due from other governmental units	—	—	—	—	255,265	688,309	2,007	945,581
Prepaid items	5,397	644	330	—	11,028	—	—	17,399
Property held for resale	—	—	—	—	—	—	417,424	417,424
Total Assets	1,564,752	1,571,274	679,780	592,318	1,675,915	40,308,828	1,537,406	47,930,273
Liabilities, Deferred Inflows And Fund Balances								
Liabilities								
Accounts payable and accrued expenditures	40,179	53,046	2,442	—	191,268	1,611,922	7,824	1,906,681
Deferred Inflows Of Resources								
Property taxes	504,652	761,316	—	562,310	—	—	—	1,828,278
Fund Balances								
Nonspendable:								
Prepaid items	5,397	644	330	—	11,028	—	—	17,399
Property held for resale	—	—	—	—	—	—	417,424	417,424
Restricted:								
Capital projects	—	—	677,008	—	—	—	1,112,158	1,789,166
Bridges and streets	—	—	—	—	1,473,619	—	—	1,473,619
Assigned:								
Culture and recreation	1,014,524	756,268	—	—	—	—	—	1,770,792
Fire and police pension	—	—	—	30,008	—	—	—	30,008
Capital projects and redevelopment	—	—	—	—	—	38,696,906	—	38,696,906
Total Fund Balances	1,019,921	756,912	677,338	30,008	1,484,647	38,696,906	1,529,582	44,195,314
Total Liabilities, Deferred Inflows And Fund Balances	\$ 1,564,752	\$ 1,571,274	\$ 679,780	\$ 592,318	\$ 1,675,915	\$ 40,308,828	\$ 1,537,406	\$ 47,930,273

CITY OF NORTH KANSAS CITY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For The Year Ended September 30, 2014

	Special Revenue					Capital Projects		Total
	Parks And Recreation	Public Library	Convention And Tourism Sales Tax	Fire And Police Pension Tax	Transportation Sales Tax	Gaming Revenue	Capital Projects	
Revenues								
Taxes	\$ 613,663	\$ 923,655	\$ 489,093	\$ 678,160	\$ 1,606,764	\$ —	\$ —	\$ 4,311,335
Intergovernmental	—	35,328	—	—	244,902	—	—	280,230
Charges for services	128,257	—	—	—	—	—	—	128,257
Gaming	—	—	—	—	—	7,571,879	—	7,571,879
Investment earnings	6,008	3,004	1,393	622	4,094	113,352	3,842	132,315
Miscellaneous, primarily tax increment financing	56,612	49,980	—	31,226	8,035	415,415	575,834	1,137,102
Total Revenues	804,540	1,011,967	490,486	710,008	1,863,795	8,100,646	579,676	13,561,118
Expenditures								
Current:								
General government	—	—	160,741	—	—	311,472	2,764	474,977
Public safety	—	—	—	680,000	—	317,094	—	997,094
Public works	—	—	—	—	1,158,701	320	—	1,159,021
Culture and recreation	677,083	913,267	—	—	—	17,159	—	1,607,509
Transportation	—	—	—	—	361,326	—	—	361,326
Capital outlay	343,209	65,445	—	—	530,373	3,297,815	—	4,236,842
Total Expenditures	1,020,292	978,712	160,741	680,000	2,050,400	3,943,860	2,764	8,836,769
Revenues Over (Under) Expenditures	(215,752)	33,255	329,745	30,008	(186,605)	4,156,786	576,912	4,724,349
Other Financing Sources (Uses)								
Transfers in	840,000	4,000	—	—	—	769,984	—	1,613,984
Transfers out	—	—	—	—	—	(1,465,666)	(600,000)	(2,065,666)
Total Other Financing Sources (Uses)	840,000	4,000	—	—	—	(695,682)	(600,000)	(451,682)
Net Change In Fund Balances	624,248	37,255	329,745	30,008	(186,605)	3,461,104	(23,088)	4,272,667
Fund Balances - Beginning Of Year	395,673	719,657	347,593	—	1,671,252	35,235,802	1,552,670	39,922,647
Fund Balances - End Of Year	\$ 1,019,921	\$ 756,912	\$ 677,338	\$ 30,008	\$ 1,484,647	\$ 38,696,906	\$ 1,529,582	\$ 44,195,314

CITY OF NORTH KANSAS CITY, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS For The Year Ended September 30, 2014

	Special Revenue							
	Parks And Recreation		Public Library		Convention And Tourism Sales Tax		Transportation Sales Tax	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Revenues								
Taxes	\$ 624,000	\$ 613,663	\$ 928,000	\$ 923,655	\$ 420,000	\$ 489,093	\$ 1,457,000	\$ 1,606,764
Intergovernmental	—	—	29,589	35,328	—	—	225,000	244,902
Charges for services	112,000	128,257	—	—	—	—	—	—
Investment earnings	700	6,008	1,800	3,004	400	1,393	2,300	4,094
Miscellaneous, primarily tax increment financing	53,000	56,612	46,950	49,980	—	—	—	8,035
Contributions	—	—	—	—	—	—	—	—
Total Revenues	789,700	804,540	1,006,339	1,011,967	420,400	490,486	1,684,300	1,863,795
Expenditures								
Current:								
General government	—	—	—	—	455,060	160,741	—	—
Public works	—	—	—	—	—	—	1,230,589	1,158,701
Culture and recreation	715,407	677,083	1,009,911	913,267	—	—	—	—
Transportation	—	—	—	—	—	—	384,420	361,326
Capital outlay	1,113,638	343,209	127,376	65,445	—	—	643,200	530,373
Total Expenditures	1,829,045	1,020,292	1,137,287	978,712	455,060	160,741	2,258,209	2,050,400
Revenues Over (Under) Expenditures	(1,039,345)	(215,752)	(130,948)	33,255	(34,660)	329,745	(573,909)	(186,605)
Other Financing Sources								
Transfers in	840,000	840,000	4,000	4,000	—	—	—	—
Net Change In Fund Balances	(199,345)	624,248	(126,948)	37,255	(34,660)	329,745	(573,909)	(186,605)
Fund Balances - Beginning Of Year	395,673	395,673	719,657	719,657	347,593	347,593	1,671,252	1,671,252
Fund Balances - End Of Year	\$ 196,328	\$ 1,019,921	\$ 592,709	\$ 756,912	\$ 312,933	\$ 677,338	\$ 1,097,343	\$ 1,484,647

