



CITY OF NORTH KANSAS CITY, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended September 30, 2015

City of North Kansas City, Missouri

Comprehensive Annual Financial Report

For the Year Ended September 30, 2015

Prepared by:

Administration Department

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April 19, 2016

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, 2015.

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.

RSM 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, 2015. 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 a four-year term. 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 three state highways (1, 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 2015, 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 to residents.

The City's fiscal year runs from October 1 to September 30. General operations are dependent primarily on a one-cent general sales tax, property taxes, occupation license fees, casino rent and utility franchise taxes. For the 2014–2015 budget year, revenue in the General Fund totaled \$13.8 million compared to a budget amount of \$13.2 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, 2015 of approximately \$44.5 million.

The North Kansas City Economy Year 2015 in Review

The strong business climate of 2014 continued through 2015, as strong business 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 remained stable in 2015, with a total of 375 permits issued. While this number was less than the number issued in 2014, it remained evidence of strong construction activity in the North Kansas City market.

Construction activity included new buildings, such as a new Subway restaurant on the east side of town, as well as significant renovation projects. Certificates of Occupancy were issued for Operating Rooms One through Eight at North Kansas City Hospital, which were renovated in 2015. Restless Spirits Distillery, which now occupies former warehouse space on 18th Avenue, and a 4,200 square foot expansion at Cinder Block Brewery continued to build on North Kansas City's position as a key location for craft spirits.

The Noodle Bar at Harrah's Casino and Dare to Dabble, an arts workshop, also opened in 2015. A number of notable projects are currently underway, with completion planned in 2016, including the conversion of former warehousing space into the new iWerx co-working space.

North Kansas City also had a good year in residential construction. Aspen Homebuilders received ten certificates of occupancy for new homes in the Northgate Village development in 2015. With strong construction activity and sales in the past year, the City anticipates that the single-family homes in that development will be built out in 2016.

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 continue to benefit North Kansas City.

In residential development, Phase Four of the Gardens senior apartments pulled permits at the end of 2015 and broke ground in January 2016, with 60 additional dwelling units under construction. Phase Two of the City View apartments is also on the horizon, which will add 202 additional dwelling units just north of downtown.

Planning for the Future

The City began work on a new Master Plan to guide development and redevelopment activities in NKC in February 2015. In April, the planning team hosted "Discovery Week" outreach activities in a pop-up planning studio in downtown NKC, focused on gathering input and ideas from as broad a cross-section of the community as possible. This project establishes a vision for the future of NKC as well as a roadmap for implementation and is now in the final stages.

In addition to a Master Plan, the Police Department worked with consultant Kirk Perucca Associates to complete a strategic plan. The planning process consisted of interviewing the City's residents, business community members, City leadership (Council Members and City Administrator) and Police Department staff. The goal was to create a strategic plan that reflects the needs of the community and the department. This collaboration resulted in the Council adopting the plan and the next three years will involve implementation of the recommendations resulting from the plan.

Additional planning includes exploring issues related to the City's water supply and aging water treatment plant. This exploration has been occurring for several years. As the next step in that process, the City entered into an agreement with Burns & McDonnell in October to do a full analysis of the City's supply wells and treatment plant and to make recommendations for the improvements necessary to serve the City in the decades to come.

In December, the City entered into an agreement with Brightergy, LLC, an energy advisory company, to purchase energy-efficient LED lighting fixtures for most City buildings and for City-owned street lights. The purchase will result in lower future annual energy usage costs, as well as an improvement, in terms of brightness, over the lighting currently in place.

Major Initiatives

In January, the City Council approved the Framework Plan for the Armour Road Redevelopment Area (ARRA) to guide development of this 64 acre area. This conceptual plan establishes an overall framework of streets, blocks, and land uses for ultimate development and was based on input from the City Council and the public in 2014.

Olsson Associates was selected to provide engineering services for the ARRA and began work in 2015. Based on the adopted Framework Plan, Olsson completed traffic impact studies, stormwater plans, and other engineering work to prepare for development of the site, including construction plans for the first new street in the development.

Meierotto Jewelers signed a development agreement and selected a site for a new 52,000 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.

In December 2015, the City took a significant step toward locating its first tenant in the ARRA when it approved a "Chapter 100" plan for Meierotto Jewelry headquarters office and retail store. The City has a real estate contract pending with this first tenant. The plan calls for Meierotto to receive real property tax abatement in the amount of 100% for the first ten years and 50% real property tax abatement for the next ten years. It will also allow the company to receive a sales tax exemption on materials purchased to construct its new headquarters.

Another initiative included launching a Food Truck Pod in Macken Park in July as a pilot program. The Food Truck Pod permitted food trucks to park in the City parking lot during weekday lunch hours. This pilot program stirred up quite a lot of opinion, both pro and con, and even garnered interest from the New York Times. The pilot program ended with the good weather and continues in a modified form in the coming year.

A significant amount of staff time was required to respond to the discovery of the Emerald Ash Borer (EAB) in Dagg Park late in 2014. The City hired a contractor in May to conduct an evaluation of the conditions of all City-owned ash trees. The evaluation determined that there are 287 ash trees in good condition and 108 in poor condition. The Council approved treating all trees that are in good condition with injections of an insecticide to help fight off the onset of the EAB. The treatments will occur over a three-year period.

Major work was needed due to up to 80 miles per hour winds that blew through the City in the early morning hours on June 26, 2015, causing power outages and substantial damage to trees. City crews and contractors worked for a week to clear tree branches and debris from streets, sidewalks, and catch basins, as well as branches from private property that was placed on the curb. The City later received reimbursement through SEMA for part of the clean-up costs.

Administrative efforts included a issuing a request for qualifications to find a firm to conduct a salary study, the first in over five years. The City contracted with Arthur J. Gallagher and Company. The study was completed, and the consultant's recommendations regarding the salary structure were approved by the City Council in June.

In 2013, the Fire Department contracted with an outside firm to bill and collect ambulance service charges. In fiscal 2015, ambulance collections were almost \$355,000 and over \$59,000 in hospital billings, an 18% and 48% increase, respectively, over the prior fiscal year. The increase in revenues is mainly due to the improved collection processes and, in part, due to an increase in the number of calls from the previous year.

Department Focus

Background

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.

Planning

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 is focused on the design of improvements to Burlington in order to transform the corridor into a more attractive, welcoming, green, and complete street with improved facilities for bicyclists and pedestrians. MARC hired the firm Confluence as a consultant to develop the concept and plans for the project. This project builds on previous planning projects for Burlington, the Burlington Corridor Study of 2009 and the Burlington Corridor Overlay District of 2010.

Current Status

The City is working closely with the Missouri Department of Transportation, Clay County, the Kansas City Area Transit Authority and Bike Walk KC, as well as businesses and property owners along Burlington and city residents on this project. The consultant team developed a video illustrating the design concept for the future Burlington corridor that is available on the City's website at www.nkc.org/cd/.

North Kansas City began the Burlington Corridor Design project to improve the general character of this main artery through the city and make it a more attractive corridor for redevelopment. The final stage of the design process is to evaluate phasing of the project and apply for federal transportation funds to support the construction of improvements.

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 \$86.7 million in long-term debt. Otherwise, the City was debt free.

OTHER INFORMATION

Independent Audit

The governing body selected the firm of RSM US, LLP for the annual audit. This was the first year of a four-year contract. The auditors, in conducting the engagement, used auditing standards generally accepted in the United States of America. The auditor's 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, 2014. 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.

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**

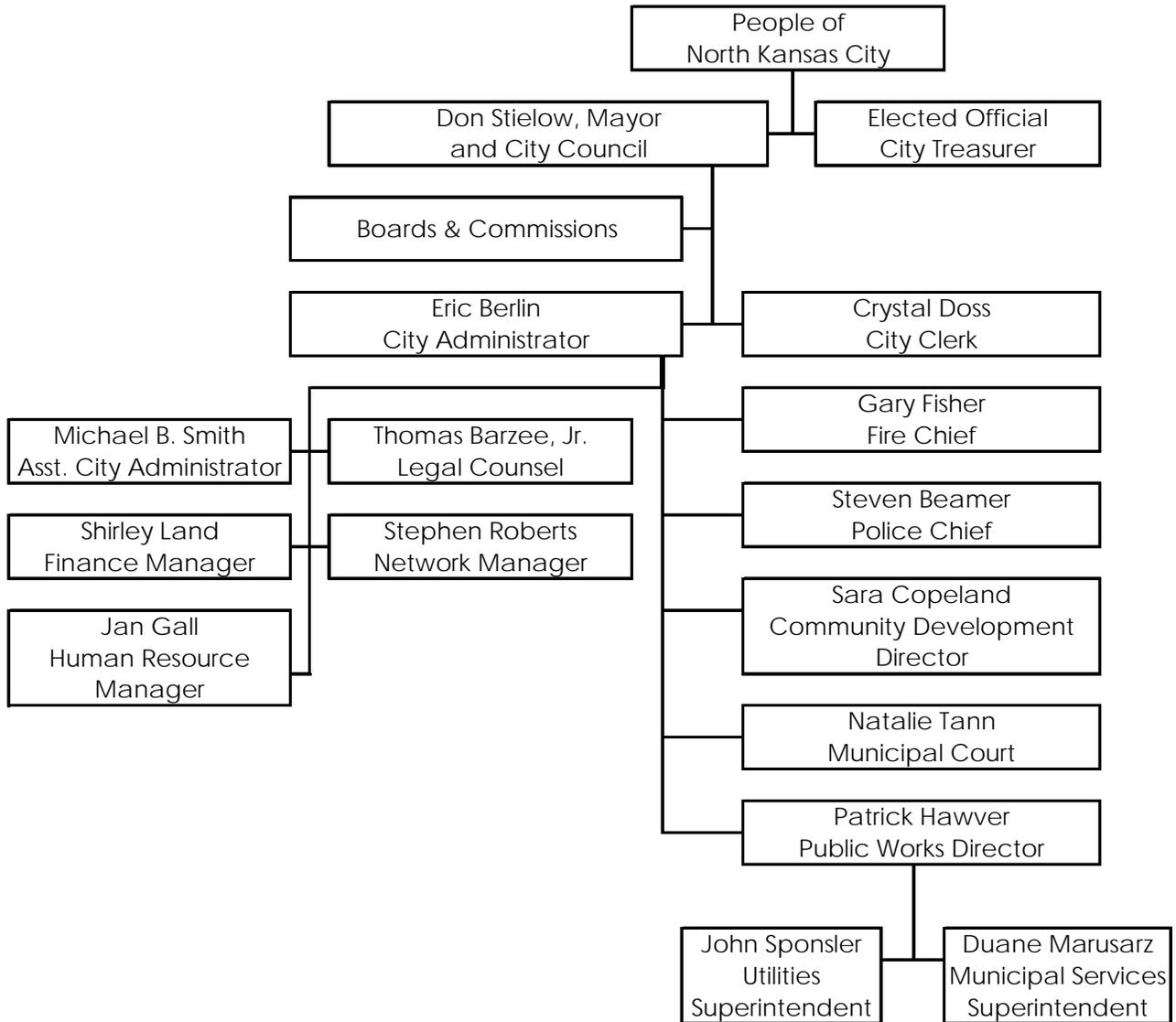
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

City of North Kansas City, Missouri

Organizational Chart
Year Ended September 30, 2015



City of North Kansas City, Missouri

Principal Officials

Year Ended September 30, 2015

Elected Officials

Title

Name

Mayor

Don Stielow

Councilmember Ward I

H. J. "Bear" Kistler

Councilmember Ward I

Gene Bruns

Councilmember Ward II

Bill Sanders

Councilmember Ward II

Valerie Pearman

Councilmember Ward III

Zachary Clevenger

Councilmember Ward III

Richard Stewart

Councilmember Ward IV

Fred Steffen

Councilmember Ward IV

Thomas Farr

City Treasurer

Beverly Sue Ryan

Appointed Officials

City Administrator

Eric Berlin

Assistant City Administrator

Michael Smith

City Clerk

Crystal Doss

Legal Counsel

Thomas Barzee, Jr.

Municipal Judge

Steven Fuller

City Attorney

Anthony W. Bologna

Fire Chief

Gary Fisher

Police Chief

Steve Beamer

Public Works Director

Patrick Hawver

Community Development Director

Sara Copeland

Parks & Recreation Director

Kelli Votypka

Public Library Director

Vickie Lewis

Human Resources Manager

Jan Gall

Information Technology Manager

Stephen Roberts

Finance Manager

Shirley Land



Independent Auditor's Report

RSM US LLP

To the Honorable Mayor and
Members of the City Council
City of North Kansas City, Missouri
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 (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of North Kansas City Hospital, which represents 95 percent and 98 percent, respectively, of the assets and revenues of the business-type activities and represents 100 percent of the assets and 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 49 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, 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 of North Kansas City, Missouri, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 10 to the basic financial statements, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which restated beginning net position, net pension liability and deferred outflows of resources of the governmental activities, business-type activities, Hospital fund and the aggregate remaining fund information.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13, the pension and postemployment benefit information on pages 67 through 76, and the budgetary comparison information on pages 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We, 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's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

Kansas City, Missouri
April 12, 2016

City of North Kansas City, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

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, 2015. 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:

- Due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the City restated its beginning net position as described in Note 10 to the basic financial statements. As a result, the City's beginning net position of its governmental and business-type activities decreased by \$104,267 and \$9,288,238, respectively. The amounts contained in this management's discussion and analysis for the year ending September 30, 2014 have not been restated as the information was not available.
- The assets of the City exceeded its liabilities as of September 30, 2015 and 2014 by \$765,600,664 and \$734,967,472 (net position), respectively. Of this amount, \$482,771,362 and \$456,428,761 (unrestricted net position) for 2015 and 2014, respectively, may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$40,025,697 for 2015 compared to an increase of \$33,207,095 for 2014 (not restated).
- The City's governmental funds reported combined ending fund balances of \$60,927,229 and \$54,026,450 as of September 30, 2015 and 2014, respectively. For fiscal years 2015 and 2014, \$9,877,566 and \$9,023,469, 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 2015 and 2014 was reported in the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was 74% of total General Fund expenditures compared to 71% of the 2014 General Fund expenditures.
- The City's long-term debt, excluding compensated absences, decreased by \$7,792,000 during fiscal year ended September 30, 2015 and increased \$7,676,000 during the fiscal year ended September 30, 2014. The decrease in 2015 is primarily due to payments made on Hospital revenue bonds, capital leases, and notes payable. The capital asset decrease 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 2014 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.

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 For Fiscal Year Ended September 30, 2015

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.

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.

City of North Kansas City, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

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 nonmajor 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, 2015 and 2014 were \$287,641,349 and \$279,538,501, 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.

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 2015 of \$765,600,664, which represents an increase of \$40,025,697 from 2014's restated net position.

City of North Kansas City, Missouri

**Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2015**

Of the City's net position, 36 and 37 percent as of September 30, 2015 and 2014, 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.

	Governmental Activities 2015 (as restated)	Business-Type Activities 2015 (as restated)	Total 2015 (as restated)	Governmental Activities 2014 (not restated)	Business-Type Activities 2014 (not restated)	Total 2014 (not restated)
Current and other assets	\$ 67,521,764	\$457,034,977	\$524,556,741	\$ 61,511,260	\$466,478,484	\$527,989,744
Capital assets	60,643,084	305,287,013	365,930,097	60,838,547	309,116,356	369,954,903
Total assets	128,164,848	762,321,990	890,486,838	122,349,807	775,594,840	897,944,647
Deferred outflows of resources	3,871,433	32,266,064	36,137,497	-	-	-
Current liabilities	1,811,641	68,503,880	70,315,521	3,166,028	65,558,171	68,724,199
Noncurrent liabilities	3,205,300	81,144,866	84,350,166	1,700,767	89,606,501	91,307,268
Total liabilities	5,016,941	149,648,746	154,665,687	4,866,795	155,164,672	160,031,467
Deferred inflows of resources	5,439,430	918,554	6,357,984	2,945,708	-	2,945,708
Net position:						
Net investment in capital assets	60,643,084	218,341,013	278,984,097	60,838,547	214,118,356	274,956,903
Restricted	3,161,205	684,000	3,845,205	3,392,808	189,000	3,581,808
Unrestricted	57,775,621	424,995,741	482,771,362	50,305,949	406,122,812	456,428,761
Total net position	\$121,579,910	\$644,020,754	\$765,600,664	\$114,537,304	\$620,430,168	\$734,967,472

A restricted portion of the City's net position (0.5 and 0.5 percent for fiscal years 2015 and 2014, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$482,771,362 and \$456,428,761 for 2015 and 2014, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

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 \$40,025,697 and \$33,207,095 for fiscal years 2015 and 2014, respectively. The governmental-type activities increased by \$7,146,873 and \$6,882,024 in fiscal years 2015 and 2014, respectively. This increase was mainly attributable to an increase in general government revenues. The total business-type activities' net position increased by \$32,878,824 and \$26,325,071 in fiscal years 2015 and 2014, respectively. The increase in change in net position compared to the prior year was mostly attributable to significant increases in charges for services.

