



CITY OF NORTH KANSAS CITY, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended September 30, 2019

CITY OF NORTH KANSAS CITY, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019



Prepared by:
Administration Department

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Introductory Section

March 16, 2020

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, 2019.

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

RubinBrown, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of North Kansas City, Missouri’s financial statements for the year ended September 30, 2019. 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 \$31.7 million in fiscal 2019, 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 111 residents, two fire stations with 61 firefighters providing excellent ambulance and fire protection services and two refuse and recycling 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, utility franchise taxes and a half-cent public safety sales tax. For the 2018–2019 budget year, revenue in the General Fund totaled \$17.2 million compared to a budget amount of \$16.0 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, 2019 of approximately \$37.1 million.

The North Kansas City Economy Year 2019 in Review

North Kansas City's robust business climate picked up steam in 2019, as strong building permit and business expansion activity continued to strengthen North Kansas City's excellent position for businesses and for residents.

New Business Highlights

The City's commercial and industrial real estate market remains strong. The City issued a total of 243 building permits in 2019, a lower level of permit activity than in 2017 or 2018. However, total permit valuation, which reached a high in 2017 of \$119 million, exceeded the 2018 valuation. In 2019, the Community Development Department issued permits for nearly \$92 million of development. The permit valuation indicates a continuation of the trend toward larger development projects and strong continued private sector investment in North Kansas City.

Construction activity included a new parking lot on 13th Avenue that will support activity at The Rabbit Hole, an "Explora-Storium" focusing on children's literature. This new cultural amenity is expected to open in 2020. Construction on North Kansas City High School, including the renovation of the original Old Main building and the addition of new performing arts, gymnasium and cafeteria space, was completed in 2019.

North Kansas City also saw new residential construction in 2019. O'Reilly Development began construction on The Backyard in One North. This development will add 240 luxury apartment units and is the first residential construction on the east side of I-35 in many years.

The City also updated its Zoning Ordinance in 2019 with the adoption of new development regulations that focus on urban form and the relationship between private development and public space. The updated ordinance streamlines the development process and provides a more user-friendly use table to provide clear guidance on allowed uses in each zoning district.

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 support new opportunities for North Kansas City.

In 2020, North Kansas City anticipates the continuation of our development boom, with several residential projects expected to break ground. Projects in the pipeline include Curran Park Lofts, a residential mixed-use project in downtown that will add 190 luxury residential units; Gallery Lofts, a 49 unit project with art studio and gallery space; and the development of the undeveloped block at Swift and 23rd Avenue. These projects will bring new residents to the City and support the City's goals for a vibrant, healthy downtown.

Planning for the Future

The City also continues to see progress in the One North development area. The dual-branded Aloft and Element hotels are part of the boutique line of Marriott. The hotels will host 200 rooms and be anchored by a shared 5,000-square-foot conference center. The hotels are expected to open in the fall of 2020. Old Chicago Pizza & Taproom, a 6,356-square-foot restaurant features unique specialty brews, pizzas, signature entrées, and a large outdoor eating space to open in February 2020. Construction is complete on the new Burger King at the corner of Vernon Street and Armour Road. The old Burger King location was razed in late January 2020 and will become home to a new Starbucks later in the same year.

The Burlington Corridor Design project is focused on how to make Burlington a more attractive, welcoming, and green street that integrates all modes of transportation - including vehicles, transit, pedestrians, and bicyclists – while supporting redevelopment activities. This project is supported by a Planning Sustainable Places grant from the Mid-America Regional Council.

The project is currently in the design phase and construction will be carried out in three separate phases spanning a four-year timeframe pending future budget approval.

Major Initiatives

In April 2018, the City issued a Request for Proposals to qualified firms for development of the 1.3-acre City-owned property located at the southwest corner of 18th Avenue and Swift Street to create residential opportunities to complement our growing downtown district. On January 15, 2019, the City Council entered into an agreement with the Sunflower Development Group for the development of high-quality residential units in downtown North Kansas City to be called Curran Lofts.

Curran Lofts will include over 150 units of market-rate apartments, approximately 3,000 square feet of retail space, and structured parking. The parking will include not less than 85 street level parking stalls for public use which will be permanently owned by the City.

The developer is currently in the design phase of the project and construction is anticipated to begin in August 2020.

The City has partnered with the Mid-America Regional Council and the Clay County Senior Services to become a Community For All Ages. This program helps municipalities facilitate conversations on how demographic shifts will impact their community and prepare for the future. Last year, the City achieved the Bronze Level requirements.

In November, the City achieved the Silver Level requirements. The Gold Level includes applying an 'All Ages' lens to a major plan. Staff will apply an 'All Ages' lens to the Bicycle Master Plan currently under development.

In 1998, the northernmost water intake, Well #1, began receiving such high levels of ammonia that the treatment process was ineffective in removing it. Under advice from consultants, the well was abandoned. In 2010 the first well south of the abandoned well, Well #4, began receiving higher than normal amounts of ammonia, indicating that the VOC plume that hit Well #1 was continuing to move south. Water treatment operators stopped using Well #4.

In 2015, the City contracted with Burns and McDonnell to study what was occurring and what needed to be done to improve the water treatment system which is more than one hundred years old. In June 2016, Burns and McDonnell presented their study entitled "Water Supply and Treatment Evaluations and Improvements," which called for certain improvements to protect the City's water source, improve water treatment, maintain high water quality, and extend the life of the facility. Costs for these improvements were estimated at \$14 million, which includes engineering plans.

In 2017, the City Council decided to use revenues in the Gaming Fund to pay for the necessary improvements rather than increasing water rates. In January 2018, the City Council approved a contract with Burns and McDonnell for preparation of construction plans for the Water Plant improvements. Construction plans were completed in November 2019, and construction is anticipated to begin in late April 2020. Construction of improvements are estimated to take about two years.

In September 2019, the Fire Department was notified the City had received a Class One community rating by the Insurance Services Office (ISO). This distinguished rating is a direct result of the collaborative efforts of our firefighters, public works staff, 911 dispatchers, and the ongoing support of the City Council to make North Kansas City a safe, attractive place to live, work, visit, play and do business. North Kansas City previously held a Class Two rating. ISO evaluates approximately 50,000 fire departments or fire districts across the United States. Of those, less than 400 currently have a Class One rating. There are currently only six cities with a Class One rating in Missouri.

Department Focus

Weather events were costly in fiscal 2019. Beginning in mid-March and ending in mid-August 2019, the Missouri River stage level remained high throughout Missouri. In North Kansas City, the stage level reached 35.7 feet in July, which is three feet higher than flood stage. The high river table raised groundwater levels within the Paseo Industrial Area (PID) to three feet below the surface, which caused movement and breakage of large storm sewer pipes below the streets. The broken pipes created voids under the asphalt surfaces, which resulted in sinkholes in many areas. Detours and street closures in various areas were necessary in July and August as the City's contractor repaired the sinkholes and restored the streets.

During the emergency repairs, the cost of repairs was unknown, and it was necessary to obtain several budget amendments to pay periodic invoices. The original fiscal 2019 City Budget included \$125,000 in the Emergency Sewer Repairs line item. The total cost for sinkhole repairs in fiscal 2019 was \$769,241.

In addition to heavy rains, there were 31 emergency snow/ice events in 2019 that required City crews to pre-treat streets with salt and remove snow and ice. Like most of the cities within our region, record amounts of potholes and other asphalt street failures appeared as the ice and snow on the streets thawed. City crews repaired over 30 potholes. The North Kansas City Special Road District's asphalt contractor milled and overlaid several streets and alleys where extensive asphalt damage occurred. Detours and street closures in various areas were necessary in July and August as the City's contractor repaired the sinkholes and restored the streets. The emergency street repairs were completed in September.

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 \$53.4 million in long-term debt. Otherwise, the City was debt free.

OTHER INFORMATION

Independent Audit

The governing body selected the firm of RubinBrownn, 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, 2018. To receive 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**

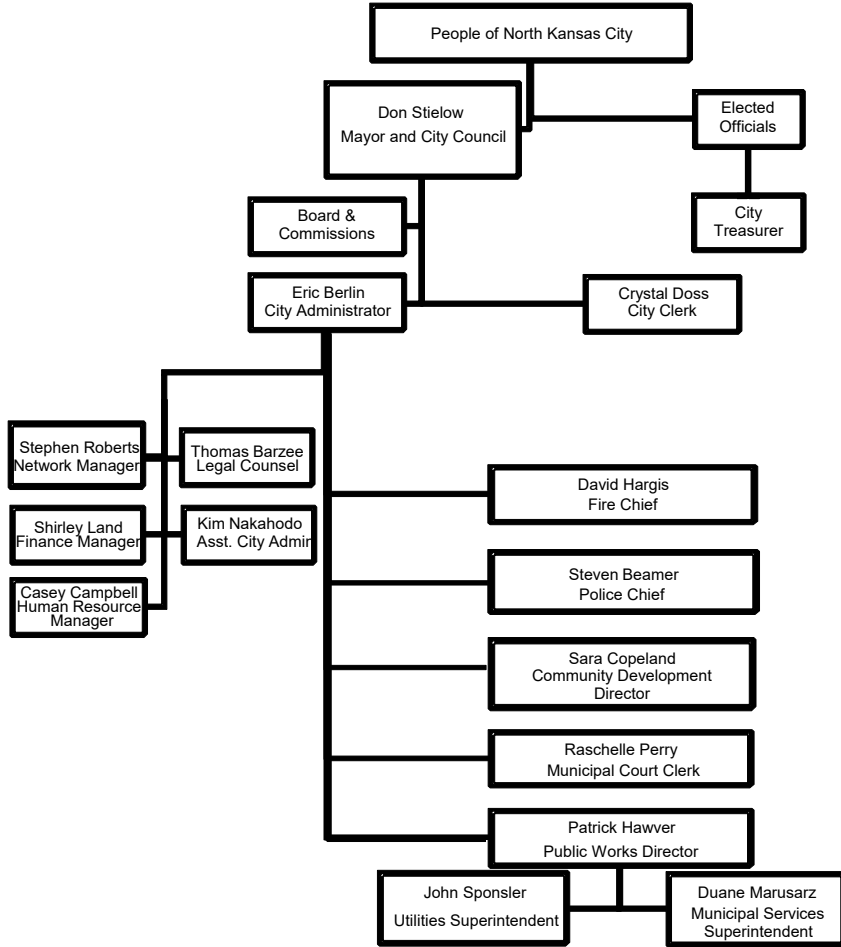
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

City of North Kansas City, Missouri
 Organizational Chart
 Year ended September 30, 2019



CITY OF NORTH KANSAS CITY, MISSOURI

PRINCIPAL OFFICIALS

Elected Officials

Title	Name
Mayor	Don Stielow
Councilmember Ward I	Bryant DeLong
Councilmember Ward I	Rita Pearce
Councilmember Ward II	Jesse Smith
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	David Silvers

Appointed Officials

City Administrator	Eric Berlin
Assistant City Administrator	Kim Nakahodo
City Clerk	Crystal Doss
Legal Counsel	Thomas Barzee, Jr.
Municipal Judge	Steven Fuller
City Attorney	Anthony W. Bologna
Fire Chief	David Hargis
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	Casey Campbell
Information Technology Manager	Stephen Roberts
Finance Manager	Shirley Land

Financial Section



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Kansas City, Missouri (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of North Kansas City Hospital, which represents 94 percent and 98 percent, respectively, of the assets and revenues of the business-type activities and represents 100 percent of the assets and revenues of the major enterprise fund. We also did not audit the financial statements of North Kansas City Hospital Pension Plan, which represents 81 percent and 32 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have 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 reports 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. The financial statements of the North Kansas City Hospital, the North Kansas City Hospital Pension Plan and the City of North Kansas City Police Officers' and Fire Fighters' Retirement Fund were not audited in accordance with *Government Auditing Standards*.

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, this 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 March 16, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

RubinBrown LLP

March 16, 2020

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Management's Discussion And Analysis

CITY OF NORTH KANSAS CITY, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2019 and 2018 by \$851,257,301 and \$821,727,087 (net position, as restated), respectively. Of this amount, \$480,443,178 and \$454,919,832 (unrestricted net position) for 2019 and 2018, respectively, may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$29,530,214 for 2019 compared to an increase of \$13,692,352 for 2018. The increase in net position compared to the prior year was mostly attributable to increased Charges for Services in the Hospital Fund and increased investment revenues.
- The City's governmental funds reported combined ending fund balances of \$59,997,551 and \$59,931,559 as of September 30, 2019 and 2018, respectively. For fiscal years 2019 and 2018, \$16,537,903 and \$14,143,557, 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 2019 and 2018 was reported in the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was 111% percent of total General Fund expenditures compared to 98 percent of the 2018 General Fund expenditures.
- The City's long-term debt, excluding compensated absences, decreased by \$9,773,000 during fiscal year ended September 30, 2019 and \$7,432,000 during the fiscal year ended September 30, 2018. The decrease in 2019 and 2018 is primarily due to payments made on Hospital revenue bonds and capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

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

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

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

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

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The fiduciary funds of the City are pension trust funds. Total net position of the fiduciary funds for the years ended September 30, 2019 and 2018 were \$300,847,517 and \$334,018,912, respectively.

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

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago. The following table reflects total net position for 2019 of \$851,257,301, which represents an increase of \$29,530,214 from 2018's net position.

Of the City's net position, 43 and 43 percent as of September 30, 2019 and 2018, 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		Business-Type	(Restated)		Total 2018
	Activities	Activities		Governmental	Business-Type	
	2019	2019	Total 2019	2018	2018	
Current and other assets	\$ 69,120,705	\$ 459,736,017	\$ 528,856,722	\$ 72,997,773	\$ 450,281,213	\$ 523,278,986
Capital assets	80,292,369	338,381,255	418,673,624	79,097,669	340,282,847	419,380,516
Total Assets	149,413,074	798,117,272	947,530,346	152,095,442	790,564,060	942,659,502
Deferred outflows of resources	2,700,391	78,307,022	81,007,413	2,091,423	43,965,307	46,056,730
Current liabilities	1,259,014	78,982,689	80,241,703	2,303,550	74,523,946	76,827,496
Noncurrent liabilities	1,770,505	83,150,625	84,921,130	1,831,174	57,979,849	59,811,023
Total Liabilities	3,029,519	162,133,314	165,162,833	4,134,724	132,503,795	136,638,519
Deferred Inflows	7,804,271	4,313,354	12,117,625	10,562,686	19,767,940	30,330,626
Net position:						
Net investment in capital assets	80,292,369	284,845,255	365,137,624	79,097,669	277,054,847	356,152,516
Restricted	5,049,499	627,000	5,676,499	5,464,739	5,190,000	10,654,739
Unrestricted	55,937,807	424,505,371	480,443,178	54,907,047	400,012,785	454,919,832
Total Net Position	\$ 141,279,675	\$ 709,977,626	\$ 851,257,301	\$ 139,469,455	\$ 682,257,632	\$ 821,727,087

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

A restricted portion of the City's net position (0.67 percent and 1.3 percent for fiscal years 2019 and 2018, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$480,443,178 and \$454,919,832 for 2019 and 2018, 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 reports 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 \$29,530,214 and \$13,692,352 for fiscal years 2019 and 2018, respectively. The governmental-type activities increased by \$1,810,220 and \$8,364,527 in fiscal years 2019 and 2018, respectively. This lower increase compared to the prior year is attributable to an increase in transfers out. The total business-type activities' net position increased by \$27,719,994 and \$5,327,825 in fiscal years 2019 and 2018, respectively. The higher increase in net position compared to the prior year was mostly attributable to an increase in Charges for Services of the City's hospital enterprise fund and a new public safety sales tax in the General Fund.