CITY OF NORTH KANSAS CITY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS
For The Year Ended September 30, 2014**

	Capital Projects Funds			
	Gaming Revenue		Capital Projects	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Gaming	\$ 8,020,000	\$ 7,571,879	\$ —	\$ —
Investment earnings	70,000	113,352	2,000	3,842
Miscellaneous, primarily tax increment financing	640,481	415,415	729,800	575,834
Total Revenues	8,730,481	8,100,646	731,800	579,676
Expenditures				
Current:				
General government	112,182	311,472	1,661,001	2,764
Public safety	1,042,700	317,094	—	—
Public works	7,500	320	—	—
Culture and recreation	18,000	17,159	—	—
Capital outlay	11,984,877	3,297,815	—	—
Total Expenditures	13,165,259	3,943,860	1,661,001	2,764
Revenues Over (Under) Expenditures	(4,434,778)	4,156,786	(929,201)	576,912
Other Financing Sources (Uses)				
Transfers in	769,984	769,984	—	—
Transfers out	(1,918,078)	(1,465,666)	(600,000)	(600,000)
Total Other Financing Sources (Uses)	(1,148,094)	(695,682)	(600,000)	(600,000)
Net Change In Fund Balances	(5,582,872)	3,461,104	(1,529,201)	(23,088)
Fund Balances - Beginning Of Year	35,235,802	35,235,802	1,552,670	1,552,670
Fund Balances - End Of Year	\$ 29,652,930	\$ 38,696,906	\$ 23,469	\$ 1,529,582

CITY OF NORTH KANSAS CITY, MISSOURI

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS September 30, 2014

	Health And Community Center	Water	Water Pollution Control	Communi- cations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 383,477	\$ 1,106,511	\$ 1,219,304	\$ 101,661	\$ 2,810,953
Investments	1,546,472	1,055,126	1,901,313	411,175	4,914,086
Receivables, net of allowance for uncollectibles:					
Accounts	—	268,557	315,736	79,500	663,793
Special assessments	—	—	144,792	—	144,792
Accrued interest	364	466	644	97	1,571
Inventory	1,607	32,462	—	—	34,069
Prepaid items	10,481	26,143	8,360	52,021	97,005
Total current assets	1,942,401	2,489,265	3,590,149	644,454	8,666,269
Noncurrent assets:					
Receivables, special assessments	—	—	1,831,215	—	1,831,215
Capital assets, net	10,856,424	4,368,418	11,749,264	5,997,250	32,971,356
Total noncurrent assets	10,856,424	4,368,418	13,580,479	5,997,250	34,802,571
Total Assets	12,798,825	6,857,683	17,170,628	6,641,704	43,468,840
Liabilities And Net Position					
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	85,319	220,411	1,749,285	488,083	2,543,098
Compensated absences	4,675	3,422	1,976	—	10,073
Total current liabilities	89,994	223,833	1,751,261	488,083	2,553,171
Noncurrent liabilities					
Compensated absences	73,237	53,609	30,961	—	157,807
Net postemployment healthcare and termination benefits obligation	—	4,694	—	—	4,694
Total noncurrent liabilities	73,237	58,303	30,961	—	162,501
Net Position					
Net investment in capital assets	10,856,424	4,368,418	11,749,264	5,997,250	32,971,356
Unrestricted	1,779,170	2,207,129	3,639,142	156,371	7,781,812
Total Net Position	\$ 12,635,594	\$ 6,575,547	\$ 15,388,406	\$ 6,153,621	\$ 40,753,168

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For The Year Ended September 30, 2014**

	Health And Community Center	Water	Water Pollution Control	Commun- ications	Total
Operating Revenues					
Charges for services	\$ 1,104,420	\$ 2,328,295	\$ 3,405,992	\$ 960,230	\$ 7,798,937
Operating Expenses					
Personal services	1,306,778	639,796	353,278	880,556	3,180,408
Contractual services	667,159	297,841	3,246,037	297,288	4,508,325
Materials and supplies	184,693	379,343	86,805	42,951	693,792
Depreciation	404,413	413,027	1,015,903	645,417	2,478,760
Total Operating Expenses	2,563,043	1,730,007	4,702,023	1,866,212	10,861,285
Operating Income (Loss)	(1,458,623)	598,288	(1,296,031)	(905,982)	(3,062,348)
Nonoperating Revenues (Expenses)					
Other revenue (expense)	2,260	7,900	200	(50,950)	(40,590)
Investment earnings	6,902	4,912	8,010	2,503	22,327
Total Nonoperating Revenue	9,162	12,812	8,210	(48,447)	(18,263)
Income (Loss) Before Transfers And Capital Contributions	(1,449,461)	611,100	(1,287,821)	(954,429)	(3,080,611)
Transfers (Net)	393,800	(169,984)	187,866	40,000	451,682
Changes In Net Position	(1,055,661)	441,116	(1,099,955)	(914,429)	(2,628,929)
Total Net Position - Beginning Of Year	13,691,255	6,134,431	16,488,361	7,068,050	43,382,097
Total Net Position - End Of Year	\$ 12,635,594	\$ 6,575,547	\$ 15,388,406	\$ 6,153,621	\$ 40,753,168

CITY OF NORTH KANSAS CITY, MISSOURI

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For The Year Ended September 30, 2014