City of North Kansas City, Missouri

**Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2015**

The following table highlights the City's revenues and expenses for the fiscal years ended September 30, 2015 and 2014. 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 2015 (as restated)	Business-Type Activities 2015 (as restated)	Total 2015 (as restated)	Governmental Activities 2014 (not restated)	Business-Type Activities 2014 (not restated)	Total 2014 (not restated)
Revenues:						
Program revenues:						
Charges for services	\$ 6,292,016	\$537,002,777	\$543,294,793	\$ 6,651,594	\$485,499,937	\$492,151,531
Operating grants and contributions	303,645	-	303,645	212,659	-	212,659
Capital grants and contributions	-	278,000	278,000	-	343,000	343,000
General revenues:						
Property taxes	2,518,480	-	2,518,480	2,247,391	-	2,247,391
Other taxes	9,147,859	-	9,147,859	8,819,146	-	8,819,146
Gaming/unrestricted	7,404,235	-	7,404,235	7,571,879	-	7,571,879
Investment earnings	260,606	6,585,333	6,845,939	153,835	6,948,327	7,102,162
Other	1,494,434	(2,511,278)	(1,016,844)	1,733,663	42,000	1,775,663
Total revenues	27,421,275	541,354,832	568,776,107	27,390,167	492,833,264	520,223,431
Expenses:						
General government	2,835,303	-	2,835,303	6,428,481	-	6,428,481
Public safety	11,817,664	-	11,817,664	9,466,348	-	9,466,348
Public works	3,448,907	-	3,448,907	2,215,496	-	2,215,496
Culture and recreation	1,973,900	-	1,973,900	1,584,810	-	1,584,810
Transportation	368,612	-	368,612	361,326	-	361,326
Hospital	-	496,990,000	496,990,000	-	456,058,000	456,058,000
Health and community center	-	3,171,831	3,171,831	-	2,560,783	2,560,783
Water	-	1,836,014	1,836,014	-	1,722,107	1,722,107
Water pollution control	-	4,529,403	4,529,403	-	4,701,823	4,701,823
Communications	-	1,778,776	1,778,776	-	1,917,162	1,917,162
Total expenses	20,444,386	508,306,024	528,750,410	20,056,461	466,959,875	487,016,336
Change in net position, before transfers	6,976,889	33,048,808	40,025,697	7,333,706	25,873,389	33,207,095
Transfers	169,984	(169,984)	-	(451,682)	451,682	-
Change in net position	7,146,873	32,878,824	40,025,697	6,882,024	26,325,071	33,207,095
Net position, beginning of year, as restated	114,433,037	611,141,930	725,574,967	107,655,280	594,105,097	701,760,377
Net position, end of year	\$121,579,910	\$644,020,754	\$765,600,664	\$114,537,304	\$620,430,168	\$734,967,472

City of North Kansas City, Missouri

**Management’s Discussion and Analysis
For Fiscal Year Ended September 30, 2015**

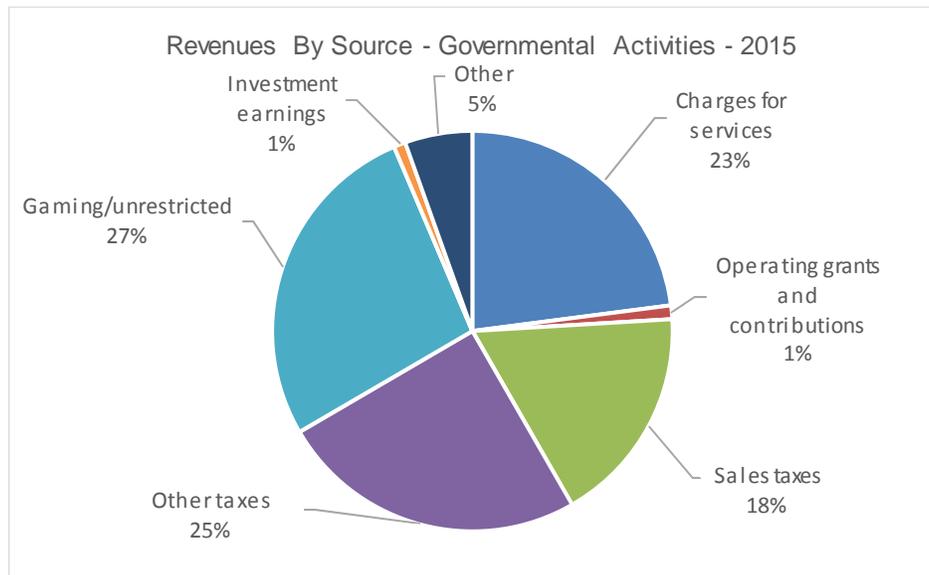
The following table below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be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

	Total Cost of Service		Net Cost of Service	
	2015	2014	2015	2014
General government	\$ 2,835,303	\$ 6,428,481	\$ (2,847,938)	\$ 544,463
Public safety	11,817,664	9,466,348	11,328,293	8,899,755
Public works	3,448,907	2,215,496	3,448,907	2,215,496
Culture and recreation	1,973,900	1,584,810	1,819,239	1,421,225
Transportation	368,612	361,326	100,224	111,269
Total	\$ 20,444,386	\$ 20,056,461	\$ 13,848,725	\$ 13,192,208

Net cost of services is 68 percent and 66 percent of total cost of services in 2015 and 2014, respectively. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

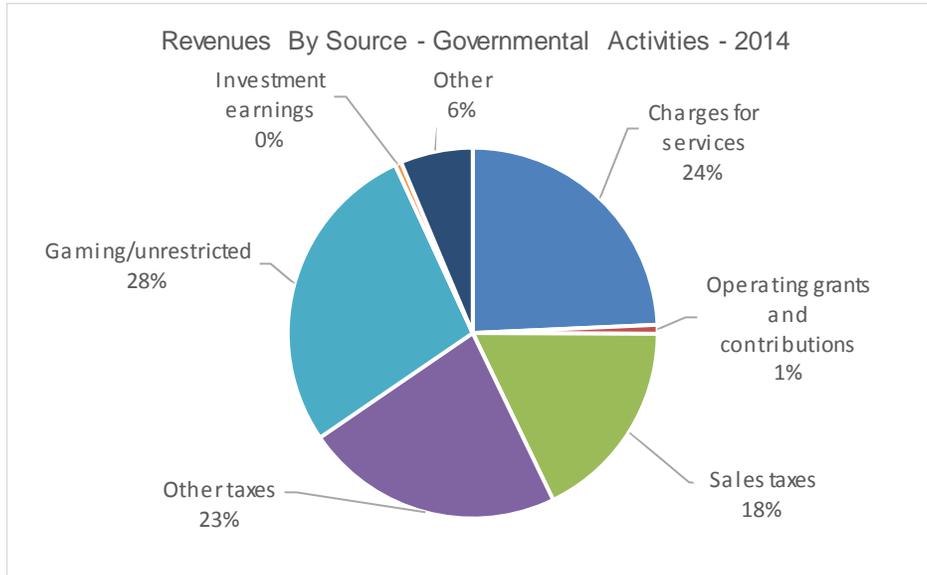
Governmental Activities:

The graphs below show the percentage of the total governmental activities’ revenues allocated by each revenue type for 2015 and 2014:

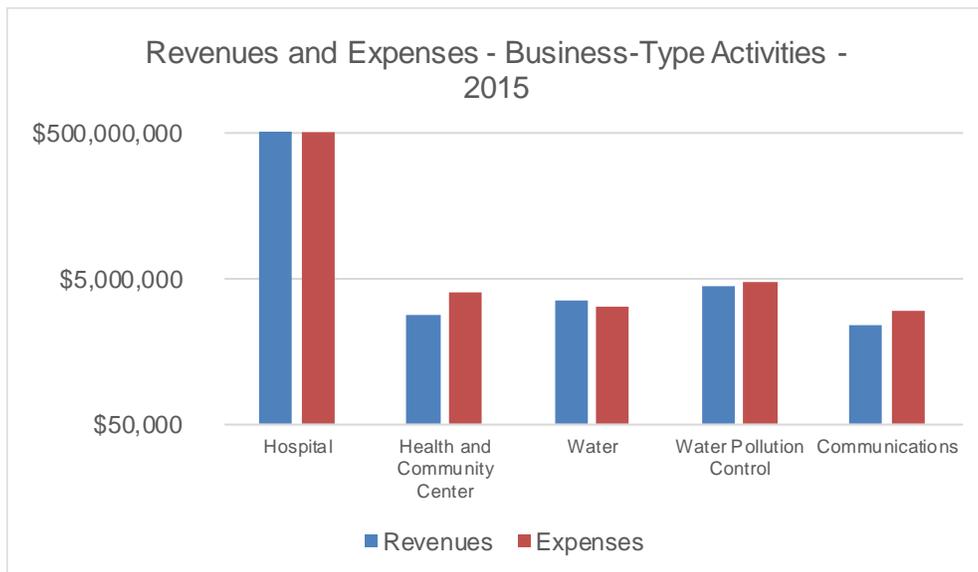


City of North Kansas City, Missouri

**Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2015**

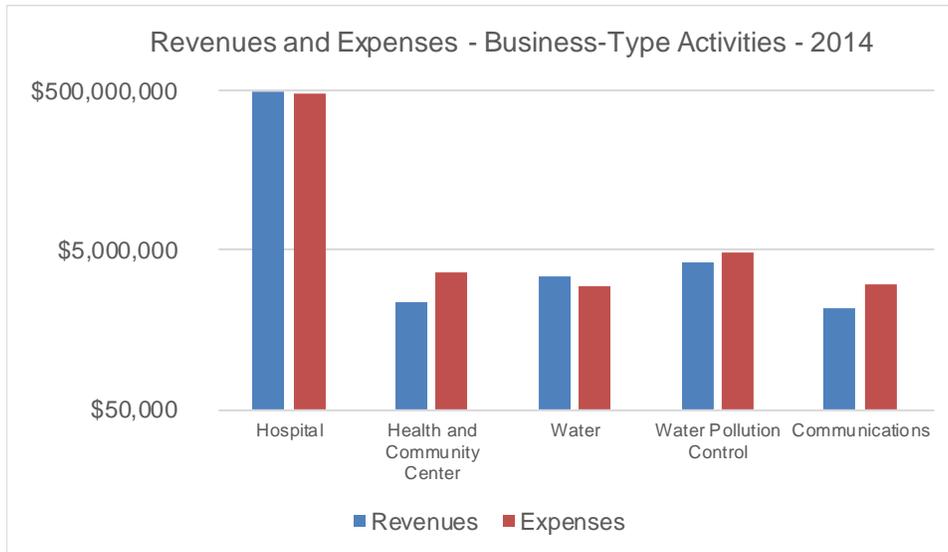


Total business-type activities' revenue for the fiscal year was \$541,354,832. All but \$4,074,055 of this revenue was generated from a specific business-type activity. The graphs below show a comparison between the business-type activity expenses and program revenues for 2015 and 2014.



City of North Kansas City, Missouri

**Management’s Discussion and Analysis
For Fiscal Year Ended September 30, 2015**



Business-Type Activities - Business-type activities increased the City’s net position by \$32,878,824 and \$26,325,071 in fiscal years 2015 and 2014, respectively, accounting for the majority of the growth in the government’s net position.

The Hospital Fund continued to reflect a strong net operating income of \$33,955,000 and \$24,625,000 and change in net position of \$35,310,000 and \$28,954,000 for fiscal years 2015 and 2014, respectively. The Hospital has 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 For Fiscal Year Ended September 30, 2015

The City's governmental funds reported combined ending fund balances of \$60,927,229 and \$54,026,450 as of September 30, 2015 and 2014, respectively. Approximately 16 percent of this total amount or \$9,877,566 and \$9,023,469 for 2015 and 2014, respectively, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable (\$437,944), restricted (\$5,743,121), or assigned (\$44,868,598) 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 \$9,877,566 while total fund balance reached \$10,379,512. This is down from the 2014 unassigned fund balance of \$9,023,469 and total 2014 General Fund balance of \$9,831,469. 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 74 percent of total General Fund expenditures for 2015, while total fund balance represents approximately 78 percent of that same amount. Unassigned fund balance represented 71 percent of total General Fund expenditures for 2014, while total fund balance represented approximately 77 percent of that same amount.

The fund balance of the City's General Fund increased by \$548,376 in the current fiscal year. This increase is primarily due to continued monitoring of costs for the current year to reduce expenditures and sale of capital assets.

Total governmental fund expenditures decreased from \$21,591,571 in 2014 to \$20,690,480 in 2015.

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 \$13,187,613 was decreased to \$12,824,013 (a decrease of \$363,600) mostly due to an increase in business licensing collections and partially due to an increase in ambulance collections.
- The total original expenditure budget of \$13,952,603 was increased by \$158,610 to \$14,111,213 primarily to cover the costs of vacation and sick leave payouts for retirees and insurance increases for both worker's compensation and general liability insurance.

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

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, 2015 and 2014, were \$365,930,097 and \$369,954,903, respectively, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and construction-in-progress. The total net decrease in the City's investment in capital assets for the current fiscal year was 1.1 percent (a 0.3 percent decrease for governmental activities and a 1.1 percent decrease for business-type activities).

City of North Kansas City, Missouri

**Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2015**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 28,556,546	\$ 28,128,536	\$ 6,674,989	\$ 6,674,989	\$ 35,231,535	\$ 34,803,525
Construction-in-progress	-	-	10,619,000	1,538,000	10,619,000	1,538,000
Buildings and improvements	35,813,315	35,439,518	387,835,934	385,402,312	423,649,249	420,841,830
Infrastructure	9,302,086	8,383,686	24,873,429	24,335,409	34,175,515	32,719,095
Equipment	18,185,833	18,383,405	280,575,721	270,737,536	298,761,554	289,120,941
Accumulated depreciation	(31,214,696)	(29,496,598)	(405,292,060)	(379,571,890)	(436,506,756)	(409,068,488)
Total	\$ 60,643,084	\$ 60,838,547	\$305,287,013	\$309,116,356	\$365,930,097	\$369,954,903

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 \$61,929,000 and \$67,202,000 as of September 30, 2015 and 2014, respectively. The City had capital leases outstanding totaling \$15,748,000 and \$17,517,000 as of September 30, 2015 and 2014, respectively. The City also had notes payable with outstanding balances totaling \$8,985,000 and \$9,735,000 as of September 30, 2015 and 2014, respectively. The City did pay \$10,858,000 and \$8,570,000 in principal on total outstanding debt for fiscal years 2015 and 2014, respectively.

The City's available general obligation legal debt margin was \$53,561,079 and \$52,478,612 as of September 30, 2015 and 2014, respectively.

	Business-Type Activities		Maturity
	2015	2014	
2013A Hospital Revenue Bonds	\$ 31,831,000	\$ 34,512,000	2025
2013B Hospital Revenue Bonds	30,098,000	32,690,000	2025
Capital leases	15,748,000	17,517,000	2017
Notes payable	8,985,000	9,735,000	2020
Total	\$ 86,662,000	\$ 94,454,000	

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 0.8 percent decrease to the LAGERS pension plan contribution.
- The budget assumed the health insurance costs would remain basically the same as the prior fiscal year. However, the employee share of the cost increased to 17% with plans to ultimately regain a 80/20 split for insurance premiums.

All of these factors, were considered in preparing the City's budget for the 2016 fiscal year.

City of North Kansas City, Missouri

**Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2015**

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.

