



CITY OF LIBERTY, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended December 31, 2013

CITY OF LIBERTY, MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013



*Report prepared and submitted by the
Department of Finance*

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Introductory Section



June 24, 2014

To the Honorable Mayor, Members of the City Council and Citizens of the City of Liberty, Missouri

Management Responsibility

The Comprehensive Annual Financial Report (CAFR) of the City of Liberty, Missouri (the City), for the fiscal year ended December 31, 2013, is hereby submitted for your review. This report was prepared by the Finance Department in close cooperation with the external auditor, RubinBrown LLP. The responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial activity of its various funds and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. 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. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The Financial Reporting Entity

This report is prepared in accordance with accounting principles generally in conformance with the standards of financial reporting set forth by the Governmental Accounting Standards Board (GASB), and the guidelines recommended by the Government Finance Officers Association (GFOA). This financial report includes all the funds of the City. The City provides a full range of services including police and fire protection; emergency medical services; water and sanitation services; traffic regulation and municipal court services; construction and maintenance of highways, streets, and bridges; recreational activities and cultural events.

The Liberty, Missouri Public Facilities Authority is included in this report as a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations due to the level of control exercised by the City.

Accounting Controls

Management of the City is responsible for establishing and maintaining an internal control designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The 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 control should not exceed the benefits to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

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, equities, revenues and expenditures or expenses. The various funds are grouped by type in the basic financial statements.

Accounting records for the City's general governmental operations are maintained on an accrual basis with the revenues being recorded when measurable and available, and expenditures being recorded when the liability is incurred. The City's accounting records for proprietary funds are also maintained on the accrual basis.

Budgetary Controls

The city administrator and the assistant city administrator/finance director are responsible for the annual preparation of a budget for the upcoming fiscal year based on estimated revenues and projected service level needs. The major focus of the budget is preparation of a financing plan based on available resources. The revenue forecast identifies the various revenue sources to be used in funding municipal services and forecasts the amount of revenue to be produced. City service levels are then established based on the revenue forecast.

The formal budget document is reviewed by the City Council and is formally adopted by the passage of a budget ordinance each December with the budget to become effective on January 1 of the next year. Once adopted, the finance department monitors the budget on a monthly basis. Operating budgets are monitored on a department level basis. Under this form of budget control, an individual division or department may exceed budgeted amounts for that division or department so long as the fund as a whole does not exceed budgeted funds. Any expenditure that will cause a fund to exceed the total fund budget must be approved by the City Council through a budget amendment ordinance.

Capital budgets are monitored on a project basis. Any expenditure, which would cause a project to exceed budgeted amounts, must be approved by the City Council through a budget amendment ordinance.

Government Structure

Liberty was first settled in 1822 and in 1829 presented a petition to the Clay County Court requesting incorporation so that the citizens could be self-governing. On May 7, 2004, Liberty celebrated the 175th anniversary of that incorporation.

In 1851, Liberty was incorporated as a special charter city. That charter was amended in 1861 and, with few exceptions, provides the form of government enjoyed today. The City has operated under a council-administrator form of government since 1964.

Policymaking and legislative authority are vested in the City Council, which consists of a mayor and an eight-member council. The City Council is responsible for, among other things, passing ordinances, adopting the annual budget, appointing committees, hiring the City administrator, and approving the appointment of department heads. The Council also has the power by state statute to extend its corporate limits by annexation, which is done when deemed appropriate by the Council. The Council is elected on a nonpartisan basis. Council members are elected to four-year staggered terms with four council members elected every two years. The City is divided into four council wards, with two members in each ward. One Council member from each ward is up for election every two years. The Mayor is elected to a two-year term. The City Council meets on the second and fourth Monday of each month in regular session and on the first and third Monday in “study or work session.”

The City administrator is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and, subject to confirmation by the Council, appointing the heads of the various City departments.

Economic Condition And Outlook

The City of Liberty is a suburb located, 15 miles northeast of downtown Kansas City, Missouri encompassing approximately 29 square miles with a population of about 30,000 people. In the first century of its existence, the City experienced moderate growth and development. In recent years, Liberty has become part of the mainstream of urban expansion along the Interstate 35 corridor running north and south along the west boundaries of Liberty, as well as the Highway 152 corridor to the west. Highway 291 is another main north/south corridor through the City. Additional demographic and economic information is included in the Statistical Section of this report.

The City of Liberty is home to William Jewell College. Founded in 1849 as the first four-year men’s college west of the Mississippi when a charter was granted by the Missouri legislature, it is now a nationally recognized co-ed, liberal arts college. The regional area is served by Liberty Hospital, which has emerged as a major health care provider in the metropolitan Kansas City area since its inception in the 1970s. The Liberty School District, recipient of numerous awards for excellence, serves 85 square miles of Clay County, which includes the entire City of Liberty, as well as sections of Kansas City North.

In 2009, *Money Magazine* named Liberty as one of the nation’s best places to live. Twenty-ninth on their list of America’s best small towns, *Money Magazine* commented on Liberty’s clean, tree-lined college town atmosphere with historical districts and buildings listed on the National Register of Historic places. In 2011, this declaration was further validated by *Family Circle Magazine* listing Liberty as the third Best Towns and Cities for Families, *Money Magazine / CNN* ranking Liberty as the seventh Best Places to Live and being sixth on *Missouri Life* Top 10 Town list.

In addition to more than 120 businesses located in the downtown area, including both retail and other business uses, Liberty has six shopping centers located along major highways within the City. Other area industry consists of printing, metal fabrication, auto parts assembly, paperboard manufacturing, industrial wholesale and retail distribution. The 10 principal employers within the City are listed in the Statistical Section of this report.

Due to the recent economic downturn, residential construction showed decline from historical patterns, but has seen improvement in 2013 as reflected in the increase of building permits issued in 2013. Retail development is experiencing moderate additions. Initiated in earlier years through a tax incremental financing plan, the City has three major retail project areas (Liberty Triangle, Roger's Plaza and Blue Jay Crossing) that are continuing to build out. In 2013, the City saw the construction of a Ross Department Store; a national retailer. 2014 plans call for opening within the Blue Jay Crossing, a state of the art, expanded movie and event center owned by B&B Theaters. Several restaurants have opened in Liberty, including The Bell, Rock & Run Brewery, La Costa Mexican Restaurant, and Luigi Italian Restaurant. All of these new establishments are located in historic downtown Liberty. For 2014, the City will see the opening of a sports rehabilitation facility in the Liberty Triangle. Discussions are under way with a national developer, RED Legacy, on plans to redevelop the current Kmart site. Once completed, this will provide new retail and restaurants on our 152 Highway corridor adjacent to I-35.

As a result of the City's incentive programs, Ford Stamping Plant completed construction in 2012 and was fully operational by the end of 2013. LMV Automotive Systems, a supplier to Ford, has also completed construction on their 212,000 square foot facility and is well under way in its Phase II expansion of 250,000 square feet. Holland 1916 relocated to an existing vacant industrial building in Liberty bringing their headquarters and two additional companies. Combined, these plants will provide a total of 680 new jobs to the City.

Aspen Veterinary Resources and affiliate Precision Logistics expanded their facility by an additional 35,000 square feet and added approximately 12 new employees to their current facility.

Building permit activity for the past 10 years is detailed in the Statistical Section.

Binding the efforts of economic development, the City has previously developed and continues to implement a number of economic planning tools as resources allow. The Blueprint for Liberty Future Land Use Plan provides the direction for the growth and development of the community. The plan identifies the major goals and policies of the City Council relative to City services and infrastructure required to meet the demands of a growing city, while ensuring quality development and maintaining Liberty's special community character. The comprehensive plan addresses future land use, major street planning, parks and open space, and storm water management. The plan was amended in June 2006 to include the South Liberty Parkway Corridor Study. This study has components that will assist the City as it considers future roadway projects, land use proposals, or economic development throughout the corridor. Also included is the Public Utilities/Facilities Plan, which identifies the system requirements for sanitary sewer, water distribution and fire protection services. Currently, the City is working on finalizing the Parks and Recreation Trail System Plan.

Long-Term Financial Planning

Fiscal Year 2013 proved to be a positive and promising year on the economic front. The City believes its revenue base within the General Fund is showing not only stabilization, but also providing growth opportunities. This has allowed the City to provide modest employee adjustments, which is a positive occurrence after years of salary freezes. However, the City still is focused on cost containment efforts in order to meet fiscal priorities and service requirements to its residents and further prepare the City for long-term financial health and stability. Certain cost containment efforts begun in 2008 are continuing through the current year. Select vacant positions were carefully evaluated, approved and filled only when essential. Insurance benefits are still subject to cost controls; planned studies have been deferred; contractual expenditures are being controlled; and capital purchases were deferred, when possible.

Due to the need to treat the fiscal condition as an ongoing interactive process, staff develops and shares fiscal forecasts with the Budget Committee on a regular basis. This committee was formed in 2009 to better facilitate elected official communication and coordination. A multitude of meetings and work sessions were held with the Budget Committee/City Council during 2013 to keep Council informed on revenue trends and to partner with Council on prioritizing any additionally required expenditure adjustments. The City is continuing these processes in fiscal year 2014.

The City of Liberty developed long-term financial planning models for all of its major funds. These planning tools extend for a 20-year period, with the first 5 years of the forecasts being the element that establishes Council spending priorities. Capital/infrastructure financial forecasting is segmented into near-term and long-term models. Utility enterprise operating requirements are supported by a forecasting model developed by consultants used to establish annual user rate assessments. General Fund and Parks Fund models were finalized in 2013 and presented to the full Council during a strategic planning retreat. In 2013, the City formally adopted a fund balance policy that requires the maintenance of a 20% General Fund unreserved fund balance, a 12% Parks Fund balance, a minimum of \$1.0M to be held in the CIP funds, and utility funds are to maintain a minimum 45-day unrestricted cash reserve. Staff and the Budget Committee have begun work on debt management and revised investment policies that will provide Council direction on these important operating elements.

Major Initiatives

The City continues to work with its community partners at The Liberty Chamber of Commerce and the Liberty Economic Development Corporation to make long-term investments for the public good. Complementing these efforts, the City's Economic Development Manager has focused on business development and retention. The City is making efforts to position itself in the expanding field of science and technology development, with priority on animal health sciences, and has approved selective tax incentive policies to assist in these endeavors.

Attached to the economic development initiatives, Liberty has partnered with the City of Kansas City, Missouri and the Missouri Department of Transportation to implement major interstate intersection rehabilitation projects. With construction completed in 2013, the City now has two new I-35 interchange improvements (the Flintlock Flyover and M291/I35 projects), that are both designed to improve connectivity over Interstate 35 into Liberty.