	Health And Community Center	Water	Water Pollution Control	Commun- ications	Total
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 1,104,420	\$ 2,301,618	\$ 3,577,225	\$ 995,994	\$ 7,979,257
Payments to suppliers	(846,639)	(632,886)	(2,361,464)	(416,568)	(4,257,557)
Payments to employees	(1,319,511)	(677,298)	(351,444)	(908,630)	(3,256,883)
Net Cash Provided By (Used In) Operating Activities	(1,061,730)	991,434	864,317	(329,204)	464,817
Cash Flows Provided By (Used In) Noncapital Financing Activities					
Proceeds from interfund accounts	393,800	(169,984)	187,866	40,000	451,682
Cash Flows From Capital And Related Financing Activities					
Purchases of capital assets	(382,957)	(453,051)	(1,165,707)	(161,012)	(2,162,727)
Proceeds from sale of capital assets	2,260	7,900	200	500	10,860
Net Cash Used In Capital And Related Financing Activities	(380,697)	(445,151)	(1,165,507)	(160,512)	(2,151,867)
Cash Flows From Investing Activities					
Interest and dividends received	6,994	4,810	7,942	2,553	22,299
Purchase of investments	—	(562,765)	(614,225)	—	(1,176,990)
Proceeds from sale of investments	4,682	—	—	88,413	93,095
Net Cash Provided By (Used In) Investing Activities	11,676	(557,955)	(606,283)	90,966	(1,061,596)
Decrease In Cash And Cash Equivalents	(1,036,951)	(181,656)	(719,607)	(358,750)	(2,296,964)
Cash And Cash Equivalents - Beginning Of Year	1,420,428	1,288,167	1,938,911	460,411	5,107,917
Cash And Cash Equivalents - End Of Year	\$ 383,477	\$ 1,106,511	\$ 1,219,304	\$ 101,661	\$ 2,810,953
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,458,623)	\$ 598,288	\$ (1,296,031)	\$ (905,982)	\$ (3,062,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	404,413	413,027	1,015,903	645,417	2,478,760
Changes in assets and liabilities:					
Receivables	—	(26,677)	171,233	35,764	180,320
Prepaid items and inventory	(10,184)	(17,767)	(8,361)	(7,530)	(43,842)
Accounts payable and accrued expenses	15,397	62,065	979,739	(68,799)	988,402
Postemployment health care benefits	—	(3,755)	—	—	(3,755)
Compensated absences	(12,733)	(33,747)	1,834	(28,074)	(72,720)
Net Cash Provided By (Used In) Operating Activities	\$ (1,061,730)	\$ 991,434	\$ 864,317	\$ (329,204)	\$ 464,817

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2014**

	Hospital Pension	Police And Fire Retirement	Total
Assets			
Cash and cash equivalents	\$ —	\$ 81,648	\$ 81,648
Investments	232,307,619	47,149,227	279,456,846
Accrued interest and dividends receivable	7	—	7
Net Position	\$ 232,307,626	\$ 47,230,875	\$ 279,538,501

CITY OF NORTH KANSAS CITY, MISSOURI

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For The Year Ended September 30, 2014

	Hospital Pension	Police And Fire Retirement	Total
Additions			
Contributions			
Employer	\$ 10,546,821	\$ 992,924	\$ 11,539,745
Plan member deposits	—	186,275	186,275
Total Contributions	10,546,821	1,179,199	11,726,020
Investment Income			
Net appreciation in fair value of investments	33,182,216	3,055,519	36,237,735
Interest and dividends	363	1,152,657	1,153,020
Net Investment Income	33,182,579	4,208,176	37,390,755
Total Additions	43,729,400	5,387,375	49,116,775
Deductions			
Benefits	23,080,088	2,346,923	25,427,011
Administrative expenses	967,915	99,608	1,067,523
Total Deductions	24,048,003	2,446,531	26,494,534
Change In Net Position	19,681,397	2,940,844	22,622,241
Net Position Held In Trust - Beginning Of Year	212,626,229	44,290,031	256,916,260
Net Position Held In Trust - End Of Year	\$ 232,307,626	\$ 47,230,875	\$ 279,538,501

Statistical Section

CITY OF NORTH KANSAS CITY, MISSOURI
Statistical Section
September 30, 2014

This part of the City of North Kansas City, Missouri's (the City) 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

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.	76 - 81
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, property and sales tax.	82 - 83
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	84 - 87
Demographic And Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	88 - 90
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	91 - 92

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

CITY OF NORTH KANSAS CITY, MISSOURI

NET POSITION BY COMPONENT Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 34,799,873	\$ 41,433,684	\$ 44,952,822	\$ 46,830,270	\$ 46,388,942	\$ 56,033,164	\$ 59,301,847	\$ 60,154,984	\$ 59,324,108	\$ 60,838,547
Restricted	4,186,440	4,282,644	4,042,640	3,759,545	3,169,373	2,349,218	2,412,672	2,783,813	3,209,214	3,392,808
Unrestricted	30,421,927	28,362,421	32,070,855	35,578,260	40,219,588	33,909,406	35,532,283	40,373,380	45,121,958	50,305,949
Total Governmental Activities Net Position	69,408,240	74,078,749	81,066,317	86,168,075	89,777,903	92,291,788	97,246,802	103,312,177	107,655,280	114,537,304
Business-type activities:										
Net investment in capital assets	141,348,825	141,561,545	132,596,999	136,383,459	145,764,607	149,776,829	153,867,367	191,418,372	217,343,839	214,118,356
Restricted	937,800	112,600	134,600	83,600	1,550,600	1,633,600	1,700,600	1,175,000	1,243,000	189,000
Unrestricted	248,567,502	267,702,522	305,883,504	332,056,032	358,787,120	390,083,471	405,608,438	395,967,097	375,518,258	406,122,812
Total Business-Type Activities Net Position	390,854,127	409,376,667	438,615,103	468,523,091	506,102,327	541,493,900	561,176,405	588,560,469	594,105,097	620,430,168
Primary government:										
Net investment in capital assets	176,148,698	182,995,229	177,549,821	183,213,729	192,153,549	205,809,993	213,169,214	251,573,356	278,745,947	274,956,903
Restricted	5,124,240	4,395,244	4,177,240	3,843,145	4,719,973	3,982,818	4,113,272	3,958,813	4,452,214	3,581,808
Unrestricted	278,989,429	296,064,943	337,954,359	367,634,292	399,006,708	423,992,877	441,140,721	436,340,477	420,640,216	456,428,761
Total Primary Government Net Position	\$ 460,262,367	\$ 483,455,416	\$ 519,681,420	\$ 554,691,166	\$ 595,880,230	\$ 633,785,688	\$ 658,423,207	\$ 691,872,646	\$ 703,838,377	\$ 734,967,472

GASB Statement No. 34 implemented in fiscal year 2002.

GASB Statement No. 46 implemented in fiscal year 2006; effect on restricted net position is shown retroactively for fiscal year 2005 only.

GASB Statement No. 54 implemented in fiscal year 2011.