City of North Kansas City, Missouri

**Statement of Net Position
September 30, 2015**

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 11,138,696	\$ 19,594,672	\$ 30,733,368
Investments	49,394,221	3,967,031	53,361,252
Current portion of assets held by trustee	-	3,348,000	3,348,000
Receivables, net of allowances for uncollectibles of \$18,444,034:			
Taxes	3,495,597	-	3,495,597
Accounts	1,015,345	58,145,858	59,161,203
Special assessments	-	144,792	144,792
Estimated reimbursements	-	66,000	66,000
Accrued interest	20,121	1,643	21,764
Due from other governmental units	631,345	-	631,345
Inventory	-	7,820,462	7,820,462
Prepaid items	20,520	6,149,622	6,170,142
Property held for resale	417,424	-	417,424
Total current assets	66,133,269	99,238,080	165,371,349
Noncurrent assets:			
Designated assets:			
Cash and cash equivalents	-	9,914,000	9,914,000
Investments	-	327,292,000	327,292,000
Net pension asset	1,388,495	5,577,975	6,966,470
Other assets	-	3,418,000	3,418,000
Investment in joint ventures	-	9,898,000	9,898,000
Receivables, special assessments	-	1,696,922	1,696,922
Capital assets:			
Nondepreciable	28,556,546	17,293,989	45,850,535
Depreciable, net	32,086,538	287,993,024	320,079,562
Total noncurrent assets	62,031,579	663,083,910	725,115,489
Total assets	128,164,848	762,321,990	890,486,838
Deferred outflows of resources			
Pension related amounts	3,871,433	32,266,064	36,137,497

See notes to basic financial statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,691,346	\$ 19,108,014	\$ 20,799,360
Compensated absences	101,830	34,882,943	34,984,773
Unearned revenue	-	24,923	24,923
Court bonds payable	18,465	-	18,465
Current portion of revenue bonds, notes payable and capital lease payable	-	11,140,000	11,140,000
Current portion of reserve for liability risks	-	3,348,000	3,348,000
Total current liabilities	1,811,641	68,503,880	70,315,521
Noncurrent liabilities:			
Compensated absences	1,595,339	93,103	1,688,442
Unearned revenue	-	398,763	398,763
Net pension liability	1,609,961	-	1,609,961
Net postemployment health care and termination benefit obligation	-	2,225,000	2,225,000
Reserve for liability risks	-	2,906,000	2,906,000
Revenue bonds, notes payable and capital lease payable	-	75,522,000	75,522,000
Total noncurrent liabilities	3,205,300	81,144,866	84,350,166
Total liabilities	5,016,941	149,648,746	154,665,687
Deferred inflows of resources			
Property taxes	3,496,229	-	3,496,229
Pension related amounts	1,943,201	918,554	2,861,755
Total deferred inflows of resources	5,439,430	918,554	6,357,984
Net position			
Net investment in capital assets	60,643,084	218,341,013	278,984,097
Restricted for:			
Capital projects	1,529,584	-	1,529,584
Bridges and streets	1,484,647	-	1,484,647
Public safety training programs	36,180	-	36,180
City beautification	110,794	-	110,794
Donor purposes	-	684,000	684,000
Unrestricted	57,775,621	424,995,741	482,771,362
Total net position	\$ 121,579,910	\$ 644,020,754	\$ 765,600,664

City of North Kansas City, Missouri

**Statement of Activities
Year Ended September 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 2,835,303	\$ 5,683,241	\$ -	\$ -
Public safety	11,817,664	466,865	22,506	-
Public works	3,448,907	-	-	-
Culture and recreation	1,973,900	141,910	12,751	-
Transportation	368,612	-	268,388	-
Total governmental activities	20,444,386	6,292,016	303,645	-
Business-type activities:				
Hospital	496,990,000	528,063,000	-	278,000
Health and community center	3,171,831	1,596,594	-	-
Water	1,836,014	2,463,837	-	-
Water pollution control	4,529,403	3,750,942	-	-
Communications	1,778,776	1,128,404	-	-
Total business-type activities	508,306,024	537,002,777	-	278,000
Total primary government	\$ 528,750,410	\$ 543,294,793	\$ 303,645	\$ 278,000

General Revenues

- Taxes:
 - Property tax
 - Franchise taxes
 - Sales taxes
 - Other taxes
- Gaming/unrestricted
- Investment earnings
- Gain on disposal of capital assets
- Miscellaneous

Transfers

Special item

Total general revenues, transfers and special item

Change in net position
 Net position beginning of year, as restated

 Net position end of year

See notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 2,847,938	\$ -	\$ 2,847,938
(11,328,293)	-	(11,328,293)
(3,448,907)	-	(3,448,907)
(1,819,239)	-	(1,819,239)
(100,224)	-	(100,224)
(13,848,725)	-	(13,848,725)
-	31,351,000	31,351,000
-	(1,575,237)	(1,575,237)
-	627,823	627,823
-	(778,461)	(778,461)
-	(650,372)	(650,372)
-	28,974,753	28,974,753
(13,848,725)	28,974,753	15,126,028
2,518,480	-	2,518,480
2,615,648	-	2,615,648
4,838,815	-	4,838,815
1,693,396	-	1,693,396
7,404,235	-	7,404,235
260,606	6,585,333	6,845,939
241,587	62,130	303,717
1,252,847	27,592	1,280,439
169,984	(169,984)	-
-	(2,601,000)	(2,601,000)
20,995,598	3,904,071	24,899,669
7,146,873	32,878,824	40,025,697
114,433,037	611,141,930	725,574,967
\$ 121,579,910	\$ 644,020,754	\$ 765,600,664

City of North Kansas City, Missouri

**Balance Sheet
Governmental Funds
September 30, 2015**

	General	Nonmajor Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 2,206,049	\$ 8,932,647	\$ 11,138,696
Investments	7,945,255	41,448,966	49,394,221
Receivables, net of allowance for uncollectibles:			
Taxes	1,318,716	2,176,881	3,495,597
Accounts	686,489	328,856	1,015,345
Accrued interest	3,292	16,829	20,121
Due from other governmental units	-	631,345	631,345
Prepaid items	14,321	6,199	20,520
Property held for resale	-	417,424	417,424
	<hr/>	<hr/>	<hr/>
Total assets	\$ 12,174,122	\$ 53,959,147	\$ 66,133,269
Liabilities			
Accounts payable and accrued expenditures	\$ 457,429	\$ 1,233,917	\$ 1,691,346
Court bonds payable	18,465	-	18,465
	<hr/>	<hr/>	<hr/>
Total liabilities	475,894	1,233,917	1,709,811
Deferred inflows of resources			
Property taxes	1,318,716	2,177,513	3,496,229
Fund balances:			
Nonspendable:			
Prepaid items	14,321	6,199	20,520
Property held for resale	-	417,424	417,424
Restricted:			
Capital projects	-	2,412,293	2,412,293
Bridges and streets	-	1,307,835	1,307,835
Public safety training programs	36,180	-	36,180
City beautification	110,794	-	110,794
Culture and recreation	-	1,866,880	1,866,880
Fire and police pension	-	9,139	9,139
Assigned:			
Capital projects and redevelopment	-	44,527,947	44,527,947
Health	340,651	-	340,651
Unassigned	9,877,566	-	9,877,566
	<hr/>	<hr/>	<hr/>
Total fund balances	10,379,512	50,547,717	60,927,229
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows and fund balances	\$ 12,174,122	\$ 53,959,147	\$ 66,133,269

See notes to basic financial statements.

City of North Kansas City, Missouri

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
September 30, 2015**

Total fund balance - governmental funds	\$ 60,927,229
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	60,643,084
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences	(1,697,169)
Net pension liability	(1,609,961)
Pension related deferred outflows and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources - pension related amounts	3,871,433
Deferred inflows of resources - pension related amounts	(1,943,201)
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.	1,388,495
	<hr/>
Total net position, governmental activities	\$ 121,579,910
	<hr/> <hr/>

See notes to basic financial statements.

City of North Kansas City, Missouri

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2015**

	General	Nonmajor Governmental Funds	Total
Revenues:			
Taxes	\$ 7,289,272	\$ 4,377,067	\$ 11,666,339
Intergovernmental	22,506	281,139	303,645
Licenses and permits	1,900,670	-	1,900,670
Charges for services	645,870	141,910	787,780
Fines and forfeitures	470,708	-	470,708
Gaming	3,132,858	7,404,235	10,537,093
Investment earnings	51,881	208,725	260,606
Miscellaneous	117,205	1,135,642	1,252,847
Total revenues	13,630,970	13,548,718	27,179,688
Expenditures:			
Current:			
General government	1,399,354	1,739,260	3,138,614
Public safety	10,005,546	-	10,005,546
Public works	1,174,134	1,235,520	2,409,654
Culture and recreation	-	1,598,853	1,598,853
Transportation	-	365,394	365,394
Interdepartmental	712,017	-	712,017
Capital outlay	-	2,460,402	2,460,402
Total expenditures	13,291,051	7,399,429	20,690,480
Revenues over expenditures	339,919	6,149,289	6,489,208
Other financing sources (uses):			
Proceeds from the sale of capital assets	208,457	33,130	241,587
Transfer in	-	1,182,679	1,182,679
Transfer out	-	(1,012,695)	(1,012,695)
Total other financing sources (uses)	208,457	203,114	411,571
Net change in fund balances	548,376	6,352,403	6,900,779
Fund balances, beginning of year	9,831,136	44,195,314	54,026,450
Fund balances, end of year	\$ 10,379,512	\$ 50,547,717	\$ 60,927,229

See notes to basic financial statements.

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
Year Ended September 30, 2015**

Net change in fund balances - governmental funds	\$	6,900,779
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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	\$ 199,543	
Public safety	1,385,501	
Public works	593,089	
Culture and recreation	<u>245,253</u>	2,423,386
Depreciation:		
General government	(126,499)	
Public safety	(1,176,008)	
Public works	(977,133)	
Culture and recreation	<u>(339,209)</u>	(2,618,849)
Proceeds from sale of capital assets		(241,587)
Gain on disposal of capital assets		241,587

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences:		
General government	3,853	
Public safety	28,508	
Public works	3,467	
Culture and recreation	<u>2,697</u>	38,525
Changes in termination benefits obligation:		
General government	4,060	
Public safety	30,000	
Public works	15,275	
Culture and recreation	<u>19,880</u>	69,215
Pension expense:		
General government	(9,334)	
Public safety	(146,565)	
Public works	(7,723)	
Culture and recreation	(4,827)	
Transportation	<u>(3,218)</u>	(171,667)

Change in long-term portion of liability which is not reported in the funds.		<u>505,484</u>
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Change in net position of governmental activities	\$	<u>7,146,873</u>
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See notes to basic financial statements.

City of North Kansas City, Missouri

Statement of Net Position
Enterprise Funds
September 30, 2015

	Hospital	Nonmajor Enterprise Funds	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 17,225,000	\$ 2,369,672	\$ 19,594,672
Investments	-	3,967,031	3,967,031
Current portion of restricted assets held by trustee	3,348,000	-	3,348,000
Receivables, net of allowance for uncollectibles of \$18,443,000:			
Accounts	57,464,000	681,858	58,145,858
Special assessments	-	144,792	144,792
Estimated reimbursements	66,000	-	66,000
Accrued interest	-	1,643	1,643
Inventory	7,788,000	32,462	7,820,462
Prepays	6,096,000	53,622	6,149,622
Total current assets	91,987,000	7,251,080	99,238,080
Noncurrent assets:			
Designated assets:			
Cash and cash equivalents	9,914,000	-	9,914,000
Investments	327,292,000	-	327,292,000
Net pension asset	5,264,000	313,975	5,577,975
Other assets	3,418,000	-	3,418,000
Investment in joint ventures	9,898,000	-	9,898,000
Receivables, special assessments	-	1,696,922	1,696,922
Capital assets, nondepreciable	15,185,743	2,108,246	17,293,989
Capital assets, net depreciable	258,608,257	29,384,767	287,993,024
Total noncurrent assets	629,580,000	33,503,910	663,083,910
Total assets	721,567,000	40,754,990	762,321,990
Deferred Outflows of Resources			
Pension related amounts	32,016,000	250,064	32,266,064

See notes to basic financial statements.

	Hospital	Nonmajor Enterprise Funds	Total
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	\$ 17,519,000	\$ 1,589,014	\$ 19,108,014
Compensated absences	34,877,000	5,943	34,882,943
Unearned revenue	-	24,923	24,923
Current portion of revenue bonds, notes payable and capital lease payable	11,140,000	-	11,140,000
Current portion of reserve for liability risks	3,348,000	-	3,348,000
Total current liabilities	66,884,000	1,619,880	68,503,880
Noncurrent liabilities:			
Compensated absences	-	93,103	93,103
Unearned revenue	-	398,763	398,763
Net postemployment health care and termination benefits obligation	2,225,000	-	2,225,000
Reserve for liability risks	2,906,000	-	2,906,000
Revenue bonds, notes payable and capital lease payable	75,522,000	-	75,522,000
Total noncurrent liabilities	80,653,000	491,866	81,144,866
Total liabilities	147,537,000	2,111,746	149,648,746
Deferred Inflows of Resources			
Pension related amounts	772,000	146,554	918,554
Net Position			
Net investment in capital assets	186,848,000	31,493,013	218,341,013
Restricted for donor purposes	684,000	-	684,000
Unrestricted	417,742,000	7,253,741	424,995,741
Total net position	\$ 605,274,000	\$ 38,746,754	\$ 644,020,754

City of North Kansas City, Missouri

Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended September 30, 2015

	Hospital	Nonmajor Enterprise Funds	Total
Operating revenues:			
Charges for services	\$ 507,394,000	\$ 8,939,777	\$ 516,333,777
Other operating revenues	20,669,000	-	20,669,000
Total operating revenues	528,063,000	8,939,777	537,002,777
Operating expenses:			
Personal services	269,941,000	1,593,000	271,534,000
Contractual services	67,841,000	5,404,775	73,245,775
Materials and supplies	128,547,000	1,864,432	130,411,432
Depreciation and amortization	27,779,000	2,453,817	30,232,817
Total operating expenses	494,108,000	11,316,024	505,424,024
Operating income (loss)	33,955,000	(2,376,247)	31,578,753
Nonoperating revenues (expenses):			
Other revenues (expenses)	(644,000)	27,592	(616,408)
Interest on special assessments	-	62,130	62,130
Investment earnings	6,560,000	25,333	6,585,333
Interest expense	(2,238,000)	-	(2,238,000)
Total nonoperating revenues	3,678,000	115,055	3,793,055
Income (loss) before transfers, capital contributions and special item	37,633,000	(2,261,192)	35,371,808
Transfers out	-	(169,984)	(169,984)
Capital contributions	278,000	-	278,000
Special item	(2,601,000)	-	(2,601,000)
Change in net position	35,310,000	(2,431,176)	32,878,824
Total net assets, beginning, as restated	569,964,000	41,177,930	611,141,930
Total net assets, ending	\$ 605,274,000	\$ 38,746,754	\$ 644,020,754

See notes to basic financial statements.

City of North Kansas City, Missouri

**Statement of Cash Flows
Enterprise Funds
Year Ended September 30, 2015**

	Hospital	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 511,308,000	\$ 9,056,005	\$ 520,364,005
Payments to suppliers	(190,776,000)	(7,754,615)	(198,530,615)
Payments to employees	(279,854,000)	(1,659,251)	(281,513,251)
Other receipts	20,685,000	-	20,685,000
Net cash provided by (used in) operating activities	61,363,000	(357,861)	61,005,139
Cash flows from noncapital financing activities:			
Proceeds from interfund accounts	-	(169,984)	(169,984)
Miscellaneous revenue (expense)	-	1,151	1,151
Net cash (used in) noncapital financing activities	-	(168,833)	(168,833)
Cash flows from capital and related financing activities:			
Purchase of capital assets	(23,252,000)	(1,020,864)	(24,272,864)
Interest payments	(2,238,000)	-	(2,238,000)
Principal payments on debt	(10,858,000)	-	(10,858,000)
Proceeds from sale of capital assets	22,000	71,831	93,831
Restricted assets used for capital purposes	(312,000)	-	(312,000)
Contributions restricted for capital purposes	278,000	-	278,000
Net cash (used in) capital and related financing activities	(36,360,000)	(949,033)	(37,309,033)
Cash flows from investing activities:			
Interest and dividends received	7,017,000	87,391	7,104,391
Contribution expense	(482,000)	-	(482,000)
Purchase of investments	(152,563,000)	(478,346)	(153,041,346)
Proceeds from sale of investments	126,602,000	1,425,401	128,027,401
Change in other assets and liabilities	563,000	-	563,000
Distributions from investees	1,094,000	-	1,094,000
Net cash provided by (used in) investing activities	(17,769,000)	1,034,446	(16,734,554)
Increase (decrease) in cash and cash equivalents	7,234,000	(441,281)	6,792,719
Cash and cash equivalents, beginning of year	19,905,000	2,810,953	22,715,953
Cash and cash equivalents, end of year	\$ 27,139,000	\$ 2,369,672	\$ 29,508,672

(Continued)

City of North Kansas City, Missouri

Statement of Cash Flows (Continued)

Enterprise Funds

Year Ended September 30, 2015

	Hospital	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 33,955,000	\$ (2,376,247)	\$ 31,578,753
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	27,779,000	2,453,817	30,232,817
Gain on sale of capital assets	16,000	-	16,000
Change in assets and liabilities:			
Receivables	5,130,000	116,228	5,246,228
Inventory	(195,000)	-	(195,000)
Prepaid items and other	2,323,000	44,990	2,367,990
Net pension asset	19,728,000	77,475	19,805,475
Deferred outflows of resources	(32,016,000)	(216,752)	(32,232,752)
Deferred inflows of resources	772,000	146,554	918,554
Accounts payable and accrued expenses	2,665,000	(505,475)	2,159,525
Unearned revenue	-	(24,923)	(24,923)
Net postemployment health care benefits obligation	-	(4,694)	(4,694)
Accrued employee related expenses	1,603,000	(68,834)	1,534,166
Reserve for liability risk	819,000	-	819,000
Estimated reimbursements payable	(1,216,000)	-	(1,216,000)
Net cash provided by (used in) operating activities	\$ 61,363,000	\$ (357,861)	\$ 61,005,139
Schedule of noncash items:			
Note and capital lease obligations incurred for capital assets	\$ 3,066,000	\$ -	\$ 3,066,000
Property and equipment purchases included in accounts payable	284,000	-	284,000
Change in fair value of investments	(1,676,000)	235	(1,675,765)

See notes to basic financial statements.