The following table highlights the City's revenues and expenses for the fiscal years ended September 30, 2019 and 2018. 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.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

	Governmental Activities 2019	Business-Type Activities 2019	Total 2019	Governmental Activities 2018	(Restated) Business-Type Activities 2018	Total 2018
Revenues:						
Program revenues:						
Charges for services	\$ 6,651,453	\$ 610,629,772	\$ 617,281,225	\$ 6,606,681	\$ 598,757,344	\$ 605,364,025
Operating grants and contributions	213,814	—	213,814	311,583	—	311,583
Capital grants and contributions	—	—	—	—	—	—
General revenues:						
Property taxes	2,436,800	—	2,436,800	2,594,165	—	2,594,165
Other taxes	12,312,740	—	12,312,740	12,532,025	—	12,532,025
Gaming/unrestricted	7,085,344	—	7,085,344	7,045,450	—	7,045,450
Investment earnings	1,366,457	16,812,132	18,178,589	664,396	(2,866,878)	(2,202,482)
Other	1,635,231	357,000	1,992,231	1,328,114	7,210	1,335,324
Total Revenues	31,701,839	627,798,904	659,500,743	31,082,414	595,897,676	626,980,090
Expenses:						
General government	4,571,994	—	4,571,994	3,593,867	—	3,593,867
Public safety	11,664,108	—	11,664,108	14,032,962	—	14,032,962
Public works	3,709,337	—	3,709,337	1,491,115	—	1,491,115
Culture and recreation	2,272,090	—	2,272,090	1,858,736	—	1,858,736
Transportation	426,440	—	426,440	420,874	—	420,874
Hospital	—	590,974,000	590,974,000	—	577,356,000	577,356,000
Health and community center	—	3,843,229	3,843,229	—	3,840,521	3,840,521
Water	—	1,954,291	1,954,291	—	1,989,566	1,989,566
Water pollution control	—	8,880,418	8,880,418	—	6,944,342	6,944,342
Communications	—	1,674,622	1,674,622	—	1,759,755	1,759,755
Total Expenses	22,643,969	607,326,560	629,970,529	21,397,554	591,890,184	613,287,738
Change In Net Position Before Transfers	9,057,870	20,472,344	29,530,214	9,684,860	4,007,492	13,692,352
Transfers	(7,247,650)	7,247,650	—	(1,320,333)	1,320,333	—
Change In Net Position	1,810,220	27,719,994	29,530,214	8,364,527	5,327,825	13,692,352
Net Position - Beginning Of Year	139,469,455	682,257,632	821,727,087	131,104,928	676,929,807	808,034,735
Net Position - End Of Year	\$ 141,279,675	\$ 709,977,626	\$ 851,257,301	\$ 139,469,455	\$ 682,257,632	\$ 821,727,087

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	
	2019	2018	2019	2018
General government	\$ 4,571,994	\$ 3,593,867	\$ (1,412,422)	\$ (2,551,165)
Public safety	11,664,108	14,032,962	11,288,570	13,740,547
Public works	3,709,337	1,491,115	3,709,337	1,491,115
Culture and recreation	2,272,090	1,858,736	2,073,915	1,664,689
Transportation	426,440	420,874	119,302	134,104
Total	\$ 22,643,969	\$ 21,397,554	\$ 15,778,702	\$ 14,479,290

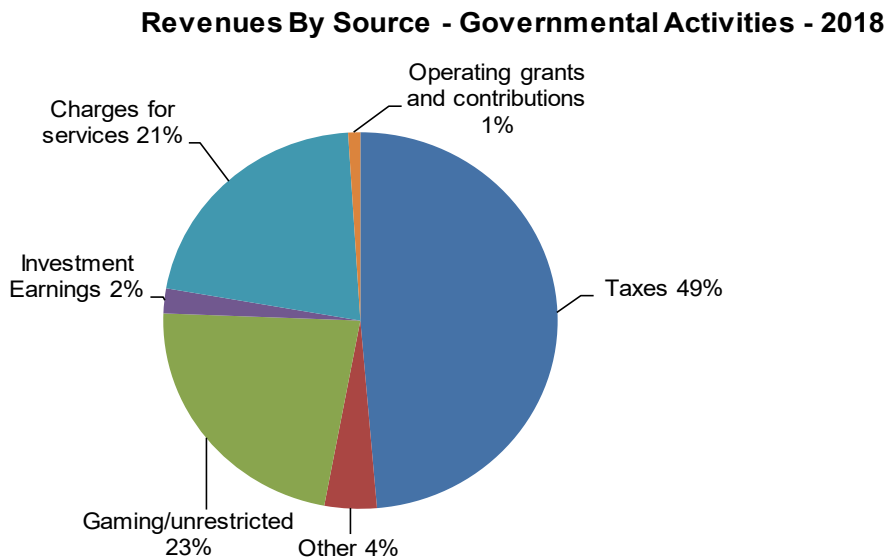
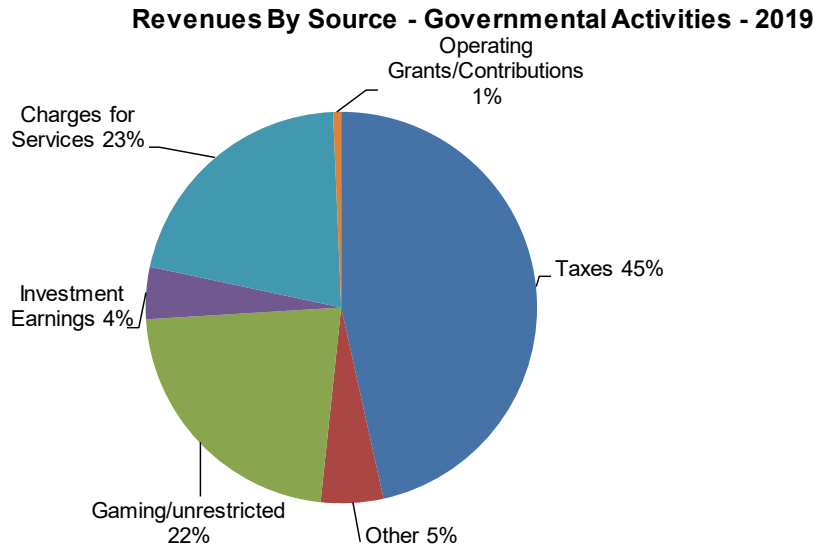
Net cost of services is 67 percent and 68 percent of total cost of services in 2019 and 2018, respectively. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (Continued)

Governmental Activities

The graphs below show the percentage of the total governmental activities' revenues allocated by each revenue type for 2019 and 2018:

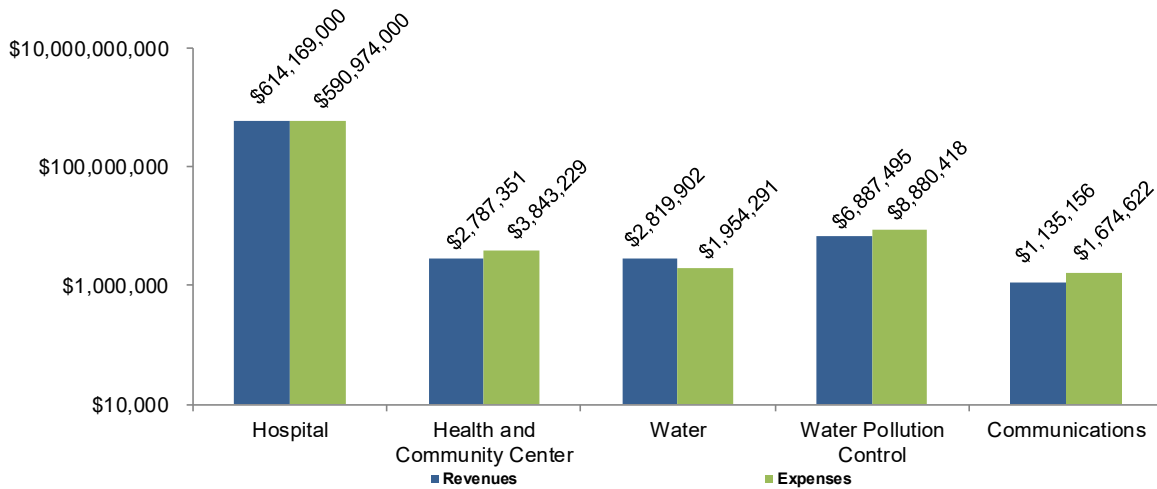


Total business-type activities' revenue for the fiscal year 2019 was \$627,798,904. All but \$13,629,904 of this revenue was generated from a specific business-type activity. The graphs below show a comparison between the business-type activity expenses and program revenues for 2019 and 2018.

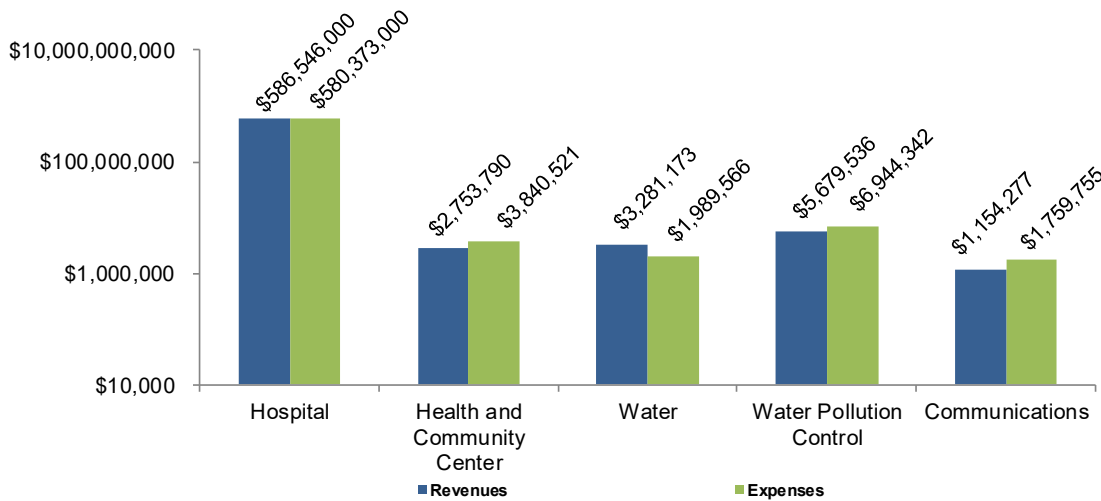
CITY OF NORTH KANSAS CITY, MISSOURI

Management’s Discussion and Analysis (*Continued*)

Revenues And Expenses - Business-Type Activities - 2019



Revenues And Expenses - Business-Type Activities - 2018



Business-Type Activities - Business-type activities increased the City’s net position by \$27,719,994 and \$5,327,825 in fiscal years 2019 and 2018, 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 \$11,695,000 and \$11,798,000 and experienced a change in net position of \$23,195,000 and \$6,173,000 for fiscal years 2019 and 2018, respectively. The increase in net position was mainly attributable to an increase in operating revenues and investment earnings.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

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.

The City's governmental funds reported combined ending fund balances of \$59,977,551 and \$59,931,559 as of September 30, 2019 and 2018, respectively. Approximately 28 percent and 24 percent of this total amount or \$16,537,903 and \$14,143,557 for 2019 and 2018, respectively, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable (\$941,089), restricted (\$3,618,763), or assigned (\$38,879,796) 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 \$16,537,903 while total fund balance reached \$17,341,213. This is up from the 2018 unassigned fund balance of \$14,143,557 and total 2018 General Fund balance of \$15,067,837. 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 111 percent of total General Fund expenditures for 2019, while total fund balance represents approximately 116% percent of that same. Unassigned fund balance represented 98 percent of total General Fund expenditures for 2018, while total fund balance represented approximately 105 percent of that same amount.

The fund balance of the City's General Fund increased by \$2,273,376 in the current fiscal year.

The Gaming Revenue Fund decreased \$1,884,635 in the current fiscal year. This is primarily due to transfers out to support the Water Fund capital projects.

Total governmental fund expenditures decreased from \$34,648,634 in 2018 to \$24,408,197 in 2019 which is due to the large capital outlay for large infrastructure costs in the Armour Road Redevelopment Area in the prior year.

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.

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

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 \$15,981,843 was unchanged for the 2019 final budget.
- The total original expenditure budget of \$15,634,207 was increased by \$136,064 to \$15,770,271 to cover economic development consulting, police radio agreements, and increased vehicle maintenance.

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, 2019 and 2018, were \$418,673,624 and \$419,380,516, 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 0.2% percent (a 1.5% percent increase for governmental activities and a 0.6 percent decrease for business-type activities).

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

Debt - The City's Hospital enterprise fund had revenue bonds outstanding totaling \$40,773,000 and \$45,488,000 as of September 30, 2019 and 2018, respectively. The City's Hospital enterprise fund had capital leases outstanding totaling \$12,090,000 and \$16,724,000 as of September 30, 2019 and 2018, respectively. The City's Hospital enterprise fund also had notes payable with outstanding balances totaling \$524,000 and \$948,000 as of September 30, 2019 and 2018, respectively. The City's Hospital enterprise fund did pay \$4,715,000 and \$13,721,000 in principal on total outstanding debt for fiscal years 2019 and 2018, respectively.

The City's available general obligation legal debt margin was \$65,644,470 and \$55,287,662 as of September 30, 2019 and 2018, respectively.

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

	Business-Type Activities		Maturity
	2019	2018	
2013A Hospital revenue bonds	\$ 20,525,000	\$ 23,441,000	2025
2013B Hospital revenue bonds	20,248,000	22,047,000	2025
Capital leases	12,090,000	16,724,000	2017
Notes payable	524,000	948,000	2020
Total	\$ 53,387,000	\$ 63,160,000	

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

CITY OF NORTH KANSAS CITY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Economic Factors And Next Year's Budgets And Rates

- The City's compensation plan allowed for a 4.0 percent merit based pay increase for the full-time non-Union represented employees.
- The budget included a 0.8 percent decrease to the LAGERs pension plan contribution.
- The budget assumed that health insurance premiums would increase 25 percent.
- All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

Requests For Information

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

Basic Financial Statements

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION

September 30, 2019

Page 1 Of 2

	Governmental Activities	Business-Type Activity	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 7,747,476	\$ 19,568,323	\$ 27,315,799
Investments	50,261,912	10,286,272	60,548,184
Current portion of restricted and designated assets	184,576	2,226,000	2,410,576
Receivables, net of allowances for uncollectibles of \$20,321,000:			
Taxes	4,323,020	—	4,323,020
Accounts	1,070,708	72,885,197	73,955,905
Reimbursements	—	—	-
Special assessments	—	144,792	144,792
Accrued interest	4,186	878	5,064
Due from other governmental units	868,755	—	868,755
Inventory	—	9,533,462	9,533,462
Prepaid items	523,665	9,553,528	10,077,193
Property held for resale	417,424	—	417,424
Total Current Assets	65,401,722	124,198,452	189,600,174
Noncurrent Assets			
Designated assets:			
Cash and cash equivalents	—	656,000	656,000
Investments	—	324,125,000	324,125,000
Other assets	—	2,198,000	2,198,000
Investment in joint ventures	—	6,868,000	6,868,000
Receivables, special assessments	—	1,169,987	1,169,987
Net pension asset	3,718,983	520,578	4,239,561
Capital assets:			
Nondepreciable	37,318,774	9,936,527	47,255,301
Depreciable, net	42,973,595	328,444,728	371,418,323
Total Noncurrent Assets	84,011,352	673,918,820	757,930,172
Total Assets	149,413,074	798,117,272	947,530,346
Deferred Outflows Of Resources			
Pension related amounts	2,700,391	76,775,022	79,475,413
OPEB related amounts	—	1,532,000	1,532,000
Total Deferred Outflows Of Resources	2,700,391	78,307,022	81,007,413

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION

September 30, 2019

Page 2 Of 2

	Governmental Activities	Business-Type Activity	Total
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 1,110,137	\$ 21,391,883	\$ 22,502,020
Compensated absences	113,010	40,009,806	40,122,816
Estimated reimbursement payable	—	5,796,000	5,796,000
Unearned Revenue	—	—	—
Court bonds payable	35,867	—	35,867
Current portion of revenue bonds, notes payable and capital lease payable	—	9,559,000	9,559,000
Current portion of reserve for liability risks	—	2,226,000	2,226,000
Total Current Liabilities	1,259,014	78,982,689	80,241,703
Noncurrent Liabilities			
Compensated absences	1,770,505	153,625	1,924,130
Unearned Revenue	—	—	—
Total OPEB liability	—	2,874,000	2,874,000
Reserve for liability risks	—	5,602,000	5,602,000
Net pension liability	—	30,693,000	30,693,000
Revenue bonds, notes payable and capital lease payable	—	43,828,000	43,828,000
Total Noncurrent Liabilities	1,770,505	83,150,625	84,921,130
Total Liabilities	3,029,519	162,133,314	165,162,833
Deferred Inflows Of Resources			
Property taxes	4,278,167	—	4,278,167
OPEB related amounts	—	181,000	181,000
Pension related amounts	3,526,104	4,132,354	7,658,458
Total Deferred Inflows Of Resources	7,804,271	4,313,354	12,117,625
Net Position			
Net investment in capital assets	80,292,369	284,845,255	365,137,624
Restricted for:			
Capital projects	2,328,171	—	2,328,171
Bridges and streets	1,106,016	—	1,106,016
Public safety	20,112	—	20,112
City beautification	164,464	—	164,464
Culture and recreation	1,430,736	—	1,430,736
Donor purposes	—	627,000	627,000
Unrestricted	55,937,807	424,505,371	480,443,178
Total Net Position	\$ 141,279,675	\$ 709,977,626	\$ 851,257,301

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position Primary Government		
		Charges For Services And Sales	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business- Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 4,571,994	\$ 5,984,416	\$ —	\$ —	\$ 1,412,422	\$ —	\$ 1,412,422
Public safety	11,664,108	359,045	16,493	—	(11,288,570)	—	(11,288,570)
Public works	3,709,337	—	—	—	(3,709,337)	—	(3,709,337)
Culture and recreation	2,272,090	171,724	26,451	—	(2,073,915)	—	(2,073,915)
Transportation	426,440	136,268	170,870	—	(119,302)	—	(119,302)
Total Governmental Activities	22,643,969	6,651,453	213,814	—	(15,778,702)	—	(15,778,702)
Business-Type Activities							
Hospital	590,974,000	597,225,000	—	—	—	6,251,000	6,251,000
Health and community center	3,843,229	2,779,145	—	—	—	(1,064,084)	(1,064,084)
Water	1,954,291	2,653,753	—	—	—	699,462	699,462
Water pollution control	8,880,418	6,851,818	—	—	—	(2,028,600)	(2,028,600)
Communications	1,674,622	1,120,056	—	—	—	(554,566)	(554,566)
Total Business-Type Activities	607,326,560	610,629,772	—	—	—	3,303,212	3,303,212
Total Primary Government	\$ 629,970,529	\$ 617,281,225	\$ 213,814	\$ —	(15,778,702)	3,303,212	(12,475,490)
General Revenues:							
Taxes:							
Property tax					2,436,800	—	2,436,800
Franchise taxes					2,729,337	—	2,729,337
Sales taxes					7,603,094	—	7,603,094
Other taxes					1,980,309	—	1,980,309
Gaming/unrestricted					7,085,344	—	7,085,344
Investment earnings					1,366,457	16,812,132	18,178,589
Miscellaneous					1,635,231	357,000	1,992,231
Transfers					(7,247,650)	7,247,650	—
Total General Revenues And Transfers					17,588,922	24,416,782	42,005,704
Change In Net Position					1,810,220	27,719,994	29,530,214
Net Position - Beginning Of Year					139,469,455	682,257,632	821,727,087
Net Position - End Of Year					\$ 141,279,675	\$ 709,977,626	\$ 851,257,301

CITY OF NORTH KANSAS CITY, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2019