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION

Last Ten Fiscal Years

Page 1 Of 3

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 3,871,596	\$ 3,771,417	\$ 2,274,810	\$ 3,121,792	\$ 2,644,718	\$ 2,234,932	\$ 3,436,089	\$ 4,114,025	\$ 4,351,838	\$ 6,428,481
Public safety	9,238,340	10,601,476	10,319,553	12,180,509	12,540,575	12,753,886	10,912,331	10,883,632	11,477,095	9,466,348
Public works	3,853,434	3,315,999	3,532,665	3,588,073	3,544,547	3,776,670	3,507,087	2,517,403	2,817,191	2,215,496
Culture and recreation	1,422,683	1,690,417	1,686,067	1,981,089	2,174,210	2,273,338	2,001,071	1,846,015	1,847,675	1,584,810
Transportation	366,032	206,251	243,734	256,214	320,984	324,305	129,458	321,464	349,162	361,326
Sanitation	425,177	446,926	469,431	492,556	517,556	517,640	—	—	—	—
Interdepartmental	489,321	555,303	601,742	—	—	—	—	—	—	—
Total Governmental Activities										
Expenses	19,666,583	20,587,789	19,128,002	21,620,233	21,742,590	21,880,771	19,986,036	19,682,539	20,842,961	20,056,461
Business-type activities:										
Hospital	307,900,000	335,678,000	359,271,000	390,721,000	403,728,000	405,864,000	421,952,000	437,460,000	447,831,000	456,058,000
Health and community center	2,731,423	2,717,141	2,634,102	2,769,553	2,783,227	2,813,169	2,797,549	2,480,455	2,499,411	2,560,783
Water	1,671,532	1,795,722	1,811,908	1,932,197	1,969,191	1,965,792	1,973,721	1,824,211	1,849,135	1,722,107
Water pollution control	2,697,304	2,714,407	2,748,620	3,003,863	3,444,949	3,849,201	3,954,074	4,158,563	4,388,043	4,701,823
Communications	32,289	643,269	1,366,178	1,489,364	1,559,637	1,519,613	1,472,799	1,414,149	1,514,225	1,917,162
Total Business-Type Activities										
Expenses	315,032,548	343,548,539	367,831,808	399,915,977	413,485,004	416,011,775	432,150,143	447,337,378	458,081,814	466,959,875
Total Primary Government										
Expenses	334,699,131	364,136,328	386,959,810	421,536,210	435,227,594	437,892,546	452,136,179	467,019,917	478,924,775	487,016,336
Program revenue:										
Governmental activities:										
Charges for services										
General government	5,695,647	5,842,310	5,931,035	6,038,746	5,580,695	5,549,600	5,770,617	5,771,026	5,886,374	5,884,018
Public safety	531,559	584,355	457,462	474,266	478,929	454,465	460,807	429,931	376,885	548,316
Culture and recreation	145,394	150,750	136,413	148,176	147,578	120,498	112,587	132,028	129,817	128,257
Transportation	—	—	—	—	—	—	—	220,081	3,180	91,003
Operating grants and contributions										
Public safety	288,414	336,145	307,862	480,855	370,453	129,327	—	—	30,376	18,277
Culture and recreation	5,627	12,926	6,714	13,489	17,438	31,488	9,166	7,565	22,765	35,328
Transportation	26,967	61,558	200,866	183,481	174,278	180,080	179,005	153,813	151,761	159,054
Total Governmental Activities										
Program Revenue	6,693,608	6,988,044	7,040,352	7,339,013	6,769,371	6,465,458	6,532,182	6,714,444	6,601,158	6,864,253

GASB Statement No. 34 implemented in fiscal year 2002.

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

Page 2 Of 3

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Hospital	\$ 317,247,000	\$ 350,352,000	\$ 373,475,000	\$ 397,633,000	\$ 416,429,000	\$ 424,614,000	\$ 434,318,000	\$ 449,772,000	\$ 457,407,000	\$ 477,701,000
Health and community center	1,302,928	1,085,506	1,075,968	1,015,431	1,260,304	1,110,283	1,140,468	1,118,173	1,127,106	1,104,420
Water	1,064,659	1,398,911	1,587,055	1,624,938	1,725,693	1,703,652	1,827,262	2,093,949	2,106,727	2,328,295
Water pollution control	3,325,447	2,937,695	2,362,355	2,374,670	2,706,064	2,440,987	2,922,901	2,905,619	3,443,812	3,405,992
Communications	—	—	113,661	276,671	346,825	393,435	449,107	597,862	847,871	960,230
Capital grants and contributions:										
Hospital	66,000	41,000	49,000	—	—	—	—	334,000	287,000	343,000
Health and community center	154,499	—	—	—	—	—	—	—	—	—
Water	400,799	97,668	9,658	—	—	—	—	—	—	—
Water pollution control	74,048	—	—	—	3,057,800	—	—	—	—	—
Communications	—	—	22,800	—	—	—	—	—	—	—
Total Business-Type Activities										
Program Revenues	323,635,380	355,912,780	378,695,497	402,924,710	425,525,686	430,262,357	440,657,738	456,821,603	465,219,516	485,842,937
Total Primary Government										
Program Revenues	330,328,988	362,900,824	385,735,849	410,263,723	432,295,057	436,727,815	447,189,920	463,536,047	471,820,674	492,707,190
Net (expense) revenue:										
Governmental activities	(12,046,666)	(12,972,975)	(13,559,745)	12,087,650	14,281,220	(14,973,219)	(13,453,854)	(12,968,095)	(14,241,803)	(13,192,208)
Business-type activities	6,010,088	8,602,832	12,364,241	10,840,889	3,008,733	12,040,682	8,507,595	9,484,225	7,137,702	18,883,062
Total Primary Government Net										
Expense	(6,036,578)	(4,370,143)	(1,195,504)	22,928,539	17,289,953	(2,932,537)	(4,946,259)	(3,483,870)	(7,104,101)	5,690,854