While not yet under construction, Liberty has entered into another cost-share partnership with the Missouri Department of Transportation to make significant improvements to the Interstate 35/Missouri Highway 69 interchange. Once completed in 2015, this improvement, coupled with above mentioned items, will open up southern Liberty to significant development opportunities.

A substantial amount of work and review underpins the 2014 Water and Sewer Funds budgets. The City Council decided in 2010 that it was appropriate to secure advice and guidance from knowledgeable Liberty residents in the form of a taskforce. The taskforce met for a 12-week period and offered recommendations to the City Council. Some of the recommendations accepted by Council were to address aging water meters, repair and replace existing infrastructure, and take over water treatment operations of the water plant. One significant recommendation was to study the economics of building and operating a Liberty wastewater treatment plant.

The City has been studying the potential to build and operate its own wastewater treatment plant in 2012. This analysis has shown that long-term savings will accrue from Liberty treating its own sewage as opposed to continuing to rely on contract treatment from Kansas City, Missouri. The City put a ballot initiative before our voters in November 2013. They were asked to approve the issuance of up to \$95,000,000 in sewer revenue bonds to allow for the separation of Liberty from the Kansas City treatment system. This was approved by over 90% of the voters. Current plans call for bond issuance and the start of construction in late 2014/early 2015. This construction will not only build a new treatment plant, but also improve the collection system and provide for rehabilitation of older sewer collection lines. The new treatment plant is planned to be on-line prior to 2017.

Other Information

Independent Audit

City policy requires an annual audit to be made of financial statements of the various funds. The independent certified public accounting firm of RubinBrown LLP audited the financial statements contained in this report for the year ended December 31, 2013. The auditor's report on the basic financial statements is included in the financial section of this report.

Certificate Of Achievement

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Liberty, Missouri for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2012. The Certificate of Achievement of Excellence in Financial Reporting recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards established by the GFOA. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Liberty, Missouri has received a Certificate of Achievement consecutively since December 1986. We believe our current report continues to conform to the Certificate of Achievement program requirements and is being submitted to the GFOA for review.

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

Acknowledgments

The services of a competent and dedicated finance department staff are responsible for preparing, reviewing and editing this report. Appreciation also is extended to the Mayor, City Council, City Administrator, and other City staff for contributing to sound financial planning and economic restraint throughout the year.

Respectfully submitted,

A handwritten signature in black ink that reads "Dan Estes". The signature is written in a cursive style with a large initial "D" and "E".

Dan Estes
Assistant City Administrator/Finance Director



Government Finance Officers Association

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

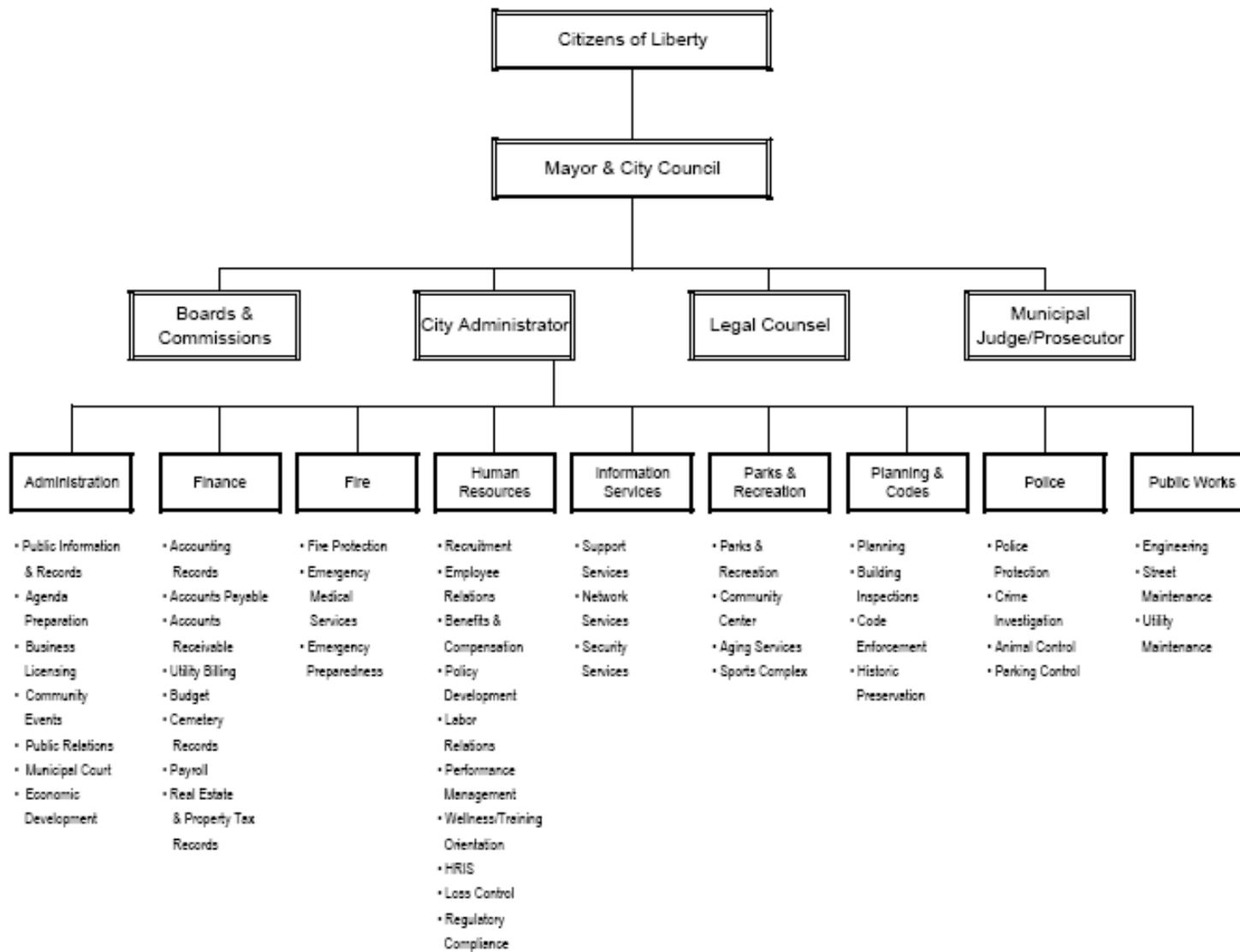
Presented to

**City of Liberty
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO



CITY OF LIBERTY, MISSOURI

LIST OF PRINCIPAL OFFICIALS

Elected Officials

Title	Name
Mayor	Lyndell W. Brenton
Council Member, First Ward	Paul M. Jenness
Council Member, First Ward	Harold A. Phillips
Council Member, Second Ward	Greg Duncan
Council Member, Second Ward	Jeff Moore
Council Member, Third Ward	Kevin Graham
Council Member, Third Ward	Jeff Watt
Council Member, Fourth Ward	Michael Hagan
Council Member, Fourth Ward	Gene Gentrup

Appointed Officials

Municipal Court Judge	Thomas C. Capps
Municipal Prosecutor	Thomas C. McGiffin
City Administrator	Curtis C. Wenson
Assistant City Administrator/Finance Director	Dan Estes
Deputy City Clerk	Janet Pittman
Fire Chief	Mike Snider
Human Resources Director	Amy Brusven
Informational Services Director	Tony Sage
Parks and Recreation Director	Janet Snook Bartnik
Police Chief	James Simpson
Public Works Director	Steven P. Hansen
Planning and Zoning Manager	Katherine Sharp
Utilities Director	Brian Hess
Economic and Business Development Manager	Karan Johnson

Financial Section



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Independent Auditors' Report

The Honorable Mayor and
Members of the City Council
Liberty, 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 Liberty, Missouri as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the City of Liberty, Missouri'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 of 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and where applicable its cash flows, 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 Budgetary Comparison Information, and the Schedule of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide 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 financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and
Members of the City Council

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

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

RubinBrown LLP

June 24, 2014

Management's Discussion And Analysis

CITY OF LIBERTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

We offer those interested in the financial statements for the City of Liberty, Missouri (the City) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. 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 at the close of the fiscal year by \$87,805,056 (net position). Of the assets that may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net position), the City had a deficit amount of \$15,997,100. This is predominately due to the recording of certain Tax Incremental Financing (TIF) debt obligations in which the City must record the debt liability, but has no offsetting assets.
- The City's total net position increased by \$3,236,029. Of this amount, \$1,113,566 was from the City's "governmental activities" and \$2,122,463 was from the "business-type activities."
- As of the close of this current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,496,394; an increase of \$6,737,844 in comparison with the prior year.
- Approximately \$4,039,995 (14.2%) of the combined governmental fund balances of \$28,496,394 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,039,995 or 23.2% percent of total General Fund expenditures.
- The City had a net increase in debt totaling \$4,619,684 during the current fiscal year. Additions to debt totaled \$11,642,195. This increase was offset by 2013 retirements of \$7,022,511. In 2012, the City had a net increase in debt of \$5,812,506.

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 other supplementary information in addition to the basic financial statements.

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 and liabilities, with the difference between the two 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 government'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 distinguish functions of the City that are principally supported by taxes and intergovernmental 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, cemetery maintenance, and community development and improvement. The business-type activities of the City include water, sewer and sanitation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate entity, the Liberty, Missouri Public Facilities Authority (PFA), for which the City is financially accountable. The PFA, although legally separate, functions for all practical purposes as a department of the City and, therefore, has been included in the PFA Fund and the PFA Construction Fund because of its significant operational or financial relationship with 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 financing requirements.

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

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

The City maintains a total of 20 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, Parks Fund, Capital Sales Tax Fund, Transportation Sales Tax Fund and Liberty TIF Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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 three 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 Water Fund and Sewer Fund as these are considered to be major funds of the City. Data from the other enterprise fund, the Sanitation Fund, is in a single presentation as it is the only non-major fund.

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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one type of fiduciary fund: Agency Fund.

Notes To Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary comparison schedules.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$87,805,056 at the close of the fiscal year ended December 31, 2013. The following table reflects a condensed statement of net position.