	General	Gaming Revenue	Nonmajor Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 2,373,885	\$ 4,720,893	\$ 652,698	\$ 7,747,476
Investments	13,955,899	31,851,080	4,454,933	50,261,912
Receivables, net of allowance for uncollectibles:				
Taxes	1,620,989	—	2,702,031	4,323,020
Accounts	1,064,055	4,065	2,588	1,070,708
Accrued interest	1,191	2,717	278	4,186
Due from other governmental units	—	568,549	300,206	868,755
Prepaid items	385,115	25,000	113,550	523,665
Property held for resale	—	—	417,424	417,424
Restricted assets, cash and cash equivalents	184,576	—	—	184,576
Total Assets	\$ 19,585,710	\$ 37,172,304	\$ 8,643,708	\$ 65,401,722
Liabilities				
Accounts payable and accrued expenditures	\$ 587,641	\$ 93,497	\$ 428,999	\$ 1,110,137
Payable from restricted assets, court bonds	35,867	—	—	35,867
Total Liabilities	623,508	93,497	428,999	1,146,004
Deferred Inflows Of Resources				
Property taxes	1,620,989	—	2,657,178	4,278,167
Fund Balances				
Nonspendable:				
Prepaid items	385,115	25,000	113,550	523,665
Property held for resale	—	—	417,424	417,424
Restricted:				
Capital projects	—	—	2,328,171	2,328,171
Bridges and streets	—	—	1,106,016	1,106,016
Public safety training programs	20,112	—	—	20,112
City beautification	164,464	—	—	164,464
Assigned:				
Culture and recreation	—	—	1,582,392	1,582,392
Fire and police pension	—	—	9,978	9,978
Capital projects and redevelopment	—	37,053,807	—	37,053,807
Health	198,836	—	—	198,836
Other purposes	34,783	—	—	34,783
Unassigned	16,537,903	—	—	16,537,903
Total Fund Balances	17,341,213	37,078,807	5,557,531	59,977,551
Total Liabilities, Deferred Inflows And Fund Balances	\$ 19,585,710	\$ 37,172,304	\$ 8,643,708	\$ 65,401,722

CITY OF NORTH KANSAS CITY, MISSOURI

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

September 30, 2019

Total Fund Balance - Governmental Funds	\$ 59,977,551
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.	80,292,369
Long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	(1,883,515)
The net pension assets reported in the governmental activities is not a current financial resource and therefore is not reported in the funds.	3,718,983
Pension related deferred outflows and deferred inflows of resources represent a consumption or acquisition of net position in future periods and therefore are not reported in the funds in the current year and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources - pension related amounts	2,700,391
Deferred inflows of resources - pension related amounts	(3,526,104)
Total Net Position - Governmental Activities	<u><u>\$ 141,279,675</u></u>

CITY OF NORTH KANSAS CITY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended September 30, 2019

	General	Gaming Revenue	Nonmajor Governmental Funds	Total
Revenues				
Taxes	\$ 9,941,928	\$ —	\$ 4,807,620	\$ 14,749,548
Intergovernmental	16,493	—	321,589	338,082
Licenses and permits	2,402,795	—	—	2,402,795
Charges for services	862,267	—	209,671	1,071,938
Fines and forfeitures	362,667	—	—	362,667
Gaming	3,089,737	7,085,344	—	10,175,081
Investment earnings	357,980	875,279	133,198	1,366,457
Miscellaneous	144,980	59,248	1,031,043	1,235,271
Contributions	—	—	—	—
Total Revenues	17,178,847	8,019,871	6,503,121	31,701,839
Expenditures				
Current:				
General government	2,227,999	16,009	962,303	3,206,311
Public safety	10,799,142	173,350	—	10,972,492
Public works	886,602	—	1,404,207	2,290,809
Culture and recreation	—	—	1,867,213	1,867,213
Transportation	—	—	426,440	426,440
Interdepartmental	991,728	—	—	991,728
Capital outlay	—	3,273,446	1,379,758	4,653,204
Total Expenditures	14,905,471	3,462,805	6,039,921	24,408,197
Revenues Over Expenditures	2,273,376	4,557,066	463,200	7,293,642
Other Financing Sources (Uses)				
Transfers in	—	1,069,984	94,051	1,164,035
Transfers out	—	(7,511,685)	(900,000)	(8,411,685)
Total Other Financing Uses	—	(6,441,701)	(805,949)	(7,247,650)
Net Change In Fund Balances	2,273,376	(1,884,635)	(342,749)	45,992
Fund Balances - Beginning Of Year	15,067,837	38,963,442	5,900,280	59,931,559
Fund Balances - End Of Year	\$ 17,341,213	\$ 37,078,807	\$ 5,557,531	\$ 59,977,551

CITY OF NORTH KANSAS CITY, MISSOURI

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2019**

Net Change In Fund Balances - Total Governmental Funds \$ 45,992
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:

4,452,329

Depreciation		
General government	(179,534)	
Public safety	(1,244,363)	
Public works	(1,424,337)	
Culture and recreation	(409,395)	(3,257,629)

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

Changes in compensated absences:

General government	6,454	
Public safety	47,761	
Public works	5,809	
Culture and recreation	4,518	64,542

Pension Expense
 Public safety

504,986

Change In Net Position Of Governmental Activities \$ 1,810,220

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF NET POSITION ENTERPRISE FUNDS September 30, 2019

	Hospital	Nonmajor Enterprise Funds	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 16,409,000	\$ 3,159,323	\$ 19,568,323
Investments	—	10,286,272	10,286,272
Current portion of designated assets	2,226,000	—	2,226,000
Receivables, net of allowance for uncollectibles of \$20,321,000:			
Accounts	72,036,000	849,197	72,885,197
Reimbursements	—	—	—
Special assessments	—	144,792	144,792
Accrued interest	—	878	878
Inventory	9,501,000	32,462	9,533,462
Prepays	9,364,000	189,528	9,553,528
Total Current Assets	109,536,000	14,662,452	124,198,452
Noncurrent Assets:			
Designated assets:			
Cash and cash equivalents	656,000	—	656,000
Investments	324,125,000	—	324,125,000
Other assets	2,198,000	—	2,198,000
Investment in joint ventures	6,868,000	—	6,868,000
Deferred financing costs	—	—	—
Receivables, special assessments	—	1,169,987	1,169,987
Net pension asset	—	520,578	520,578
Capital assets, nondepreciable	7,783,746	2,152,781	9,936,527
Capital assets, net depreciable	300,093,254	28,351,474	328,444,728
Total Noncurrent Assets	641,724,000	32,194,820	673,918,820
Total Assets	751,260,000	46,857,272	798,117,272
Deferred Outflows Of Resources			
Pension related amounts	76,625,000	150,022	76,775,022
OPEB related amounts	1,532,000	—	1,532,000
Total Deferred Outflows Of Resources	78,157,000	150,022	78,307,022
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	18,272,000	3,119,883	21,391,883
Compensated absences	40,000,000	9,806	40,009,806
Estimated reimbursement payable	5,796,000	—	5,796,000
Unearned revenue	—	—	—
Current portion of revenue bonds, notes payable and capital lease payable	9,559,000	—	9,559,000
Current portion of reserve for liability risks	2,226,000	—	2,226,000
Total Current Liabilities	75,853,000	3,129,689	78,982,689
Noncurrent Liabilities:			
Compensated absences	—	153,625	153,625
Unearned revenue	—	—	—
Net postemployment healthcare benefits obligation	2,874,000	—	2,874,000
Reserve for liability risks	5,602,000	—	5,602,000
Net pension liability	30,693,000	—	30,693,000
Revenue bonds, notes payable and capital lease payable	43,828,000	—	43,828,000
Total Noncurrent Liabilities	82,997,000	153,625	83,150,625
Total Liabilities	158,850,000	3,283,314	162,133,314
Deferred Inflows Of Resources			
OPEB related amounts	181,000	—	181,000
Pension related amounts	3,947,000	185,354	4,132,354
Total Deferred Inflows Of Resources	4,128,000	185,354	4,313,354
Net Position			
Net investment in capital assets	254,341,000	30,504,255	284,845,255
Restricted for:			
Donor purposes	627,000	—	627,000
Unrestricted	411,471,000	13,034,371	424,505,371
Total Net Position	\$ 666,439,000	\$ 43,538,626	\$ 709,977,626

CITY OF NORTH KANSAS CITY, MISSOURI

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

For The Year Ended September 30, 2019

	Hospital	Nonmajor Enterprise Funds	Total
Operating Revenues			
Charges for services	\$ 565,877,000	\$ 13,404,772	\$ 579,281,772
Other operating revenues	31,348,000	—	31,348,000
Total Operating Revenues	597,225,000	13,404,772	610,629,772
Operating Expenses			
Personal services	327,159,000	1,119,028	328,278,028
Contractual services	74,989,000	9,469,277	84,458,277
Materials and supplies	155,988,000	3,226,493	159,214,493
Depreciation and amortization	27,394,000	2,537,762	29,931,762
Total Operating Expenses	585,530,000	16,352,560	601,882,560
Operating Income (Expense)	11,695,000	(2,947,788)	8,747,212
Nonoperating Revenues (Expenses)			
Other revenue	357,000	—	357,000
Other expenses	(3,874,000)	—	(3,874,000)
Investment earnings	16,587,000	225,132	16,812,132
Interest expense	(1,570,000)	—	(1,570,000)
Total Nonoperating Revenues (Expenses)	11,500,000	225,132	11,725,132
Income (Loss) Before Transfers And Capital Contributions	23,195,000	(2,722,656)	20,472,344
Transfers	—	7,247,650	7,247,650
Capital Contributions	—	—	—
Change In Net Position	23,195,000	4,524,994	27,719,994
Net Position - Beginning Of Year	643,244,000	39,013,632	682,257,632
Net Position - End Of Year	\$ 666,439,000	\$ 43,538,626	\$ 709,977,626

CITY OF NORTH KANSAS CITY, MISSOURI

STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

For The Year Ended September 30, 2019

	Hospital	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 557,978,000	\$ 13,529,194	\$ 571,507,194
Payments to suppliers	(227,863,000)	(11,775,863)	(239,638,863)
Payments to employees	(341,112,000)	(1,238,079)	(342,350,079)
Other receipts	31,580,000	—	31,580,000
Net Cash Provided By Operating Activities	20,583,000	515,252	21,098,252
Cash Flows Provided By Noncapital Financing Activities			
Proceeds from interfund accounts	—	7,247,650	7,247,650
Cash Flows From Capital And Related Financing Activities			
Purchases of capital assets	(22,463,000)	(2,555,169)	(25,018,169)
Interest payments	(1,570,000)	—	(1,570,000)
Principal payments on debt	(12,050,000)	—	(12,050,000)
Proceeds from sale of capital assets	64,000	—	64,000
Restricted assets used for capital purposes	(80,000)	—	(80,000)
Other	(128,000)	—	(128,000)
Net Cash Used In Capital And Related Financing Activities	(36,227,000)	(2,555,169)	(38,782,169)
Cash Flows From Investing Activities			
Interest and dividends received	7,032,000	224,640	7,256,640
Contribution expense	(1,006,000)	—	(1,006,000)
Purchase of investments	(63,463,000)	1,017,706	(62,445,294)
Proceeds from sale of investments	65,582,000	(5,314,093)	60,267,907
Distribution to minority owner	(571,000)	—	(571,000)
Change in other assets and liabilities	(356,000)	—	(356,000)
Distributions from investees	(457,000)	—	(457,000)
Net Cash Used In Investing Activities	6,761,000	(4,071,747)	2,689,253
Decrease In Cash And Cash Equivalents	(8,883,000)	1,135,986	(7,747,014)
Cash And Cash Equivalents - Beginning Of Year	25,948,000	2,023,337	27,971,337
Cash And Cash Equivalents - End Of Year	\$ 17,065,000	\$ 3,159,323	\$ 20,224,323
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 11,695,000	\$ (2,947,788)	\$ 8,747,212
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	27,394,000	2,537,762	29,931,762
Loss on sale of capital assets	232,000	—	232,000
Changes in assets and liabilities:			
Receivables	(12,485,000)	124,422	(12,360,578)
Inventory	(17,000)	—	(17,000)
Prepaid items and other	(286,000)	(85,956)	(371,956)
Net pension asset/liability	35,029,000	38,592	35,067,592
Deferred outflows of resources	(41,160,000)	(84,715)	(41,244,715)
Deferred inflows of resources	(8,460,000)	(91,586)	(8,551,586)
Accounts payable and accrued expenses	2,977,000	1,005,863	3,982,863
Accrued employee related expenses	638,000	18,658	656,658
Reserve for liability risk	440,000	—	440,000
Estimated reimbursements payable	4,586,000	—	4,586,000
Net Cash Provided By Operating Activities	\$ 20,583,000	\$ 515,252	\$ 21,098,252
Schedule Of Noncash Items			
Note and capital lease obligations incurred for capital assets	\$ 2,277,000	\$ —	\$ 2,277,000
Property and equipment purchases included in accounts payable	150,000	—	150,000

CITY OF NORTH KANSAS CITY, MISSOURI

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2019**

Assets

Investments:

Vanguard Funds	\$ 83,031,789
Fixed Income Funds	52,504,221
International Equity	49,505,036
Schwab Total Stock Market Fund	106,842,546
Real Estate fund	6,740,676
Money market mutual funds	2,222,608
Receivables, accrued interest and dividends	<u>641</u>

Total Assets

300,847,517

Net Position Restricted For Pensions

\$ 300,847,517

CITY OF NORTH KANSAS CITY, MISSOURI

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

For The Year Ended September 30, 2019

Additions

Contributions:

Employer	\$ 5,660,166
Plan member deposits	178,117
Total Contributions	<u>5,838,283</u>

Investment Income

Net appreciation in fair value of investments	(15,986,654)
Interest and dividends	5,669,357
Investment expenses	<u>(549,092)</u>
Net Investment Income	<u>(10,866,389)</u>

Total Additions (5,028,106)

Deductions

Benefits	27,667,254
Administrative expenses	<u>476,035</u>
Total Deductions	<u>28,143,289</u>

Change In Net Position (33,171,395)

Net Position Held In Trust For Pension Benefits - Beginning Of Year 334,018,912

Net Position Held In Trust For Pension Benefits - End Of Year \$ 300,847,517

CITY OF NORTH KANSAS CITY, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2019

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 4.6 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 North Kansas City School District, 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 has one component unit: The Industrial Development Authority of the City of North Kansas City, Missouri. This component unit is blended in the financial information of the City. 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, interfund services provided and used are not eliminated in the process of consolidation. 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.

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.

Gaming Revenue: A capital projects fund that accounts for monies related to gaming revenue that is largely used for the acquisition and construction of capital facilities, development projects and other capital assets. This fund is presented as a major fund for public interest purposes.

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

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

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

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fire and Police Pension Tax: Established to account for the collections of property tax used to fund a portion of the City's contributions to the City of North Kansas City Police Officers and Firefighters Retirement Fund, which provides retirement 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.

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

Proprietary Fund Types

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

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

The following is the City's major enterprise fund:

Hospital: Established to account for the activities of the City-owned hospital. Revenue is derived mainly from user charges or third-party reimbursements. The Hospital enterprise fund is a June 30 year-end and has been included based on its June 30, 2019 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.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 and employer contributions are recognized in the period in which the contributions are due. 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, 2018 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.

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.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

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 2019 levy plus any uncollected amounts from prior years' levies.

Property taxes that are not available for current year operations are reported 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.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

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

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

Summary Of Significant Accounting Policies

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

Cash And Pooled Cash Investments

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

Investments

Investments, except for money market funds, are reported at fair value. Money market funds are reported at amortized cost. Fair value is 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. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. Purchases and sales of securities are recorded on a trade-date basis. See Note 2 for additional information regarding fair value measures.

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 the next 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 and infrastructure, and they are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the enterprise fund 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 acquisition 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 *(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. As a result of the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*, no interest costs were capitalized in the current year and none will be capitalized going forward.

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 assigned 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. Additionally, the City recognizes a deferred outflow due to other postemployment benefit related items not yet charged to expense.

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). Additionally, the City recognizes a deferred inflow due to other postemployment benefit related items not yet charged to expense.

Pensions

For purposes of measuring the net pension liability or 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. Investments are reported at fair value.

Reimbursements Receivable And Payable

The Hospital records reimbursements receivable from third party payers of medical services. The Hospital records estimated reimbursements payable to reflect the estimated amount due for Medicare disproportionate share reimbursements required by Medicare.

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.

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. \$31,647,000 of lost charges from free care was considered to be charity care in the year ended June 30, 2019.

Use Of Estimates

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

2. Deposits And Investments

Authorized Investments

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

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

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

Fair Value Measurements

The City categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 Input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 Input: Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Input: Inputs that are unobservable for the asset or liability which are typically based upon the City's own assumptions as there is little, if any, related market activity.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

For the City, the following fair value techniques were utilized in measuring the fair value of its investments:

U.S. Government Agency Securities

U.S. Government securities are reported at fair value based on bullet (noncall) spread scale for each issuer for maturities going out to 40 years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium- term notes.

The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

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 a maturity of less than one year because they are redeemable in full immediately.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

As of September 30, 2019, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				No Maturity	Fair Value Hierarchy Level
		Less Than 1	1 To 5	6 To 10	More Than 10		
Investments, excluding Hospital and Pension Trust Funds:							
U.S. Government agencies	\$ 60,548,184	\$ 41,125,267	\$ 19,422,917	\$ —	\$ —	—	2
Investments, Hospital Fund							
Money market mutual funds	655,000	—	—	—	—	655,000	1
Equity mutual funds	70,347,000	70,347,000	—	—	—	—	1
U.S. Treasury and agency obligations	256,005,000	27,320,000	104,032,000	91,622,000	33,031,000	—	2
Total Investments, Hospital Fund	327,007,000	97,667,000	104,032,000	91,622,000	33,031,000	655,000	
Investments, Pension Trust Funds							
Mutual Funds - Equity	36,432,126	—	—	—	—	36,432,126	1
Mutual funds - Fixed Income	13,869,977	—	—	—	—	13,869,977	1
Total investments, Pension Trust Funds	50,302,103	—	—	—	—	50,302,103	
Total investments measured at fair value	\$ 437,857,287	\$ 138,792,267	\$ 123,454,917	\$ 91,622,000	\$ 33,031,000	\$ 50,957,103	
Investments measured at amortized cost							
Money market funds - Police and Fire Pension	252,873						
Money market funds - Hospital pension	1,969,738						
Investments measured at net asset value							
Real estate fund - Police and Fire Pension	6,740,676						
Commingled employee benefit fund trusts, hospital pension	241,581,486						
Total investments	\$ 688,402,060						

The following table sets forth additional disclosures of the City's investments whose fair value is estimated using net asset value per share (or its equivalent) as of September 30, 2019:

Investment	Fair Value At			
	September 30 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Fund - Ballard (A)	\$ 6,740,676	\$ —	Quarterly	90 days
Commingled employee benefit fund trusts				
Domestic equity funds (B)	106,842,546	—	Daily	Daily
International equity funds (C)	49,505,036	—	Daily	Daily
Fixed income funds (D)	85,233,904	—	Daily	Daily

- A. This fund is organized with the objective of managing a portfolio of investments comprised primarily of real estate investments either directly owned or through partnership interest and mortgage and other loans on income producing real estate.
- B. This category is primarily invested in commingled large cap equities traded on public markets. This category also includes investments in commingled small cap equities, commodities funds and real estate equity funds.
- C. This category is primarily invested in commingled equities and common stocks traded on public markets.
- D. This category is primarily invested in commingled bonds and notes traded on public markets.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Credit Risk

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

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Government agencies	60,548,184	AA+
U.S. Treasury and agency obligations	256,005,000	**
Mutual funds - Fixed Income	13,869,977	Not Rated

As of June 30, 2019, the money market mutual funds were rated Aaa-mf and AAAM by Moody's and Standard & Poor's, respectively.