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION *(Continued)*

Last Ten Fiscal Years

Page 3 Of 3

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 1,281,313	\$ 1,432,852	\$ 1,515,043	\$ 1,588,484	\$ 1,545,974	\$ 1,632,865	\$ 1,640,656	\$ 1,846,101	\$ 2,072,697	\$ 2,247,391
Franchise taxes	1,799,665	1,885,987	2,094,331	2,541,871	2,094,730	2,496,166	2,322,566	2,220,430	2,404,190	2,586,451
Sales taxes	4,919,520	5,050,992	4,799,176	4,983,068	4,325,051	4,014,097	4,171,466	4,424,732	4,575,302	4,868,873
Other taxes	659,346	526,332	680,190	660,703	671,795	656,230	663,726	631,473	666,878	1,363,822
Gaming	10,242,410	11,127,400	10,389,386	9,495,423	9,488,733	9,813,643	9,024,105	8,492,107	7,757,401	7,571,879
Investment earnings	878,341	1,447,171	1,704,394	1,236,883	605,328	148,209	66,282	62,128	55,849	153,835
Miscellaneous	520,960	444,174	767,871	700,846	1,041,126	925,988	892,383	1,616,515	1,122,605	1,733,663
Transfers	(8,500,000)	(3,644,654)	(2,901,819)	(1,824,300)	(1,189,690)	(1,758,000)	(372,316)	(260,016)	(70,016)	(451,682)
Total Governmental Activities	11,801,555	18,270,254	19,048,572	19,382,978	18,583,047	17,929,198	18,408,868	19,033,470	18,584,906	20,074,232
Business-type activities:										
Investment earnings	8,442,433	2,513,645	15,495,728	25,074,955	24,348,864	19,382,991	9,802,594	16,961,123	504,568	6,948,327
Miscellaneous	—	—	—	—	—	—	1,000,000	678,700	10,342	42,000
Transfers	8,500,000	3,644,654	2,901,819	1,824,300	1,189,690	1,758,000	372,316	260,016	70,016	451,682
Total Business-Type Activities	16,942,433	6,158,299	18,397,547	26,899,255	25,538,554	21,140,991	11,174,910	17,899,839	584,926	7,442,009
Total Primary Government	28,743,988	24,428,553	37,446,119	46,282,233	44,121,601	39,070,189	29,583,778	36,933,309	19,169,832	27,516,241
Changes in net position:										
Governmental activities	(1,171,420)	4,670,509	6,960,922	5,101,758	3,609,828	2,513,885	4,955,014	6,065,375	4,343,103	6,882,024
Business-type activities	25,545,265	18,522,540	29,238,436	29,907,988	37,579,236	35,391,573	19,682,505	27,384,064	7,722,628	26,325,071
Total Primary Government	\$ 24,373,845	\$ 23,193,049	\$ 36,199,358	\$ 35,009,746	\$ 41,189,064	\$ 37,905,458	\$ 24,637,519	\$ 33,449,439	\$ 12,065,731	\$ 33,207,095

CITY OF NORTH KANSAS CITY, MISSOURI

**FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ 378,794	\$ 374,919	\$ 490,285	\$ 800,308	\$ 457,775	\$ 349,500	\$ —	\$ —	\$ —	\$ —
Unreserved	7,502,719	7,488,852	6,982,553	6,159,500	4,433,392	2,453,343	—	—	—	—
Nonspendable	—	—	—	—	—	—	1,096	2,372	1,478	302,211
Restricted	—	—	—	—	—	—	94,450	114,175	84,923	130,023
Assigned	—	—	—	—	—	—	639,606	529,790	428,298	375,433
Unassigned	—	—	—	—	—	—	3,851,420	7,023,200	8,242,190	9,023,469
Total General Fund	\$ 7,881,513	\$ 7,863,771	\$ 7,472,838	\$ 6,959,808	\$ 4,891,167	\$ 2,802,843	\$ 4,586,572	\$ 7,669,537	\$ 8,756,889	\$ 9,831,136
All Other Governmental Funds:										
Reserved	\$ 4,651,765	\$ 3,280,167	\$ 3,379,661	\$ 1,179,588	\$ 962,474	\$ 1,734,432	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in:										
Special revenue funds	15,871,513	17,627,085	20,697,102	26,560,983	34,830,325	29,852,966	—	—	—	—
Capital projects funds	3,635,543	1,867,265	2,430,409	2,956,061	1,567,013	1,468,541	—	—	—	—
Nonspendable	—	—	—	—	—	—	443,826	448,097	447,224	434,823
Restricted/committed/assigned:										
Capital projects	—	—	—	—	—	—	1,182,518	1,109,378	1,482,839	1,789,166
Bridges and streets	—	—	—	—	—	—	1,135,704	1,560,260	1,641,452	1,473,619
Fire and police pension	—	—	—	—	—	—	—	—	—	30,008
Culture and recreation	—	—	—	—	—	—	5,526,411	783,869	1,115,330	1,770,792
Capital projects and redevelopment	—	—	—	—	—	—	24,633,724	31,799,978	35,235,802	38,696,906
Total All Other Governmental Funds	\$ 24,158,821	\$ 22,774,517	\$ 26,507,172	\$ 30,696,632	\$ 37,359,812	\$ 33,055,939	\$ 32,922,183	\$ 35,701,582	\$ 39,922,647	\$ 44,195,314

GASB Statement No. 34 implemented in fiscal year 2002.

GASB Statement No. 54 implemented in fiscal year 2011. The City did not restate fund balance in prior years to comply with the new presentation format.