Net Position

	Governmental Activities 2013	Business-Type Activities 2013	Total 2013	Governmental Activities 2012	Business-Type Activities 2012	Total 2012
Current and other assets	\$ 34,361,398	\$ 10,480,286	\$ 44,841,684	\$ 28,397,829	\$ 10,672,024	\$ 39,069,853
Capital assets, net	53,257,926	56,643,856	109,901,782	53,008,545	55,458,177	108,466,722
Total Assets	87,619,324	67,124,142	154,743,466	81,406,374	66,130,201	147,536,575
Deferred Outflow Of Resources	18,852	232,380	251,232	23,565	261,428	284,993
Current liabilities	6,497,033	2,776,907	9,273,940	5,800,288	2,547,436	8,347,724
Noncurrent liabilities	38,265,497	14,864,265	53,129,762	33,805,751	16,251,306	50,057,057
Total Liabilities	44,762,530	17,641,172	62,403,702	39,606,039	18,798,742	58,404,781
Deferred Inflow Of Resources	4,785,940	—	4,785,940	4,847,760	—	4,847,760
Net position:						
Net investment in capital assets	31,343,975	43,833,948	75,177,923	37,403,710	41,769,045	79,172,755
Restricted	23,958,702	4,665,531	28,624,233	17,049,637	4,832,099	21,881,736
Unrestricted	(17,212,971)	1,215,871	(15,997,100)	(17,477,207)	991,743	(16,485,464)
Total Net Position	\$ 38,089,706	\$ 49,715,350	\$ 87,805,056	\$ 36,976,140	\$ 47,592,887	\$ 84,569,027

At the end of the current and prior fiscal years, the City is able to report a positive balance in the sum of all three categories of net position for the government as a whole. The PFA Construction Fund did not have a positive balance in fund balance due to a current, temporary loan from the General Fund. The PFA Construction Fund is a capital fund used to construct the Sports Complex. This fund makes a yearly payment to the General Fund until the loan is paid in full.

The City's combined net position increased from \$84.6 million to \$87.8 million as a result of increases in General Fund revenues and transfers and increases in business-type activities performance resulting from increased user rates. An additional portion of the City's net position of \$28.6 million or 32.6% represents resources that are subject to external restrictions on how they may be used. The total unrestricted net position resulted in a deficit of \$16.0 million (-18.2%). This is predominately due to the recording of certain TIF debt obligations in which the City must record the debt liability, but has no offsetting assets. The 2013 amount is \$488,364 lower than 2012 and is due to TIF debt pay down.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

By far, the largest portion of the City's net position, \$75,177,923 (85.6%), reflects its investment in capital assets (e.g., land, buildings, machinery, 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 that 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.

The City's \$87.8 million in net position is comprised of \$75.2 million of net investment in capital assets; \$28.6 million in restricted assets to be used for capital projects, debt service and other purposes, and a deficit of \$16.0 million in unrestricted net position. Total net position increased \$3.2 million or 3.8% during the current fiscal year.

The following table reflects the changes in net position of the City's activities for the years ended December 31, 2013 and 2012:

City Of Liberty's Changes In Net Position

	Governmental Activities 2013	Business-Type Activities 2013	Total 2013	Governmental Activities 2012	Business-Type Activities 2012	Total 2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,526,932	\$ 13,744,862	\$ 18,271,794	\$ 5,021,931	\$ 13,341,303	\$ 18,363,234
Operating grants and contributions	243,004	—	243,004	348,860	—	348,860
Capital grants and contributions	1,130,664	611,099	1,741,763	2,683,237	636,556	3,319,793
General revenues:						
Property taxes	6,098,618	—	6,098,618	6,368,832	—	6,368,832
Franchise taxes	3,761,816	—	3,761,816	3,731,525	—	3,731,525
Sales taxes	11,211,196	—	11,211,196	10,656,141	—	10,656,141
Other taxes	1,241,394	—	1,241,394	1,411,627	—	1,411,627
Investment earnings	50,849	162,017	212,866	51,651	167,902	219,553
Other	707,580	17,943	725,523	679,995	11,140	691,135
Total Revenues	28,972,053	14,535,921	43,507,974	30,953,799	14,156,901	45,110,700
Expenses:						
General government	4,409,570	—	4,409,570	5,578,298	—	5,578,298
Community development and improvement	2,440,676	—	2,440,676	3,077,802	—	3,077,802
Public works	3,374,941	—	3,374,941	2,234,374	—	2,234,374
Culture and recreation	5,230,004	—	5,230,004	5,301,867	—	5,301,867
Cemetery maintenance	43,454	—	43,454	45,600	—	45,600
Public safety	10,569,376	—	10,569,376	9,331,920	—	9,331,920
Interest on long-term debt	1,790,466	—	1,790,466	1,924,369	—	1,924,369
Water	—	4,647,033	4,647,033	—	4,683,122	4,683,122
Sewer	—	6,362,039	6,362,039	—	6,029,359	6,029,359
Sanitation	—	1,404,386	1,404,386	—	1,346,538	1,346,538
Total Expenses	27,858,487	12,413,458	40,271,945	27,494,230	12,059,019	39,553,249
Increase In Net Position	1,113,566	2,122,463	3,236,029	3,459,569	2,097,882	5,557,451
Net position, beginning of year	36,976,140	47,592,887	84,569,027	33,516,571	45,495,005	79,011,576
Net position, end of year	\$ 38,089,706	\$ 49,715,350	\$ 87,805,056	\$ 36,976,140	\$ 47,592,887	\$ 84,569,027

CITY OF LIBERTY, MISSOURI

Management’s Discussion and Analysis (*Continued*)

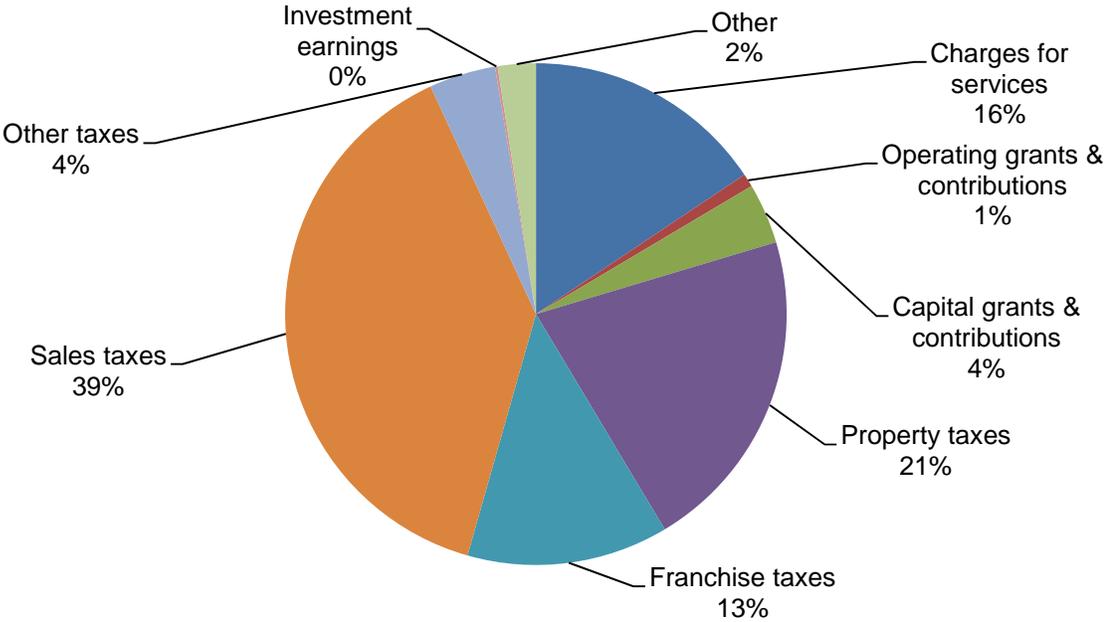
Governmental Activities

Governmental activities increased the City’s net position by \$1,113,566, thereby accounting for 34% of the total increase in the net position of the City.

Property taxes totaled \$6.1 million which was a decrease of \$270,214 over the prior year and is due to an overall reduction of \$8.2 million in 2013 Liberty valuation. Preliminary 2014 information shows a small increase in 2014 valuation in the amount of \$878,000. City franchise fees held relatively constant at \$3.8 million. Sales taxes increased by \$555,000 with the increases attributable to retail growth in Liberty’s TIF districts and general stabilization within that revenue source. Charges for services declined by \$495,000 in 2013 and saw revenues of \$4.5 million. This decline is due to continued stress in the medical reimbursement environment impacting ambulance fee collections and continued participation at the Liberty Community Center.

Governmental activities expenditures increased \$364,000 for the 2013 fiscal year when compared to 2012. The increases were due to the implementation of a 2% salary adjustment and other compensation related items, which are shown within multiple expenditure categories.

The following table reflects the revenues by source for the City’s governmental activities for the year ended December 31, 2013.



CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Total governmental activities' revenue for the fiscal year was \$28,972,053, reflecting a decrease of \$1,981,746 over 2012. The largest contributor to this reduction was the non-repeating nature of the Community Development Infrastructure Block Grant (CDBG) received in 2012. The largest single revenue source for the City was sales taxes of \$11,211,196 (38.7%). Sales taxes increased by \$555,000 (5.2%) from 2012. The increase was due to several factors. First and foremost was an increase in retail sales in Liberty's TIF districts. Other increases in sales included grocery stores, restaurants, and motor vehicle taxes.

Franchise fees account for 13% of the governmental activities' revenue and showed a slight increase over 2012 of \$30,291; a less than 1% increase in receipts. Natural gas and electrical franchise fees are impacted by weather events and the market pricing of said commodities. In 2013, the City saw a slight improvement in natural gas commodity pricing and a more seasonable winter, resulting in a slight improvement in this revenue source.

The 2013 General Fund budget did not include fee increases. Revenue received from charges for services showed a decrease of \$495,000 or -10.9% when compared to 2012. The decrease was primarily the result of reduced ambulance transportation fees and reduced usage of the Liberty Community Center.

Capital grants and contributions decreased by \$1,552,573 when compared to the prior year. This was primarily due to the receipt of a CDBG and revenue participation by Kansas City, Missouri in the M291/I35 road project being received in 2012. Those receipts were nonrepeating and one-time in nature.

Certain revenues are generated that are specific to governmental program activities (operating grants and contributions). These totaled \$243,004 in 2013 and \$348,860 in 2012; a decrease of \$105,856. The 2013 amount is more reflective on ongoing core funding levels.

The following table shows expenses and program revenues of the governmental activities for the years ended December 31, 2013 and 2012:

Net Cost Of Governmental Activities

	Total Cost Of Service		Net Cost Of Service	
	2013	2012	2013	2012
General government	\$ 4,409,570	\$ 5,578,298	\$ (3,924,944)	\$ (5,154,041)
Community development and improvement	2,440,676	3,077,802	(2,440,676)	(3,077,802)
Public works	3,374,941	2,234,374	(2,244,277)	826,388
Culture and recreation	5,230,004	5,301,867	(2,691,693)	(2,439,010)
Cemetery maintenance	43,454	45,600	12,221	(14,490)
Public safety	10,569,376	9,331,920	(8,878,052)	(7,656,878)
Interest on long-term debt	1,790,466	1,924,369	(1,790,466)	(1,924,369)
Total	\$ 27,858,487	\$ 27,494,230	\$ (21,957,887)	\$ (19,440,202)

Expenses from governmental activities totaled \$27,858,487; however, net costs of these services were \$21,957,887. The difference of \$5.9 million represents direct revenues received from charges for services (\$4.53 million), operating grants and contributions (\$0.25 million), and capital grants and contributions (\$1.12 million). Taxes and other revenues in the amount of \$23,071,453 were collected to cover these net costs.