City of North Kansas City, Missouri

**Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2015**

Assets

Investments:

Pimco Total Return Fund	\$	18,671,611
Vanguard 500 Index Fund		18,118,800
Vanguard Developed Markets Index Fund		6,293,936
Vanguard Extended Market Index		2,384,736
Vanguard Emerging Markets Index Fund		3,794
Commingled employee benefit fund trusts		238,963,024
Money market mutual funds		2,489,432
Receivables, accrued interest and dividends		<u>16</u>
Net position held in trust for pension benefits	\$	<u><u>286,925,349</u></u>

See notes to basic financial statements.

City of North Kansas City, Missouri

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended September 30, 2015

Additions:	
Contributions:	
Employer	\$ 7,043,030
Plan member deposits	140,302
Total contributions	<u>7,183,332</u>
Investment income:	
Net appreciation in fair value of investments	16,164,985
Interest and dividends	1,488,515
Less investment expenses	(769,827)
Net investment income	<u>16,883,673</u>
Total additions	<u>24,067,005</u>
Deductions:	
Benefits	16,430,110
Administrative expenses	250,047
Total deductions	<u>16,680,157</u>
Change in net position	7,386,848
Net position held in trust for pension benefits, beginning of year	<u>279,538,501</u>
Net position held in trust for pension benefits, end of year	<u>\$ 286,925,349</u>

See notes to basic financial statements.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 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.

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.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

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

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 Sales Tax: Established solely for the purpose of funding the promotion of tourism and infrastructure improvements, which is funded primarily with restricted property taxes.

Parks and Recreation: Established to account for the activities of the Park Board which administers the operation of all City parks, which is funded primarily with restricted property taxes.

Public Library: Established to account for the activities of the Library Board which administers the operations of the City's free library, which is funded primarily with restricted property taxes.

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 Funds: The Capital Projects Funds are 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.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

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

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, 2015 year-end.

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, 2014 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 post-certified police officers and firefighters of the City.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

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

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, pensions 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 2015 levy plus any uncollected amounts from prior years' levies.

Property taxes that are not available for current year operations are shown as deferred inflows of resources. 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.

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.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

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

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. The City records as accounts receivable in the water and water pollution control nonmajor enterprise funds the amount of earned, but unbilled revenue for these funds determined by prorating actual subsequent billings.

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 20 years in relation to this project, which was completed during the year ended September 30, 2009.

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 two years 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.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

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

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 outflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The deferred outflow item consists of unrecognized items not yet charged to pension expense related to the net pension liability (asset) and contributions paid by the City after the measurement date but before the end of the City's reporting period.

Deferred inflows of resources: In addition to liabilities, the financial statements 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.

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.

In the City's government-wide statements, the property tax revenues remain as a deferred inflow of resources and will become an inflow in the year for which the taxes are levied. The City's government-wide statements also include the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the City's contributions and proportionate share of contributions all related to the net pension liability (asset).

Pensions: For purposes of measuring the net pension asset, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pensions have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

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

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 (excluding the Hospital), 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 50 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.

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits, and are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized.

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. Compensated absence liabilities are computed using the regular and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments, such as social security and Medicare taxes computed using rates in effect at that date.

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

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (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 deferred outflows of resources and liabilities and deferred inflows of resources. 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. \$32,932,000 of lost charges from free care was considered to be charity care in the year ended June 30, 2015.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

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

Special item: NorthCare Hospice is considered a blended component unit of the Hospital. On June 30, 2015, a member substitution took place whereby a nonrelated organization to the Hospital took over the operations of NorthCare Hospice. The Hospital recorded an expense as a special item on the statement of revenues, expenses and changes in net position of \$2,601,000 to account for the transition of NorthCare Hospice.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 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 enterprises, collateralized 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.

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 no maturity but they are redeemable in full immediately.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

As of September 30, 2015, 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	\$ 53,361,252	\$ 35,144,291	\$ 18,216,961	\$ -	\$ -	\$ -	
Investments, Hospital Fund:							
Money market mutual funds	9,914,000	-	-	-	-	9,914,000	
U.S. Treasury and agency obligations	330,640,000	35,156,000	191,063,000	92,573,000	11,848,000	-	
Total investments, Hospital Fund	340,554,000	35,156,000	191,063,000	92,573,000	11,848,000	9,914,000	
Investments, Pension Trust Funds:							
Pimco Total Return Fund	18,671,611	-	-	-	-	18,671,611	
Vanguard 500 Index Fund	18,118,800	-	-	-	-	18,118,800	
Vanguard Developed Markets Index Fund	6,293,936	-	-	-	-	6,293,936	
Vanguard Extended Market Index	2,384,736	-	-	-	-	2,384,736	
Vanguard Emerging Markets Stock Index Inv	3,794	-	-	-	-	3,794	
Money market mutual funds, police and fire	341,923	-	-	-	-	341,923	
Commingled employee benefit fund trusts, hospital:							
Domestic equity funds	100,003,323	-	-	-	-	100,003,323	
International equity funds	52,475,438	-	-	-	-	52,475,438	
Fixed income funds	86,484,263	-	-	-	-	86,484,263	
Money market mutual funds, hospital	2,147,509	-	-	-	-	2,147,509	
Total investments, pension trust funds	286,925,333	-	-	-	-	286,925,333	
Total investments	\$ 680,840,585	\$ 70,300,291	\$ 209,279,961	\$ 92,573,000	\$ 11,848,000	\$ 296,839,333	

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 2. Deposits and Investments (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	\$ 8,936,057	AA+
FHLMC bonds	7,117,725	AA+
FHLB bonds	23,413,421	AA+
FFCB bonds	13,894,049	AA+
Money market mutual funds, hospital	9,914,000	*
U.S. Treasury and agency obligations, hospital	330,640,000	**
Commingled employee benefit fund trusts (Russell Funds)	238,963,024	***
Pimco Total Return Fund	18,671,611	Not Rated
Vanguard 500 Index Fund	18,118,800	Not Rated
Vanguard Developed Markets Index Fund	6,293,936	Not Rated
Vanguard Extended Market Index	2,384,736	Not Rated
Vanguard Emerging Markets Stock Index Inv	3,794	Not Rated

* As of June 30, 2015, 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, 2015, 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, 2014, the commingled employee benefit fund trusts owned by the Hospital Pension Plan were rated between AAA and Caa by Moody's and Standard & Poor's.

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, 2015, 11 percent of the City's funds were invested in certificates of deposit.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Investment Type	Concentration
City (excluding pension and hospital):	
FNMA bonds	16.7%
FHLMC bonds	13.3%
FHLB bonds	43.9%
FFCB bonds	26.0%
Hospital:	
FNMA	24.0%
FHLMC	25.0%
FHLB	15.0%
Pensions:	
Russell International Fund	8.9%
Russell Multi Manager Bond Fund	41.8%
Russell 1000 Index Fund Series I	40.4%
Russell World Equity Fund	9.0%
Pimco Total Return Fund	41.1%
Vanguard 500 Index Fund	39.8%
Vanguard Developed Markets Index Fund	13.8%
Vanguard Extended Market Index	5.2%

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, 2015, none of the City's (excluding the Hospital) 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, 2015, the City's investments were not exposed to custodial credit risk.

At June 30, 2015, \$2,292,844 of the Hospital's bank balances of \$19,739,156 was exposed to custodial credit risk.

The investments of \$286,925,333 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.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

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

Deposits	\$ 30,733,368
Investments	680,840,585
	<u>\$ 711,573,953</u>
Cash and cash equivalents	\$ 30,733,368
Current portion of restricted assets held by trustee	3,348,000
Investments:	
City (not including Pension Trust Funds)	53,361,252
Pension Trust Funds	286,925,333
Restricted and designated assets:	
Cash and cash equivalents	9,914,000
Investments	327,292,000
	<u>\$ 711,573,953</u>

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended 2015:

	Balance 2014	Additions	Retirements	Balance 2015
Governmental Activities				
Capital assets, not being depreciated, land	\$ 28,128,536	\$ 428,010	\$ -	\$ 28,556,546
Capital assets, being depreciated:				
Buildings and improvements	35,439,518	373,797	-	35,813,315
Infrastructure	8,383,686	918,400	-	9,302,086
Equipment	18,383,405	703,179	900,751	18,185,833
Total capital assets being depreciated	<u>62,206,609</u>	<u>1,995,376</u>	<u>900,751</u>	<u>63,301,234</u>
Less accumulated depreciation for:				
Buildings and improvements	13,418,847	1,189,982	-	14,608,829
Infrastructure	2,834,880	488,951	-	3,323,831
Equipment	13,242,871	939,916	900,751	13,282,036
Total accumulated depreciation	<u>29,496,598</u>	<u>2,618,849</u>	<u>900,751</u>	<u>31,214,696</u>
Total capital assets being depreciated, net	<u>32,710,011</u>	<u>(623,473)</u>	<u>-</u>	<u>32,086,538</u>
Governmental activities capital assets, net	<u>\$ 60,838,547</u>	<u>\$ (195,463)</u>	<u>\$ -</u>	<u>\$ 60,643,084</u>

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Balance 2014	Additions	Retirements	Balance 2015
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 6,674,989	\$ -	\$ -	\$ 6,674,989
Construction-in-progress	1,538,000	12,770,000	3,689,000	10,619,000
Total capital assets, not being depreciated	8,212,989	12,770,000	3,689,000	17,293,989
Capital assets, being depreciated:				
Buildings and improvements	385,402,312	2,453,622	20,000	387,835,934
Infrastructure	24,335,409	538,020	-	24,873,429
Equipment	270,737,536	11,288,222	1,450,037	280,575,721
Total capital assets being depreciated	680,475,257	14,279,864	1,470,037	693,285,084
Less accumulated depreciation for:				
Buildings and improvements	165,952,007	10,611,490	866,000	175,697,497
Infrastructure	9,706,332	1,260,952	-	10,967,284
Equipment	203,913,551	17,532,375	2,818,647	218,627,279
Total accumulated depreciation	379,571,890	29,404,817	3,684,647	405,292,060
Total capital assets being depreciated, net	300,903,367	(15,124,953)	(2,214,610)	287,993,024
Business-type activities capital assets, net	\$ 309,116,356	\$ (2,354,953)	\$ 1,474,390	\$ 305,287,013

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
General government	\$ 126,499
Public safety	1,176,008
Public works	977,133
Culture and recreation	339,209
Total depreciation expense, governmental activities	\$ 2,618,849

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

Business-Type Activities:	
Hospital	\$ 26,951,000
Health and Community Center	379,696
Water	408,559
Water Pollution Control	1,038,921
Communications	626,641
Total depreciation expense, business-type activities	\$ 29,404,817

The Hospital leases certain building space to facilitate the Meritas health care practices under noncancelable operating leases. Rental expense was \$3,813,000 for the Hospital Enterprise Fund's year ended June 30, 2015.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 4. Related Party Transactions and Joint Ventures

The Hospital is a member of a joint venture agreement with United Surgical Partners International, Inc. (USPI), whereby the Hospital owns 50.1 percent of NKCH/USPI Surgery Centers I, L.L.C., a Missouri Limited Liability Company (the Joint Venture). The Joint Venture owns 56 percent and 61 percent, respectively, of the two Centers. The Centers' remaining 44 percent and 39 percent 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 percent 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 percent 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.

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 21.4 percent net ownership interest in the Heart Surgeons of Kansas City at June 30, 2015.

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 percent net ownership interest in the organization.

Note 5. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended 2015:

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015	Due Within One Year
Governmental Activities, compensated absences	\$ 1,735,694	\$ 1,697,169	\$ 1,735,694	\$ 1,697,169	\$ 101,830
Business-Type Activities:					
Revenue bonds:					
2013A Hospital revenue bonds	\$ 34,512,000	\$ -	\$ 2,681,000	\$ 31,831,000	\$ 2,737,000
2013B Hospital revenue bonds	32,690,000	-	2,592,000	30,098,000	2,636,000
Total revenue bonds	67,202,000	-	5,273,000	61,929,000	5,373,000
Notes payable	9,735,000	-	750,000	8,985,000	796,000
Capital lease	17,517,000	3,066,000	4,835,000	15,748,000	4,971,000
Compensated absences	33,612,880	34,976,046	33,612,880	34,976,046	34,882,943
	<u>\$ 128,066,880</u>	<u>\$ 38,042,046</u>	<u>\$ 44,470,880</u>	<u>\$ 121,638,046</u>	<u>\$ 46,022,943</u>

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

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

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.

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 percent and 1.7 percent, 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 \$528,063,000 and \$35,310,000, respectively. Principal and interest paid on the bonds in the current year totaled \$10,858,000 and \$2,238,000, respectively.

Maturities of the Hospital revenue bonds are as follows:

	Principal	Interest
Year ending June 30:		
2016	\$ 5,373,000	\$ 1,144,000
2017	5,480,000	1,037,000
2018	5,586,000	931,000
2019	5,694,000	823,000
2020	5,802,000	715,000
2021-2025	30,751,000	1,836,000
2026-2027	3,243,000	17,000
	<u>\$ 61,929,000</u>	<u>\$ 6,503,000</u>

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Debt (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%	9/1/2016	\$ 446,000
Note 2	2,422,000	6.42	9/1/2016	1,976,000
Note 3	2,931,000	5.47	9/10/2020	-

The debt service requirements as of June 30, 2015 on the notes payable are as follows:

	Total to be Paid	Principal	Interest
For the year ending June 30:			
2016	\$ 1,289,000	\$ 796,000	\$ 493,000
2017	7,066,000	6,875,000	191,000
2018	465,000	399,000	66,000
2019	465,000	422,000	43,000
2020	464,000	445,000	19,000
2021-2023	48,000	48,000	-
	<u>\$ 9,797,000</u>	<u>\$ 8,985,000</u>	<u>\$ 812,000</u>

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, 2015 totaled \$24,799,781, which is net of accumulated depreciation of \$11,781,531. The following is a schedule by year of future minimum lease payments under the capital leases including interest at a rates between 1.5 percent and of 5.0 percent together with the present value of the future minimum lease payments:

	Amount
For the year ending June 30:	
2016	\$ 5,285,000
2017	4,438,000
2018	4,015,000
2019	2,381,000
2020	270,000
Less amount representing interest	(641,000)
	<u>\$ 15,748,000</u>

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 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.

Designated by Board for:

Capital improvements	\$ 331,642,000
Assumption of malpractice and general liability risks	4,550,000
Assumption of workers' compensation risks	4,362,000
	<u>\$ 340,554,000</u>

These amounts are displayed on the balance sheet as follows:

Current portion of restricted assets held by trustee	\$ 3,348,000
Designated assets:	
Cash and cash equivalents	9,914,000
Investments	327,292,000
	<u>\$ 340,554,000</u>

Note 7. Operating Lease

The City leases land, a building and other improvements to a third party under a lease agreement dated March 28, 2003 that is currently operating under the second five-year extended term. In order to remediate certain environmental conditions on the leased property and to construct and extend a new roadway across the leased property, the City has given notice to the lessee that the City intends to immediately exercise its power of eminent domain and condemn the leasehold estate held by the third party. The City intends to take possession of the property during 2016.

The land and building as of September 30, 2015 include the following assets under the operating lease:

Land	\$ 744,000
Building	1,339,924
Less accumulated depreciation	(480,919)
Net book value of the asset being leased	<u>\$ 1,603,005</u>

Note 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 2020, with four remaining five-year options to extend the terms of the lease.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 9. Interfund Transfers and Balances

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

	Transfers In	Transfers Out
Other nonmajor governmental funds	\$ 1,182,679	\$ 1,012,695
Other nonmajor enterprise funds	(169,984)	-
	<u>\$ 1,012,695</u>	<u>\$ 1,012,695</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that state or budget requires to expend them. The majority of the interfund transfers represent transfers of resources from capital projects funds to other funds for budgeted capital projects within those funds.

Note 10. Retirement Systems and Pension Plans

As a result of the adoption of GASB Statement Nos. 68 and No. 71, the beginning net position of the governmental activities, business-type activities, the Hospital Fund and certain nonmajor enterprise funds were restated. The effect on beginning net position is as follows:

	Governmental Activities	Business-Type Activities	Hospital	Nonmajor Enterprise Funds	
				Water	Water Pollution Control
Net position September 30, 2014, as previously reported	\$ 114,537,304	\$ 620,430,168	\$ 579,677,000	\$ 6,575,547	\$ 15,388,406
Net pension asset, as previously reported	(1,982,700)	(34,705,000)	(34,705,000)	-	-
Net pension asset	1,731,112	25,383,450	24,992,000	274,175	117,275
Pension related deferred outflows	147,321	33,312	-	23,332	9,980
Net position October 1, 2014, as restated	<u>\$ 114,433,037</u>	<u>\$ 611,141,930</u>	<u>\$ 569,964,000</u>	<u>\$ 6,873,054</u>	<u>\$ 15,515,661</u>

The City participates in three different pension plans: Missouri Local Government Employees Retirement System Plan (LAGERS), the Police and Fire Retirement Plan and the North Kansas City Hospital Pension Plan. Information about each plan is as follows:

Missouri Local Government Employees Retirement System (LAGERS)

General Information about the Pension Plan

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

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

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

	2015 Valuation
Benefit multiplier	2%
Final average salary	3 years
Member contributions	0%

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

Employees covered by benefit terms: At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	31
Active employees	66
	176

Contributions: The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. The employer contribution rate for the general division is 18.5 percent of annual covered payroll.