CITY OF NORTH KANSAS CITY, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 8,659,844	\$ 8,896,163	\$ 9,088,740	\$ 9,774,126	\$ 8,637,550	\$ 8,799,358	\$ 8,798,414	\$ 9,122,736	\$ 10,169,054	\$ 11,555,008
Intergovernmental	321,008	544,880	515,442	677,825	562,169	340,895	188,171	377,359	204,902	298,507
Licenses and permits	1,758,965	1,664,936	1,696,450	1,720,474	1,451,956	1,355,533	1,542,159	1,681,385	1,767,921	1,830,007
Charges for services	333,556	298,614	271,051	372,245	244,464	350,562	281,724	634,578	717,454	714,407
Fines and forfeitures	531,559	650,427	542,043	556,784	563,479	537,820	544,314	432,237	380,409	550,891
Gaming	13,990,930	14,956,587	14,404,752	13,507,108	13,436,036	13,694,291	12,979,633	12,332,043	11,087,479	10,791,592
Investment earnings	878,341	1,447,171	1,704,394	1,236,883	605,328	148,209	66,282	62,128	55,849	158,459
Miscellaneous	520,960	444,174	763,175	700,846	1,041,126	925,988	912,669	1,351,436	873,012	1,491,296
Contributions	—	—	—	—	—	—	—	14,028	—	—
Total Revenues	26,995,163	28,902,952	28,986,047	28,546,291	26,542,108	26,152,656	25,313,366	26,007,930	25,256,080	27,390,167
Expenditures:										
General government	5,253,679	4,180,735	2,177,951	2,740,737	2,469,280	13,307,976	5,415,832	1,536,909	1,723,901	1,739,646
Public safety	9,571,106	16,040,684	13,817,823	13,455,073	11,117,942	10,523,909	10,395,712	10,376,320	11,851,793	10,659,035
Public works	4,760,967	3,381,086	4,040,490	3,682,823	4,023,869	3,521,349	4,373,147	1,935,624	2,106,971	2,229,048
Culture and recreation	1,431,564	1,998,640	1,462,322	1,719,649	1,774,763	1,886,838	1,665,619	1,563,439	1,536,354	1,607,509
Transportation	363,673	228,270	238,373	253,473	282,469	287,597	307,373	321,464	349,162	361,326
Sanitation	425,177	446,926	469,431	492,556	517,556	517,640	—	—	—	—
Interdepartmental	489,321	555,303	601,742	708,379	587,276	741,544	1,133,394	641,212	732,584	758,165
Capital outlay	—	—	—	—	—	—	—	3,510,582	1,576,882	4,236,842
Total Expenditures	22,295,487	26,831,644	22,808,132	23,052,690	20,773,155	30,786,853	23,291,077	19,885,550	19,877,647	21,591,571
Excess Of Revenues Over (Under)										
Expenditures	4,699,676	2,071,308	6,177,915	5,493,601	5,768,953	(4,634,197)	2,022,289	6,122,380	5,378,433	5,798,596
Other financing sources (uses):										
Transfers in	561,436	722,000	588,751	564,000	2,344,000	1,044,000	3,702,184	7,433,763	2,138,984	1,613,984
Transfers out	(9,061,436)	(4,222,000)	(3,463,751)	(2,388,300)	(3,533,690)	(2,802,000)	(4,074,500)	(7,693,779)	(2,209,000)	(2,065,666)
Proceeds from sale of capital assets	—	26,646	12,164	7,126	15,276	—	—	—	—	—
Total Other Financing Uses	(8,500,000)	(3,473,354)	(2,862,836)	(1,817,174)	(1,174,414)	(1,758,000)	(372,316)	(260,016)	(70,016)	(451,682)
Net Changes In Fund Balance	\$ (3,800,324)	\$ (1,402,046)	\$ 3,315,079	\$ 3,676,427	\$ 4,594,539	\$ (6,392,197)	\$ 1,649,973	\$ 5,862,364	\$ 5,308,417	\$ 5,346,914

CITY OF NORTH KANSAS CITY, MISSOURI

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	Property	Local Option Sales Tax	Franchise Fees	Other Tax	Total
2005	\$ 1,281,313	\$ 4,919,520	\$ 1,799,665	\$ 659,346	\$ 8,659,844
2006	1,432,852	5,050,992	1,885,987	526,332	8,896,163
2007	1,515,043	4,799,176	2,094,331	680,190	9,088,740
2008	1,588,484	4,983,068	2,541,871	660,703	9,774,126
2009	1,545,974	4,325,051	2,094,730	671,795	8,637,550
2010	1,632,865	4,014,097	2,496,166	656,230	8,799,358
2011	1,640,656	4,171,466	2,322,566	663,726	8,798,414
2012	1,846,101	4,424,732	2,220,430	631,473	9,122,736
2013	2,072,697	4,575,302	2,404,190	666,878	9,719,067
2014	2,247,391	4,868,873	2,586,451	1,363,822	11,066,537
Change					
2005 - 2014	75.40%	-1.03%	43.72%	106.84%	27.79%

Source: City records.

As set out in Section 32.057 of the Missouri Revised State Statutes, it is a violation to make known in any manner the tax returns or departmental records derived from the Missouri Department of Revenue, including sales taxes, franchise fees and other tax sources. Due to the confidentiality of earnings information, the above alternative information is provided to assist the users in understanding these revenue sources, including sales taxes, the City's largest own-source revenue.

CITY OF NORTH KANSAS CITY, MISSOURI

PRINCIPAL SALES TAX INDUSTRIES

September 30, 2014

Industry	Percentage Of Total City Sales Tax Revenues
Utilities, regulation, electrical, liquefied petroleum and water	20.5%
Eating and drinking establishments	8.5%
Lumber and construction materials	7.1%
Miscellaneous business services	6.1%
Plumbing, heating and air conditioning	4.5%
Convenience stores	3.8%
General state government	3.5%
Machinery equipment and sales	3.5%
Hotel, motels and tourist courts	3.0%
Telephone, cellular and page communications	2.6%
Total percentage of sales tax revenues	63.1%
City direct sales tax rate	1.50%

Source: Monthly sales tax distribution records.

Note: Sales tax information not available for 2005.

CITY OF NORTH KANSAS CITY, MISSOURI

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2014

Assessed value	\$ 262,393,061
Debt limit (20% of assessed value)	52,478,612
Debt applicable to limit:	
General obligation bonds	—
Less amount set aside for repayment of general obligation debt	—
Total net debt applicable to limit	—
Legal debt margin	\$ 52,478,612

	2005		2006		2007		2008		2009		2010		2011		2012		2013		2014
Debt limit	\$ 54,183,022	\$	62,700,797	\$	64,293,465	\$	63,365,934	\$	59,331,187	\$	56,410,951	\$	52,122,167	\$	50,976,283	\$	50,874,326	\$	52,478,612
Total net debt applicable to limit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Legal Debt Margin	\$ 54,183,022	\$	62,700,797	\$	64,293,465	\$	63,365,934	\$	59,331,187	\$	56,410,951	\$	52,122,167	\$	50,976,283	\$	50,874,326	\$	52,478,612
Total net debt applicable to the limit as a percentage of debt limit	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%

Source: Comprehensive Annual Reports.