Business-Type Activities

Business-type activities increased the City’s net position by \$2,122,463, thereby accounting for 66% of the total increase in net position of the City.

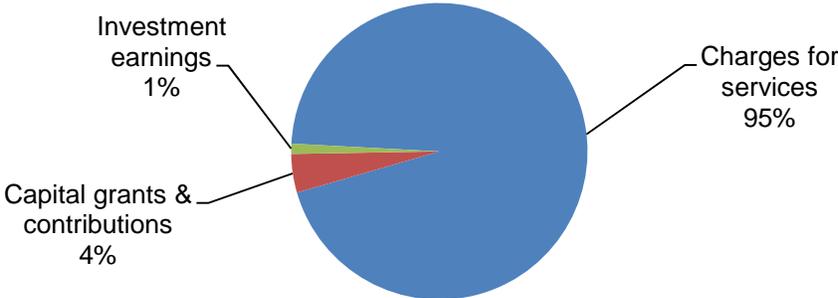
The Water Fund recorded an increase of \$624,830 in net position for the year. Revenues from user fees decreased by \$604,186 or -10.8% in 2013. While the City implemented a 1% water rate increase at the beginning of 2013, water demand was reduced from 2012 levels by approximately 11%. This was due to 2013 showing more normal precipitation levels from the 2012 national drought. Bottom line operating expenses stayed approximately constant at \$4,547,285. Pumping and treatment expenses decreased by \$45,760 and are due to the decreased demand of water. Depreciation expense increased by \$73,398 as a result of additional capital investment in the system. The Water Fund’s operating income was \$440,988 in 2013. This amount shows reduction from the 2012 amount of \$1,035,371 and is due to lower water sales in 2013.

The Sewer Fund recorded an increase of \$1,559,043 in net position for the year. Revenues from user fees increased by \$983,188 or 15.3%. The City implemented an 18% sewer rate increase at the beginning of the year. Operating expenses increased \$345,556 or 6.21%. Expense attributable to distribution and transmission increased \$106,286 or 21.7% and was primarily due to additional salary/benefit costs and additional efforts dedicated to sewer maintenance. Expenses attributable to pumping and treatment increased by \$345,556 or 6.2%. This reflects increases in treatment expenses paid to Kansas City, Missouri due to their 2013 rate increase. Operating income at December 31, 2013 was \$1,476,586, which is a 76% increase over the \$838,954 operating income in 2012.

The Sanitation Fund recorded a decrease in net position of \$61,410 for the year. Revenues of \$1,342,422 increased over the 2012 revenues of \$1,317,865. Expenses for 2013 increased \$57,848 or 4.3% over expenses for 2012 and is in line with sanitation hauler contract increases.

The following table reflects the revenues by source for the City’s business-type activities for the year ended December 31, 2013:

Revenues By Source - Business-Type Activities



CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Total business-type activities' revenue for fiscal year 2013 was \$14,535,921 with charges for services (94.7%) being the major revenue source. All revenue, with the exception of \$162,017 received from investment earnings, was generated for specific business-type activity expenses. In the previous year, revenue for business-type activities was \$14,156,901 with all but \$167,902 generated for specific business-type activity expenses.

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.

As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$28,496,394; an increase of \$6,737,844 from the previous year. Of this total, approximately 14% of this total amount (\$4,039,995) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining \$24,456,399 of fund balance is as follows: (1) non-spendable (\$921,215) which is inventories, prepaid insurance and permanent fund principal and (2) restricted (\$23,535,184) which has externally imposed constraints such as laws and regulations.

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 \$4,039,995, while total fund balance was \$4,496,203. Total fund balance increased by \$200,387 over the previous fiscal year fund balance. 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 23.2% of total General Fund expenditures, while total fund balance represents 25.8% of total General Fund expenditures.

The City recognizes the need for a fund balance that can adequately absorb any temporary downturns in economic events so as to avoid changes and reductions in service levels. The City revised its fiscal policy on fund balance in 2013. That policy established the requirement to maintain its General Fund unassigned fund balance at 20% of expenditures, with normal fluctuations of said percentage to range from 18% to 22%. In 2013, the fund balance policy was exceeded within the General Fund.

The Park Fund had a fund balance of \$454,016 at December 31, 2013. This represents a small increase of \$8,302 over the previous year fund balance. Revenues decreased by \$243,140 or -7.3% and expenditures were decreased by \$171,657 or -4.8% when compared to 2012. Total fund balance represents 13.1% of 2013 expenditures. This exceeds the level required by policy of 12%. Transfers in from the Park Sales Tax Fund decreased by \$33,649 and was done so to retain capital funding in that fund. The net degradation in 2013 revenues when compared to 2012 are due to a decline in spring Sports Complex activities as a result of a longer and wetter spring (one time impact) and ongoing revenue pressure due to reduced participation levels experienced at the Liberty Community Center (more structural).

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

The Capital Sales Tax Fund balance was \$10,260,396 at the 2013 fiscal year end; an increase of \$950,670 over fiscal year 2012. In 2013, the City issued \$6,265,439 in general obligation bonds for street/road infrastructure improvements that will occur over 2013, 2014 and 2015. Of that amount \$2,131,961 was deposited in the Capital Sales Tax Fund. Combined with bond borrowings from 2012, unspent bond resources account for \$5,805,011 of the total fund balance of this fund. While the bonds are general obligation bonds, the City intends to repay the bonds through capital sales tax resources. Ongoing revenues within this fund saw improvement in 2013. Taxes increased by \$93,300 when compared to 2012 collections and 2013 showed receipts of \$1,670,757.

The Transportation Sales Tax Fund, a secondary source for road infrastructure projects, recorded an ending fund balance of \$5,663,166; an increase of \$4,280,590 from the previous year's ending balance. This increase was primarily due to \$4,133,478 in bond proceeds in 2013 from the above mentioned general obligation bonds. While sales tax revenues improved in 2013 by \$88,323, development impact fees did show a reduction of \$183,727. The net impacts of these revenue changes showed a \$95,404 reduction in total revenues and provide total tax revenues in 2013 of \$1,728,726. This reflected a -5.2% reduction from 2012 revenue amounts of \$1,824,130. The major expenditure for this fund is the payback of the 2005 general obligation bonds let for the construction of South Liberty Parkway Phase I. Transportation sales tax is the primary revenue source for this fund. In 2014, the City will utilize the fund balance to pay our local share of a Missouri Department of Revenue project designed to rebuild the Interstate 35/Missouri Highway 69 Interchange.

The Capital and Transportation Sales Tax Funds combine to provide the City with its Capital Improvement Plan. By policy, the fund balance requirement for the CIP is to maintain at least \$1.0 million balance. In 2013, and on a combined basis, this policy level was exceeded.

The Liberty TIF Fund has a fund balance of \$5,002,339 at year end 2013, which is an increase of \$398,572 or 8.7% from the 2012 balance of \$4,603,767. Revenues increased to \$3,917,402 from 2012 revenues of \$3,901,346. Established Liberty TIF projects are 90% built out and revenues are reflecting said status.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year was \$1,996,275. Those for the Sewer Fund showed a deficit of \$845,022; and the Sanitation Fund was \$64,618. The total growth in net position over 2012 was \$624,830 for the Water Fund, \$1,559,043 for the Sewer Fund, and a \$61,410 reduction for the Sanitation Fund providing a total increase for the Proprietary Funds of \$2,122,463 or 4.3% over 2012. 2013 total net position is \$49,715,350.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

In the past, the Water and Sewer Funds did not meet bond requirements, which put demands on the General Fund that would, if not addressed, impair future general governmental activities. In 2009, the City engaged a consulting firm to review the Water and Sewer Funds. The consulting firm, together with the City Council Budget Committee, worked with staff on fiscal matters concerning the Water and Sewer Funds. It was understood by Council and staff that a five-step action program would be implemented starting in 2009 to correct these operational problems. The steps include:

1. Achieve 100% bond coverage
2. Secure funding for infrastructure rehabilitation backlog
3. Comply with 120% bond covenant requirement
4. Implement depreciation component in rates for needed repairs
5. Maintain 45-day reserve balance for emergencies

This step approach has required a multi-year commitment by the City. Focus has been on setting appropriate user rates and finding operating efficiencies to reduce expenses. In 2011, the City met bond coverage requirements and started generating additional income for infrastructure improvements. In 2012, the City again met and exceeded bond requirements and generated an even greater level of income for infrastructure improvements.

The City is responsible for water production and distribution. In 2013, the City implemented a 1% rate increase to its water user rates. In addition, the City maintained a flat \$2.00 per month "Infrastructure Improvement Maintenance Fee" that is billed to each customer.

These actions resulted in positive net operating income of \$440,988 in 2013.

Sewer services reflect only collection of sewage. Treatment services are provided by the City of Kansas City, Missouri. The City of Liberty has been subject to significant treatment cost increases over the last number of years. In some years, the increases were in excess of 14%.

However, 2012 was a transition year. Kansas City, Missouri implemented an annual Cost of Service Analysis. The analysis recognized that the cost attributable to treatment of Liberty sewage is unique from a collection standpoint and Liberty is now charged a "Direct to Plant Rate." In 2013, that rate adjustment increase was 6%.

The actual rate adjustment issued by Kansas City was made after the City established its annual budget and rate requirements. This required Liberty to estimate the mid-year rate increase based on history. The City assumed a cost increase of 6%. While treatment costs represent 63% of the overall sewer expenses, the City has been making additional rate adjustments to generate needed infrastructure repair and replacement funds. Coupling these requirements with general operating expenses, the City implemented an 18.5% user rate increase in 2013.

These actions generated \$7,432,110 in operating revenues. This reflects a \$983,188 increase over 2012 results of \$6,448,922. Total operating expenses were \$5,955,524 or \$345,556 above 2012 amounts. Net operating income for 2013 was \$1,476,586 or \$637,632 greater than 2012.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

The unfavorable variance in the Sanitation Fund was the result of a planned spend-down of accumulated fund balance. The City contracts for its solid waste disposal. As rates for that service have and will increase at approximately 3.5% a year and the City receives a significant rebate for recycling materials, the above described spend-down was an appropriate action to take for 2013.