Net pension liability (asset): The employer's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2015. Standard update procedures were used to roll forward the net pension liability (asset) to June 30, 2015.

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

Inflation	3.5% wage inflation; 3.0% price inflation
Salary increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25% net of investment and administrative expenses

Mortality rates were based on 105 percent of the 1994 Group Annuity Mortality Table set back 0 years for both males and females. This table provides for an approximate 13 percent margin for future mortality improvement.

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

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	5.50%
Fixed income	25.00	2.25
Real assets	20.00	4.50
Strategic assets	6.50	7.50

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

Changes in the Net Pension Liability (Asset)

Changes in the total pension liability, plan fiduciary net position and the net pension liability (asset) of LAGERS are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 26,099,623	\$ 28,222,185	\$ (2,122,562)
Changes for the year:			
Service cost	498,291	-	498,291
Interest	1,858,377	-	1,858,377
Difference between expected and actual experience	(1,038,281)	-	(1,038,281)
Contributions - employer	-	659,105	(659,105)
Contributions - employee	-	-	-
Net investment income	-	532,455	(532,455)
Benefit payments, including refunds	(1,448,598)	(1,448,598)	-
Administrative expense	-	(15,657)	15,657
Other changes	-	(277,608)	277,608
Net changes	(130,211)	(550,303)	420,092
Balances at June 30, 2015	\$ 25,969,412	\$ 27,671,882	\$ (1,702,470)

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Total pension liability	\$ 29,142,312	\$ 25,969,412	\$ 23,309,247
Plan fiduciary net position	27,671,882	27,671,882	27,671,882
Net pension liability (asset)	<u>\$ 1,470,430</u>	<u>\$ (1,702,470)</u>	<u>\$ (4,362,635)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to LAGERS

For the year ended September 30, 2015, the City recognized pension expense of \$693,787. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ (794,662)
Differences in assumptions	-	-
Difference between expected and actual investment earnings	1,180,072	-
Contributions subsequent to the measurement date*	175,857	-
Total	<u>\$ 1,355,929</u>	<u>\$ (794,662)</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2016.

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

Years ending September 30:	
2016	\$ 51,399
2017	51,399
2018	51,399
2019	231,213
	<u>\$ 385,410</u>

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

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

Police and Fire Retirement Plan

Plan description: The City's Police Officer's and Firefighter's Retirement Fund (the Plan) is a single employer defined benefit pension plan. It was created and established by the City under section 2.64 of the City Code to provide money for retirement, death and disability benefits for employees of the police department and fire department of the City. The Plan is administered by a Board of Trustees (Board) for the exclusive purpose of providing benefits for the members of the Plan and their spouses and other beneficiaries, except for the payment of reasonable expenses which are necessary for the operation of the Plan, in accordance with the relevant terms and provisions of the City code. The Board consists of the Mayor, the City Attorney, the City Treasurer, the Chief of Police, the Fire Chief and two members elected by participating members – one from police and one from fire.

Persons who become police officers and firefighters of the City become eligible to participate in the plan upon their employment.

At September 30, 2015, Plan membership consisted of the following:

Active employees	87
Vested terminated employees	6
Retirees, beneficiaries and contingent annuitants	77
	<hr/>
	170
	<hr/>

Pension Benefits: A participant entitled to monthly pension benefit is one who has attained the normal retirement age of 55. Members may take early retirement at age 45 after 25 years of service but must retire by age 65. Benefit amounts are generally based upon a percentage not-to-exceed 60 percent of average monthly base salary during the 36 consecutive months of service that produces the highest average out of the 60 consecutive months of service that precede retirement, with certain reductions for lesser years of service. Members also are eligible for disability, pension and death benefits.

In lieu of other benefits, employee contributions will be returned with interest earned upon termination.

Death and disability benefits: If a participant dies while eligible for normal retirement or after ten years of service if not eligible for early retirement, a death benefit may be paid to the participant's designated beneficiary equal to 50 percent of the amount of the retirement benefit which was payable to the participant, reduced for joint life expectancy, payable when the participant would have otherwise reached eligibility for benefits.

Any participant who becomes permanently and totally disabled, as defined by the Plan, and meets the service requirements is entitled to disability benefits based on a percentage of their average monthly salary, as defined by the Plan.

Contributions: The Board has the authority to establish and amend contribution requirements. The City contributes to the Plan a specific percentage of each participant's base pay. Effective April 6, 2013, the employer contribution rate was raised to 6.9 percent. The contribution rate remained unchanged through the year ended September 30, 2015.

Employees contribute to the Plan a specific percentage of participant's base pay. Effective April 6, 2013, the employee contribution rate was raised to 3.1 percent. The contribution rate remained unchanged through the year ended September 30, 2015.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

The Plan terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are based on the lesser of the change in the cost of living adjustment applied to increase social security benefits as of the immediately preceding December 1st or four percent.

Net pension liability: The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of September 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	1% - 2%
Salary increase	4.0%
Investment rate of return	6.5%

Mortality rates were based on the RP-2014 Blue Collar Table. The previous actuarial report for the measurement period ending September 30, 2014, used the RP-2000 Blue Collar Table with generational improvements.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	40.00%	2.00%
U.S. equities	45.00	6.50 - 7.50
International equities	15.00	6.50 - 7.50
	<u>100.00%</u>	

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ending September 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 11.86 percent and 9.98 percent, respectively.

Discount rate: The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability of the City's Police and Fire Pension Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2014	\$ 46,677,818	\$ 47,230,875	\$ (553,057)
Changes for the year:			
Service cost	1,175,127	-	1,175,127
Interest	3,271,756	-	3,271,756
Difference between expected and actual experience	(839,311)	-	(839,311)
Contributions - employer	-	1,043,030	(1,043,030)
Contributions - employee	-	140,302	(140,302)
Net investment income	-	(315,503)	315,503
Benefit payments, including refunds	(2,180,160)	(2,180,060)	(100)
Change in assumptions	(680,469)	-	(680,469)
Administrative expense	-	(103,844)	103,844
Net changes	746,943	(1,416,075)	2,163,018
Balances at September 30, 2015	\$ 47,424,761	\$ 45,814,800	\$ 1,609,961

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.5 percent, as well as what the City's net pension asset (liability) would be if it were calculated using a discount rate that is one percentage point lower (5.5 percent) or one percentage point higher (7.5 percent) than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
City's Net Pension Liability (Asset)	\$ 7,819,657	\$ 1,609,961	\$ (2,337,402)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Police and Fire Pension

For the year ended September 30, 2015, the City recognized pension expense of \$1,839,510. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 715,226
Changes in assumptions	-	579,867
Difference between expected and actual investment earnings	2,765,569	-
Total	\$ 2,765,569	\$ 1,295,093

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

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

Years ending September 30:	
2016	\$ 466,705
2017	466,705
2018	466,705
2019	466,705
2020	(224,687)
Thereafter	(171,657)
	<u>\$ 1,470,476</u>

Deferred inflows of resources are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of each measurement period (6.764 as of September 30, 2014). The deferred outflows of resources related to the difference between expected and actual investment earnings is being amortized over a closed five-year period beginning in the current year

Statements of Fiduciary Net Position and Changes in Fiduciary Net Position of the Police and Fire Pension Fund as of and for the Year Ended September 30, 2015:

	<u>Police and Fire Retirement</u>
Assets	
Investments	<u>\$ 45,814,800</u>
Net position held in trust for pension benefits	<u>\$ 45,814,800</u>

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

	<u>Police and Fire Retirement</u>
Additions:	
Contributions:	
Employer	\$ 1,043,030
Plan member deposits	<u>140,302</u>
Total contributions	<u>1,183,332</u>
Investment income:	
Net depreciation in fair value of investments	(1,795,725)
Interest and dividends	<u>1,480,222</u>
Net investment income	<u>(315,503)</u>
Total additions	<u>867,829</u>
Deductions:	
Benefits	2,180,060
Administrative expenses	<u>103,844</u>
Total deductions	<u>2,283,904</u>
Change in net position	(1,416,075)
Net position held in trust for pension benefits, beginning of year	<u>47,230,875</u>
Net position held in trust for pension benefits, end of year	<u><u>\$ 45,814,800</u></u>

North Kansas City Hospital Pension Plan

Plan description: The Hospital contributes to the North Kansas City Hospital Retirement Plan (the Hospital Plan) a single employer noncontributory defined benefit pension plan which covers substantially all employees of the North Kansas City Hospital (NKCH) and certain employees of Meritas. The Hospital provides retirement, disability and death benefits to plan members and beneficiaries. The Hospital Plan is administered by the Retirement Committee which consists of the Chief Executive officer, Chief Financial Officer and Vice President of Human Resources of NKCH. The Hospital Plan issues a publicly available financial report that includes financial statements and required supplementary information (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.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

Benefits provided: Participants with five or more years of vested service are entitled to monthly income pension benefits beginning at normal retirement, age 65, equal to 1.35 percent for those employees hired prior to December 31, 2004, and 0.90 percent thereafter of their average compensation up to an integration level defined in the Hospital Plan, plus 2.00 percent through December 31, 2004, and 1.40 percent thereafter of their average compensation in excess of this integration level, multiplied by their credited service, as defined by the Hospital Plan. The Hospital Plan permits early retirement after attaining age 55 and completing ten years of vesting service or attaining age 62. The monthly pension benefit is determined as of the early retirement date with payments commencing at age 65, unless the participant elects earlier payment for a reduced amount. The benefit formula has been reduced for new employees hired on or after January 1, 2005.

The forms of benefit payments are a life annuity or lump-sum payment. Other options are available upon election at retirement.

If an active participant dies before his/her normal retirement date, a death benefit is payable consisting of the present value of the participant's accrued benefit on the date of death.

An active participant who becomes totally and permanently disabled before his/her retirement date is eligible for a monthly benefit equal to his/her accrued benefit on the day before his/her monthly disability benefit begins.

The employees covered by the Hospital Plan at December 31, 2014, included in the actuarial valuation as of January 1, 2015:

Active participants	2,450
Retired participants, beneficiaries, and disableds	278
Participants with deferred benefits	1,096
	<u>3,824</u>

Contributions: The contribution requirements of participants and the Hospital are established and may be amended by the Hospital. Hospital Plan members are not required or permitted to contribute any of their annual covered salary. The Hospital contributes to the Hospital Plan at a level at or above the minimum funding requirements determined by independent actuarial valuation. The Hospital's contribution to the Hospital Plan for the year ended December 31, 2014 was \$6,000,000, which was substantially higher than the actuarial determined contribution of \$4,013,754. The Hospital also contributed \$12,000,000 after December 31, 2014 but before June 30, 2015, which is included as a deferred outflow of resources in the balance sheet at June 30, 2015.

Net pension liability (asset): The Hospital's net pension liability (asset) was measured as of December 31, 2014 (the Hospital Plan's fiscal year-end) and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

Actuarial assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rates	
Funding rate	7.00%
Lump sum interest rate	4.50
Salary and taxable wage base increases	2.50 - 3.00
Investment rate of return	7.00
Indexed limits on compensation benefits	2.50

Mortality rates were based on the RP-2014 Mortality Table, with generational improvement based on the 2014 Social Security intermediate actuarial assumptions for generational improvements for benefits paid as an annuity. For the year ended December 31, 2013, mortality rates were based on the Static Mortality Table.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	49.00%	4.6 - 7.2%
International equity	8.00	4.6 - 7.2
Fixed income	37.00	1.7 - 2.7
Cash	6.00	0.0 - 0.6
	100.00%	

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ending December 31, 2014 and 2013, the annual money-weighted rate of return on the Hospital Plan investments, net of pension plan investment expense was 7.68% and 15.60%, respectively.

Discount rate: The discount rate used to measure the total pension liability was 7 percent for the year ended June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Hospital Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

Changes in the Net Pension Liability (Asset)

Changes in the total pension liability, plan fiduciary net position and the net pension liability (asset) of the North Kansas City Hospital Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at January 1, 2014	\$ 207,315,721	\$ 232,307,626	\$ (24,991,905)
Changes for the year:			
Service cost	6,083,970	-	6,083,970
Interest	14,789,028	-	14,789,028
Difference between expected and actual experience	4,804,298	-	4,804,298
Contributions - employer	-	6,000,000	(6,000,000)
Net investment income	-	17,199,177	(17,199,177)
Benefit payments, including refunds	(14,250,050)	(14,250,050)	-
Administrative expense	-	(146,204)	146,204
Other changes	17,103,766	-	17,103,766
Net changes	28,531,012	8,802,923	19,728,089
Balance at December 31, 2014	<u>\$ 235,846,733</u>	<u>\$ 241,110,549</u>	<u>\$ (5,263,816)</u>

Sensitivity of the hospital's net pension liability (asset) to changes in the discount rate: The net pension liability (asset) of the Hospital has been calculated using a discount rate of 7 percent. The following presents the net pension liability (asset) using a discount rate 1 percent higher and 1 percent lower than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Hospital's net pension liability (asset)	\$ 17,401,520	\$ (5,263,816)	\$ (24,815,722)

Hospital Plan Fiduciary Net Position

Detailed information about the Hospital Plan's fiduciary net position is available in the separately issued Plan financial report.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 10. Retirement Systems and Pension Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Hospital Plan:

For the year ended June 30, 2015, the Hospital recognized pension expense of \$6,483,402. At June 30, 2015, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,389,419	\$ -
Changes of assumptions	15,626,757	-
Net difference between projected and actual earnings on pension plan investments	-	771,489
Hospital contributions made subsequent to the measurement date of the net pension asset	12,000,000	-
Total	<u>\$ 32,016,176</u>	<u>\$ 771,489</u>

At June 30, 2015, the Hospital reported \$12,000,000 as deferred outflows of resources related to pensions resulting from Hospital contributions subsequent to the measurement date and prior to year-end that will be recognized as an increase to the net pension asset at June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources June 30, 2015 related to pensions will be recognized in pension expense as follows:

Years ended June 30:	
2016	\$ 1,699,016
2017	1,699,016
2018	1,699,016
2019	1,699,016
2020	1,891,888
Thereafter	10,556,736

Note 11. 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

Note 11. Risk Management (Continued)

At year end, the amount of these liabilities was approximately \$6,254,000. 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:

Fiscal year	Beginning of	Provisions	Payments	End of Year
	Year			
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
2015	5,435,000	4,167,000	3,348,000	6,254,000

At year-end, the Hospital had approximately \$8,912,000 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 \$3,348,000 current and \$2,906,000 long-term on the accompanying statement of net position as of June 30, 2015.

Note 12. Operating Agreements

Community Center Fund: On November 18, 2014, the City Council approved an ordinance which approved the 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 agreement took effect on January 1, 2015 and will expire ten years from this date, with three optional renewal periods of ten years each. This agreement does not meet the definition of a service concession agreement as defined by GASB Statement No. 60.

Under this agreement, the City is to subsidize the operations of the facility through payments of an operating subsidy and if there are operating surpluses, the City and the YMCA are shared equally between the two parties. The City pays the YMCA a fixed management fee of the greater of \$125,000 per the calendar year or a management fee based on a percentage of facility revenues based upon the amount of calendar year facility surplus/loss as calculated by the agreement. The YMCA also has the opportunity to receive deficit reduction bonuses that are described in the terms of the agreement.

The City paid the YMCA \$179,480 in an operating subsidy for the year ended September 30, 2015. For the year ending September 30, 2015, the City incurred management fee expense of \$212,511 and a deficit reduction bonus expense of \$206,250. The amount due to the YMCA as of September 30, 2015 of \$355,004 is recorded in the City's Community Center Fund, a nonmajor enterprise fund.

Communications Fund: On September 2, 2014, the City signed an agreement with DataShack, LLC (DataShack) with authorized KC Fiber, LLC (a subsidiary of DataShack) to operate and maintain the City's fiber optic network known as iNKCity for a term of 10 years with the City retaining ownership of the network. The agreement commenced on September 30, 2014. This agreement does not meet the definition of a service concession agreement as defined by GASB Statement No. 60.

Per the terms of the agreement, the City will share the profits and losses equally with losses capped at \$150,000 per year for the City. The agreement is silent with respect to how the management fee is to be calculated. The City has recorded a management fee expense of \$716,306 for the year ended September 30, 2015. The amount due to KC Fiber, LLC as of September 30, 2015 of \$11,582 is recorded in the City's Communication Fund, a nonmajor enterprise fund.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 13. 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 50 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 18 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.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 14. Commitments and Contingencies

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, 2015, 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.