** As of June 30, 2019, the 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

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 35 percent of City funds may be invested in certificates of deposit. The following table discloses concentrations of debt securities greater than 5 percent of total investments as of September 30, 2019:

<u>Investment Type</u>	<u>Concentration</u>
City (excluding pension and hospital)	
FHLMC Obligations	11%
FHLB Obligations	39%
Hospital	
FNMA Obligations	17%
FHLB Obligations	15%
FHLMC Obligations	15%
Federal Farm Credit Bank Obligation	5%

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, 2019, none of the City's (excluding the Hospital) bank balances with financial institutions, including certificates of deposit, 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, 2019, the City's and the City's Police and Fire Pension Plan investments were not exposed to custodial credit risk.

At June 30, 2019, \$1,349,000 of the Hospital's bank balances of \$21,489,000 was exposed to custodial credit risk because they are not insured or collateralized.

The investments of \$243,550,000 of the Hospital Pension plan 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's investment policy permits investments in international equities. All foreign equities held are denominated in U.S. dollars.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

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

Deposits	\$ 27,501,016
Investments	688,402,060
	<u>\$ 715,903,076</u>
Cash and cash equivalents	\$ 27,971,799
Current portion of restricted assets held by trustee	2,410,576
Investments	
City (not including Pension Trust Funds)	60,548,184
Pension Trust Funds	300,847,517
Restricted and designated assets:	
Investments	<u>324,125,000</u>
	<u>\$ 715,903,076</u>

3. Capital Assets

The following is a summary of changes in capital assets for the year ended 2019:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 2019</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 35,812,824	\$ 1,505,950	\$ —	\$ 37,318,774
Capital assets being depreciated:				
Buildings and improvements	37,740,837	317,742	—	38,058,579
Infrastructure	24,377,006	1,658,531	—	26,035,537
Equipment	19,126,139	970,106		20,096,245
Total capital assets being depreciated	81,243,982	2,946,379	—	84,190,361
Less: Accumulated depreciation for:				
Buildings and improvements	17,590,377	1,207,341	—	18,797,718
Infrastructure	5,253,334	1,120,119	—	6,373,453
Equipment	15,115,426	930,169		16,045,595
Total accumulated depreciation	37,959,137	3,257,629	—	41,216,766
Total capital assets being depreciated, net	43,284,845	(311,250)	—	42,973,595
Governmental activities capital assets, net	\$ 79,097,669	\$ 1,194,700	\$ —	\$ 80,292,369

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

	Balance 2018	Additions	Retirements	Balance 2019
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 6,674,989	\$ 44,538	\$ —	\$ 6,719,527
Construction in progress	3,229,997	12,327,000	12,340,000	3,216,997
Total capital assets, not being depreciated	9,904,986	12,371,538	12,340,000	9,936,524
Capital assets being depreciated:				
Buildings and improvements	458,941,024	7,791,989	—	466,733,013
Infrastructure	26,895,301	1,234,484	—	28,129,785
Equipment	261,351,985	8,692,522	—	270,044,507
Total capital assets being depreciated	747,188,310	17,718,995	—	764,907,305
Less: Accumulated depreciation for:				
Buildings and improvements	210,990,915	12,920,133	—	223,911,048
Infrastructure	14,691,375	1,261,345	—	15,952,720
Equipment	191,128,159	5,470,647	—	196,598,806
Total accumulated depreciation	416,810,449	19,652,125	—	436,462,574
Total capital assets being depreciated, net	330,377,861	(1,933,130)	—	328,444,731
Business-type activities capital assets, net	\$ 340,282,847	\$ 10,438,408	\$ 12,340,000	\$ 338,381,255

Depreciation expense was charged to governmental activities as follows:

Governmental Activities	
General government	\$ 179,534
Public safety	1,244,363
Public works	1,424,337
Culture and recreation	409,395
	<u>3,257,629</u>
	<u>\$ 3,257,629</u>

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

Business-Type Activities	
Hospital	\$ 17,116,000
Health and community center	510,733
Water	481,891
Water pollution control	1,083,121
Communications	460,380
	<u>19,652,125</u>
	<u>\$ 19,652,125</u>

The Hospital leases certain building space to facilitate the Meritas health care practices under noncancelable operating leases. Rental expense was \$4,982,000 for the Hospital Enterprise Fund's year ended June 30, 2019.

4. Investment In 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 (Joint Venture I). Joint Venture I owns 65 percent of the Total Joint Center (the Center), which USPI will operate under a management agreement. The Centers' remaining 39 percent ownership interests are divided between surgeons who practice at the Center, 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., a Missouri Limited Liability Company (Joint Venture II). Joint Venture II owns approximately 58 percent of three surgery centers, which USPI will operate under a management agreement. The surgery centers' remaining ownership interests are divided between the surgeons who practice at the respective surgery centers, the Hospital and other health care 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 50 percent net ownership interest in the Heart Surgeons of Kansas City at June 30, 2019. The Hospital funds approximately 20 percent of the operating deficits of Heart Surgeons of Kansas City on an ongoing basis.

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.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

5. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended 2019:

	Balance -			Balance -	
	October 1,	Additions	Retirements	September 30,	Due Within
	2018			2019	One Year
Governmental Activities					
Compensated absences	\$ 1,948,058	\$ 1,883,515	\$ 1,948,058	\$ 1,883,515	\$ 113,010
Business-Type Activities					
Revenue bonds					
2013A Hospital revenue bonds	\$ 23,441,000	\$ —	\$ 2,916,000	\$ 20,525,000	\$ 2,978,000
2013B Hospital revenue bonds	22,047,000	—	1,799,000	20,248,000	1,115,000
Total revenue bonds	45,488,000	—	4,715,000	40,773,000	4,093,000
Notes payable	948,000	—	424,000	524,000	447,000
Capital lease	16,724,000	2,277,000	6,911,000	12,090,000	5,019,000
Compensated absences	40,106,773	40,163,431	40,106,773	40,163,431	40,009,806
	57,778,773	42,440,431	47,441,773	52,777,431	45,475,806
Total Primary Government	\$ 105,214,831	\$ 44,323,946	\$ 54,104,831	\$ 95,433,946	\$ 49,681,816

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

Hospital Revenue Bonds

On December 1, 2013, the Series 2003A and 2008 bonds were refunded by the City with the issuance of the Series 2013A and 2013B Revenue Bonds under an Indenture of Trust dated December 1, 2013 in the amount of \$35,760,000 and \$33,900,000, respectively, and bear interest at 2.0735% and 1.7%, respectively. The bonds mature in 2025. The bonds are special limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the net income and revenues arising from the operation of the Hospital. The Indenture of Trust requires the Hospital to meet certain measures of financial performance on an annual basis and places limitations on future borrowings. The economic gain related to the refunding of the Series 2003A and 2008 bonds was approximately \$8.5 million. Operating revenues and net income available for the payment of principal and interest on the bonds was \$597,225,000 and \$11,695,000, respectively. Principal and interest paid on the bonds in the current year totaled \$5,586,000 and \$1,112,000, respectively.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

Maturities of the Hospital revenue bonds are as follows:

For The Year Ending June 30:	Principal	Interest
2020	\$ 4,093,000	\$ 1,102,000
2021	4,192,000	992,000
2022	4,295,000	880,000
2023	4,399,000	765,000
2024	4,506,000	646,000
2025 - 2027	19,288,000	741,000
	<u>\$ 40,773,000</u>	<u>\$ 5,126,000</u>

The Hospital purchased one building and acquired the related note payable. The note has an annual interest rate and payments of principal and interest are due monthly. Additional information about the note is as follows:

Original Balance	Interest Rates	Final Maturity	Balloon Payment At Maturity
\$ 2,931,000	5.47%	9/10/2020	\$ —

The debt service requirements as of June 30, 2019 on the notes payable are as follows:

For The Year Ending June 30:	Total To Be Paid	Principal	Interest
2020	\$ 465,000	\$ 447,000	\$ 18,000
2021	78,000	77,000	1,000
	<u>\$ 543,000</u>	<u>\$ 524,000</u>	<u>\$ 19,000</u>

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

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, 2019 totaled \$26,214,000, which is net of accumulated depreciation of \$11,023,000. 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 3.1 percent together with the present value of the future minimum lease payments:

<u>For The Year Ending June 30:</u>	<u>Amount</u>
2020	\$ 5,335,000
2021	3,899,000
2022	2,757,000
2023	662,000
2024	12,000
<u>Less amount representing interest</u>	<u>(575,000)</u>
	<u>\$ 12,090,000</u>

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.

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

Designated by Board for:	
Capital improvements	\$ 318,853,000
Assumption of malpractice and general liability risks	5,100,000
Assumption of workers' compensation risks	<u>3,054,000</u>
	<u>\$ 327,007,000</u>

These amounts are displayed on the balance sheet as follows:

Current portion of restricted assets held by trustee	\$ 2,226,000
Designated assets:	
Cash and cash equivalents	656,000
Investments	<u>324,125,000</u>
	<u>\$ 327,007,000</u>

7. 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. The amount of rental income received by the City for the year ended September 30, 2019 was approximately \$3,090,000 and is recorded in the statement of activities within governmental activities – general government category as charges for services.

8. Interfund Transfers And Balances

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental fund, Gaming Revenue	\$ 1,069,984	\$ (7,511,685)
Other nonmajor governmental funds	94,051	(900,000)
Other nonmajor enterprise funds	7,417,634	(169,984)
	<u>\$ 8,581,669</u>	<u>\$ (8,581,669)</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.

9. Retirement Systems And Pension Plans

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.

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.

	<u>2019 Valuation</u>
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.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Employees covered by benefit terms: At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	85
Inactive employees entitled to but not yet receiving benefits	29
Active employees	<u>69</u>
	<u><u>183</u></u>

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 13 percent of annual covered payroll.

Net pension liability (asset): The employer's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2019. Standard update procedures were used to roll forward the net pension liability (asset) to June 30, 2019.

Actuarial assumptions: The total pension liability in the February 28, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25% net of investment expenses

The healthy retiree mortality tables, for postretirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the postretirement and preretirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above tables.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

The actuarial assumptions used in the February 28, 2019 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate Of Return</u>
Equity	48.0%	4.8%
Fixed Income	28.5%	1.7%
Real assets	23.5%	3.4%

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.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*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 LAGERS are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2018	\$ 28,016,404	\$ 30,985,156	\$ (2,968,752)
Changes for the year			
Service cost	467,536	—	467,536
Interest	1,995,606	—	1,995,606
Difference between expected and actual experience	148,101	—	148,101
Changes of assumption	—	—	—
Contributions - employer	—	568,854	(568,854)
Contribution - employee	—	—	—
Net investment income	—	1,966,403	(1,966,403)
Benefit payments, including refunds	(1,466,633)	(1,466,633)	—
Administrative expense	—	(21,606)	21,606
Other changes	—	(102,127)	102,127
Net changes	1,144,610	944,891	199,719
Balances at September 30, 2019	\$ 29,161,014	\$ 31,930,047	\$ (2,769,033)

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% Decrease (8.25%)
Total pension liability	\$ 32,857,104	\$ 29,161,014	\$ 26,087,645
Plan fiduciary net position	31,930,047	31,930,047	31,930,047
Net pension liability (asset)	\$ 927,057	\$ (2,769,033)	\$ (5,842,402)

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To LAGERS

For the year ended September 30, 2019, the City recognized pension expense of \$372,188. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 103,750	\$ (310,520)
Changes in assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	(675,404)
Employer contributions subsequent to the measurement date	130,527	—
Total	\$ 234,277	\$ (985,924)

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, 2020.

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

Year Ending September 30,	Net Deferred Inflows Of Resources
2020	\$ (227,977)
2021	(493,930)
2022	(208,994)
2023	48,727
2024	—
Thereafter	—
Total	\$ (882,174)

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 as of the beginning of each measurement period.

Police And Fire Retirement Plan

Plan description: The City’s Police Officer’s and Fire Fighter’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, 2019, Plan membership consisted of the following:

Active employees	95
Vested terminated employees	8
Retirees, beneficiaries and contingent annuitants	<u>81</u>
	<u>184</u>

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.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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, 2018, the employer contribution rate was raised to 6.9 percent. The contribution rate remained unchanged through the year ended September 30, 2019.

Employees contribute to the Plan a specific percentage of participant's base pay. Effective April 6, 2018, the employee contribution rate was raised to 3.1 percent. The contribution rate remained unchanged through the year ended September 30, 2019.

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2019 which is effectively the same date as the actuary used to calculate the total pension liability as of September 30, 2019.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increase	4.0%
Investment rate of return	6.5%

Mortality rates were based on the Public Safety 2010 tables projected with generational improvements using the scale MP-2018 (previously RP-2014 Blue Collar Healthy Annuitant Tables). For disabled mortality, the Healthy Annuitant Mortality Table is set forward five years.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	25%	2.0%
Equity securities	65%	5.5%
Real estate	10%	3.5%
	<u>100%</u>	

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ending September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 6.5% percent.

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 (*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 (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balance at September 30, 2018	\$ 52,460,114	\$ 56,616,911	\$ (4,156,797)
Changes for the year			
Service cost	1,034,219	—	1,034,219
Interest	3,391,638	—	3,391,638
Difference between expected and actual experience	861,941	—	861,941
Contributions - employer	—	1,126,830	(1,126,830)
Contributions - employee	—	178,117	(178,117)
Net investment income	—	2,197,787	(2,197,787)
Benefit payments, including refunds	(2,630,573)	(2,630,573)	—
Administrative expense	—	(193,174)	193,174
Changes of Assumptions	708,032	—	—
Other changes	—	—	—
Net changes	3,365,257	678,987	2,686,270
Balance at September 30, 2019	\$ 55,825,371	\$ 57,295,898	\$ (1,470,527)

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)	\$ 4,887,162	\$ (1,470,527)	\$ (6,763,965)

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Police And Fire Pension

For the year ended September 30, 2019, the City recognized pension expense of \$849,547. 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	\$ 772,417	\$ 1,287,592
Changes in assumptions	1,843,719	769,390
Difference between expected and actual investment earnings	—	668,552
Total	\$ 2,616,136	\$ 2,725,534

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

Years Ending September 30,	Amount
2020	\$ (645,743)
2021	(268,125)
2022	479,988
2023	267,092
2024	57,390
Thereafter	—
Total	\$ (109,398)

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 as of the beginning of each measurement period.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

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, 2019:

Assets	
Cash and cash equivalents	\$ 252,870
Investments	57,043,028
Total Assets	<u>57,295,898</u>
Net Position Held In Trust For Pension Benefits	<u>\$ 57,295,898</u>
Additions	
Contributions	
Employer	\$ 1,126,830
Member	178,117
Total contributions	<u>1,304,947</u>
Investment income	
Net increase in fair value of investments	1,403,846
Interest and dividends	793,941
Total investment income	<u>2,197,787</u>
Total Additions	<u>3,502,734</u>
Deductions	
Benefits	2,630,573
Administrative expenses	193,174
Total Deductions	<u>2,823,747</u>
Change In Net Position	678,987
Net Position Held In Trust - Beginning Of Year	<u>56,616,911</u>
Net Position Held In Trust - End Of Year	<u>\$ 57,295,898</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 (*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, 2018, included in the actuarial valuation as of January 1, 2019:

Inactive employees or beneficiaries currently receiving benefits	307
Inactive employees entitled to but not yet receiving benefits	1,304
Active employees	<u>2,892</u>
	<u><u>4,503</u></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, 2019 was \$4,533,000, which was substantially lower than the actuarial determined contribution of \$10,289,000. The Hospital also contributed \$24,306,000 after December 31, 2018 but before June 30, 2019, which is included as a deferred outflow of resources in the statement of net position at June 30, 2019.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Net pension liability: The Hospital's net pension liability was measured as of December 31, 2018 (the Hospital Plan's fiscal year-end) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

Actuarial assumptions: The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Interest rates	
Funding rate	7.25%
Lump sum interest rate	4.50%
Salary and taxable wage base increases	2.50%
Investment rate of return	7.25%
Indexed limits on compensation benefits	2.30%

Mortality rates were based on the RP-2000 mortality table with generational projection based on the Society of Actuaries Scale BB.

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	Long-Term	
	Target Allocation	Expected Real Rate Of Return
Equity		
US Large Stock	45%	11.42%
US Small Stock	20%	13.84%
Bonds		
US 30 Day TBill	2%	3.74%
US IT Government	18%	5.07%
US LT Corporate	15%	4.82%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ending December 31, 2018, the annual money-weighted rate of return on the Hospital Plan investments, net of pension plan investment expense was (4.9) percent.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.25 percent for the year ended June 30, 2019. 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.