The output of this multi-year commitment has been positive as shown in the improvement of the Proprietary Funds' net position. In addition, and as indicated in the accompanying footnotes, the City is able to report that required bond coverage levels were met in both the Water Fund and Sewer Fund in 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the final budget and 2013 actual can be summarized as follows:

In 2013, final expenditures for the General Fund were \$17,432,438, representing a favorable \$975,227 variance from the final budget of \$18,407,665. The major contributor to the favorable variance is found in Public Safety in the amount of \$866,992 and is due to an open encumbrance at year end of \$739,000 that is attributable the Public Safety Radio System replacement. It was anticipated the project would be completed at year end, but final system testing delayed final payment to 2014. The other major favorable variance is found in Community development and improvement activities in the amount of \$117,940 and is primarily due to under expenditures in development related expenses that will occur in 2014.

Actual revenue for the General Fund was \$15,737,292, representing a favorable \$40,222 variance from the final budget of \$15,697,070. Revenue variances within categories are not material.

Other financing sources closed out at \$1,895,533. With the 2013 budget set at \$2,185,170, there was an unfavorable variance of \$289,637 for this category. This variance was due to a planned transfer in from the Transportation Sales Tax Fund not being made in 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$109,901,782 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and systems, improvements other than buildings, vehicles, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 1.32% (a 0.47% increase for governmental activities and a 2.14% increase for business-type activities).

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

Major capital assets purchased during the current fiscal year included the following:

- Utility Vehicles/Trucks - \$727,816
- Utility Engineering Studies and System Line Improvements - \$695,647
- Utility Building Improvements - \$59,590
- Utility Water Treatment Plant Improvements - \$734,692
- Public Works Streets - \$208,850
- Police Vehicles - \$135,000
- Brookview Gardens Neighborhood Project - \$894,477
- Manor Hills Storm Water Project - \$205,599
- Street Restoration Project - \$1,353,466
- Fire Command Staff Vehicle - \$61,090
- Improvement to Fire Stations - \$203,290

City Of Liberty's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,927,066	\$ 1,927,066	\$ 840,677	\$ 840,677	\$ 2,767,743	\$ 2,767,743
Construction-in-progress	8,995,280	7,360,618	1,192,380	187,105	10,187,660	7,547,723
Buildings and system	13,337,453	13,100,095	10,276,663	10,217,073	23,614,116	23,317,168
Vehicles	5,769,968	5,681,323	2,008,063	1,359,864	7,778,031	7,041,187
Improvements other than buildings	10,477,730	10,234,440	194,143	194,143	10,671,873	10,428,583
Machinery and equipment	9,377,821	9,164,040	10,840,201	10,287,878	20,218,022	19,451,918
Infrastructure	37,215,268	36,599,762	59,513,986	58,902,887	96,729,254	95,502,649
Accumulated depreciation	(33,842,660)	(31,058,799)	(28,222,257)	(26,531,450)	(62,064,917)	(57,590,249)
Total	\$ 53,257,926	\$ 53,008,545	\$ 56,643,856	\$ 55,458,177	\$ 109,901,782	\$ 108,466,722

These capital assets are funded by traditional bond financing, special obligation bonds, lease purchases, impact fees, and user charges. Additional information on the City's capital assets can be found in Note 3 of this report.

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$56,355,352. Of this amount, \$16,060,000 comprises debt backed by the full faith and credit of the government. Please note: The City plans to pay the debt on these general obligation bonds through capital and transportation sales tax sources and does not expect to issue any property tax debt levies. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (Continued)

City Of Liberty's Outstanding Debt, General Obligation And Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Special assessment bonds	\$ 4,739,690	\$ 2,465,000	\$ 185,310	\$ —	\$ 4,925,000	\$ 2,465,000
Capital leases	1,699,960	2,133,194	306,124	353,235	2,006,084	2,486,429
General obligation bonds	16,060,000	11,630,000	—	—	16,060,000	11,630,000
TIF bonds	16,610,000	17,335,000	—	—	16,610,000	17,335,000
MDNR loan payable	44,868	55,211	—	—	44,868	55,211
SRF bonds	—	—	4,585,000	4,840,000	4,585,000	4,840,000
SRF note payable	—	—	3,299,400	3,479,153	3,299,400	3,479,153
Revenue bonds	1,060,000	1,205,000	7,765,000	8,545,000	8,825,000	9,750,000
Total	\$ 40,214,518	\$ 34,823,405	\$ 16,140,834	\$ 17,217,388	\$ 56,355,352	\$ 52,040,793

During the current fiscal year, the City's total debt increased by \$4,314,559 or 8.3%. The City issued \$6,225,000 in general obligation bonds that dedicate funding for major road infrastructure improvements. Also, the City issued \$2,605,000 in special obligation bonds to fund the purchase of a public safety radio system, various equipment items and to refund PFA debt to take advantage of market interest rates. The City saw reduction of \$2,575,441 in all other long-term debt categories. Additional information on the City's long-term debt can be found in Note 4 of this report.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

Based on 2013 end-of-year activity, it is anticipated that 2014 General Fund revenues will show stability and has been conservatively budgeted. The overall 2014 General Fund budget shows total revenues of \$17,212,100 and includes one-time revenue amounts attributable to capital leases of \$135,000. Revenues and other financing sources for 2013 were \$17,680,575. Negating the impact of the 2013 Special Obligation Bond, 2013 revenues and other financing sources were \$16,091,292. The City anticipates increased net revenues from ongoing sources and transfers in of \$1,120,818 or 6.9%. The majority of this revenue increase is anticipated from improved franchise fee collections due to expanded auto manufacturing.

Property taxes for 2014 are budgeted at \$4,162,390 or \$61,949 higher than 2013 revenues. This is due to the Council establishing the 2013 levy rate at \$0.8573 per \$100 assessed valuation, which is \$0.0156 higher than 2012 rates. This rate will be applied to a lower City assessed valuation. Valuations for 2013 were calculated to be \$442,366,689 or \$8,225,611 lower than 2012. In 2013, the City contracted with Clay County for property tax collection. The increase in 2014 is mainly attributable to higher collection rates experienced by the county. Sales tax revenue is budgeted at \$3,581,080, slightly above the budget for 2013 and due to increased business in the Liberty Triangle TIF areas. Franchise fees have been budgeted at \$4,145,600 for 2014, an increase of \$383,784 from 2013. The increase anticipates a normal winter temperature event and improvement in natural gas franchise fee revenues of \$67,776. Additionally, the Ford Stamping Plant and ancillary Ford part supplier started operation in 2013. This has allowed for a projected increase in electrical franchise fees of \$363,501. Transfers in from other funds will increase by \$472,800, up from \$354,000 in 2013.

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

General Fund expenditures and transfers are projected to total \$17,211,110 compared to the 2013 close-out of \$17,478,188. This represents a \$267,088 decrease from 2013. Employee salary and fringe benefit costs are budgeted at \$397,398 higher for a 2014 total of \$11,379,430. This is due to the City providing a 2% salary adjustment and anticipated increases in health insurance costs. Nonsalary expenditures increased less than 1% in the 2014 budget due to anticipated small increases for minor computer equipment purchases and funding for further development support expenditures. Capital acquisitions within the General Fund are budgeted at \$706,800. This reflects a \$698,891 decrease when compared to 2013 and is primarily attributable to the one-time in nature replacement of the Public Safety Radio System being purchased in 2013.

Based on programmed actions for 2014, the City anticipates a balanced General Fund budget, with unassigned fund balance being maintained within policy ranges. The City will continue to react to ongoing changes in the local economy and respond accordingly.

A substantial amount of work and review underpins the 2014 Water and Sewer Funds budgets. The City Council decided in 2010 that it was appropriate to secure advice and guidance from knowledgeable Liberty residents in the form of a taskforce. The taskforce met for a 12-week period and offered recommendations to the City Council. Some of the recommendations accepted by Council were to address aging water meters, repair and replace existing infrastructure, and take over water treatment operations of the water plant.

All improvements described earlier in this communication have been maintained and expanded in 2014. User rates were increased in both the Water and Sewer Funds. Water rates were increased by 4% and sewer rates were adjusted upward by 5.5%.

More significantly, the City has been studying the potential to build and operate its own wastewater treatment plant. This analysis has shown that long-term savings will accrue from Liberty treating its own sewage as opposed to continuing to rely on contract treatment from Kansas City, Missouri. The City put a ballot initiative before our voters in November 2013. They were asked to approve the issuance of up to \$95,000,000 in sewer revenue bonds to allow for the separation of Liberty from the Kansas City treatment system. This was approved by a 90% plus approval mark. Current plans call for bond issuance and the state of construction in late 2014/early 2015. The new treatment plant will be on-line prior to 2017.

The 2014 Park Department budget was developed with no expansion of services in mind. Although property taxes have stayed relatively flat, sales tax revenues are anticipated to increase. To address declining program and membership fees, the cities of Liberty and Kansas City plan to form a Regional Community Center District, whose boundaries will be contiguous with the Liberty School District boundaries. It is believed that cooperative planning and resource sharing will provide for the revitalization of the current Liberty Community Center and mitigate further declines in operating revenues. The department has been able to continue to streamline operation expenditures to maintain a balanced budget.

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

CITY OF LIBERTY, MISSOURI

Management's Discussion and Analysis (*Continued*)

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Dan Estes, Assistant City Administrator/Finance Director, City of Liberty, P. O. Box 159, Liberty, Missouri 64069.