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.

Note 15. 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, 2015 was as follows:

Medicare	25%
Medicaid	4
Commercial insurance	15
Patients	20
Contracted payers	36
	<hr/>
	100%

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 16. 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.

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 \$138,000 to the plan, net of premiums paid by Plan members receiving benefits. These plan members contributed \$298,000, or approximately 68 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		71,000
Adjustment to the ARC		(78,000)
Annual OPEB cost (expense)		<u>309,000</u>
Contributions made		<u>138,000</u>
Increase in net OPEB obligation		171,000
Net OPEB obligation, beginning of year		<u>2,054,000</u>
Net OPEB obligation , end of year	\$	<u><u>2,225,000</u></u>

The Hospital's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2015, 2014 and 2013 was as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 284,000	39.4%	\$ 1,853,000
June 30, 2014	310,000	35.2	2,054,000
June 30, 2015	309,000	44.7	2,225,000

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 16. Other Postemployment Benefits (OPEB) – Hospital (Continued)

Funded Status and Funding Progress: As of June 30, 2015, the most recent actuarial valuation date January 1, 2013 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, 2013 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 29 years.

Note 17. Major Customer

Revenue generated by one utility customer of the City amounted to \$1,628,477 and \$759,011 for the Sewer (Water Pollution) Fund and Water Fund, respectively. Revenue generated by this customer comprised 42 percent and 33 percent of total operating revenue for the Sewer Fund and Water Fund, respectively, for the year ended September 30, 2015.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 18. Pending Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the City with its year ending September 30, 2015. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The related disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the City beginning with its fiscal year ending September 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued July 2015, will be effective for the City beginning with its fiscal year ending September 30, 2016. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The first category of authoritative GAAP consists of GASB Statements. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the City beginning with its fiscal year ending September 30, 2017. This Statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

City of North Kansas City, Missouri

Notes to Basic Financial Statements

Note 18. Pending Accounting Pronouncements (Continued)

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, will be effective for the City beginning with its fiscal year ending June 30, 2016. Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants by establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools and for governments that participate in those pools.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, issued February 2016, will be effective for the City beginning with its fiscal year ending September 30, 2017. Statement No. 80 clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring component units incorporated as not-for-profit corporations to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the City beginning with its fiscal year ending September 30, 2018. Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 82, *Pension Issues*, issued April 2016, will be effective for the City beginning with its fiscal year ending September 30, 2017. This Statement is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance and addresses the following: (1) presentation of payroll-related measures in required supplementary information, (2) selection of assumptions and the treatment of deviations from guidance in Actuarial Standards of Practice for financial reporting purposes, and (3) classification of payments made by employers to satisfy plan member contribution requirements.

City of North Kansas City, Missouri

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

Fiscal year ending June 30,	2015
Total Pension Liability	
Service cost	\$ 498,291
Interest on the total pension liability	1,858,377
Difference between expected and actual experience	(1,038,281)
Benefit payments, including refunds	(1,448,598)
Net change in total pension liability	<u>(130,211)</u>
Total pension liability, beginning	<u>26,099,623</u>
Total pension liability, ending	<u><u>\$ 25,969,412</u></u>
Plan Fiduciary Net Position	
Contributions-employer	\$ 659,105
Contributions-employee	-
Pension plan net investment income	532,455
Benefit payments, including refunds	(1,448,598)
Pension plan administrative expense	(15,657)
Other	(277,608)
Net change in plan fiduciary net position	<u>(550,303)</u>
Plan fiduciary net position, beginning	<u>28,222,185</u>
Plan fiduciary net position, ending	<u><u>\$ 27,671,882</u></u>
Employer net pension liability (asset)	<u><u>\$ (1,702,470)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	107%
Covered employee payroll	\$ 3,405,758
Employer's net pension liability as a percentage of covered employee payroll	(49.99%)

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Amounts presented are determined as of June 30, the measurement date.

City of North Kansas City, Missouri

**Required Supplementary Information
Schedule of City Contributions
Local Government Employees Retirement System**

Year Ended September 30:	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 651,890	\$ 651,890	\$ -	\$ 3,523,730	18.50%
2014	766,459	698,946	67,513	3,971,288	17.60
2013	692,694	680,398	12,296	4,098,784	16.60
2012	697,470	628,932	68,538	4,031,616	15.60
2011	947,439	781,504	165,935	5,352,763	14.60
2010	751,047	750,936	111	5,522,401	13.60
2009	766,643	766,643	-	5,437,183	14.10
2008	713,369	713,369	-	5,059,353	14.10
2007	700,376	700,376	-	4,897,731	14.30
2006	632,340	632,340	-	4,421,954	14.30

Notes to Schedule of Contributions

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Valuation date	February 28, 2015
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 14 to 27 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.5% wage inflation; 3.00% price inflation
Salary increases	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of administrative and investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

City of North Kansas City, Missouri

**Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Police and Fire Retirement Plan (Pension Trust)**

Fiscal year ending September 30,	2015	2014
Total Pension Liability		
Service cost	\$ 1,175,127	\$ 1,190,804
Interest on the total pension liability	3,271,756	3,202,152
Difference between expected and actual experience	(839,311)	(1,043,437)
Benefit payments, including refunds	(2,180,160)	(2,346,923)
Change in assumptions	(680,469)	-
Net change in total pension liability	746,943	1,002,596
Total pension liability, beginning	46,677,818	45,675,222
Total pension liability, ending	\$ 47,424,761	\$ 46,677,818
Plan Fiduciary Net Position		
Contributions-employer	\$ 1,043,030	\$ 992,924
Contributions-employee	140,302	186,275
Pension plan net investment income	(315,503)	4,208,176
Benefit payments, including refunds	(2,180,060)	(2,346,923)
Pension plan administrative expense	(103,844)	(99,608)
Net change in plan fiduciary net position	(1,416,075)	2,940,844
Plan fiduciary net position, beginning	47,230,875	44,290,031
Plan fiduciary net position, ending	\$ 45,814,800	\$ 47,230,875
Employer net pension liability (asset)	\$ 1,609,961	\$ (553,057)
Plan fiduciary net position as a percentage of the total pension liability	96.61%	101.18%
Covered employee payroll	\$ 5,112,000	\$ 5,213,425
Employer's net pension liability (asset) as a percentage of covered employee payroll	31.49%	-10.61%

Note: Schedule is intended to present information for 10 years. Additional information will be displayed as they become available.

City of North Kansas City, Missouri

**Required Supplementary Information
Schedule of City Contributions
Police and Fire Retirement Plan (Pension Trust)**

	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 1,037,533	\$ 1,043,030	\$ (5,497)	\$ 5,112,000	20.40%
2014	1,208,840	992,924	215,916	5,213,000	19.05

Note: Schedule is intended to present information for 10 years. Additional information will be displayed as they become available.

Assumptions

Valuation date	September 30, 2015	
Actuarial cost method	Entry Age	
Inflation	1% - 2%	
Salary increases	4.0%	
Investment rate of return	6.5%, net of investment expenses	
Retirement age (percent retiring)	45 - 49	5.0%
	50 - 54	10.0%
	55	30.0%
	56 - 64	20.0%
	65	100.0%

Mortality: Mortality rates were based on the RP-2014 Blue Collar table. The previous actuarial report for the measurement period ended September 30, 2014, used the RP-2000 Blue Collar table with generational improvements.

City of North Kansas City, Missouri

**Required Supplementary Information
Schedule of Investment Returns
Police and Fire Retirement Plan**

	2015	2014
Annual money-weighted rate of return, net of investment expense	11.86%	9.98%

Note to Schedule: This schedule is intended to present a 10-year trend. Additional years will be reported as they become available. Amounts are reported as of the Plan's fiscal year ending September 30.

City of North Kansas City, Missouri

**Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
North Kansas City Hospital Pension Plan**

Fiscal year ending June 30,	2015
Total Pension Liability	
Service cost	\$ 6,083,970
Interest	14,789,028
Difference between expected and actual experience	4,804,298
Changes of assumptions	17,103,766
Benefit payments	<u>(14,250,050)</u>
Net change in total pension liability	28,531,012
Total pension liability, beginning	<u>207,315,721</u>
Total pension liability, ending (a)	<u><u>\$ 235,846,733</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 6,000,000
Net investment income	17,199,177
Benefit payments, including refunds of employee contributions	(14,250,050)
Administrative expense	<u>(146,204)</u>
Net change in plan fiduciary net position	8,802,923
Plan fiduciary net position, beginning	<u>232,307,626</u>
Plan fiduciary net position, ending (b)	<u><u>\$ 241,110,549</u></u>
Net pension (asset) (a) - (b)	<u><u>\$ (5,263,816)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	102.2%
Covered employee payroll	\$ 127,830,239
Net pension (asset) as a percentage of covered employee payroll	4.12%

Note: Schedule is intended to present information for 10 years. Additional information will be displayed as they become available.

City of North Kansas City, Missouri

**Required Supplementary Information
Schedule of City Contributions
North Kansas City Hospital Pension Plan**

	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 4,014,000	\$ 18,000,000	\$ (13,986,000)	\$ 130,240,000	13.8%
2014	3,843,000	-	3,843,000	127,830,000	-
2013	6,719,000	18,524,000	(11,805,000)	131,020,000	14.1
2012	6,798,000	7,000,000	(202,000)	130,960,000	5.3
2011	8,695,000	-	8,695,000	133,340,000	-
2010	9,117,000	48,600,000	(39,483,000)	137,110,000	35.4
2009	8,614,000	10,547,000	(1,933,000)	124,450,000	8.5
2008	8,278,000	9,600,000	(1,322,000)	115,070,000	8.3
2007	9,163,000	10,400,000	(1,237,000)	108,300,000	9.6
2006	7,149,000	8,800,000	(1,651,000)	10,400,000	84.6

City of North Kansas City, Missouri

Note to Required Supplementary Information – Schedule of Changes in Net Pension Liability and Related Ratios - North Kansas City Hospital Pension Plan

Historical review of recent actuarial valuations: The following changes to the plan provisions and significant events were reflected in the valuation performed as of December 31, 2014, as listed below:

January 1, 2015 Valuation Date

- The Actuarially Determined Contribution increased from \$2,381,372 to \$5,646,136 due primarily to the changes made to the actuarial assumptions
- The Plan's assets earned a rate of return of 7.68 percent during 2014.
- The average salary of participants who were active in both the 2014 and 2015 valuations increased by 3.8 percent.
- Lump sum benefit payments during 2014 plan year total slightly over \$12.2 million.
- The assumed mortality was changed to the RP-2014 Total Mortality Tables for active participants and for retired participants paid as an annuity.
- The Hospital contributed \$6,000,000 to the Plan during the 2014 plan year.

The combined effect of these items was an increase in the normal cost percentage from 1.74 percent to 3.98 percent.

January 1, 2014 Valuation Date

- The Actuarially Determined Contribution decreased from \$3,842,968 to \$2,381,372 due primarily to the investment gain that occurred during the 2013 calendar year.
- The Plan's assets earned a rate of return of 15.63 percent during 2013.
- The average salary of participants who were active in both the 2013 and 2014 valuations increased by 3.1 percent.
- Lump sum benefit payments during 2013 plan year total slightly over \$21 million.
- The Hospital contributed \$0 to the Plan since the end of the prior fiscal year.

The combined effect of these items was a decrease in the normal cost percentage from 2.73 percent to 1.74 percent.

City of North Kansas City, Missouri

**Required Supplementary Information
Schedule of Investment Returns
North Kansas City Hospital Plan**

	2014	2013
Annual money-weighted rate of return, net of investment expense	7.68%	15.60%

Note to Schedule: This schedule is intended to present a 10-year trend. Additional years will be reported as they become available. Amounts are reported as of the Plan's fiscal year ending December 31.

City of North Kansas City, Missouri

Required Supplementary Information
 North Kansas City Hospital Postemployment Healthcare Plan

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	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)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
A	1/1/2009	\$ -	\$ 2,210,000	\$ 2,210,000	- %	\$ 90,380,000	2.40%
B	1/1/2011	-	2,180,000	2,180,000	-	104,180,000	2.10
C	1/1/2013	-	2,500,000	2,500,000	-	110,930,000	2.30

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

- A. Covers years ended June 30, 2010 and 2011
- B. Covers years ended June 30, 2012 and 2013
- C. Covers years ended June 30, 2014 and 2015

City of North Kansas City, Missouri

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
 (Budgetary Basis) - General Fund
 Year Ended September 30, 2015

	Budget		Actual	Final to Actual Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,002,000	\$ 7,002,000	\$ 7,289,272	\$ 287,272
Intergovernmental	11,000	11,000	22,506	11,506
Licenses and permits	1,760,000	1,760,000	1,900,670	140,670
Charges for services	554,913	554,913	645,870	90,957
Fines and forfeitures	513,000	513,000	470,708	(42,292)
Gaming	3,220,000	3,220,000	3,132,858	(87,142)
Investment earnings	16,700	16,700	51,881	35,181
Miscellaneous	110,000	110,000	117,205	7,205
Total revenues	13,187,613	13,187,613	13,630,970	443,357
Expenditures:				
Current:				
General government	1,553,351	1,570,178	1,399,354	170,824
Public safety	10,359,872	10,422,872	10,005,546	417,326
Public works	1,277,840	1,277,840	1,174,134	103,706
Interdepartmental	761,540	840,323	712,017	128,306
Total expenditures	13,952,603	14,111,213	13,291,051	820,162
				-
Revenues over (under) expenditures	(764,990)	(923,600)	339,919	1,263,519
Other financing sources, proceeds from sale of capital assets	-	-	208,457	208,457
Net change in fund balance	\$ (764,990)	\$ (923,600)	548,376	\$ 1,471,976
Fund balance, beginning of year			9,831,136	
Fund balance, end of year			\$ 10,379,512	

See note to required supplementary information.

City of North Kansas City, Missouri

Note to Required Supplementary Information – Budgetary Schedule

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.

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City of North Kansas City, Missouri

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015**

	Special Revenue		
	Parks and Recreation	Public Library	Convention and Tourism Sales Tax
Assets			
Cash and cash equivalents	\$ 221,304	\$ 177,212	\$ 167,220
Investments	953,249	826,288	779,856
Receivables, net of allowance for uncollectibles:			
Taxes	590,858	886,318	-
Accounts	716	1,076	46,513
Accrued interest	395	-	323
Due from other governmental units	-	-	-
Prepaid items	115	-	-
Property held for resale	-	-	-
	<hr/>		
Total assets	\$ 1,766,637	\$ 1,890,894	\$ 993,912
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 221,069	\$ 91,659	\$ 84
<hr/>			
Deferred Inflows of Resources,			
Property taxes	590,858	886,950	-
<hr/>			
Fund balances:			
Nonspendable:			
Prepaid items	115	-	-
Property held for resale	-	-	-
Restricted:			
Capital projects	-	-	993,828
Bridges and streets	-	-	-
Culture and recreation	954,595	912,285	-
Fire and police pension	-	-	-
Assigned, capital projects and redevelopment	-	-	-
	<hr/>		
Total fund balances	954,710	912,285	993,828
<hr/>			
Total liabilities, deferred inflows and fund balances	\$ 1,766,637	\$ 1,890,894	\$ 993,912

Special Revenue		Capital Projects			Total
Fire and Police Pension Tax	Transportation Sales Tax	Gaming Revenue	Capital Projects		
\$ 1,473	\$ 235,980	\$ 7,869,147	\$ 260,311	\$	8,932,647
6,871	1,028,217	36,693,924	1,160,561		41,448,966
650,587	49,118	-	-		2,176,881
792	274,893	2,500	2,366		328,856
3	426	15,201	481		16,829
-	-	631,345	-		631,345
-	396	5,688	-		6,199
-	-	-	417,424		417,424
<u>\$ 659,726</u>	<u>\$ 1,589,030</u>	<u>\$ 45,217,805</u>	<u>\$ 1,841,143</u>	<u>\$</u>	<u>53,959,147</u>
\$ -	\$ 231,681	\$ 684,170	\$ 5,254	\$	1,233,917
650,587	49,118	-	-		2,177,513
-	396	5,688	-		6,199
-	-	-	417,424		417,424
-	-	-	1,418,465		2,412,293
-	1,307,835	-	-		1,307,835
-	-	-	-		1,866,880
9,139	-	-	-		9,139
-	-	44,527,947	-		44,527,947
<u>9,139</u>	<u>1,308,231</u>	<u>44,533,635</u>	<u>1,835,889</u>		<u>50,547,717</u>
<u>\$ 659,726</u>	<u>\$ 1,589,030</u>	<u>\$ 45,217,805</u>	<u>\$ 1,841,143</u>	<u>\$</u>	<u>53,959,147</u>