CITY OF NORTH KANSAS CITY, MISSOURI

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage Of Personal Income (County)	Debt Per Capita
	General Obligation Bonds	Capital Leases	Revenue Bonds	Capital Leases	Note Payable			
2005	\$ —	\$ —	\$ 118,825,000	\$ —	\$ —	\$ 118,825,000	1.77%	\$ 25,207
2006	—	—	117,762,000	—	—	117,762,000	1.67%	24,981
2007	—	—	116,904,000	2,429,000	—	119,333,000	1.60%	25,315
2008	—	—	114,230,000	1,828,000	—	116,058,000	1.43%	24,620
2009	—	—	110,946,000	3,372,000	—	114,318,000	1.39%	24,251
2010	—	—	108,160,000	5,900,000	—	114,060,000	*	27,106
2011	—	—	105,267,000	4,144,000	—	109,411,000	*	26,001
2012	—	—	73,052,000	7,222,000	—	80,274,000	*	19,077
2013	—	—	71,887,000	4,424,000	10,467,000	86,778,000	*	20,622
2014	—	—	67,202,000	17,517,000	9,735,000	94,454,000	*	22,446

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

* Information is unavailable.

CITY OF NORTH KANSAS CITY, MISSOURI

PLEGGED-REVENUE COVERAGE Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds							Total Customers	Per Capita Debt
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Water Revenue Bonds Outstanding		
				Principal	Interest				
2005	\$ 1,498,864	\$ 1,237,677	\$ 261,187	\$ 225,000	\$ 17,466	1.08	*	*	
2006	1,685,355	1,392,304	293,051	240,000	8,100	1.18	—	N/A	
2007	1,646,805	1,432,991	213,814	—	—	N/A	—	N/A	
2008	1,656,809	1,519,083	137,726	—	—	N/A	—	N/A	
2009	1,725,485	1,506,477	219,008	—	—	N/A	—	N/A	
2010	1,703,652	1,538,357	165,295	—	—	N/A	—	N/A	
2011	1,827,262	1,527,038	300,224	—	—	N/A	—	N/A	
2012	2,093,949	1,369,311	724,638	—	—	N/A	—	N/A	
2013	2,106,727	1,403,412	703,315	—	—	N/A	—	N/A	
2014	2,328,295	1,316,980	1,011,315	—	—	N/A	—	N/A	

Fiscal Year	Hospital Revenue Bonds						Coverage
	Gross Revenue (1)	Less Operating Expenses (2)	Net Available Revenue	Debt Service (3)			
				Principal	Interest		
2005	\$ 325,176,000	\$ 284,863,000	\$ 40,313,000	\$ 791,000	\$ 4,396,000	7.77	
2006	351,977,000	308,480,000	43,497,000	845,000	4,971,000	7.48	
2007	388,044,000	330,594,000	57,450,000	1,358,000	5,481,000	8.40	
2008	422,075,000	361,582,000	60,493,000	3,296,000	5,376,000	14.30	
2009	440,610,000	374,571,000	66,039,000	3,056,000	4,570,000	8.66	
2010	443,987,000	380,721,000	63,266,000	4,195,000	4,184,000	7.55	
2011	444,093,000	395,771,000	48,322,000	4,711,000	4,120,000	5.47	
2012	467,719,000	411,186,000	56,533,000	34,530,000	2,870,000	1.51	
2013	458,182,000	420,000,000	38,182,000	5,205,000	2,905,000	4.71	
2014	485,012,000	426,961,000	58,051,000	8,570,000	2,882,000	5.07	

Note: As of fiscal year ending September 30, 2006, the City has no outstanding water revenue bonds.

(1) Total revenues (including investment earnings, other revenue and capital contributions).

(2) Total operating expenses exclusive of depreciation and interest expense and other nonoperating expenses.

(3) Includes principal and interest of revenue bonds only. It does not include refundings.

* Information unavailable.

CITY OF NORTH KANSAS CITY, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2013

Governmental Unit	Debt Outstanding	Estimated⁽¹⁾ Percentage Applicable	Amount Applicable To City
Debt repaid with property taxes:			
North Kansas City School District	\$ 192,290,000	13.7%	\$ 26,381,597
City of North Kansas City	—	0.00%	—
Total Direct And Overlapping Debt			<u>\$ 26,381,597</u>

Sources: North Kansas City School District, Paul Harrell, CFO.

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 overlapping debt of those overlapping governments that is borne by the resident and businesses of the City. 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.

⁽¹⁾ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also applied to the other debt of the overlapping governmental units.

CITY OF NORTH KANSAS CITY, MISSOURI

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended	Population⁽¹⁾	Personal Income⁽²⁾	Per Capita Income⁽²⁾	Median Age⁽¹⁾	School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
2005	4,714	\$ 7,008,072	\$ 34,925	36.5	1,806	6.2%
2006	4,714	7,490,110	36,295	*	1,851	8.1%
2007	4,714	7,955,096	37,670	*	1,812	6.4%
2008	4,714	8,300,878	38,583	*	1,614	7.7%
2009	4,714	8,225,563	37,445	*	1,562	12.5%
2010	4,208	8,353,128	37,504	39.9	1,506	12.0%
2011	4,208	8,760,278	38,914	*	1,482	11.1%
2012	4,208	9,099,952	39,986	*	1,439	9.5%
2013	4,208	9,297,011	40,339	*	1,506	8.8%
2014	4,208	*	*	*	1,555	10.0%

Sources:

- (1) U.S. Census Bureau (ten year increments).
- (2) U.S. Bureau of Economic Analysis - Data for Clay County.
- (3) North Kansas City High School.
- (4) Missouri Department of Economic Development.

* Information is unavailable.

CITY OF NORTH KANSAS CITY, MISSOURI

PRINCIPAL EMPLOYERS

September 30, 2014

Industry	2014		
	Employees	Rank	Percentage Of Total County Employment
Computer equipment, software and systems	3,322	1	19%
Medical services and products	3,200	2	18%
Entertainment, restaurants and taverns	1,765	3	10%
Manufacturing	1,060	4	6%
Building and construction companies	1,029	5	6%
Wholesale	794	6	5%
Printing, lithographic, graphic design and stationary	640	7	4%
Building material manufacture and supply	435	8	2%
Janitorial services	386	9	2%
Auto parts and repair services	314	10	2%

Sources: Business License Applications.

Note: Due to the confidential nature of this information, the employer's names are not presented.
This information is not available for 2005.