Basic Financial Statements

CITY OF LIBERTY, MISSOURI

STATEMENT OF NET POSITION

Page 1 Of 2

December 31, 2013

	Governmental Activities	Business-Type Activity	Total
Assets			
Current Assets			
Cash and investments	\$ 20,580,311	\$ 3,886,951	\$ 24,467,262
Receivables:			
Taxes	7,255,692	—	7,255,692
Accounts	459,342	1,702,920	2,162,262
Accrued interest	23,726	5,002	28,728
Due from other governments	25,522	—	25,522
Inventory	42,280	125,983	168,263
Prepaid expenses	455,417	93,899	549,316
Restricted assets:			
Cash and investments	521,817	—	521,817
Accrued interest	491	—	491
Total Current Assets	29,364,598	5,814,755	35,179,353
Noncurrent Assets			
Restricted assets:			
Investments	4,996,800	4,665,531	9,662,331
Capital assets:			
Nondepreciable:			
Land	1,927,066	840,677	2,767,743
Construction in progress	8,995,280	1,192,380	10,187,660
Depreciable:			
Buildings and system	13,337,453	10,276,663	23,614,116
Improvements other than buildings	10,477,730	194,143	10,671,873
Vehicles	5,769,968	2,008,063	7,778,031
Machinery and equipment	9,377,821	10,840,201	20,218,022
Infrastructure	37,215,268	59,513,986	96,729,254
Less: Accumulated depreciation	(33,842,660)	(28,222,257)	(62,064,917)
Total Noncurrent Assets	58,254,726	61,309,387	119,564,113
Total Assets	87,619,324	67,124,142	154,743,466
Deferred Outflow Of Resources			
Deferred loss on refunding	18,852	232,380	251,232

CITY OF LIBERTY, MISSOURI

STATEMENT OF NET POSITION *(Continued)*

Page 2 Of 2

December 31, 2013

	Governmental Activities	Business-Type Activity	Total
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 539,360	\$ 823,214	\$ 1,362,574
Deposits	67,966	—	67,966
Compensated absences	544,029	56,670	600,699
Accrued interest payable	675,402	270,142	945,544
Unearned revenue	432,759	20,402	453,161
Current maturities of capital leases	364,504	48,299	412,803
Current maturities of long-term debt	3,862,320	1,558,180	5,420,500
MDNR loan payable	10,693	—	10,693
Total Current Liabilities	6,497,033	2,776,907	9,273,940
Noncurrent Liabilities			
Compensated absences	945,022	129,056	1,074,078
Net pension obligation	427,136	—	427,136
Other post employment benefits	308,053	—	308,053
Capital lease obligation	1,335,456	257,825	1,593,281
MDNR loan payable	34,175	—	34,175
SRF note payable	—	3,113,900	3,113,900
Long-term debt - bonds	35,215,655	11,363,484	46,579,139
Total Noncurrent Liabilities	38,265,497	14,864,265	53,129,762
Total Liabilities	44,762,530	17,641,172	62,403,702
Deferred Inflow Of Resources			
Property tax	4,785,940	—	4,785,940
Net Position			
Net investment in capital assets	31,343,975	43,833,948	75,177,923
Restricted for:			
Expendable:			
Debt service	6,071,790	4,562,067	10,633,857
Capital improvements	10,260,396	—	10,260,396
Parks	747,039	—	747,039
Transportation	5,663,166	—	5,663,166
Public safety	622,555	—	622,555
Cemetery	88,917	—	88,917
Law enforcement	25,531	—	25,531
Other purposes	55,790	—	55,790
Kansas City sewer line	—	103,464	103,464
Nonexpendable:			
Cemetery trust corpus	423,518	—	423,518
Unrestricted	(17,212,971)	1,215,871	(15,997,100)
Total Net Position	\$ 38,089,706	\$ 49,715,350	\$ 87,805,056

CITY OF LIBERTY, MISSOURI
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
		Charges For Services And Sales	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 4,409,570	\$ 467,610	\$ 17,016	\$ —	\$ (3,924,944)	\$ —	\$ (3,924,944)
Community development and improvement	2,440,676	—	—	—	(2,440,676)	—	(2,440,676)
Public works	3,374,941	—	—	1,130,664	(2,244,277)	—	(2,244,277)
Culture and recreation	5,230,004	2,326,010	212,301	—	(2,691,693)	—	(2,691,693)
Cemetery maintenance	43,454	55,675	—	—	12,221	—	12,221
Public safety	10,569,376	1,677,637	13,687	—	(8,878,052)	—	(8,878,052)
Interest on long-term debt	1,790,466	—	—	—	(1,790,466)	—	(1,790,466)
Total Governmental Activities	27,858,487	4,526,932	243,004	1,130,664	(21,957,887)	—	(21,957,887)
Business-Type Activities							
Water	4,647,033	4,970,330	—	276,174	—	599,471	599,471
Sewer	6,362,039	7,432,110	—	334,925	—	1,404,996	1,404,996
Sanitation	1,404,386	1,342,422	—	—	—	(61,964)	(61,964)
Total Business-Type Activities	12,413,458	13,744,862	—	611,099	—	1,942,503	1,942,503
Total Primary Government	\$ 40,271,945	\$ 18,271,794	\$ 243,004	\$ 1,741,763	(21,957,887)	1,942,503	(20,015,384)
General Revenues							
Taxes:							
Property tax					6,098,618	—	6,098,618
Franchise taxes					3,761,816	—	3,761,816
Sales taxes					11,211,196	—	11,211,196
Other taxes					1,241,394	—	1,241,394
Investment income					50,849	162,017	212,866
Miscellaneous					707,580	17,943	725,523
Total General Revenues And Transfers					23,071,453	179,960	23,251,413
Change In Net Position					1,113,566	2,122,463	3,236,029
Net Position - Beginning Of Year					36,976,140	47,592,887	84,569,027
Net Position - End Of Year					\$ 38,089,706	\$ 49,715,350	\$ 87,805,056

CITY OF LIBERTY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	General	Parks	Capital Sales Tax	Transportation Sales Tax	Liberty TIF	Nonmajor Governmental Funds	Total
Assets							
Cash and investments	\$ 2,627,661	\$ 799,403	\$ 9,665,284	\$ 5,370,773	\$ 1,043,526	\$ 1,073,664	\$ 20,580,311
Receivables, net of allowance for uncollectibles:							
Taxes	5,276,076	680,010	293,523	292,810	419,719	293,524	7,255,662
Accounts	387,406	14,939	42,594	—	—	14,403	459,342
Special assessment	—	—	—	—	—	30	30
Accrued interest	11,817	1,102	8,889	655	11	1,252	23,726
Due from other funds	137,056	33	295,000	—	—	426	432,515
Due from other governments	25,522	—	—	—	—	—	25,522
Inventory	42,280	—	—	—	—	—	42,280
Prepaid insurance	413,928	41,489	—	—	—	—	455,417
Restricted assets:							
Cash and investments	—	—	388,141	—	3,803,589	26,233	4,217,963
Investments	—	—	—	—	—	1,300,654	1,300,654
Accrued interest	—	—	425	4	—	62	491
Total Assets	\$ 8,921,746	\$ 1,536,976	\$ 10,693,856	\$ 5,664,242	\$ 5,266,845	\$ 2,710,248	\$ 34,793,913
Liabilities							
Accounts payable and accrued liabilities	\$ 416,943	\$ 71,851	\$ 22,269	\$ 1,076	\$ 15,711	\$ 11,510	\$ 539,360
Deposits	67,966	—	—	—	—	—	67,966
Due to other funds	—	295,000	—	—	98,030	39,485	432,515
Unearned revenue	—	21,568	411,191	—	—	—	432,759
Total Liabilities	484,909	388,419	433,460	1,076	113,741	50,995	1,472,600
Deferred Inflow Of Resources							
Property and special assessment taxes	3,940,634	694,541	—	—	150,765	38,979	4,824,919
Fund Balances							
Nonspendable:							
Inventory	42,280	—	—	—	—	—	42,280
Prepaid insurance	413,928	41,489	—	—	—	—	455,417
Permanent fund principal	—	—	—	—	—	423,518	423,518
Restricted for:							
Parks and recreation	—	412,527	—	—	—	334,512	747,039
Capital projects	—	—	10,260,396	—	—	—	10,260,396
Transportation projects	—	—	—	5,663,166	—	—	5,663,166
Public safety	—	—	—	—	—	622,555	622,555
Debt service	—	—	—	—	5,002,339	1,069,451	6,071,790
Cemetery	—	—	—	—	—	88,917	88,917
Law enforcement	—	—	—	—	—	25,531	25,531
Other purposes	—	—	—	—	—	55,790	55,790
Unassigned	4,039,995	—	—	—	—	—	4,039,995
Total Fund Balances	4,496,203	454,016	10,260,396	5,663,166	5,002,339	2,620,274	28,496,394
Total Liabilities, Deferred Inflow Of Resources And Fund Balances	\$ 8,921,746	\$ 1,536,976	\$ 10,693,856	\$ 5,664,242	\$ 5,266,845	\$ 2,710,248	\$ 34,793,913

CITY OF LIBERTY, MISSOURI

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

December 31, 2013

Total Fund Balance - Governmental Funds \$ 28,496,394

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.

Land	1,927,066
Construction in progress	8,995,280
Buildings and system	13,337,453
Improvements other than buildings	10,477,730
Vehicles	5,769,968
Machinery and equipment	9,377,821
Infrastructure	37,215,268
Accumulated depreciation	(33,842,660)

Some of the City's revenues will be collected after year end, are not available to pay for current period expenditures and, therefore, are deferred in the funds. 38,979

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Current:

Compensated absences	(544,029)
Accrued interest payable	(675,402)
Capital lease obligations	(364,504)
General obligation, special obligation, special assessment, leasehold revenue and TIF bonds	(3,862,320)
MDNR loan payable	(10,693)

Noncurrent:

Compensated absences	(945,022)
Net pension obligation	(427,136)
Other post employment benefits	(308,053)
Bond discounts and deferral on refunding	172,312
Bond premium	(761,745)
Capital lease obligations	(1,335,456)
General obligation bonds	(14,260,000)
TIF bonds	(16,000,000)
MDNR loan payable	(34,175)
Special obligation bonds	(4,347,370)

Total Net Position - Governmental Activities \$ 38,089,706

CITY OF LIBERTY, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2013

	General	Parks	Capital Sales Tax	Transportation Sales Tax	Liberty TIF	Nonmajor Governmental Funds	Total
Revenues							
Taxes	\$ 12,603,717	\$ 722,640	\$ 1,670,757	\$ 1,728,726	\$ 3,907,985	\$ 1,679,199	\$ 22,313,024
Intergovernmental	471,954	—	888,080	—	—	13,634	1,373,668
Charges for services	1,808,161	2,326,010	—	—	—	74,256	4,208,427
Licenses and permits	318,505	—	—	—	—	—	318,505
Investment earnings	12,688	4,346	27,201	1,366	423	4,825	50,849
Miscellaneous	522,267	4,587	36,517	—	8,994	135,215	707,580
Total Revenues	15,737,292	3,057,583	2,622,555	1,730,092	3,917,402	1,907,129	28,972,053
Expenditures							
Current:							
General government	3,620,207	—	—	—	4,065	12,973	3,637,245
Community development and improvement	813,794	—	—	42,190	1,583,692	1,000	2,440,676
Public works	2,483,646	—	2,700,697	761	18,846	—	5,203,950
Culture and recreation	266,595	3,341,777	—	—	—	300,790	3,909,162
Cemetery maintenance	—	—	—	—	—	43,454	43,454
Public safety	10,007,328	—	—	—	800	33,794	10,041,922
Capital outlay	49,774	—	498,033	—	—	278,658	826,465
Debt service:							
Principal retirement	153,038	43,174	430,187	1,405,000	785,000	440,464	3,256,863
Interest and fiscal charges	8,917	1,681	236,676	199,754	1,126,427	97,800	1,671,255
Bond issuance costs	29,139	—	1,460	57,821	—	15,777	104,197
Total Expenditures	17,432,438	3,386,632	3,867,053	1,705,526	3,518,830	1,224,710	31,135,189
Revenues Over (Under) Expenditures	(1,695,146)	(329,049)	(1,244,498)	24,566	398,572	682,419	(2,163,136)
Other Financing Sources (Uses)							
Issuance of long-term debt	1,543,523	—	2,131,961	4,133,478	—	835,728	8,644,690
Bond premium	45,760	—	63,207	122,546	—	24,777	256,290
Transfers in	354,000	416,351	—	—	—	1,101,773	1,872,124
Transfers out	(47,750)	(79,000)	—	—	—	(1,745,374)	(1,872,124)
Total Other Financing Sources	1,895,533	337,351	2,195,168	4,256,024	—	216,904	8,900,980
Net Change In Fund Balances	200,387	8,302	950,670	4,280,590	398,572	899,323	6,737,844
Fund Balances - Beginning Of Year	4,295,816	445,714	9,309,726	1,382,576	4,603,767	1,720,951	21,758,550
Fund Balances - End Of Year	\$ 4,496,203	\$ 454,016	\$ 10,260,396	\$ 5,663,166	\$ 5,002,339	\$ 2,620,274	\$ 28,496,394