City of North Kansas City, Missouri

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended September 30, 2015

	Special Revenue		
	Parks and Recreation	Public Library	Convention and Tourism Sales Tax
Revenues:			
Taxes	\$ 635,015	\$ 952,193	\$ 492,965
Intergovernmental	-	12,751	-
Charges for services	141,910	-	-
Gaming	-	-	-
Investment earnings	6,361	4,594	3,204
Miscellaneous, primarily tax increment financing	24,060	58,015	-
Total revenues	807,346	1,027,553	496,169
Expenditures, current:			
General government	-	-	179,679
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	697,263	877,499	-
Transportation	-	-	-
Capital outlay	494,589	159,681	-
Total expenditures	1,191,852	1,037,180	179,679
Excess of revenues over (under) expenditures before other financing sources (uses)	(384,506)	(9,627)	316,490
Other financing sources (uses):			
Proceeds from the sale of capital assets	16,600	-	-
Transfers in	302,695	165,000	-
Transfers out	-	-	-
Total other financing sources (uses)	319,295	165,000	-
Net change in fund balances	(65,211)	155,373	316,490
Fund balances, beginning of year	1,019,921	756,912	677,338
Fund balances, end of year	\$ 954,710	\$ 912,285	\$ 993,828

Special Revenue		Capital Projects			Total
Fire and Police Pension Tax	Transportation Sales Tax	Gaming Revenue	Capital Projects		
\$ 698,436	\$ 1,598,458	\$ -	\$ -	\$ 4,377,067	
-	268,388	-	-	281,139	
-	-	-	-	141,910	
-	-	7,404,235	-	7,404,235	
1,695	5,833	180,922	6,116	208,725	
-	-	252,422	801,145	1,135,642	
700,131	1,872,679	7,837,579	807,261	13,548,718	
721,000	5,999	831,628	954	1,739,260	
-	-	-	-	-	
-	1,235,520	-	-	1,235,520	
-	-	24,091	-	1,598,853	
-	365,394	-	-	365,394	
-	503,712	1,302,420	-	2,460,402	
721,000	2,110,625	2,158,139	954	7,399,429	
(20,869)	(237,946)	5,679,440	806,307	6,149,289	
-	16,530	-	-	33,130	
-	45,000	669,984	-	1,182,679	
-	-	(512,695)	(500,000)	(1,012,695)	
-	61,530	157,289	(500,000)	203,114	
(20,869)	(176,416)	5,836,729	306,307	6,352,403	
30,008	1,484,647	38,696,906	1,529,582	44,195,314	
\$ 9,139	\$ 1,308,231	\$ 44,533,635	\$ 1,835,889	\$ 50,547,717	

City of North Kansas City, Missouri

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Special Revenue Funds, Budget to Actual
 Year Ended September 30, 2015

	Special Revenue			
	Parks and Recreation		Public Library	
	Budget	Actual	Budget	Actual
Revenues:				
Taxes	\$ 620,000	\$ 635,015	\$ 932,000	\$ 952,193
Intergovernmental	-	-	2,100	12,751
Charges for services	112,000	141,910	-	-
Investment earnings	700	6,361	2,000	4,594
Miscellaneous, primarily tax increment financing	15,000	24,060	46,310	58,015
Contributions	-	-	-	-
Total revenues	747,700	807,346	982,410	1,027,553
Expenditures, current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	821,375	697,263	1,011,419	877,499
Transportation	-	-	-	-
Capital outlay	951,541	494,589	175,000	159,681
Total expenditures	1,772,916	1,191,852	1,186,419	1,037,180
Revenues over (under) expenditures	(1,025,216)	(384,506)	(204,009)	(9,627)
Other financing sources (uses):				
Proceeds from the sale of capital assets	-	16,600	-	-
Transfers in	302,695	302,695	179,000	165,000
Transfers out	-	-	-	-
Total other financing sources	302,695	319,295	179,000	165,000
Net change in fund balances	(722,521)	(65,211)	(25,009)	155,373
Fund balance, beginning of year	1,019,921	1,019,921	756,912	756,912
Fund balance, end of year	\$ 297,400	\$ 954,710	\$ 731,903	\$ 912,285

Special Revenue

Convention and Tourism Sales Tax		Transportation Sales Tax	
Budget	Actual	Budget	Actual
\$ 445,000	\$ 492,965	\$ 1,575,000	\$ 1,598,458
-	-	222,000	268,388
-	-	-	-
1,000	3,204	3,000	5,833
-	-	-	-
-	-	-	-
446,000	496,169	1,800,000	1,872,679
414,365	179,679	-	5,999
-	-	-	-
-	-	1,337,807	1,235,520
-	-	-	-
-	-	382,000	365,394
-	-	697,500	503,712
414,365	179,679	2,417,307	2,110,625
31,635	316,490	(617,307)	(237,946)
-	-	-	16,530
-	-	45,000	45,000
-	-	-	-
-	-	45,000	61,530
31,635	316,490	(572,307)	(176,416)
677,338	677,338	1,484,647	1,484,647
\$ 708,973	\$ 993,828	\$ 912,340	\$ 1,308,231

City of North Kansas City, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Capital Projects Fund, Budget to Actual
 Year Ended September 30, 2015

	Capital Projects Funds			
	Gaming Revenue		Capital Projects	
	Budget	Actual	Budget	Actual
Revenues:				
Gaming	\$ 7,500,000	\$ 7,404,235	\$ -	\$ -
Investment earnings	85,000	180,922	2,200	6,116
Miscellaneous, primarily tax increment financing	306,829	252,422	659,800	801,145
Total revenues	7,891,829	7,837,579	662,000	807,261
Expenditures, current:				
General government	311,472	831,628	1,681,001	954
Public safety	1,007,289	-	-	-
Public works	50,000	-	-	-
Culture and recreation	-	24,091	-	-
Capital outlay	12,188,374	1,302,420	-	-
Total expenditures	13,557,135	2,158,139	1,681,001	954
Revenues over (under) expenditures	(5,665,306)	5,679,440	(1,019,001)	806,307
Other financing (uses):				
Transfers in	669,984	669,984	-	-
Transfers out	(526,695)	(512,695)	(500,000)	(500,000)
Total other financing sources (uses)	143,289	157,289	(500,000)	(500,000)
Net change in fund balances	(5,522,017)	5,836,729	(1,519,001)	306,307
Fund balance, beginning of year	38,696,906	38,696,906	1,529,582	1,529,582
Fund balance, end of year	\$ 33,174,889	\$ 44,533,635	\$ 10,581	\$ 1,835,889

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City of North Kansas City, Missouri

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 September 30, 2015

	Health and Community Center	Water	Water Pollution Control
Assets			
Current assets:			
Cash and cash equivalents	\$ 129,643	\$ 1,167,843	\$ 984,330
Investments	600,090	1,533,472	1,423,787
Receivables, net of allowance for uncollectibles:			
Accounts	54	296,532	365,834
Special assessments	-	-	144,792
Accrued interest	248	635	590
Inventory	-	32,462	-
Prepaid items	106	9,011	14
Total current assets	730,141	3,039,955	2,919,347
Noncurrent assets:			
Receivables, special assessments	-	-	1,696,922
Net pension asset	-	219,911	94,064
Capital assets, net	10,690,733	4,286,126	11,134,679
Total noncurrent assets	10,690,733	4,506,037	12,925,665
Total assets	11,420,874	7,545,992	15,845,012
Deferred Outflows of Resources			
Pension related amounts	-	175,147	74,917
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	\$ 358,300	\$ 209,315	\$ 1,007,462
Compensated absences	-	4,009	1,934
Unearned revenue	-	-	-
Total current liabilities	358,300	213,324	1,009,396
Noncurrent liabilities:			
Compensated absences	-	62,809	30,294
Unearned revenue	-	-	-
Total noncurrent liabilities	-	62,809	30,294
Total liabilities	358,300	276,133	1,039,690
Deferred Inflows of Resources			
Pension related amounts	-	102,648	43,906
Net position			
Investment in capital assets	10,690,733	4,286,126	11,134,679
Unrestricted	371,841	3,056,232	3,701,654
Total net position	\$ 11,062,574	\$ 7,342,358	\$ 14,836,333

Communications		Totals	
\$	87,856	\$	2,369,672
	409,682		3,967,031
	19,438		681,858
	-		144,792
	170		1,643
	-		32,462
	44,491		53,622
	561,637		7,251,080
	-		1,696,922
	-		313,975
	5,381,475		31,493,013
	5,381,475		33,503,910
	5,943,112		40,754,990
	-		250,064
\$	13,937	\$	1,589,014
	-		5,943
	24,923		24,923
	38,860		1,619,880
	-		93,103
	398,763		398,763
	398,763		491,866
	437,623		2,111,746
	-		146,554
	5,381,475		31,493,013
	124,014		7,253,741
\$	5,505,489	\$	38,746,754

City of North Kansas City, Missouri

**Combining Statement of Revenues, Expenses and Changes In Net Position
Nonmajor Enterprise Funds
Year Ended September 30, 2015**

	Health and Community Center	Water	Water Pollution Control
Operating revenues, charges for services	\$ 1,596,594	\$ 2,463,837	\$ 3,750,942
Operating expenses:			
Personal services	529,509	738,887	328,847
Contractual services	851,719	329,149	3,072,502
Materials and supplies	1,410,907	359,419	89,133
Depreciation	379,696	408,559	1,038,921
Total operating expenses	3,171,831	1,836,014	4,529,403
Operating income (loss)	(1,575,237)	627,823	(778,461)
Nonoperating revenues (expenses):			
Other revenue (expense)	(3,486)	2,774	28,304
Interest on special assessments	-	-	62,130
Investment earnings	5,703	8,691	8,699
Total nonoperating revenue	2,217	11,465	99,133
Income (loss) before transfers and capital contributions	(1,573,020)	639,288	(679,328)
Transfers out	-	(169,984)	-
Changes in net position	(1,573,020)	469,304	(679,328)
Total net position, beginning, as restated	12,635,594	6,873,054	15,515,661
Total net position, ending	\$ 11,062,574	\$ 7,342,358	\$ 14,836,333

Communications		Total	
\$	1,128,404	\$	8,939,777
	(4,243)		1,593,000
	1,151,405		5,404,775
	4,973		1,864,432
	626,641		2,453,817
	<u>1,778,776</u>		<u>11,316,024</u>
	<u>(650,372)</u>		<u>(2,376,247)</u>
	-		27,592
	-		62,130
	2,240		25,333
	<u>2,240</u>		<u>115,055</u>
	(648,132)		(2,261,192)
	-		(169,984)
	<u>(648,132)</u>		<u>(2,431,176)</u>
	6,153,621		41,177,930
\$	<u>5,505,489</u>	\$	<u>38,746,754</u>

City of North Kansas City, Missouri

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended September 30, 2015**

	Health and Community Center	Water	Water Pollution Control
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,596,540	\$ 2,435,862	\$ 3,835,137
Payments to suppliers	(1,977,663)	(682,532)	(3,895,112)
Payments to employees	(607,421)	(728,697)	(327,376)
Net cash provided by (used in) operating activities	(988,544)	1,024,633	(387,351)
Cash flows from noncapital financing activities:			
Payments to other funds	-	(169,984)	-
Miscellaneous revenue (expense)	-	1,151	-
Net cash used in noncapital financing activities	-	(168,833)	-
Cash flows from capital and related financing activities:			
Purchases of capital assets	(218,444)	(326,267)	(465,287)
Proceeds from sale of capital assets	953	1,623	69,255
Net cash provided by used in capital and related financing activities	(217,491)	(324,644)	(396,032)
Cash flows from investing activities:			
Interest and dividends received	5,819	8,522	70,883
Purchase of investments	-	(478,346)	-
Proceeds from sale of investments	946,382	-	477,526
Net cash provided by (used in) investing activities	952,201	(469,824)	548,409
Increase (decrease) in cash and cash equivalents	(253,834)	61,332	(234,974)
Cash and cash equivalents, beginning of year	383,477	1,106,511	1,219,304
Cash and cash equivalents, end of year	\$ 129,643	\$ 1,167,843	\$ 984,330
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,575,237)	\$ 627,823	\$ (778,461)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	379,696	408,559	1,038,921
Changes in assets and liabilities:			
Receivables	(54)	(27,975)	84,195
Prepaid items and inventory	11,982	17,132	8,346
Accounts payable and accrued expenses	272,981	(11,096)	(716,900)
Postemployment health care benefits	-	(4,694)	-
Compensated absences	(77,912)	9,787	(709)
Unearned revenue	-	-	(24,923)
Net pension asset	-	54,264	23,211
Pension related deferred outflows	-	(151,815)	(64,937)
Pension related deferred inflows	-	102,648	43,906
Net cash provided by (used in) operating activities	\$ (988,544)	\$ 1,024,633	\$ (387,351)
Schedule of noncash items, change in fair value of investments	\$ 119	\$ (311)	\$ 465

Communications		Total	
\$	1,188,466	\$	9,056,005
	(1,199,308)		(7,754,615)
	4,243		(1,659,251)
	(6,599)		(357,861)
	-		(169,984)
	-		1,151
	-		(168,833)
	(10,866)		(1,020,864)
	-		71,831
	(10,866)		(949,033)
	2,167		87,391
	-		(478,346)
	1,493		1,425,401
	3,660		1,034,446
	(13,805)		(441,281)
	101,661		2,810,953
\$	87,856	\$	2,369,672
\$	(650,372)	\$	(2,376,247)
	626,641		2,453,817
	60,062		116,228
	7,530		44,990
	(50,460)		(505,475)
	-		(4,694)
	-		(68,834)
	-		(24,923)
	-		77,475
	-		(216,752)
	-		146,554
\$	(6,599)	\$	(357,861)
\$	22	\$	235

City of North Kansas City, Missouri

Combining Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2015

	Hospital Pension	Police and Fire Retirement	Total
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	241,110,533	45,814,800	286,925,333
Accrued interest and dividends	16	-	16
Net position	\$ 241,110,549	\$ 45,814,800	\$ 286,925,349

City of North Kansas City, Missouri

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended September 30, 2015

	Hospital Pension	Police and Fire Retirement	Total
Additions:			
Contributions:			
Employer	\$ 6,000,000	\$ 1,043,030	\$ 7,043,030
Plan member deposits	-	140,302	140,302
Total contributions	6,000,000	1,183,332	7,183,332
Investment income:			
Net appreciation (depreciation) in fair value of investments	17,960,710	(1,795,725)	16,164,985
Interest and dividends	8,293	1,480,222	1,488,515
Less investment expenses	(769,827)	-	(769,827)
Net investment income	17,199,176	(315,503)	16,883,673
Total additions	23,199,176	867,829	24,067,005
Deductions:			
Benefits	14,250,050	2,180,060	16,430,110
Administrative expenses	146,203	103,844	250,047
Total deductions	14,396,253	2,283,904	16,680,157
Change in net position	8,802,923	(1,416,075)	7,386,848
Net position held in trust for pension benefits, beginning of year	232,307,626	47,230,875	279,538,501
Net position held in trust for pension benefits, end of year	\$ 241,110,549	\$ 45,814,800	\$ 286,925,349

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City of North Kansas City, Missouri

Statistical Section Contents

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	95 - 99
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax.	100 - 101
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	102 - 104
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.	105 - 107
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.	108 - 109

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The City implemented GASB 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

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City of North Kansas City, Missouri

Net Position By Component
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 60,643,084
Restricted	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	3,161,205
Unrestricted	28,362,421	32,070,855	35,578,260	40,219,568	33,909,406	35,532,283	40,373,380	45,121,958	50,905,949	57,775,621
Total governmental activities net position	\$ 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	\$ 121,579,910
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 218,341,013
Restricted	112,600	134,600	83,600	1,550,600	1,633,600	1,700,600	1,175,000	1,243,000	1,889,000	684,000
Unrestricted	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	424,995,741
Total business-type activities net position	\$ 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	\$ 644,020,754
Primary government:										
Net investment in capital assets	\$ 182,985,229	\$ 177,549,821	\$ 183,213,729	\$ 192,153,549	\$ 205,809,993	\$ 213,169,214	\$ 251,573,356	\$ 276,667,947	\$ 274,956,903	\$ 278,984,097
Restricted	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	3,845,205
Unrestricted	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	482,771,362
Total primary government net position	\$ 483,455,416	\$ 519,681,420	\$ 554,691,166	\$ 595,880,230	\$ 633,785,688	\$ 658,423,207	\$ 691,872,646	\$ 701,760,377	\$ 734,967,472	\$ 765,600,664