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 (a) - (b)
Balance at June 30, 2018	\$ 273,066,000	\$ 277,401,000	\$ (4,156,797)
Changes for the year			
Service cost	7,334,000	—	7,334,000
Interest	18,654,000	—	18,654,000
Changes of benefit terms	(7,239,000)	—	(7,239,000)
Difference between expected and actual experience	5,081,000	—	5,081,000
Effect of assumption changes or inputs	2,385,000	—	2,385,000
Contributions - employer	—	4,533,000	(4,533,000)
Contributions - employee	—	—	—
Net investment income (loss)	—	(13,013,000)	13,013,000
Benefit payments, including refunds	(25,037,000)	(25,037,000)	—
Administrative expense	—	(333,000)	333,000
Changes of Assumptions	—	—	—
Other changes	—	—	—
Net changes	1,178,000	(33,850,000)	35,028,000
Balance at June 30, 2019	\$ 274,244,000	\$ 243,551,000	\$ 30,693,000

Sensitivity of the hospital's net pension liability to changes in the discount rate: The net pension liability of the Hospital has been calculated using a discount rate of 7.25 percent. The following presents the net pension liability using a discount rate 1 percent higher and 1 percent lower than the current rate.

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Hospital's Net Pension Liability	\$ 53,342,000	\$ 30,693,000	\$ 10,895,000

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To The Hospital Plan

For the year ended June 30, 2019, the Hospital recognized pension expense of \$11,465,000. At June 30, 2019, 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 in experience	\$ 17,097,000	\$ —
Changes in assumptions	16,768,000	(3,947,000)
Difference between expected and actual investment earnings	18,454,000	—
Hospital contributions made subsequent to the measurement date	24,306,000	—
Total	\$ 76,625,000	\$ (3,947,000)

At June 30, 2019, the Hospital reported \$24,306,000 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 a reduction to the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources June 30, 2019 related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2020	\$ 11,791,000
2021	8,339,000
2022	8,533,000
2023	11,578,000
2024	4,200,000
Thereafter	3,931,000
Total	\$ 48,372,000

Below is a summary of pension-related amounts reported by the primary government of the City:

	LAGERS	Police & Fire	Hospital	Total
Net pension asset (liability)	\$ 2,769,033	\$ 1,470,527	\$ (30,693,000)	\$ (26,453,440)
Deferred outflows of resources	234,277	2,616,136	76,625,000	79,475,413
Deferred inflows of resources	985,924	2,725,534	3,947,000	7,658,458
Pension expense	372,188	849,547	11,465,000	12,686,735

10. 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.

At year end, the amount of these liabilities was approximately \$7,828,000. This liability is the Hospital's best estimate based on available information. Changes in the reported liability for the last two fiscal years are as follows:

Fiscal Year	Beginning Of Year	Provisions	Payments	End Of Year
2018	\$ 6,854,000	\$ 3,427,000	\$ 2,893,000	\$ 7,388,000
2019	7,388,000	2,675,000	2,235,000	7,828,000

At year-end, the Hospital had approximately \$8,154,000 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 \$2,226,000 current and \$5,602,000 long-term on the accompanying statement of net position as of June 30, 2019.

11. Operating Agreements

Community Center Fund

On November 18, 2019, 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 overpaid the YMCA \$33,906 in an operating subsidy for the year ended September 30, 2019. For the year ended September 30, 2019, the City incurred management fee expense of \$471,079 and a deficit reduction bonus expense of \$81,250. The amount due to the YMCA as of September 30, 2019 of \$485,888 is recorded in the City's Community Center Fund, a nonmajor enterprise fund.

Communications Fund: On September 2, 2019, 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 liNKCity for a term of 10 years with the City retaining ownership of the network. The agreement commenced on September 30, 2019. 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 amount due to KC Fiber, LLC as of September 30, 2019 of \$24,311 is recorded in the City's Communication Fund, a nonmajor enterprise fund.

12. 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, 2017. Medicare patients accounted for approximately 54 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 16 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.

13. 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, 2019, 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, 2019. 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.

14. Patient Accounts Receivable

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, 2019 was as follows:

Medicare	31%
Medicaid	4%
Commercial insurance	5%
Patients	22%
Contracted payers	38%
	<hr/>
	100%
	<hr/> <hr/>

15. Other Postemployment Benefits (OPEB) - Hospital

General Information about the OPEB Plan

Plan Description

North Kansas City Hospital (the Hospital) offers a postemployment healthcare plan (Healthcare Plan), which provides medical, prescription, dental and vision insurance benefits to its retirees (and their dependents) who are eligible. Coverage is available until the retiree qualifies for Medicare. Medical and/or Pharmacy benefits are self-insured without stop-loss coverage. The Dental and Vision coverages are structured through fully insured arrangements. The benefits and plan options collectively operate as a single-employer defined benefit healthcare plan, which is administered by the Hospital's Board of Trustees. Retirees must pay contribution premiums to maintain coverage. Premium levels equal the COBRA rate times a stipulated increase factor.

Benefit provisions are contained in the plan document and were established and can be amended by action of the Hospital's governing body. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Hospital offers Medical, Prescription Drug, Dental and Vision insurance coverage to its retirees and their dependents. Coverage must be elected at the time of retirement and retirees must make contribution premiums to maintain coverage. At the time of retirement, the retiree must be eligible for immediate pension benefits through the Hospital's defined benefit pension plan, and the employee must have been enrolled in the Hospital's healthcare coverage for at least the five previous consecutive years. This requirement applies separately to Medical/Pharmacy and Dental. An employee who otherwise meets these criteria may be first eligible at the earlier of the following:

- Age 55 with 10 years of service
- Age 62 with 5 years of service

Coverage is available until the retiree qualifies for Medicare (*i.e.*, age 65). However, in no event may spousal coverage extend beyond the spouse age 65. Spouses may continue coverage upon retiree death or attainment of age 65 for up to 36 months, not to exceed the spouse age 65. The same eligibility requirements apply to Meritas employees. Prior service with Meritas counts toward plan eligibility.

The employees covered by the benefit terms at June 30, 2018, are:

Inactive employees or beneficiaries currently receiving benefits	29
Active employees	<u>2,890</u>
	<u><u>2,919</u></u>

OPEB Liability And Actuarial Assumptions

The Hospital's total Healthcare Plan liability of \$2,874,000 was measured as of January 1, 2018, for the year ended June 30, 2019, and was determined by an actuarial valuation as of December 31, 2018.

The total Healthcare Plan liability in the January 1, 2018 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.68%
Salary increase	2.50%
Health care cost trend rate	6.25% *
*Decreasing 0.25% per year to an ultimate rate of 4.5% for 2026 and later	

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (Continued)

The discount rate was based on the average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields. The selected rates are 3.23 percent (beginning-of-period measurement) and 3.68 percent (end-of-period measurement).

Mortality rates were based on the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement.

The actuarial assumptions used in the January 1, 2018 valuations were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018.

Changes In The Healthcare Plan Liability

	Total Healthcare Plan Liability
Balance at June 30, 2018	\$ 2,274,000
Changes for the year	
Service cost	206,000
Interest	79,000
Changes of benefit terms	(348,000)
Difference between expected and actual experience	957,000
Benefit payments	(97,000)
Other changes	(197,000.0)
Net changes	<u>600,000</u>
Balance at June 30, 2019	<u>\$ 2,874,000</u>

Sensitivity Of The Total Healthcare Plan Liability To Changes In The Discount Rate And Health Care Cost Trend Rates

The total Healthcare Plan liability of the Hospital has been calculated using a discount rate of 3.68 percent. The following presents the total Healthcare Plan liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	1% Decrease (2.68%)	Discount Rate (3.68%)	1% Increase (4.68%)
Hospital's total Healthcare Plan liability	\$ 3,094,000	\$ 2,874,000	\$ 2,670,000

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The total Healthcare Plan liability of the Hospital has been calculated using health care cost trend rates of 6.25 percent decreasing .25 percent per year to an ultimate rate of 4.50 percent for 2026 and after. The following presents the total Healthcare Plan liability using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Hospital's total Healthcare Plan liability	\$ 2,568,000	\$ 2,874,000	\$ 3,234,000

Healthcare Plan Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Healthcare Plan

For the year ended June 30, 2019, the Hospital recognized Healthcare Plan expense of \$80,000. At June 30, 2019, the Hospital reported deferred outflows of resources related to the Healthcare Plan from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual	\$ 1,456,000	\$ —
Changes of assumptions	76,000	181,000
	<u>\$ 1,532,000</u>	<u>\$ 181,000</u>

Amounts reported as deferred outflows of resources at June 30, 2019, related to the Healthcare Plan will be recognized in Healthcare Plan expense as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	\$ 142,000
2021	142,000
2022	142,000
2023	142,000
2024	142,000
Thereafter	641,000
<u>Total</u>	<u>\$ 1,351,000</u>

16. Major Customer

Revenue generated by two utility customers of the City amounted to \$4,038,869 for the Sewer Fund (Water Pollution). Revenue generated by one utility customer of the City amounted to \$865,013 for the Water Fund. Revenue generated by these customers comprised 60 percent and 33 percent of total operating revenue for the Sewer Fund and Water Fund, respectively, for the year ended September 30, 2019.

17. Reimbursable Developer Project Costs

Reimbursable developer project costs represent project costs that have been certified by the City as eligible for reimbursement to the applicant from various revenues attributable to a development project. Costs are certified upon project completion and may be certified in phases. Under the agreements, the City may reimburse approved certified cost amounts from incremental taxes generated from the redevelopment project plan for a period up to 20 years from the date of such plan approval. Reimbursement is made in accordance with the terms of an agreement entered into between an applicant and the City. Accordingly, certified project costs in excess of amounts reimbursed to date are tracked by the City for future repayment upon collection of attributable taxes. The City is only obligated for the amount of incremental taxes received attributable to the project and then, only in accordance with the terms of the agreement. Any project costs in excess of the incremental taxes received are the responsibility of the applicant. In accordance with GASB 48 *Pledged Revenue*, the City will record a liability when the City has received amounts that apply to certified developer costs and have yet to be distributed to the applicant. Through September 30, 2019, no amounts have been collected by the City, and therefore, no amounts have been distributed to the applicants or recorded as a liability.

18. Tax Abatements

The City administers two tax abatement programs: The Chapter 100 program provides property tax abatement and sales tax exemption to purchase, construct, improve and equip certain industrial development projects through the issuance of industrial development bonds per Sections 100.010 – 100.200 RSMo. Eligible types of projects include warehouses, distribution facilities, office industries and others listed within Section 100.010 RSMo. Project improvements and equipment financed with Chapter 100 bonds are deeded to City, and exempt from ad valorem taxes per Section 137.100 RSMo, as long as the bonds are outstanding. Companies commit to operational standards for payroll and investment. Failing to meet those standards may result in the company repaying a portion of the abated taxes. The City received PILOTs in the amount of \$143,892 during the fiscal year. A jeweler receives a 100 percent tax abatement.

CITY OF NORTH KANSAS CITY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

The Chapter 353 program provides property tax abatement to encourage developers to improve and/or remove blight (e.g., renovating abandoned buildings for new uses) per Chapter 353 RSMo. A financial need analysis, proof of a blight study, and a plan approved by City Council are required. The program also requires the formation of an Urban Redevelopment Corporation, rezoning to an Urban Revitalization District, compliance with MWDBE and Prevailing Wage requirements and submission of annual project reports. Developers under this program are normally granted 25 years of property tax abatement on improvements made to real property. Abatements generally occur in two phases (Phase I - 100 percent abatement of property taxes on the assessed value of the improved property, followed by a Phase II – 50 percent abatement of property taxes for 15 years). Recapture of abated taxes may occur if the recipient does not fulfill their commitments under the redevelopment plan agreements. The development agreement may also require an annual PILOT during the first phase. The City received PILOTs of approximately \$14,500 during the fiscal year. All PILOTs are remitted to the Clay County collector for distribution to the respective taxing jurisdictions.

Required Supplementary Information

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM For The Year Ended September 30, 2019

Schedule Of Changes In Net Pension Liability And Related Ratios

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 467,536	\$ 468,036	\$ 453,532	\$ 442,508	\$ 498,291
Interest on the total pension liability	1,995,606	1,973,791	1,922,857	1,847,804	1,858,377
Difference between expected and actual experience	148,101	(664,549)	(245,346)	(834,924)	(1,038,281)
Changes of assumptions	—	—	—	980,848	—
Benefit payments, including refunds	(1,466,633)	(1,485,325)	(1,387,628)	(1,424,612)	(1,448,598)
Net Change In Total Pension Liability	1,144,610	291,953	743,415	1,011,624	(130,211)
Total Pension Liability, Beginning	28,016,404	27,724,451	26,981,036	25,969,412	26,099,623
Total Pension Liability, Ending	\$ 29,161,014	\$ 28,016,404	\$ 27,724,451	\$ 26,981,036	\$ 25,969,412
Plan Fiduciary Net Position					
Contributions - employer	\$ 568,854	\$ 578,390	\$ 655,589	\$ 628,991	\$ 659,105
Contribution - employee	—	—	—	—	—
Pension plan net investment income	1,966,403	3,416,713	3,065,800	(85,854)	532,455
Benefit payments, including refunds	(1,466,633)	(1,485,325)	(1,387,628)	(1,424,612)	(1,448,598)
Pension plan administrative expense	(21,606)	(14,510)	(14,326)	(14,297)	(15,657)
Other	(102,127)	(546,890)	95,318	(154,085)	(277,608)
Net Change In Fiduciary Net Position	944,891	1,948,378	2,414,753	(1,049,857)	(550,303)
Plan Fiduciary Net Position, Beginning	30,985,156	29,036,778	26,622,025	27,671,882	28,222,185
Plan Fiduciary Net Position, Ending	\$ 31,930,047	\$ 30,985,156	\$ 29,036,778	\$ 26,622,025	\$ 27,671,882
Employer Net Pension Liability (Asset)	\$ (2,769,033)	\$ (2,968,752)	\$ (1,312,327)	\$ 359,011	\$ (1,702,470)
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability (Asset)	109%	111%	105%	99%	107%
Covered Payroll	3,849,708	3,614,267	3,540,619	3,444,549	3,405,758
Employer's Net Pension Liability (Asset) As A Percentage Of Covered Payroll	-71.9%	-82.1%	-37.1%	10.4%	-50.0%

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 MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM For The Year Ended September 30, 2019

Schedule Of Funding Progress

Years Ended September 30,	Statutorily Required Contribution	Contributions In Relation To The Statutorily Required Contribution	Contributions Deficiency (Excess)	City's Covered Payroll	Contributions As A Percentage Of Covered Payroll
2019	\$ 555,996	\$ 555,996	\$ —	\$ 4,028,953	13.80%
2018	566,206	566,206	—	3,774,707	15.00%
2017	618,435	618,435	—	3,748,088	16.50%
2016	635,444	635,444	—	3,590,075	17.70%
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%

Notes To Schedule Of Contributions

Valuation Date

The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 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, 2019
Actuarial cost method	Entry-age normal and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 13 to 15 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25% net of investment expenses
Retirement age	Experience-based table of rates specific to type of eligibility

Mortality: The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables were the RP-2014 employees mortality table for males and females. Both the postretirement and preretirement tables were adjusted for mortality improvement back to the observation period base year 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above tables.

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION POLICE AND FIRE RETIREMENT PLAN For The Year Ended September 30, 2019

Schedule Of Changes In Net Pension Liability And Related Ratios Police And Fire Retirement Plan (Pension Trust)

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 1,034,219	\$ 1,145,064	\$ 1,182,171	\$ 1,096,000	\$ 1,175,127	\$ 1,090,804
Interest on the total pension liability	3,391,638	3,242,135	3,300,630	3,056,149	3,271,756	3,202,152
Difference between expected and actual experience	861,941	(53,922)	(1,812,895)	226,581	(839,311)	(1,043,437)
Changes of assumptions	708,032	649,332	—	2,034,904	(2,180,160)	(2,346,923)
Benefit payments, including refunds	(2,630,573)	(2,512,858)	(2,470,951)	(3,006,169)	(680,469)	—
Net Change In Total Pension Liability	3,365,257	2,469,751	(841,863)	3,407,465	746,943	1,002,596
Total Pension Liability, Beginning	52,460,114	49,990,363	50,832,226	47,424,761	46,677,818	45,675,222
Total Pension Liability, Ending	\$ 55,825,371	\$ 52,460,114	\$ 49,990,363	\$ 50,832,226	\$ 47,424,761	\$ 46,677,818
Plan Fiduciary Net Position						
Contributions - employer	\$ 1,126,830	\$ 1,104,033	\$ 1,195,816	\$ 1,047,105	\$ 1,043,030	\$ 992,924
Contribution - employee	178,117	172,931	155,688	162,914	140,302	186,275
Pension plan net investment income	2,197,787	4,165,680	6,544,486	4,667,066	(315,503)	4,208,176
Benefit payments, including refunds	(2,630,573)	(2,512,858)	(2,481,478)	(3,006,169)	(2,180,060)	(2,346,923)
Pension plan administrative expense	(193,174)	(151,499)	(137,080)	(124,523)	(103,844)	(99,608)
Other	—	—	—	—	—	—
Net Change In Fiduciary Net Position	678,987	2,778,287	5,277,432	2,746,393	(1,416,075)	2,940,844
Plan Fiduciary Net Position, Beginning	56,616,911	53,838,625	48,561,193	45,814,800	47,230,875	44,290,031
Plan Fiduciary Net Position, Ending	\$ 57,295,898	\$ 56,616,912	\$ 53,838,625	\$ 48,561,193	\$ 45,814,800	\$ 47,230,875
Employer Net Pension Liability (Asset)	\$ (1,470,527)	\$ (4,156,798)	\$ (3,848,262)	\$ 2,271,033	\$ 1,609,961	\$ (553,057)
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability (Asset)	103%	108%	108%	96%	97%	101%
Covered Payroll	5,491,347	5,007,936	5,112,351	5,111,644	5,112,000	5,213,415
Employer's Net Pension Liability (Asset) As A Percentage Of Covered Payroll	-26.8%	-83.0%	-75.3%	44.4%	31.5%	-10.6%

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

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION POLICE AND FIRE RETIREMENT PLAN For The Year Ended September 30, 2019

Schedule Of City Contributions Police and Fire Retirement Plan (Pension Trust)

	Actuarially Determined Contribution	Contributions In Relation To The Actuarially Required Contribution	Contributions Deficiency (Excess)	City's Covered Payroll	Contributions As A Percentage Of Covered Payroll
2019	\$ 800,951	\$ 1,126,830	(325,878)	\$ 5,491,347	20.52%
2018	940,605	1,093,914	(153,309)	5,007,936	21.84%
2017	1,199,032	1,195,816	3,216	5,112,351	23.39%
2016	1,011,064	1,047,105	(36,041)	5,111,644	20.48%
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%

Assumptions

Valuation date	October 1, 2019
Actuarial cost method	Entry Age
Inflation	2.5%
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 Public Safety 2010 tables projected with generational improvements using the scale MP-2018 (previously RP-2014 Blue Collar Healthy Annuitant Tables). For disabled mortality, the Healthy Annuitant Mortality Table is set forward five years.