CITY OF LIBERTY, 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 December 31, 2013

Net Change In Fund Balances - Total Governmental Funds \$ 6,737,844

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

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

Capital outlay	3,602,077
Depreciation:	
General government	(539,573)
Public safety	(527,357)
Public works	(946,553)
Culture and recreation	(1,320,792)
Loss on disposal of capital assets	(18,421)

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	(800)
Public safety	(97)
Public works	(50)
Culture and recreation	(50)
Change in accrued interest payable	(223,646)
Changes in net pension obligation	(43,892)
Changes in other post employment benefits	(60,729)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Principal payments on long-term debt	3,256,863
Issuance of long-term debt	(8,644,690)
Bond premium	(256,290)
Amortization of bond discounts	(10,176)
Amortization of bond premiums	114,611
Amortization of deferred loss on refunding	(4,713)

Change In Net Position Of Governmental Activities \$ 1,113,566

CITY OF LIBERTY, MISSOURI

STATEMENT OF NET POSITION ENTERPRISE FUNDS December 31, 2013

	Water	Sewer	Sanitation (Nonmajor)	Total
Assets				
Current Assets:				
Cash and investments	\$ 2,017,188	\$ 1,869,763	\$ —	\$ 3,886,951
Receivables:				
Accounts	498,333	1,132,927	71,660	1,702,920
Accrued interest	2,411	2,464	127	5,002
Inventory	118,213	7,770	—	125,983
Prepays	38,381	55,496	22	93,899
Total Current Assets	2,674,526	3,068,420	71,809	5,814,755
Noncurrent Assets:				
Restricted assets, cash and investments	403,861	4,261,670	—	4,665,531
Capital assets:				
Land	795,677	45,000	—	840,677
Construction in progress	602,039	590,341	—	1,192,380
Buildings and systems	9,053,244	1,223,419	—	10,276,663
Improvements other than buildings	143,116	51,027	—	194,143
Vehicles	914,734	1,093,329	—	2,008,063
Machinery and equipment	6,848,526	3,991,675	—	10,840,201
Infrastructure	30,573,512	28,940,474	—	59,513,986
Accumulated depreciation	(18,145,777)	(10,076,480)	—	(28,222,257)
Total Noncurrent Assets	31,188,932	30,120,455	—	61,309,387
Total Assets	33,863,458	33,188,875	71,809	67,124,142
Deferred Outflow Of Resources				
Deferred loss on refunding	232,380	—	—	232,380
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	466,083	354,651	2,480	823,214
Compensated absences	32,130	22,938	1,602	56,670
Accrued interest payable	87,194	182,948	—	270,142
Unearned revenue	11,125	9,277	—	20,402
Current maturities of long-term debt	456,340	1,150,139	—	1,606,479
Total Current Liabilities	1,052,872	1,719,953	4,082	2,776,907
Noncurrent Liabilities:				
Compensated absences	81,719	44,228	3,109	129,056
SRF note payable	—	3,113,900	—	3,113,900
Long-term debt	3,636,305	7,985,004	—	11,621,309
Total Noncurrent Liabilities	3,718,024	11,143,132	3,109	14,864,265
Total Liabilities	4,770,896	12,863,085	7,191	17,641,172
Net Position				
Net investment in capital assets	26,924,806	16,909,142	—	43,833,948
Restricted for:				
Debt service	403,861	4,158,206	—	4,562,067
Kansas City sewer line	—	103,464	—	103,464
Unrestricted	1,996,275	(845,022)	64,618	1,215,871
Total Net Position	\$ 29,324,942	\$ 20,325,790	\$ 64,618	\$ 49,715,350

CITY OF LIBERTY, MISSOURI

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

For The Year Ended December 31, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation (Nonmajor)</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 4,970,330	\$ 7,432,110	\$ 1,342,422	\$ 13,744,862
Miscellaneous	17,943	—	—	17,943
Total Operating Revenues	4,988,273	7,432,110	1,342,422	13,762,805
Operating Expenses				
Pumping and treatment	1,989,220	3,936,901	—	5,926,121
Distribution and transmission	933,225	596,854	—	1,530,079
General and administrative	608,852	667,330	—	1,276,182
Sanitation	—	—	1,404,386	1,404,386
Depreciation	1,015,988	754,439	—	1,770,427
Total Operating Expenses	4,547,285	5,955,524	1,404,386	11,907,195
Operating Income (Loss)	440,988	1,476,586	(61,964)	1,855,610
Nonoperating Revenues (Expenses)				
Investment earnings	7,416	154,047	554	162,017
Interest expense	(99,748)	(406,515)	—	(506,263)
Total Nonoperating Revenues (Expenses)	(92,332)	(252,468)	554	(344,246)
Income (Loss) Before Capital Contributions	348,656	1,224,118	(61,410)	1,511,364
Capital Contributions	276,174	334,925	—	611,099
Change In Net Position	624,830	1,559,043	(61,410)	2,122,463
Net Position - Beginning Of Year	28,700,112	18,766,747	126,028	47,592,887
Net Position - End Of Year	\$ 29,324,942	\$ 20,325,790	\$ 64,618	\$ 49,715,350

CITY OF LIBERTY, MISSOURI

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For The Year Ended December 31, 2013

	Water	Sewer	Sanitation (Nonmajor)	Total
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 5,007,457	\$ 7,658,957	\$ 1,350,236	\$ 14,016,650
Payments to suppliers	(2,104,294)	(4,300,891)	(1,567,526)	(7,972,711)
Payments to employees	(1,297,008)	(800,654)	(31,767)	(2,129,429)
Other receipts	17,943	—	—	17,943
Net Cash Provided By (Used In) Operating Activities	1,624,098	2,557,412	(249,057)	3,932,453
Cash Flows From Capital And Related				
Financing Activities				
Purchase of capital assets	(1,278,184)	(1,066,823)	—	(2,345,007)
Interest payments	(109,759)	(419,045)	—	(528,804)
Issuance of long-term debt	92,655	92,655	—	185,310
Principal payments on debt	(430,000)	(831,863)	—	(1,261,863)
Net Cash Used In Capital And Related				
Financing Activities	(1,725,288)	(2,225,076)	—	(3,950,364)
Cash Flows Provided By Investing Activities				
Interest and dividends received	6,263	152,570	546	159,379
Increase (Decrease) In Cash And Cash Equivalents	(94,927)	484,906	(248,511)	141,468
Cash And Cash Equivalents - Beginning Of Year	2,515,976	5,646,527	248,511	8,411,014
Cash And Cash Equivalents - End Of Year	\$ 2,421,049	\$ 6,131,433	\$ —	\$ 8,552,482
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 440,988	\$ 1,476,586	\$ (61,964)	\$ 1,855,610
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	1,015,988	754,439	—	1,770,427
Amortization	29,049	—	—	29,049
Changes in assets and liabilities:				
Receivables	37,127	226,622	7,814	271,563
Inventory and other prepayments	41,319	22,970	(8)	64,281
Accounts payable and accrued expenses	23,993	57,436	(199,028)	(117,599)
Compensated absences	35,634	19,359	4,129	59,122
Net Cash Provided By (Used In) Operating Activities	\$ 1,624,098	\$ 2,557,412	\$ (249,057)	\$ 3,932,453
Noncash Investing And Financing Transactions				
Capital contributions	\$ 276,174	\$ 334,925	\$ —	\$ 611,099

CITY OF LIBERTY, MISSOURI

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2013**

Assets

Cash and cash equivalents	\$ 151,808
Accrued interest	<u>39</u>
	<u>\$ 151,847</u>

Liabilities

Protested taxes	\$ 5,602
Due to other entities	<u>146,245</u>
	<u>\$ 151,847</u>

CITY OF LIBERTY, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2013

1. Summary Of Significant Accounting Policies

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

Nature Of Operations

The City of Liberty, Missouri (the City) was incorporated in 1829 and covers an area of approximately 29 square miles in the northeast threshold of the Kansas City region. The City is a Special Charter City that operates under the Mayor-Council-Administrator form of government. The City provides services to its residents in many areas, including law enforcement, fire protection, water and sewer services, community enrichment and development and various social services.

Reporting Entity

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards (the Codification), 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 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 is presented as a primary government and is financially accountable for the Liberty, Missouri Public Facilities Authority (PFA), a blended component unit.

Liberty, Missouri Public Facilities Authority (PFA): The PFA, a not-for-profit corporation, was incorporated under the laws of the State of Missouri. The PFA was established to acquire and construct facilities within the City of Liberty, Missouri, which are approved by the City Council for the benefit of the City and its citizens.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The Board of Directors of the PFA is comprised of seven members, five of which are approved by the City Council. The Mayor and Park Board President also serve as members of the board. The activities of the PFA include the financing through issuance of bonds and the construction of various facilities. The PFA has entered into a 20-year lease, renewable annually, for the Community Center. The City has an option to buy this facility once the bonds are retired. Financial information for the PFA is recorded in the Public Facilities Authority Fund (a debt service fund) and the PFA Construction Fund (a capital projects fund). Although it is legally separate from the City, the PFA is reported as if it were part of the primary government because its sole purpose is to finance and construct facilities for the City.