CITY OF NORTH KANSAS CITY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS Last Ten Fiscal Years

Functions/Program	Full-Time Equivalent Employees as of September 30,																				
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005											
General government																					
Elected	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0											
City administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0											
City clerk	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0											
Personnel	1.0	1.0	1.0	1.0	1.8	1.0	1.0	1.0	1.0	1											
Finance	2.9	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.5											
Purchasing	—	—	—	—	0.0	1.0	1.0	1	—	—											
Computer services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0											
Legal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0											
Planning	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0											
Court	3.0	3.5	4.5	4.5	4.5	4.9	4.5	4.0	5.0	5.0											
Economic development	—	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0											
Community development																					
Director	1.0	1.0	—	—	—	—	—	—	—	—											
Codes Inspectors	5.0	4.0	—	—	—	—	—	—	—	—											
Police																					
Officers	34.0	34.0	34.0	38.0	40.0	40.0	40.0	40.0	40.0	40.0											
Civilians	12.0	12.0	12.0	14.5	14.5	14.5	15.5	15.5	15.0	15.0											
Fire																					
Firefighters and officers	57.0	57.0	57.0	58.0	58.0	61.0	61.0	61.0	61.0	61.0											
Civilians	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0											
Codes inspectors	—	0.0	5.0	5.0	5.0	5.0	5.5	4	—	—											
Public works																					
Administration	3.0	3.0	2.0	2.0	4.0	4.0	4.0	4.0	6.0	5.0											
Codes inspectors	—	—	—	—	—	—	—	0.0	3.0	3.0											
Buildings and grounds keepers	4.3	5.3	5.3	6.3	11.0	12.0	12.0	12.0	12.0	12.0											
Street maintenance	6.8	6.8	6.9	7.8	9.0	9.0	9.0	9.0	9.0	10.0											
Parks and recreation																					
General and administrative	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0											
Recreation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0											
Attendants	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0											
Library																					
Administration	3.1	3.1	3.1	4.6	4.3	4.5	4.5	1.8	1.6	1.5											
Public services	10.7	10.7	10.7	8.8	10.4	11.6	11.6	10.4	9.4	10.1											
Computer services	—	—	—	—	0.0	0.5	0.5	2.0	2.0	1.6											
Water																					
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0											
Plant operators	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0											
Distribution services	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0											
Water pollution control																					
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0											
Lab technicians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0											
Distribution services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0											
Community center																					
Administration	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	2.8											
Facility operations	10.5	10.5	10.5	12.5	12.5	12.5	12.5	12.5	12.5	13.7											
Recreation	27.3	27.3	27.3	29.3	29.3	30.3	30.3	30.3	30.3	30.6											
Communications																					
Administration	2.6	2.6	2.6	3.1	3.1	3.1	3.1	3.6	4	—											
Technicians	4.0	4.0	4.0	3.0	3.0	3.0	3.0	2.0	2	—											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="text-align: right;">231.2</td> <td style="text-align: right;">230.2</td> <td style="text-align: right;">231.3</td> <td style="text-align: right;">243.8</td> <td style="text-align: right;">258.8</td> <td style="text-align: right;">267.3</td> <td style="text-align: right;">268.4</td> <td style="text-align: right;">263.5</td> <td style="text-align: right;">261.8</td> <td style="text-align: right;">257.8</td> </tr> </table>												231.2	230.2	231.3	243.8	258.8	267.3	268.4	263.5	261.8	257.8
	231.2	230.2	231.3	243.8	258.8	267.3	268.4	263.5	261.8	257.8											

CITY OF NORTH KANSAS CITY, MISSOURI
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	1,651	3,659	1,520	2,809	2,948	2,350	2,118	1,819	1,639	2,129
Traffic violations	5,549	5,504	4,397	4,633	4,490	3,571	3,841	3,329	3,239	4,637
Parking violations	1,055	1,027	1,011	1,068	1,205	818	693	479	665	629
Fire										
Number of calls answered	1,692	1,738	1,835	1,725	1,727	1,635	1,528	1,615	1,715	1,748
Number of inspections conducted	864	878	876	140	421	332	381	313	802	1,226
In-house training hours	N/A	N/A	N/A	5,348	10,491	10,649	3,418	5,933	8,987	8,620
Patients transported	N/A	N/A	N/A	656	687	762	774	781	1,222	912
Building safety										
Commercial building permits	133	132	163	202	193	204	165	197	206	336
Residential building permits	171	112	110	106	95	93	110	80	121	118
Certificates of occupancy	203	160	101	116	90	101	97	107	104	121
Water										
Number of service connections	1,975	2,063	2,028	2,082	2,022	2,021	2,067	2,088	2,088	2,153
Daily average consumption in gallons	3.7 mgd	3.7 mgd	3.6 mgd	3.6 mgd	3.6 mgd	3.3 mgd	3.3 mgd	3.0 mgd	3.0 mgd	3.0 mgd
Water pollution control										
Daily average flow in gallons	2.0 mgd	1.63 mgd	1.53 mgd	1.61 mgd	1.45 mgd	1.54 mgd	1.54 mgd	1.67 mgd	1.67 mgd	1.64 mgd

CITY OF NORTH KANSAS CITY, MISSOURI
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works										
Number of streetlights (leased)	960	960	960	960	960	960	960	960	960	960
Number of streetlights (owned)	332	352	352	352	352	352	352	352	352	352
Streets (lane miles)	135	135	135	135	135	135	135	135	135	135
Parks and recreation										
Acreage	100	100	100	100	100	100	100	100	108	108
Parks	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	6	6	6	6	6	6	6	6	6	6
Parks with playground equipment	2	2	2	2	2	2	2	2	2	2
One mile walking trail	1	1	1	1	1	1	1	1	1	1
Half mile roller blading trail	1	1	1	1	1	1	1	1	1	1
Park shelter	5	5	5	5	5	5	6	6	6	6
Dog park	—	—	—	—	—	—	—	—	1	1
Library										
Facilities	1	1	1	1	1	1	1	1	1	1
Water										
Miles of water mains	37	40	40	40	40	40	40	40	40	40
Number of fire hydrants	377	377	349	349	349	349	349	349	349	349
Maximum daily capacity in gallons	6 mgd	6 mgd								
Water pollution control										
Sanitary sewers (miles)	37	37	37	37	37	37	37	37	37	37
Storm sewers (miles)	29	17	17	25	30	35	41	41	41	41
Community center										
Facilities	1	1	1	1	1	1	1	1	1	1
Indoor swimming pools	1	1	1	1	1	1	1	1	1	1
Outdoor wading pool	1	1	1	1	1	1	1	1	1	—
Hospital										
Facilities	1	1	1	1	1	1	1	1	1	1
Number of patient beds	350	451	451	451	451	451	451	451	451	451