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIRE RETIREMENT PLAN
For The Year Ended September 30, 2019**

Schedule Of Investment Returns

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.08%	7.56%	13.60%	10.40%	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 For The Year Ended September 30, 2019

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 7,334,000	\$ 6,949,000	\$ 6,588,000	\$ 6,535,000	\$ 6,083,970
Interest on the total pension liability	18,654,000	17,802,000	17,441,000	16,381,000	14,789,028
Changes of benefit terms	(7,239,000)	—	—	—	—
Difference between expected and actual experience	5,081,000	4,116,000	5,873,000	7,401,000	4,804,298
Changes of assumptions	2,385,000	—	—	—	17,103,766
Benefit payments, including refunds	(25,037,000)	(21,744,000)	(16,108,000)	(14,309,483)	(14,250,050)
Other changes	—	7,162,000	(5,495,000)	(1,373,000)	—
Net Change In Total Pension Liability	1,178,000	14,285,000	8,299,000	14,634,517	28,531,012
Total Pension Liability, Beginning	273,066,000	258,781,000	250,482,000	235,846,733	207,315,721
Total Pension Liability, Ending	\$ 274,244,000	\$ 273,066,000	\$ 258,781,000	\$ 250,481,250	\$ 235,846,733
Plan Fiduciary Net Position					
Contributions - employer	\$ 4,533,000	\$ 9,400,000	\$ 12,000,000	\$ 15,000,000	\$ 6,000,000
Pension plan net investment income	(13,013,000)	35,114,000	17,714,000	(362,019)	17,199,177
Benefit payments, including refunds	(25,037,000)	(21,744,000)	(16,108,000)	(14,309,483)	(14,250,050)
Pension plan administrative expense	(333,000)	(110,000)	(140,000)	(164,167)	(146,204)
Other	—	—	—	—	—
Net Change In Fiduciary Net Position	(33,850,000)	22,660,000	13,466,000	164,331	8,802,923
Plan Fiduciary Net Position, Beginning	277,401,000	254,741,000	241,275,000	241,110,549	232,307,626
Plan Fiduciary Net Position, Ending	\$ 243,551,000	\$ 277,401,000	\$ 254,741,000	\$ 241,274,880	\$ 241,110,549
Employer Net Pension Liability (Asset)	\$ 30,693,000	\$ (4,335,000)	\$ 4,040,000	\$ 9,206,370	\$ (5,263,816)
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	89%	102%	98%	96%	102%
Covered Payroll	166,915,000	166,595,000	142,840,000	137,742,000	130,237,000
Employer's Net Pension Liability As A Percentage Of Covered Payroll	18.4%	-2.6%	2.8%	6.7%	-4.0%

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

The actuarial cost method used to determine normal cost and actuarial accrued liabilities is the Entry Age Normal cost method, for the contribution requirements, the Aggregate Actuarial Cost Method was used.

Changes: Mortality PR-2000, prior was RP-2014; Maximum benefit limitation increases were lowered from 2.5 percent to 2.3 percent

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NORTH KANSAS CITY HOSPITAL PENSION PLAN
For The Year Ended September 30, 2019**

	Actuarially Determined Contribution	Contributions In Relation To The Actuarially Required Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions As A Percentage Of Covered Payroll
2019	\$ 10,289,000	\$ 4,533,000	\$ 5,756,000	\$ 166,755,000	2.72%
2018	5,980,000	9,400,000	(3,420,000)	154,717,500	6.08%
2017	7,100,000	12,000,000	(4,900,000)	140,291,000	8.55%
2016	6,566,000	9,000,000	(2,434,000)	133,991,000	6.72%
2015	4,014,000	18,000,000	(13,986,000)	129,035,000	13.95%
2014	3,843,000	—	3,843,000	129,440,000	0.00%
2013	6,719,000	18,524,000	(11,805,000)	131,005,000	14.14%
2012	6,798,000	7,000,000	(202,000)	132,150,000	5.30%
2011	8,695,000	—	8,695,000	135,225,000	0.00%
2010	9,117,000	48,600,000	(39,483,000)	137,110,000	35.45%

Valuation date	January 1, 2019
Actuarial cost method – normal cost and actuarial	Entry Age normal
Actuarial cost method – contributions	Aggregate
Salary and taxable wage base increase	2.50%
Investment rate of return	7.25%
Retirement age	65
Mortality tables	RP-2000

CITY OF NORTH KANSAS CITY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
NORTH KANSAS CITY HOSPITAL PENSION PLAN
For The Year Ended September 30, 2019**

	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	-4.90%	14.10%	7.49%	-0.15%	7.68%	15.60%

Note: 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
OTHER POST EMPLOYMENT BENEFITS – CHANGES IN HEALTHCARE
PLAN LIABILITY
NORTH KANSAS CITY HOSPITAL
For The Year Ended September 30, 2019**

	<u>2019</u>	<u>2018</u>
Changes for the year		
Service cost	\$ 206,000	\$ 109,000
Interest	79,000	50,000
Changes of benefit terms	(348,000)	(68,000)
Difference between expected and actual experience	957,000	905,000
Benefit payments	(97,000)	(55,000)
Other changes	(197,000)	90,000
Net changes	<u>600,000</u>	<u>1,031,000</u>
Balance Beginning Of Year	2,274,000	1,243,000
Balance End Of Year	\$ 2,874,000	\$ 2,274,000
Covered Payroll	192,028,000	192,028,000
Total OPEB liability as a percentage of covered payroll	1.5%	1.2%

Note: GASB 75 was implemented in 2018. This schedule is intended to present a 10-years of information. Additional years will be reported as they become available.

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
For The Year Ended September 30, 2019

	Budget		Actual	Variance With Final Budget (Over) Under
	Original	Final		
Revenues				
Taxes	\$ 9,620,400	\$ 9,620,400	\$ 9,941,928	\$ (321,528)
Intergovernmental	22,000	22,000	16,493	5,507
Licenses and permits	2,042,000	2,042,000	2,402,795	(360,795)
Charges for services	847,843	847,843	862,267	(14,424)
Fines and forfeitures	274,100	274,100	362,667	(88,567)
Gaming	3,100,000	3,100,000	3,089,737	10,263
Investment earnings	71,500	71,500	357,980	(286,480)
Miscellaneous	4,000	4,000	144,980	(140,980)
Total Revenues	15,981,843	15,981,843	17,178,847	(1,197,004)
Expenditures				
Current:				
General government	2,245,557	2,318,692	2,227,999	90,693
Public safety	11,408,473	11,466,362	10,799,142	667,220
Public works	935,603	937,863	886,602	51,261
Interdepartmental	1,071,250	1,074,030	991,728	82,302
Total Expenditures	15,660,883	15,796,947	14,905,471	891,476
Revenues Over (Under) Expenditures	320,960	184,896	2,273,376	(2,088,480)
Other Financing Sources				
Proceeds from the sale of capital assets	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change In Fund Balances	\$ 320,960	\$ 184,896	2,273,376	\$ (2,088,480)
Fund Balances - Beginning Of Year			15,067,837	
Fund Balances - End Of Year			\$ 17,341,213	

CITY OF NORTH KANSAS CITY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON INFORMATION September 30, 2019

Budgetary Data

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

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

Supplementary Information

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

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019**

	Special Revenue					Capital Projects	Total
	Parks And Recreation	Public Library	Convention And Tourism Sales Tax	Fire And Police Pension Tax	Transportation Sales Tax	Capital Projects	
Assets							
Cash and cash equivalents	\$ 63,487	\$ 143,659	\$ 174,705	\$ 1,142	\$ 124,987	\$ 144,718	\$ 652,698
Investments	425,599	1,039,029	1,199,214	7,711	822,756	960,624	4,454,933
Receivables, net of allowance for uncollectibles:							
Taxes	726,967	1,090,494	44,228	792,822	47,520	—	2,702,031
Accounts	1,035	1,553	—	—	—	—	2,588
Accrued interest	36	89	—	—	70	83	278
Due from other governmental units	—	—	—	—	299,383	823	300,206
Prepaid items	21,846	14,348	—	—	77,356	—	113,550
Property held for resale	—	—	—	—	—	417,424	417,424
Total Assets	1,238,970	2,289,172	1,418,147	801,675	1,372,072	1,523,672	8,643,708
Liabilities, Deferred Inflows And Fund Balances							
Liabilities							
Accounts payable and accrued expenditures	37,817	53,778	156,396	—	141,180	39,828	428,999
Deferred Inflows Of Resources							
Property taxes	727,467	1,090,494	—	791,697	47,520	—	2,657,178
Fund Balances							
Nonspendable:							
Prepaid items	21,846	14,348	—	—	77,356	—	113,550
Property held for resale	—	—	—	—	—	417,424	417,424
Restricted:							
Capital projects	—	—	1,261,751	—	—	1,066,420	2,328,171
Bridges and streets	—	—	—	—	1,106,016	—	1,106,016
Assigned:							
Culture and recreation	451,840	1,130,552	—	—	—	—	1,582,392
Fire and police pension	—	—	—	9,978	—	—	9,978
Capital projects and redevelopment	—	—	—	—	—	—	—
Total Fund Balances	473,686	1,144,900	1,261,751	9,978	1,183,372	1,483,844	5,557,531
Total Liabilities, Deferred Inflows And Fund Balances	\$ 1,238,970	\$ 2,289,172	\$ 1,418,147	\$ 801,675	\$ 1,372,072	\$ 1,523,672	\$ 8,643,708

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended September 30, 2019**

	Special Revenue					Capital Projects	Total
	Parks And Recreation	Public Library	Convention And Tourism Sales Tax	Fire And Police Pension Tax	Transportation Sales Tax	Capital Projects	
Revenues							
Taxes	\$ 669,279	\$ 987,769	\$ 543,745	\$ 719,485	\$ 1,887,342	\$ —	\$ 4,807,620
Intergovernmental	—	26,451	—	—	295,138	—	321,589
Charges for services	209,501	—	—	—	—	170	209,671
Gaming	—	—	—	—	—	—	—
Investment earnings	13,403	28,263	34,156	3,229	25,252	28,895	133,198
Miscellaneous, primarily tax increment financing	6,828	17,980	—	—	10,552	995,683	1,031,043
Total Revenues	899,011	1,060,463	577,901	722,714	2,218,284	1,024,748	6,503,121
Expenditures							
Current:							
General government	—	—	132,603	730,000	—	99,700	962,303
Public safety	—	—	—	—	—	—	—
Public works	—	—	—	—	1,404,207	—	1,404,207
Culture and recreation	865,123	1,002,090	—	—	—	—	1,867,213
Transportation	—	—	—	—	426,440	—	426,440
Capital outlay	76,187	5,926	688,871	—	373,887	234,887	1,379,758
Total Expenditures	941,310	1,008,016	821,474	730,000	2,204,534	334,587	6,039,921
Revenues Over (Under) Expenditures	(42,299)	52,447	(243,573)	(7,286)	13,750	690,161	463,200
Other Financing Sources (Uses)							
Transfers in	94,051	—	—	—	—	—	94,051
Transfers out	—	—	—	—	—	(900,000)	(900,000)
Total Other Financing Sources (Uses)	94,051	—	—	—	—	(900,000)	(805,949)
Net Change In Fund Balances	51,752	52,447	(243,573)	(7,286)	13,750	(209,839)	(342,749)
Fund Balances - Beginning Of Year	421,934	1,092,453	1,505,324	17,264	1,169,622	1,693,683	5,900,280
Fund Balances - End Of Year	\$ 473,686	\$ 1,144,900	\$ 1,261,751	\$ 9,978	\$ 1,183,372	\$ 1,483,844	\$ 5,557,531

CITY OF NORTH KANSAS CITY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
For The Year Ended September 30, 2019**

	Special Revenue							
	Parks And Recreation		Public Library		Convention And Tourism Sales Tax		Transportation Sales Tax	
	Final		Final		Final		Final	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues								
Taxes	\$ 648,800	\$ 669,279	\$ 972,100	\$ 987,769	\$ 580,000	\$ 543,745	\$ 1,800,000	\$ 1,887,342
Intergovernmental	—	—	32,158	26,451	—	—	277,500	295,138
Charges for services	138,000	209,501	—	—	—	—	—	—
Investment earnings	3,500	13,403	6,000	28,263	8,000	34,156	6,500	25,252
Miscellaneous, primarily tax increment financing	6,000	6,828	12,000	17,980	—	—	—	10,552
Total Revenues	796,300	899,011	1,022,258	1,060,463	588,000	577,901	2,084,000	2,218,284
Expenditures								
Current:								
General government	—	—	—	—	182,509	132,603	—	—
Public works	—	—	—	—	—	—	1,522,059	1,404,207
Culture and recreation	957,835	865,123	1,177,773	1,002,090	—	—	—	—
Transportation	—	—	—	—	—	—	427,500	426,440
Capital outlay	460,000	76,187	17,000	5,926	1,304,395	688,871	595,000	373,887
Total Expenditures	1,417,835	941,310	1,194,773	1,008,016	1,486,904	821,474	2,544,559	2,204,534
Revenues Over (Under) Expenditures	(621,535)	(42,299)	(172,515)	52,447	(898,904)	(243,573)	(460,559)	13,750
Other Financing Sources								
Transfers in	469,051	94,051	17,000	—	—	—	—	—
Net Change In Fund Balances	(152,484)	51,752	(155,515)	52,447	(898,904)	(243,573)	(460,559)	13,750
Fund Balances - Beginning Of Year	421,934	421,934	1,092,453	1,092,453	1,505,324	1,505,324	1,169,622	1,169,622
Fund Balances - End Of Year	\$ 269,450	\$ 473,686	\$ 936,938	\$ 1,144,900	\$ 606,420	\$ 1,261,751	\$ 709,063	\$ 1,183,372

CITY OF NORTH KANSAS CITY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUNDS
For The Year Ended September 30, 2019**

	Capital Projects Funds			
	Gaming Revenue		Capital Projects	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Gaming	\$ 7,090,000	\$ 7,085,344	\$ —	\$ —
Charges for services	—	—	—	170
Investment earnings	250,000	875,279	10,000	28,895
Miscellaneous, primarily tax increment financing	92,866	59,248	944,000	995,683
Total Revenues	7,432,866	8,019,871	954,000	1,024,748
Expenditures				
Current:				
General government	16,009	16,009	226,676	99,700
Public safety	383,500	173,350	—	—
Capital outlay	11,282,927	3,273,446	1,884,467	234,887
Total Expenditures	11,682,436	3,462,805	2,111,143	334,587
Revenues Over (Under) Expenditures	(4,249,570)	4,557,066	(1,157,143)	690,161
Other Financing Sources (Uses)				
Transfers in	1,069,984	1,069,984	—	—
Transfers out	(7,903,685)	(7,511,685)	(900,000)	(900,000)
Total Other Financing Sources (Uses)	(6,833,701)	(6,441,701)	(900,000)	(900,000)
Net Change In Fund Balances	(11,083,271)	(1,884,635)	(2,057,143)	(209,839)
Fund Balances - Beginning Of Year	38,963,442	38,963,442	1,693,683	1,693,683
Fund Balances - End Of Year	\$ 27,880,171	\$ 37,078,807	\$ (363,460)	\$ 1,483,844

CITY OF NORTH KANSAS CITY, MISSOURI

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS September 30, 2019

	Health And Community Center	Water	Water Pollution Control	Commun- ications	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 48,541	\$ 2,150,618	\$ 872,383	\$ 87,781	\$ 3,159,323
Investments	327,498	8,713,578	652,950	592,246	10,286,272
Receivables, net of allowance for uncollectibles:					
Accounts	—	301,141	528,854	19,202	849,197
Special assessments	—	—	144,792	—	144,792
Accrued interest	28	743	56	51	878
Inventory	—	32,462	—	—	32,462
Prepaid items	25,780	51,085	53,032	59,631	189,528
Total current assets	401,847	11,249,627	2,252,067	758,911	14,662,452
Noncurrent assets:					
Receivables, special assessments	—	—	1,169,987	—	1,169,987
Net pension asset	—	340,591	179,987	—	520,578
Capital assets, net	11,494,919	6,733,507	8,880,817	3,395,012	30,504,255
Total noncurrent assets	11,494,919	7,074,098	10,230,791	3,395,012	32,194,820
Total Assets	11,896,766	18,323,725	12,482,858	4,153,923	46,857,272
Deferred outflows of resources	—	143,277	6,745	—	150,022
Liabilities And Net Position					
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	485,440	267,950	1,778,461	588,032	3,119,883
Compensated absences	—	6,710	3,096	—	9,806
Total current liabilities	485,440	274,660	1,781,557	588,032	3,129,689
Noncurrent liabilities					
Compensated absences	—	105,129	48,496	—	153,625
Total noncurrent liabilities	—	105,129	48,496	—	153,625
Total liabilities	485,440	379,789	1,830,053	588,032	3,283,314
Deferred inflows of resources	—	121,269	64,085	—	185,354
Net Position					
Net investment in capital assets	11,494,919	6,733,507	8,880,817	3,395,012	30,504,255
Unrestricted	(83,593)	11,232,437	1,714,648	170,879	13,034,371
Total Net Position	\$ 11,411,326	\$ 17,965,944	\$ 10,595,465	\$ 3,565,891	\$ 43,538,626