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government										
Public safety	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	2,835,303
Public works	10,601,476	10,319,553	12,180,509	12,540,575	12,753,886	10,912,331	10,883,632	11,477,085	9,466,348	11,817,664
Culture and recreation	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	3,448,907
Water pollution control	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	1,973,900
Transportation	206,251	243,734	256,214	320,984	324,305	129,458	321,464	349,162	361,326	368,612
Sanitation	446,926	469,431	492,556	517,556	517,640	-	-	-	-	-
Interdepartmental	555,303	601,742	-	-	-	-	-	-	-	-
Total governmental activities expenses	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	20,444,386
Business-type activities:										
Hospital	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	496,990,000
Health and community center	2,717,141	2,634,102	2,769,563	2,783,227	2,813,169	2,797,549	2,480,455	2,499,411	2,560,783	3,171,831
Water	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	1,836,014
Water pollution control	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	4,529,403
Communications	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	1,778,776
Total business-type activities expenses	343,548,539	367,831,808	399,915,977	413,485,004	416,017,775	432,150,143	447,337,378	458,081,814	466,959,875	506,306,024
Total primary government expenses	384,136,328	386,959,810	421,536,210	435,227,594	437,892,546	452,136,179	467,019,917	478,924,775	487,016,336	528,750,410
Program revenue:										
Governmental activities:										
Charges for services:										
General government	5,842,310	5,831,035	6,038,746	5,580,695	5,549,600	5,770,617	5,771,026	5,886,374	5,884,018	5,683,241
Public safety	584,355	457,462	474,266	478,929	454,465	460,807	429,931	376,885	548,316	466,865
Culture and recreation	150,750	136,413	148,176	147,578	120,498	112,587	132,028	129,817	128,257	141,910
Transportation	-	-	-	-	-	-	220,081	3,180	91,003	-
Operating grants and contributions:										
Public safety	336,145	307,862	480,855	370,453	129,327	-	-	30,376	18,377	22,506
Culture and recreation	12,926	6,714	13,489	17,438	31,488	9,166	7,565	22,765	35,328	12,751
Transportation	61,558	200,866	183,481	174,278	180,080	179,005	153,813	151,761	159,054	269,388
Total governmental activities program revenue	6,988,044	7,040,352	7,339,013	6,789,371	6,465,458	6,532,182	6,714,444	6,601,158	6,864,353	6,595,661
Business-type activities:										
Charges for services:										
Hospital	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	528,063,000
Health and community center	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	1,596,594
Water	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	2,463,837
Water pollution control	2,937,695	2,362,355	2,374,670	2,706,064	2,440,987	2,922,901	2,905,619	3,443,812	3,405,982	3,750,942
Communications	-	113,661	276,671	346,825	393,435	449,107	597,862	847,871	960,230	1,128,404
Capital grants and contributions:										
Hospital	41,000	49,000	-	-	-	-	334,000	287,000	343,000	278,000
Health and community center	-	-	-	-	-	-	-	-	-	-
Water	97,668	9,658	-	3,057,800	-	-	-	-	-	-
Water pollution control	-	-	-	-	-	-	-	-	-	-
Communications	-	22,800	-	-	-	-	-	-	-	-
Total business-type activities program revenues	355,912,780	378,695,497	402,924,710	425,525,686	430,262,357	440,857,738	456,821,603	465,219,516	485,842,937	537,280,777
Total primary government program revenues	362,900,824	385,735,849	410,263,723	432,295,057	436,727,815	447,169,920	463,536,047	471,820,674	492,707,290	545,876,438

(Continued)

City of North Kansas City, Missouri

Changes in Net Position (Continued)
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue:										
Governmental activities	(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)	(13,848,725)
Business-type activities	8,602,832	12,384,241	10,840,889	3,008,733	12,040,682	8,507,595	9,484,225	7,137,702	18,883,062	28,974,753
Total primary government net expense	(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	15,126,028
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
Property taxes	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	2,518,480
Franchise taxes	1,885,987	2,094,331	2,541,871	2,094,730	2,496,166	2,322,566	2,220,430	2,404,190	2,886,451	2,615,648
Sales taxes	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	4,838,815
Other taxes	526,332	680,190	660,703	671,795	656,230	663,726	631,473	666,878	1,363,822	1,693,396
Gaming	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	7,404,235
Investment earnings	1,447,171	1,704,394	1,236,883	605,328	148,209	66,282	62,128	55,949	153,835	260,606
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	241,587
Miscellaneous	444,174	767,871	700,846	1,041,126	925,988	892,383	1,616,515	1,122,605	1,733,663	1,252,847
Transfers	(3,644,654)	(2,901,819)	(1,824,300)	(1,189,690)	(1,758,000)	(372,316)	(260,016)	(70,016)	(451,682)	169,984
Total governmental activities	18,270,254	19,046,572	19,382,978	18,583,047	17,929,198	18,408,868	19,033,470	18,564,906	20,074,232	20,995,598
Business-type activities:										
Investment earnings	2,513,645	15,495,728	25,074,955	24,348,864	19,382,991	9,802,594	16,981,123	504,568	6,948,327	6,585,333
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	62,130
Miscellaneous	-	-	-	-	-	1,000,000	678,700	10,342	42,000	27,592
Transfers	-	-	-	-	-	372,316.00	260,016.00	70,016.00	451,682.00	(169,984)
Special item	-	-	-	-	-	-	-	-	-	(2,601,000)
Total business-type activities	6,158,299	18,397,547	26,899,255	25,538,554	19,382,991	11,174,910	17,899,839	584,926	7,442,009	3,904,071
Total primary government	24,428,553	37,446,119	46,282,233	44,121,601	37,312,189	29,583,778	36,933,309	19,169,832	27,516,241	24,899,669
Changes in net position:										
Governmental activities	4,670,509	6,960,922	5,101,758	3,609,828	2,513,885	4,955,014	6,085,375	4,343,103	6,882,024	7,146,873
Business-type activities	18,522,540	29,238,436	29,907,988	37,579,236	33,633,573	19,682,505	27,384,064	7,722,628	26,325,071	32,878,824
Total primary government	\$ 23,193,049	\$ 36,199,358	\$ 35,009,746	\$ 41,189,064	\$ 36,147,458	\$ 24,637,519	\$ 33,449,439	\$ 12,065,731	\$ 33,207,095	\$ 40,025,697

GASB Statement No. 34 Implemented in Fiscal Year 2002.

City of North Kansas City, Missouri

Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 374,919	\$ 490,285	\$ 800,308	\$ 457,775	\$ 349,500	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,488,852	6,982,556	6,159,500	4,433,392	2,453,343	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,096	2,372	1,478	302,211	14,321
Restricted	-	-	-	-	-	94,450	114,175	84,923	130,023	146,974
Assigned	-	-	-	-	-	639,606	528,790	428,298	375,433	340,651
Unassigned	7,488,852	6,982,556	6,159,500	4,433,392	2,453,343	3,851,420	7,023,200	8,242,190	9,023,469	9,877,566
Total General Fund	\$ 7,863,771	\$ 7,472,841	\$ 6,959,808	\$ 4,891,167	\$ 2,802,843	\$ 4,586,572	\$ 7,669,537	\$ 8,756,889	\$ 9,831,136	\$ 10,379,512
All Other Governmental Funds:										
Reserved	\$ 3,280,167	\$ 3,379,661	\$ 1,179,588	\$ 962,474	\$ 1,734,432	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	17,627,085	20,697,102	26,560,983	34,830,325	29,852,966	-	-	-	-	-
Capital Projects Fund	1,867,265	2,430,409	2,956,061	1,567,013	1,468,541	-	-	-	-	-
Nonspendable	-	-	-	-	-	443,826	448,097	447,224	434,823	423,623
Restricted/committed/assigned:										
Capital projects	-	-	-	-	-	1,182,518	1,109,378	1,482,839	1,789,166	2,412,293
Bridges and streets	-	-	-	-	-	1,135,704	1,560,260	1,641,452	1,473,619	1,307,835
Fire and police pension	-	-	-	-	-	-	-	-	30,008	9,139
Culture and recreation	-	-	-	-	-	5,526,411	783,869	1,115,330	1,770,792	1,866,880
Capital projects and redevelopment	-	-	-	-	-	24,633,724	31,799,978	35,235,802	38,696,906	44,527,947
Total all other government funds	\$ 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	\$ 50,547,717

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	8,896,163	9,088,740	9,774,126	8,637,550	8,798,358	8,798,414	9,122,736	10,169,054	11,555,008	11,666,339
Intergovernmental	544,880	515,442	677,825	562,169	340,895	188,171	377,359	204,902	298,507	303,645
Licenses and permits	1,684,896	1,686,450	1,720,474	1,451,956	1,355,533	1,542,159	1,681,385	1,767,921	1,830,007	1,906,870
Charges for services	298,614	271,051	372,245	244,464	350,562	281,724	634,578	717,454	714,407	787,780
Fines and forfeitures	650,427	542,043	556,784	563,479	537,820	544,314	432,237	380,409	550,891	470,708
Gaming	14,956,587	14,404,752	13,507,108	13,436,036	13,694,291	12,875,633	12,332,043	11,087,479	10,791,592	10,537,893
Investment earnings	1,447,171	1,704,394	1,238,883	605,328	148,209	66,282	62,128	55,849	158,459	260,606
Miscellaneous	444,174	763,175	700,846	1,041,126	925,988	912,669	1,351,436	873,012	1,491,296	1,252,847
Contributions	-	-	-	-	-	14,028	-	-	-	-
Total revenues	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	27,179,688
Expenditures:										
General government	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	3,138,614
Public safety	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	10,005,546
Public works	3,381,086	4,040,480	3,682,823	4,023,869	3,521,349	4,373,147	1,935,624	2,106,971	2,225,048	2,409,654
Culture and recreation	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	1,598,853
Transportation	228,270	238,373	253,473	282,469	287,597	307,373	321,464	349,162	361,326	365,394
Sanitation	446,926	469,431	492,556	517,556	517,640	517,640	-	-	-	-
Interdepartmental	555,303	601,742	708,379	587,276	741,544	1,133,384	641,212	732,584	758,165	712,017
Capital outlay	-	-	-	-	-	-	3,510,592	1,576,882	4,236,842	2,460,402
Total expenditures	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	20,690,460
Excess of revenues (under) expenditures	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	6,489,208
Other financing sources (uses):										
Transfers in	722,000	588,751	564,000	2,344,000	1,044,000	3,702,184	7,433,763	2,138,984	1,613,984	1,182,879
Transfers out	(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)	(1,012,695)
Proceeds from sale of capital assets	26,646	12,164	7,126	15,276	-	-	-	-	-	241,587
Total other financing sources (uses)	(3,473,354)	(2,862,836)	(1,817,174)	(1,174,414)	(1,758,000)	(372,316)	(260,016)	(70,016)	(451,682)	411,571
Net changes in fund balance	(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	6,900,779

GASB Statement No. 34 Implemented in Fiscal Year 2002. Fiscal Year 2001 ending fund balance was restated.
Note: Beginning in Fiscal Year 2002 the Community Center, previously recorded as a special revenue fund was reclassified as an enterprise fund.

City of North Kansas City, Missouri

**Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years**

Fiscal Year	Property	Local Option Sales Taxes	Utility Franchise Taxes	Other Tax	Total
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
2015	2,518,480	4,838,615	2,615,648	1,693,396	11,666,139
Change 2006-2015	75.77%	-4.20%	38.69%	221.74%	31.14%

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

Current year

(Unaudited)

Industry	Percentage Of Total City Sales Tax Revenues
Utilities, regulation, electrical, liquefied petroleum and water	13.5%
Eating and drinking establishments	9.0%
Lumber and construction materials	8.6%
Miscellaneous business services	6.3%
Plumbing, heating and air conditioning	5.1%
General state government	3.9%
Convenience stores	3.7%
Machinery equipment and sales	3.3%
Telephone, cellular and page communications	3.0%
Construction and Related Machinery	2.5%
Total percentage of sales tax revenues	59.0%
City direct sales tax rate	1.50%

Source: Monthly sales tax distribution records.

Note: Sales tax information not available for 2006

City of North Kansas City, Missouri

Legal Debt Margin Information
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited)

Legal Debt Margin Calculation For Fiscal Year 2015										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value										\$ 267,805,394
Debt limit (20% of assessed value)										53,561,079
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										\$ 53,561,079
Debt limit	\$ 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	\$ 53,561,079
Total net debt applicable to limit	—	—	—	—	—	—	—	—	—	—
Legal Debt Margin	\$ 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	\$ 53,561,079
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

Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Water Revenue Bonds					Water Revenue Bonds Outstanding	Water Bonds Coverage	Total Customers	Per Capita Debt
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest				
2006	\$ 1,685,355	\$ 1,392,304	\$ 293,051	\$ 240,000	\$ 8,100	0.0%	N/A	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	
2015	2,463,837	1,427,455	1,036,382	-	-	-	N/A	N/A	

Hospital Revenue Bonds

Fiscal Year	Hospital Revenue Bonds					Hospital Revenue Bonds Coverage
	Gross Revenue (1)	Less Operating Expenses (2)	Net Available Revenue	Debt Service (3) Principal	Debt Service (3) Interest	
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
2015	534,901,000	466,329,000	68,572,000	10,858,000	2,238,000	5.24

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
As of September 30, 2015
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable To City
Debt repaid with property taxes:			
North Kansas City School District	\$ 195,750,000	13.3%	\$ 26,081,252
City of North Kansas City			—
			<hr/>
Total Direct And Overlapping Debt			<u><u>\$ 26,081,252</u></u>

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

City of North Kansas City, Missouri

Demographic and Economic Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended September 30,	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	10,024,570	42,898	*	1,555	10.0%
2015	4,208	*	*	*	1,477	6.7%

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
Current Year and Nine Years Ago
(Unaudited)**

Industry	2015		
	Employees	Rank	Percentage Of Total City Employment
Computer equipment, software and systems	4,088	1	21.8%
Medical services and products	3,540	2	18.9%
Entertainment, restaurants and taverns	1,655	3	8.8%
Manufacturing	1,126	4	6.0%
Building and construction companies	1,022	5	5.5%
Wholesale	740	6	4.0%
Printing, lithographic, graphic design and stationary	625	7	3.3%
Auto parts and repair services	437	8	2.3%
Building material manufacture and supply	405	9	2.2%
Storage and moving companies	363	10	1.9%

Sources: Business License Applications

City of North Kansas City, Missouri

Full-Time Equivalent City Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)

Functions/Program	Full-Time Equivalent Employees as of September 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	1.0	1.0	2.0	2.0	2.0	2.0
Personnel	1.0	1.0	1.0	1.0	1.0	1.8	1.0	1.0	1.0	1.0
Finance	3.5	2.9	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Purchasing	—	—	—	—	—	—	1.0	1.0	1.0	—
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	3.0	3.5	4.5	4.5	4.5	4.9	4.5	4.0	5.0
Economic Development	—	—	—	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community Development	1.0	1.0	1.0	—	—	—	—	—	—	—
Director	4.0	5.0	4.0	—	—	—	—	—	—	—
Codes Inspectors	34.0	34.0	34.0	34.0	38.0	40.0	40.0	40.0	40.0	40.0
Police	12.5	12.0	12.0	12.0	14.5	14.5	14.5	15.5	15.5	15.0
Officers	57.0	57.0	57.0	57.0	58.0	58.0	61.0	61.0	61.0	61.0
Civilians	2.0	2.0	—	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Codes Inspectors	—	—	—	5.0	5.0	5.0	5.0	5.5	4	—
Public Works	3.0	3.0	3.0	2.0	2.0	4.0	4.0	4.0	4.0	6.0
Administration	—	—	—	—	—	—	—	—	—	3.0
Codes Inspectors	4.3	4.3	5.3	5.3	6.3	11.0	12.0	12.0	12.0	12.0
Buildings & Grounds Keepers	6.9	6.8	6.8	6.9	7.8	9.0	9.0	9.0	9.0	9.0
Street Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Parks and Recreation	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General & Administrative	2.5	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Recreation	—	—	—	—	—	—	—	—	—	—
Attendants	2.0	3.1	3.1	3.1	4.6	4.3	4.5	4.5	1.8	1.6
Library	11.6	10.7	10.7	10.7	8.8	10.4	11.6	11.6	10.4	9.4
Administration	—	—	—	—	—	0.0	0.5	0.5	2.0	2.0
Public Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Computer Services	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Water	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant Operators	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
Water Pollution Control	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lab Technicians	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Distribution Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Facility Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recreation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technicians	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	195.3	231.2	230.2	231.3	243.8	258.8	267.3	268.4	263.5	261.8

City of North Kansas City, Missouri

Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:											
Physical arrests	1,651	3,659	1,520	2,809	2,948	2,350	2,118	1,819	1,639	2,129	2,313
Traffic violations	5,549	5,504	4,397	4,633	4,490	3,571	3,841	3,329	3,239	4,637	3,458
Parking violations	1,055	1,027	1,011	1,068	1,205	818	693	479	665	629	863
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	1,935
Number of inspections conducted	864	878	876	140	421	332	381	313	802	1,226	716
In-house training hours	N/A	N/A	N/A	5,348	10,491	10,649	3,418	5,933	8,987	8,620	10,108
Patients transported	N/A	N/A	N/A	656	687	762	774	781	1,222	912	1,213
Building safety											
Commercial building permits	133	132	163	202	193	204	165	197	206	336	213
Residential building permits	171	112	110	106	95	93	110	80	121	118	162
Certificates of occupancy	203	160	101	116	90	101	97	107	104	121	101
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	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	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	1.65mgd

City of North Kansas City, Missouri

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

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 & 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									
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	—
Indoor swimming pools	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

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