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For The Year Ended September 30, 2019**

	Health And Community Center	Water	Water Pollution Control	Commun- ications	Total
Operating Revenues					
Charges for services	\$ 2,779,145	\$ 2,653,753	\$ 6,851,818	\$ 1,120,056	\$ 13,404,772
Operating Expenses					
Personal services	—	679,752	439,276	—	1,119,028
Contractual services	551,712	411,287	7,292,036	1,214,242	9,469,277
Materials and supplies	2,779,148	381,361	65,984	—	3,226,493
Depreciation	512,369	481,891	1,083,122	460,380	2,537,762
Total Operating Expenses	3,843,229	1,954,291	8,880,418	1,674,622	16,352,560
Operating Income (Loss)	(1,064,084)	699,462	(2,028,600)	(554,566)	(2,947,788)
Nonoperating Revenues (Expenses)					
Investment earnings	8,206	166,149	35,677	15,100	225,132
Total Nonoperating Revenue	8,206	166,149	35,677	15,100	225,132
Income (Loss) Before Transfers And Capital Contributions	(1,055,878)	865,611	(1,992,923)	(539,466)	(2,722,656)
Transfers (Net)	455,199	6,658,954	—	133,497	7,247,650
Changes In Net Position	(600,679)	7,524,565	(1,992,923)	(405,969)	4,524,994
Total Net Position - Beginning Of Year	12,012,005	10,441,379	12,588,388	3,971,860	39,013,632
Total Net Position - End Of Year	\$ 11,411,326	\$ 17,965,944	\$ 10,595,465	\$ 3,565,891	\$ 43,538,626

CITY OF NORTH KANSAS CITY, MISSOURI

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For The Year Ended September 30, 2019

		Health And Community Center	Water	Water Pollution Control	Commun- ications	Total
Cash Flows From Operating Activities						
Receipts from customers and users	\$	2,779,145	\$ 2,658,300	\$ 6,971,693	\$ 1,120,056	\$ 13,529,194
Payments to suppliers		(3,304,413)	(795,679)	(6,470,700)	(1,205,071)	(11,775,863)
Payments to employees		—	(802,064)	(436,015)	—	(1,238,079)
Net Cash Provided By (Used In) Operating Activities		(525,268)	1,060,557	64,978	(85,015)	515,252
Cash Flows Provided By Noncapital Financing Activities						
Proceeds from interfund accounts		455,199	6,658,954	—	133,497	7,247,650
Cash Flows From Capital And Related Financing Activities						
Purchases of capital assets		(22,858)	(1,517,886)	(1,014,425)	—	(2,555,169)
Proceeds from sale of capital assets		—	—	—	—	—
Net Cash Used In Capital And Related Financing Activities		(22,858)	(1,517,886)	(1,014,425)	—	(2,555,169)
Cash Flows From Investing Activities						
Interest and dividends received		8,190	165,723	35,665	15,062	224,640
Purchase of investments		103,474	—	914,232	—	1,017,706
Proceeds from sale of investments		—	(5,298,456)	—	(15,637)	(5,314,093)
Net Cash Provided By (Used In) Investing Activities		111,664	(5,132,733)	949,897	(575)	(4,071,747)
Increase (Decrease) In Cash And Cash Equivalents		18,737	1,068,892	450	47,907	1,135,986
Cash And Cash Equivalents - Beginning Of Year		29,804	1,081,726	871,933	39,874	2,023,337
Cash And Cash Equivalents - End Of Year	\$	48,541	\$ 2,150,618	\$ 872,383	\$ 87,781	\$ 3,159,323
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$	(1,064,084)	\$ 699,462	\$ (2,028,600)	\$ (554,566)	\$ (2,947,788)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation		512,369	481,891	1,083,122	460,380	2,537,762
Changes in assets and liabilities:						
Receivables		—	4,547	119,875	—	124,422
Prepaid items and inventory		(25,780)	(9,683)	(35,353)	(15,140)	(85,956)
Accounts payable and accrued expenses		52,227	6,652	922,673	24,311	1,005,863
Compensated absences		—	12,791	5,867	—	18,658
Pension related deferred outflows			(100,527)	15,812		(84,715)
Pension related deferred inflows			(60,015)	(31,571)		(91,586)
Net Pension Asset/Liability		—	25,439	13,153		38,592
Net Cash Provided By (Used In) Operating Activities	\$	(525,268)	\$ 1,060,557	\$ 64,978	\$ (85,015)	\$ 515,252

CITY OF NORTH KANSAS CITY, MISSOURI

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

September 30, 2019

	Hospital Pension	Police And Fire Retirement	Total
Assets			
Investments	\$ 243,551,618	\$ 57,295,899	\$ 300,847,517
Net Position	\$ 243,551,618	\$ 57,295,899	\$ 300,847,517

CITY OF NORTH KANSAS CITY, MISSOURI

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

For The Year Ended September 30, 2019

	Hospital Pension	Police And Fire Retirement	Total
Additions			
Contributions			
Employer	\$ 4,533,336	\$ 1,126,830	\$ 5,660,166
Plan member deposits	—	178,117	178,117
Total Contributions	4,533,336	1,304,947	5,838,283
Investment Income			
Net appreciation (depreciation) in fair value of investments	(18,184,441)	2,197,787	(15,986,654)
Interest and dividends	5,669,357	—	5,669,357
Investment expenses	(549,092)		(549,092)
Net Investment Income	(13,064,176)	2,197,787	(10,866,389)
Total Additions	(8,530,840)	3,502,734	(5,028,106)
Deductions			
Benefits	25,036,681	2,630,573	27,667,254
Administrative expenses	282,861	193,174	476,035
Total Deductions	25,319,542	2,823,747	28,143,289
Change In Net Position	(33,850,382)	678,987	(33,171,395)
Net Position Held In Trust - Beginning Of Year	277,402,000	56,616,912	334,018,912
Net Position Held In Trust - End Of Year	\$ 243,551,618	\$ 57,295,899	\$ 300,847,517

Statistical Section

CITY OF NORTH KANSAS CITY, MISSOURI
Statistical Section
September 30, 2019

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

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being has changed over time.	97 - 102
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	109 - 110
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that year.

CITY OF NORTH KANSAS CITY, MISSOURI

NET POSITION BY COMPONENT Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 56,033,164	\$ 59,301,847	\$ 60,154,984	\$ 59,324,108	\$ 60,838,547	\$ 60,643,084	\$ 62,384,233	\$ 66,658,524	\$ 79,097,669	\$ 80,292,369
Restricted	2,349,218	2,412,672	2,783,813	3,209,214	3,392,808	3,161,205	5,879,897	5,667,945	5,464,739	5,049,499
Unrestricted	33,909,406	35,532,283	40,373,380	45,121,958	50,305,949	57,775,621	58,372,025	58,778,459	54,907,047	55,937,807
Total Governmental Activities Net Position	92,291,788	97,246,802	103,312,177	107,655,280	114,537,304	121,579,910	126,636,155	131,104,928	139,469,455	141,279,675
Business-type activities:										
Net investment in capital assets	149,776,829	153,867,367	191,418,372	217,343,839	214,118,356	218,341,013	242,384,316	270,740,452	277,054,847	284,845,255
Restricted	1,633,600	1,700,600	1,175,000	1,243,000	189,000	684,000	102,000	729,000	5,190,000	627,000
Unrestricted	390,083,471	405,608,438	395,967,097	375,518,258	406,122,812	424,995,741	431,418,887	404,137,355	400,012,785	424,505,371
Total Business-Type Activities Net Position	541,493,900	561,176,405	588,560,469	594,105,097	620,430,168	644,020,754	673,905,203	675,606,807	682,257,632	709,977,626
Primary government:										
Net investment in capital assets	205,809,993	213,169,214	251,573,356	278,745,947	274,956,903	278,984,097	304,768,549	337,398,976	356,152,516	365,137,624
Restricted	3,982,818	4,113,272	3,958,813	4,452,214	3,581,808	3,845,205	6,901,897	6,396,945	10,654,739	5,676,499
Unrestricted	423,992,877	441,140,721	436,340,477	420,640,216	456,428,761	482,771,362	489,790,912	462,915,814	454,919,832	480,443,178
Total Primary Government Net Position	\$ 633,785,688	\$ 658,423,207	\$ 691,872,646	\$ 703,838,377	\$ 734,967,472	\$ 765,600,664	\$ 801,461,358	\$ 806,711,735	\$ 821,727,087	\$ 851,257,301

GASB Statement No. 54 implemented in fiscal year 2011.

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION

Last Ten Fiscal Years

Page 1 Of 3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government	\$ 2,234,932	\$ 3,436,089	\$ 4,114,025	\$ 4,351,838	\$ 6,428,481	\$ 2,835,303	\$ 1,485,072	\$ 3,244,548	\$ 3,593,867	\$ 4,571,994
Public safety	12,753,886	10,912,331	10,883,632	11,477,095	9,466,348	11,817,664	15,473,191	12,443,789	14,032,962	11,664,108
Public works	3,776,670	3,507,087	2,517,403	2,817,191	2,215,496	3,448,907	3,278,598	2,572,462	1,491,115	3,709,337
Culture and recreation	2,273,338	2,001,071	1,846,015	1,847,675	1,584,810	1,973,900	1,704,827	1,971,491	1,858,736	2,272,090
Transportation	324,305	129,458	321,464	349,162	361,326	368,612	331,103	391,161	420,874	426,440
Sanitation	517,640	—	—	—	—	—	—	—	—	—
Total Governmental Activities										
Expenses	21,880,771	19,986,036	19,682,539	20,842,961	20,056,461	20,444,386	22,272,791	20,623,451	21,397,554	22,643,969
Business-type activities:										
Hospital	405,864,000	421,952,000	437,460,000	447,831,000	456,058,000	496,990,000	525,310,000	568,089,000	577,356,000	590,974,000
Health and community center	2,813,169	2,797,549	2,480,455	2,499,411	2,560,783	3,171,831	5,790,001	3,447,377	3,840,521	3,843,229
Water	1,965,792	1,973,721	1,824,211	1,849,135	1,722,107	1,836,014	1,926,481	1,969,289	1,989,566	1,954,291
Water pollution control	3,849,201	3,954,074	4,158,563	4,388,043	4,701,823	4,529,403	4,921,234	4,773,075	6,944,342	8,880,418
Communications	1,519,613	1,472,799	1,414,149	1,514,225	1,917,162	1,778,776	1,659,392	1,331,561	1,759,755	1,674,622
Total Business-Type Activities										
Expenses	416,011,775	432,150,143	447,337,378	458,081,814	466,959,875	508,306,024	539,607,108	579,610,302	591,890,184	607,326,560
Total Primary Government										
Expenses	437,892,546	452,136,179	467,019,917	478,924,775	487,016,336	528,750,410	561,879,899	600,233,753	613,287,738	629,970,529
Program revenue:										
Governmental activities:										
Charges for services										
General government	5,549,600	5,770,617	5,771,026	5,886,374	5,884,018	5,683,241	5,913,315	6,138,564	6,145,032	5,984,416
Public safety	454,465	460,807	429,931	376,885	548,316	466,865	355,945	353,831	273,722	359,045
Culture and recreation	120,498	112,587	132,028	129,817	128,257	141,910	161,043	155,702	187,927	171,724
Transportation	—	—	220,081	3,180	91,003	—	—	—	—	136,268
Operating grants and contributions										
Public safety	129,327	—	—	30,376	18,377	22,506	22,218	24,769	18,693	16,493
Culture and recreation	31,488	9,166	7,565	22,765	35,328	12,751	5,553	9,010	6,120	26,451
Transportation	180,080	179,005	153,813	151,761	159,054	268,388	313,977	303,394	286,770	170,870
Total Governmental Activities										
Program Revenue	6,465,458	6,532,182	6,714,444	6,601,158	6,864,353	6,595,661	6,772,051	6,985,270	6,918,264	6,865,267

GASB Statement No. 34 implemented in fiscal year 2002.

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION *(Continued)*

Last Ten Fiscal Years

Page 2 Of 3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Hospital	\$ 424,614,000	\$ 434,318,000	\$ 449,772,000	\$ 457,407,000	\$ 477,701,000	\$ 528,063,000	\$ 543,981,000	\$ 570,304,000	\$ 586,546,000	\$ 597,225,000
Health and community center	1,110,283	1,140,468	1,118,173	1,127,106	1,104,420	1,596,594	4,661,574	2,536,416	2,744,406	2,779,145
Water	1,703,652	1,827,262	2,093,949	2,106,727	2,328,295	2,463,837	2,604,180	2,662,902	2,723,942	2,653,753
Water pollution control	2,440,987	2,922,901	2,905,619	3,443,812	3,405,992	3,750,942	4,303,046	4,224,119	5,593,661	6,851,818
Communications	393,435	449,107	597,862	847,871	960,230	1,128,404	1,036,502	789,601	1,149,335	1,120,056
Capital grants and contributions:										
Hospital	—	—	334,000	287,000	343,000	278,000	262,000	316,000	—	—
Water pollution control	—	—	—	—	—	—	—	—	—	—
Total Business-Type Activities										
Program Revenues	430,262,357	440,657,738	456,821,603	465,219,516	485,842,937	537,280,777	556,848,302	580,833,038	598,757,344	610,629,772
Total Primary Government										
Program Revenues	436,727,815	447,189,920	463,536,047	471,820,674	492,707,290	543,876,438	563,620,353	587,818,308	605,675,608	617,495,039
Net (expense) revenue:										
Governmental activities	(14,973,219)	(13,453,854)	(12,968,095)	(14,241,803)	(13,192,208)	(13,848,725)	(15,500,740)	(13,638,181)	(14,479,290)	(15,778,702)
Business-type activities	14,250,582	8,507,595	9,484,225	7,137,702	18,883,062	28,974,753	17,241,194	1,222,736	6,867,160	3,303,212
Total Primary Government Net										
Expense	(722,637)	(4,946,259)	(3,483,870)	(7,104,101)	5,690,854	15,126,028	1,740,454	(12,415,445)	(7,612,130)	(12,475,490)

CITY OF NORTH KANSAS CITY, MISSOURI

CHANGES IN NET POSITION *(Continued)*

Last Ten Fiscal Years

Page 3 Of 3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 1,632,865	\$ 1,640,656	\$ 1,846,101	\$ 2,072,697	\$ 2,247,391	\$ 2,518,480	\$ 2,499,278	\$ 2,473,990	\$ 2,594,165	\$ 2,436,800
Franchise taxes	2,496,166	2,322,566	2,220,430	2,404,190	2,586,451	2,615,648	2,751,507	2,804,315	2,882,225	2,729,337
Sales taxes	4,014,097	4,171,466	4,424,732	4,575,302	4,868,873	4,838,815	5,127,842	5,342,598	7,836,800	7,603,094
Other taxes	656,230	663,726	631,473	666,878	1,363,822	1,693,396	1,750,901	1,824,935	1,813,000	1,980,309
Gaming	9,813,643	9,024,105	8,492,107	7,757,401	7,571,879	7,404,235	7,308,228	7,258,412	7,045,450	7,085,344
Investment earnings	148,209	66,282	62,128	55,849	153,835	260,606	249,208	408,414	664,396	1,366,457
Gain on disposal of capital assets	—	—	—	—	—	241,587	—	113,975	125,814	—
Miscellaneous	925,988	892,383	1,616,515	1,122,605	1,733,663	1,252,847	1,324,203	1,157,649	1,202,300	1,635,231
Transfers	(1,758,000)	(372,316)	(260,016)	(70,016)	(451,682)	169,984	(454,182)	(3,277,334)	(1,320,333)	(7,247,650)
Total Governmental Activities	17,929,198	18,408,868	19,033,470	18,584,906	20,074,232	20,995,598	20,556,985	18,106,954	22,843,817	17,588,922
Business-type activities:										
Investment earnings	19,382,991	9,802,594	16,961,123	504,568	6,948,327	6,585,333	13,037,261	(3,908,650)	(2,866,878)	16,812,132
Gain on disposal of capital assets	—	—	—	—	—	62,130	62,139	30,283	7,210	—
Miscellaneous	—	1,000,000	678,700	10,342	42,000	27,592	9,673	159,901	—	357,000
Transfers	—	372,316	260,016	70,016	451,682	(196,984)	454,182	3,277,334	1,320,333	7,247,650
Special item	—	—	—	—	—	(2,601,000)	—	—	—	—
Total Business-Type Activities	19,382,991	11,174,910	17,899,839	584,926	7,442,009	3,877,071	13,563,255	(441,132)	(1,539,335)	24,416,782
Total Primary Government	37,312,189	29,583,778	36,933,309	19,169,832	27,516,241	24,872,669	34,120,240	17,665,822	21,304,482	42,005,704
Changes in net position:										
Governmental activities	2,513,885	4,955,014	6,065,375	4,343,103	6,882,024	7,146,873	5,056,245	4,468,773	8,364,527	1,810,220
Business-type activities	33,633,573	19,682,505	27,384,064	7,722,628	26,325,071	32,878,824	30,804,449	781,604	5,327,825	27,719,994
Total Primary Government	\$ 36,147,458	\$ 24,637,519	\$ 33,449,439	\$ 12,065,731	\$ 33,207,095	\$ 40,025,697	\$ 35,860,694	\$ 5,250,377	\$ 13,692,352	\$ 29,530,214

CITY OF NORTH KANSAS CITY, MISSOURI

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 349,500	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	2,453,343	—	—	—	—	—	—	—	—	—
Nonspendable	—	1,096	2,372	1,478	302,211	14,321	10,479	—	438,908	385,115
Restricted	—	94,450	114,175	84,923	130,023	146,974	145,266	159,196	6,232,879	184,576
Assigned	—	639,606	529,790	428,298	375,433	340,651	294,914	269,966	252,496	233,619
Unassigned	—	3,851,420	7,023,200	8,242,190	9,023,469	9,877,566	10,745,912	12,045,647	14,143,557	16,537,903
Total General Fund	\$ 2,802,843	\$ 4,586,572	\$ 7,669,537	\$ 8,756,889	\$ 9,831,136	\$ 10,379,512	\$ 11,196,571	\$ 12,474,809	\$ 21,067,840	\$ 17,341,213
All Other Governmental Funds:										
Reserved	\$ 1,734,432	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved, reported in:										
Special revenue funds	29,852,966	—	—	—	—	—	—	—	—	—
Capital projects funds	1,468,541	—	—	—	—	—	—	—	—	—
Nonspendable	—	443,826	448,097	447,224	434,823	423,623	3,171	55,587	82,073	530,974
Restricted/committed/assigned:										
Capital projects	—	1,182,518	1,109,378	1,482,839	1,789,166	2,412,293	3,016,318	3,097,074	2,871,583	2,328,171
Bridges and streets	—	1,135,704	1,560,260	1,641,452	1,473,619	1,307,835	1,361,097	1,069,279	1,108,931	1,106,016
Fire and police pension	—	—	—	—	30,008	9,139	15,907	9,337	17,264	9,978
Culture and recreation	—	5,526,411	783,869	1,115,330	1,770,792	1,866,880	1,341,349	1,377,466	1,493,005	1,582,392
Capital projects and redevelopment	—	24,633,724	31,799,978	35,235,802	38,696,906	44,527,947	48,170,877	46,720,534	39,380,366	—
Total All Other Governmental Funds	\$ 33,055,939	\$ 32,922,183	\$ 35,701,582	\$ 39,922,647	\$ 44,195,314	\$ 50,547,717	\$ 53,908,719	\$ 52,329,277	\$ 44,953,222	\$ 5,557,531

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$ 8,799,358	\$ 8,798,414	\$ 9,122,736	\$ 10,169,054	\$ 11,555,008	\$ 11,666,339	\$ 12,129,528	\$ 12,445,838	\$ 15,126,190	\$ 14,749,548
Intergovernmental	340,895	188,171	377,359	204,902	298,507	303,645	341,748	337,173	311,583	338,082
Licenses and permits	1,355,533	1,542,159	1,681,385	1,767,921	1,830,007	1,900,670	2,038,423	2,418,462	2,113,255	2,402,795
Charges for services	350,562	281,724	634,578	717,454	714,407	787,780	879,030	798,070	1,082,804	1,071,938
Fines and forfeitures	537,820	544,314	432,237	380,409	550,891	470,708	360,080	358,885	277,232	362,667
Gaming	13,694,291	12,979,633	12,332,043	11,087,479	10,791,592	10,537,093	10,460,998	10,331,092	10,178,840	10,175,081
Investment earnings	148,209	66,282	62,128	55,849	158,459	260,606	249,208	408,414	664,396	1,366,457
Miscellaneous	925,988	912,669	1,351,436	873,012	1,491,296	1,252,847	1,324,203	1,157,649	1,216,326	1,235,271
Contributions	—	—	14,028	—	—	—	—	—	—	—
Total Revenues	26,152,656	25,313,366	26,007,930	25,256,080	27,390,167	27,179,688	27,783,218	28,255,583	30,970,626	31,701,839
Expenditures:										
General government	13,307,976	5,415,832	1,536,909	1,723,901	1,739,646	3,138,614	2,813,200	2,931,256	2,875,409	3,206,311
Public safety	10,523,909	10,395,712	10,376,320	11,851,793	10,659,035	10,005,546	9,957,949	10,058,868	10,723,024	10,972,492
Public works	3,521,349	4,373,147	1,935,624	2,106,971	2,229,048	2,409,654	2,458,898	2,524,270	2,671,738	2,290,809
Culture and recreation	1,886,838	1,665,619	1,563,439	1,536,354	1,607,509	1,598,853	1,720,500	1,759,787	1,874,595	1,867,213
Transportation	287,597	307,373	321,464	349,162	361,326	365,394	371,985	396,333	412,237	426,440
Sanitation	517,640	—	—	—	—	—	—	—	—	—
Interdepartmental	741,544	1,133,394	641,212	732,584	758,165	712,017	693,285	688,511	674,635	991,728
Capital outlay	—	—	3,510,582	1,576,882	4,236,842	2,460,402	5,736,586	7,034,363	15,416,996	4,653,204
Total Expenditures	30,786,853	23,291,077	19,885,550	19,877,647	21,591,571	20,690,480	23,752,403	25,393,388	34,648,634	24,408,197
Excess Of Revenues Over (Under)										
Expenditures	(4,634,197)	2,022,289	6,122,380	5,378,433	5,798,596	6,489,208	4,030,815	2,862,195	(3,678,008)	7,293,642
Other financing sources (uses):										
Transfers in	1,044,000	3,702,184	7,433,763	2,138,984	1,613,984	1,182,679	1,327,728	1,310,106	1,465,140	1,164,035
Transfers out	(2,802,000)	(4,074,500)	(7,693,779)	(2,209,000)	(2,065,666)	(1,012,695)	(1,781,910)	(4,587,440)	(2,785,473)	(8,411,685)
Proceeds from sale of capital assets	—	—	—	—	—	241,587	601,388	113,975	125,714	—
Total Other Financing Uses	(1,758,000)	(372,316)	(260,016)	(70,016)	(451,682)	411,571	147,206	(3,163,359)	(1,194,619)	(7,247,650)
Net Changes In Fund Balance	\$ (6,392,197)	\$ 1,649,973	\$ 5,862,364	\$ 5,308,417	\$ 5,346,914	\$ 6,900,779	\$ 4,178,021	\$ (301,164)	\$ (4,872,627)	\$ 45,992

CITY OF NORTH KANSAS CITY, MISSOURI

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Property	Local Option Sales Taxes	Utility Franchise Taxes	Other Tax	Total
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
2016	2,846,738	5,127,842	2,861,750	1,293,198	12,129,528
2017	2,473,990	5,342,598	2,804,315	1,824,935	12,445,838
2018	2,594,165	7,836,800	2,882,225	1,813,000	15,126,190
2019	2,436,800	7,603,094	2,729,337	1,980,309	14,749,540
Change 2010 - 2019	49.2%	89.4%	9.3%	201.8%	67.6%

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

CITY OF NORTH KANSAS CITY, MISSOURI

PRINCIPAL SALES TAX INDUSTRIES

September 30, 2019

Industry	Percentage Of Total City Sales Tax Revenues	
	2019	2010
Utilities, regulation, electrical, liquefied petroleum and water	11.5%	12.5%
Lumber and construction materials	11.2%	10.5%
Eating and drinking establishments	9.1%	8.0%
Miscellaneous business services	7.8%	7.7%
Plumbing, heating and air conditioning	6.6%	1.9%
Jewelry stores	5.6%	0.0%
General state government	3.9%	2.3%
Convenience stores	3.5%	4.9%
Miscellaneous manufacturing	3.1%	4.3%
Construction and related machinery	3.0%	1.3%
Machinery equipment and sales	2.9%	4.0%
Telephone, cellular and page communications	2.2%	2.9%
Commercial printing	2.2%	2.7%
Miscellaneous retail	1.9%	3.9%
Total percentage of sales tax revenues	74.5%	66.8%
City direct sales tax rate	2.00%	1.50%

Source: Monthly sales tax distribution records.

CITY OF NORTH KANSAS CITY, MISSOURI

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2019

Assessed Value	\$ 328,222,348
Debt limit (20% of assessed value)	
Debt applicable to limit:	65,644,470
General Obligation bonds	—
Less amount set aside for repayment of general obligation debt	—
Total net debt applicable to limit	\$ 65,644,470

Legal Debt Margin

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 56,410,951	\$ 52,122,167	\$ 50,976,283	\$ 50,874,326	\$ 52,478,612	\$ 53,561,079	\$ 53,180,635	\$ 55,207,333	\$ 55,287,662	\$ 65,644,470
Total net debt applicable to limit	—	—	—	—	—	—	—	—	—	—
Legal Debt Margin	\$ 56,410,951	\$ 52,122,167	\$ 50,976,283	\$ 50,874,326	\$ 52,478,612	\$ 53,561,079	\$ 53,180,635	\$ 55,207,333	\$ 55,287,662	\$ 65,644,470
 Total net debt applicable to 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%

CITY OF NORTH KANSAS CITY, MISSOURI

**PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years**

	Hospital Revenue Bonds						Coverage
	Gross Revenue (1)	Less Operating Expenses (2)	Net Available Revenue	Debt Service (3)			
				Principal	Interest		
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	
2016	557,261,000	494,344,000	62,917,000	12,196,200	2,093,000	4.40	
2017	567,072,000	539,492,000	27,580,000	18,530,000	1,565,000	1.37	
2018	583,529,000	549,389,000	34,140,000	13,721,000	1,499,000	2.24	
2019	597,225,000	558,136,000	39,089,000	5,586,000	1,112,000	5.84	

CITY OF NORTH KANSAS CITY, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable To City
Debt repaid with property taxes:			
North Kansas City School District	238,150,000	13.6%	\$ 32,484,949
City of North Kansas City			<u>—</u>
Total Direct and Overlapping Debt			<u><u>\$ 32,484,949</u></u>

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

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of North Kansas City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident – and therefore responsible for repaying the debt of each overlapping government.

CITY OF NORTH KANSAS CITY, MISSOURI

DEBT OUTSTANDING BY TYPE Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Notes Payable	Capital Leases
2010	\$ 108,160,000	\$ —	\$ 5,900,000
2011	105,267,000	—	4,144,000
2012	73,052,000	—	7,222,000
2013	71,887,000	10,467,000	4,424,000
2014	67,202,000	9,735,000	17,517,000
2015	61,929,000	8,985,000	15,748,000
2016	56,555,000	8,189,000	13,316,000
2017	51,074,000	1,349,000	18,169,000
2018	45,488,000	948,000	16,724,000
2019	40,773,000	524,000	12,090,000

CITY OF NORTH KANSAS CITY, MISSOURI

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

	Population (1)	Personal Income (2)	Per Capita Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2010	4,208	\$ 8,851,119	\$ 39,758	39.9	1,506	12.0%
2011	4,208	8,869,097	39,414	*	1,482	11.1%
2012	4,208	9,039,248	39,735	*	1,439	9.5%
2013	4,208	9,371,669	40,682	*	1,506	8.8%
2014	4,208	9,849,504	42,219	*	1,555	10.0%
2015	4,208	10,439,607	44,304	*	1,477	6.7%
2016	4,208	10,794,462	45,210	*	1,483	6.4%
2017	4,208	11,178,401	46,026	*	1,500	4.1%
2018	4,208	11,919,617	48,381	*	1,598	3.3%
2019	4,208	*	*	*	1,583	2.7%

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 9 YEARS AGO

Industry	2019		
	Employees	Rank	Percentage of Total City Employment
Medical services and products	4,131	1	21.1%
Computer equipment, software and systems	4,041	2	20.7%
Entertainment, restaurants and taverns	2,029	3	10.4%
Manufacturing	1,301	4	6.7%
Building and construction companies	1,183	5	6.0%
Wholesale	758	6	3.9%
Auto parts and repair services	510	7	2.6%
Storage and moving companies	366	8	1.9%
Building material manufacture and supply	354	9	1.8%
Logistics, delivery and transport	334	10	1.7%
	<u>15,007</u>		<u>76.7%</u>

Industry	2010		
	Employees	Rank	Percentage Of Total City Percentage of Total City Employment
Medical services and products	3,184	1	16%
Computer equipment, software and systems	2,703	2	14%
Building material manufacture and supply	2,647	3	13%
Entertainment, restaurants and taverns	1,663	4	8%
Manufacturing	1,115	5	6%
Building and construction companies	754	6	4%
Printing, lithographic, graphic design and sta	729	7	4%
Engineers & Architects	451	8	2%
Banking, investment or financial services	442	9	2%
Wholesale	403	10	2%
	<u>14,091</u>		<u>71%</u>

CITY OF NORTH KANSAS CITY, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY
FUNCTIONS/PROGRAMS
Last Ten Fiscal Years

<u>Functions/Program</u>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Elected	10.0	10.0	10.0	10.0	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	1.0	1.0	1.0	2.0
Human Resources	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.8
Finance	4.0	4.0	3.5	3.5	3.5	2.9	3.4	3.4	3.4	3.4
Purchasing	0.0	—	—	—	—	—	—	—	—	—
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
Intern	0.4	0.3	—	—	—	—	—	—	—	—
Court	3.3	3.3	2.8	3.0	3.0	3.0	3.5	4.5	4.5	4.5
Economic Development	—	—	—	—	—	—	—	1.0	1.0	1.0
Community Development										
Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	—	—	—
Codes Inspectors	4.0	4.0	4.0	4.0	4.0	5.0	4.0	—	—	—
Intern	0.5	0.5	—	—	—	—	—	—	—	—
Police										
Officers	38.0	38.0	34.0	34.0	34.0	34.0	34.0	34.0	38.0	40.0
Civilians	15.6	15.5	12.5	12.5	12.5	12.0	12.0	12.0	14.5	14.5
Fire										
Firefighters and Officers	61.0	61.0	57.0	57.0	57.0	57.0	57.0	57.0	58.0	58.0
Civilians	1.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Codes Inspectors	0.0	—	—	—	—	—	—	5.0	5.0	5.0
Public Works										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	4.0
Codes Inspectors	0.0	0.0	—	—	—	—	—	—	—	—
Buildings & Grounds Keepers	5.3	4.3	4.3	4.3	4.3	4.3	5.3	5.3	6.3	11.0
Street Maintenance	7.8	7.8	7.9	6.9	6.9	6.8	6.8	6.9	7.8	9.0
Parks and Recreation										
General & Administrative	2.3	2.2	3.2	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Recreation	2.5	2.0	2.0	2.3	2.0	1.0	1.0	1.0	1.0	1.0
Attendants	3.3	3.3	2.5	2.5	2.5	3.0	2.0	2.0	2.0	2.0
Library										
Administration	2.0	2.0	2.9	2.0	2.0	3.1	3.1	3.1	4.6	4.3
Public Services	10.9	10.6	11.2	11.0	11.6	10.7	10.7	10.7	8.8	10.4
Computer Services	0.0	—	—	—	—	—	—	—	—	0.0
Water										
Administration	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operators	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Distribution Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Water Pollution Control										
Administration	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0
Lab Technicians	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Distribution Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Community Center										
Administration	—	—	—	—	—	2.0	2.0	2.0	2.0	2.0
Facility Operations	—	—	—	—	—	10.5	10.5	10.5	12.5	12.5
Recreation	—	—	—	—	—	27.3	27.3	27.3	29.3	29.3
Communications										
Administration	—	—	—	—	—	2.6	2.6	2.6	3.1	3.1
Technicians	—	—	—	—	—	4.0	4.0	4.0	3.0	3.0
	198.7	197.6	186.7	183.9	185.3	231.2	230.2	231.3	243.8	258.8

Sources: Adjusted annual city budgets

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Physical arrests	2,350	2,118	1,819	1,639	2,129	2,313	2,108	2,591	956	972
Traffic violations	3,571	3,841	3,329	3,239	4,637	3,458	3,236	3,528	2,240	2,826
Parking violations	818	693	479	665	629	863	1,109	1,092	1,208	867
Fire:										
Number of calls answered	1,635	1,528	1,615	1,715	1,748	1,935	2,015	2,117	2,038	2,075
Number of inspections conducted	332	381	313	802	1,226	716	1,487	1,276	1,106	1,019
In-house training hours	10,649	3,418	5,933	8,987	8,620	10,108	8,960	16,763	18,623	20,716
Patients transported	762	774	781	1,222	912	1,213	1,520	1,261	1,196	1,224
Building safety										
Commercial building permits	204	165	197	206	336	213	303	206	184	139
Residential building permits	93	110	80	121	118	162	120	122	119	104
Certificates of occupancy	101	97	107	104	121	101	82	91	87	72
Water										
Number of service connections	2,021	2,067	2,088	2,088	2,153	2,153	2,212	2,012	2,176	2,176
Daily average consumption in gallons	3.3 mgd	3.3 mgd	3.0 mgd	3.0 mgd	3.0 mgd	3.0 mgd	2.84 mgd	2.69 mgd	2.74 mgd	2.74 mgd
Water Pollution Control:										
Daily average flow in gallons	1.54 mgd	1.54 mgd	1.67 mgd	1.67 mgd	1.64 mgd	1.65mgd	1.60mgd	2.20 mgd	2.33 mgd	2.74 mgd

Sources: City records

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	961	964	964	964
Number of streetlights (owned)	352	352	352	352	352	352	439	371	434	434
Streets (lane miles)	135	135	135	135	135	135	135	135	137	137
Parks & Recreation										
Acreage	100	100	100	108	108	108	108	108	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
Outdoor swimming pool	—	—	—	—	—	—	—	—	—	—
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	6	6	6	6	6	6	6	6	6
Dog Park	—	—	—	1	1	1	1	1	1	1
Spray Park	—	—	—	—	—	—	1	1	1	1
Library										
Facilities	1	1	1	1	1	1	1	1	1	1
Water										
Miles of water mains	40	40	40	40	40	40	41	41	42	42
Number of fire hydrants	349	349	349	349	349	349	348	348	364	364
Maximum daily capacity in gallons	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd	6 mgd
Water pollution control										
Sanitary sewers (miles)	37	37	37	37	37	37	37	37	39	39
Storm sewers (miles)	35	41	41	41	41	41	41	41	43	43
Community Center										
Facilities	1	1	1	1	—	—	—	—	—	—
Indoor swimming pools	1	1	1	1	—	—	—	—	—	—
Outdoor wading pool	1	1	1	1	—	—	—	—	—	—
Hospital										
Facilities	1	1	1	1	1	1	1	1	1	1
Number of patient beds	451	451	451	451	451	451	451	451	451	451

Sources: City records