Separately issued financial statements are not prepared for the PFA. The PFA has a December 31 year-end.

Government-wide and fund financial statements: The government-wide financial statements (i.e., 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 from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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

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.

Parks Fund: This fund is a special revenue fund used to account for the maintenance and improvement of all City park facilities and the development and supervision of various recreation programs. It is funded primarily through charges for recreation programs.

Capital Sales Tax Fund: This fund is a capital projects fund used to account for general government construction bond projects and capital expenditures within the City. The City deposits the ½ cent capital improvement sales tax and applicable bond proceeds into this fund for these projects.

Transportation Sales Tax Fund: This fund is a capital projects fund and was established in 2001 to account for the construction of new roads required by development growth. It is funded by a transportation sales tax. In November 2008, citizens voted to increase this tax from a quarter cent to a half cent, which will sunset in December 2030.

Liberty TIF Fund: This fund is a capital projects fund. The Liberty TIF Fund was established to track the redevelopment of land between I-35, M-291 and 152 Hwy, I-35 and M-291 at A Hwy, and development along South Liberty Parkway. A \$7,795,000 bond was issued in late 2004 to pay for infrastructure costs of Phase One, Project A. A \$7,840,000 bond was issued in 2007 to pay for infrastructure costs for the 2007 Series Projects located in the Liberty Triangle. A \$5,710,000 bond was issued in 2010 to pay for infrastructure costs for the Roger’s Plaza Project located in the Liberty Triangle. A \$2,070,000 Special Obligation Bond was issued in 2007 for relocation of the Clay County Health Center from the Liberty Triangle. A \$2,395,000 Special Obligation Bond was issued in 2010 to refund the Clay County Health Center 2007 Series Special Obligation Bonds. The bonds will be paid from tax increment financing of increased revenue from sales tax and property tax.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

Cemetery Fund: This fund is used for general maintenance of the municipal cemeteries. Revenues are derived from the sale of lots, burial permits and contributions from nonexpendable cemetery trust funds generated by investment earnings.

Police Training Fund: This fund reflects the revenue earned from the \$2 charge added to each moving violation issued by the Police Department. By law, the revenues must be used to finance the training of Police Department personnel.

Debt Service Funds: These funds are used to account for the servicing of the general long-term debt of the City.

Special Assessment Neighborhood Improvement Fund: To account for the payment of principal and interest on special assessment debt. This fund was established in 1994.

Public Facilities Authority Fund: This fund is used to account for the payment of principal and interest on leasehold revenue bonds.

Capital Projects Funds: These funds are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

Parks Capital Fund: This fund is used to account for the operating and capital needs of the parks system. It is funded by the 1/4 cent park sales tax approved by voters in August 2000.

PFA Construction Fund: This fund was established in 1999 to account for the acquisition of funds and the construction of a Sports Complex for the City. It is funded by the transfer of bond proceeds from the Public Facilities Authority Debt Service Fund.

Fire Sales Tax Fund: This fund was established in 2001 to account for the operating and capital needs of the fire department. It is funded by a 1/4 cent sales tax approved by voters in August 2000.

Cable Reserve Fund: This fund was established to maintain and purchase capital equipment for the cable system. It is funded by a pass through fee from the cable franchise holder.

Limited Capital Fund: This fund was established to account for certain capital needs of the governmental departments. It is funded from the General Fund reserves.

Permanent Funds: Are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support programs of the City.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fairview Cemetery Trust Fund: To account for trust funds given to the City for the development and maintenance of the City's Fairview Cemetery. The principal is nonexpendable. Interest on trust funds invested is transferred to the Cemetery Fund and used for maintenance of the cemetery.

Mt. Memorial Cemetery Trust Fund: This fund is similar to the Fairview Cemetery Trust Fund, except that it is for the benefit of the City's Mt. Memorial Cemetery.

Frank Hughes Memorial Trust Fund: This fund is similar to the Cemetery Trust funds in that the principal is nonexpendable. Interest on the trust funds invested is transferred to the Parks Maintenance Fund to be used for maintenance and repairs to the Frank Hughes Library.

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 upon income determination, financial position and cash flows.

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 that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The following are the City's major enterprise funds:

Water Fund: Accounts for the cost of production, treatment and distribution of water throughout the City. Revenues are derived from charges to customers.

Sewer Fund: Accounts for cost of collection and treatment of wastewater. Effective August 1998, the City's system was connected with the Kansas City, Missouri sewerage system. Revenues are derived from charges to customers.

The other enterprise fund of the City is considered nonmajor and is as follows:

Sanitation Fund: Accounts for administering the contractual agreements with a trash hauler for the proper collection of trash and garbage throughout the City and its disposition.

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:

Agency Funds: These are used to account for assets that the City holds for others in an agency capacity. The City has the following agency funds:

Tax Escrow Fund: To account for taxes paid under protest. The monies remain in this fund until final disposition of the protest.

Preservation And Development Fund: To account for contributions received by other entities for renovations of downtown and historic districts.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Triangle CID Sales Tax Fund: To account for sales tax paid with the Community Improvement District established as a separate entity that provides payment of the TIF debt.

Roger's Plaza CID Sales Fund: To account for sales tax paid within the Community Improvement District established as a separate government entity that provides payment of the TIF debt and improvements to the district.

Blue Jay CID Sales Fund: To account for sales tax paid within the Community Improvement District established as a separate government entity that provides payment of the TIF debt and improvements to the district.

Liberty Corners CID: To account for sales tax paid within the Community Improvement District established as a separate government entity that provides payment for improvements to the district.

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 agency 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 following year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of sales tax, which is 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 2013 levy plus any uncollected amounts from the 2012 levy. Property taxes that are not available for current year operations are shown as a deferred inflow. 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 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.

House Bill 103 amending RSMo Section 302.341 became effective August 28, 2013. The amendments to the statute now require the City to annually calculate the percentage of its general revenue that comes from traffic violations and to report an accounting of that calculation. Any such revenues that exceed 30% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue. In the current year, the City has reported fines of \$560,482, which includes traffic violations and other additional items. This amount is approximately 3.6% of total general revenues and, accordingly, the City believes that it is in compliance with the requirements of the statute.

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.

Cash And Investments

The City maintains a cash and investment pool to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Statement Of Cash Flows

For purposes of the statement of cash flows for proprietary 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 And Unbilled Usage

Accounts receivable and unbilled usage results primarily from miscellaneous services provided to citizens in the governmental funds. Water, sewer and sanitation services are accounted for in the Water, Sewer and Sanitation Funds when billed. Unbilled usage for service consumed between periodic scheduled billing dates is recognized as revenue in the period in which service is provided. All are net of an allowance for uncollectibles.

Inventory And Prepays

Inventory consists of materials and supplies held for consumption and are stated at cost, determined by the first-in, first-out method. Inventories of the governmental fund types are accounted for under the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements under the consumption method.

Capital Assets

Land, buildings, improvements, vehicles, machinery and equipment and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide and 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 one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives for each capital asset type are as follows:

Buildings and systems	20 - 50 years
Improvements other than buildings	20 years
Vehicles	3 - 15 years
Machinery and equipment	5 - 20 years
Infrastructure	65 years

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 the City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Deferred Outflow Of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unearned Revenues

Unearned revenues in the statement of net position represent receipts where the City has not met all eligibility requirements imposed by the provider.

Interfund Transactions

Transactions among the City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to the 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 in the respective funds' operating statements.

Activities 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." Those that are longer-term in nature are reported as advances 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

Employees earn annual leave and can accumulate unused leave up to a maximum accumulation of 30 days. At termination, employees are paid for accumulated annual leave.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Employees earn one day of sick leave for each month worked and can accumulate unused sick leave up to a maximum of 120 days. At retirement, employees are reimbursed for 50% of unused sick leave, up to a maximum of 60 days.

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

Fund Balance

In the fund financial statements, governmental funds report fund balance in four different classifications:

1. *Nonspendable* - Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
2. *Restricted* - Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
3. *Committed* - Assets with a purpose formally imposed by resolution of the City Council, binding unless modified or rescinded by the City Council through a similar action.
4. *Unassigned* - All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

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.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted consist of restrictions related to capital improvements, parks, transportation, TIF projects, debt service, fire, Kansas City sewer line and trust corpus.

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

Long-Term Liabilities

In the government-wide financial statements and the fund financial statements for proprietary fund types, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method, which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt principal payments are reported as debt service expenditures.

Deferred Inflow Of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow 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. The City has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. This item has been reported as a deferred inflow on the government-wide statement of net position.

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 inflow of resources on the governmental fund balance sheet.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

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 financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits And Investments

As of December 31, 2013, the City had the following investments and maturities:

Investment Type	Amount	Investment Maturities (In Years)			
		Less Than 1	1 - 3	3 - 5	More Than 5
Federal Farm Credit Bank	\$ 7,099,807	\$ 1,499,807	\$ 5,600,000	\$ —	\$ —
Federal National Mortgage Association	4,244,963	999,735	3,245,228	—	—
Federal Home Loan Mortgage Corporation	2,554,178	2,554,178	—	—	—
Federal Home Loan Bank	5,498,410	3,748,674	1,749,736	—	—
Certificates of Deposit	2,500,000	—	2,500,000	—	—
Repurchase Agreements	4,913,378	4,913,378	—	—	—
Money Market Funds:					
Fidelity Treasury	5,068,718	5,068,718	—	—	—
Guaranteed Investment Contract - CitiGroup Global Market	3,299,179	—	—	—	3,299,179
	<u>\$ 35,178,633</u>	<u>\$ 18,784,490</u>	<u>\$ 13,094,964</u>	<u>\$ —</u>	<u>\$ 3,299,179</u>

Authorized Investments

Missouri State Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of state and local government entities, certificates of deposit and repurchase agreements. It is the City's policy to follow state statutes.

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 maturity of an investment means 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 limits investment maturities to three years, with the exception of funds invested in accordance with bond or other financing agreements.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Credit Risk

Generally, credit risk is the risk the 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 does not have a formal policy relating to credit risk. As of December 31, 2013, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Company</u>	<u>Rating</u>	<u>Company</u>
Federal Farm Credit Bank	Aaa	Moody's	AAA	Standard & Poor's
Federal National Mortgage Association	Aaa	Moody's	AAA	Standard & Poor's
Federal Home Loan Mortgage Corporation	Aaa	Moody's	AAA	Standard & Poor's
Federal Home Loan Bank	Aaa	Moody's	AAA	Standard & Poor's
Repurchase Agreements	Not Rated		Not Rated	
Money Market Funds:				
Fidelity Treasury	Not Rated		Not Rated	
Guaranteed Investment Contract - CitiGroup Global Market	Not Rated		Not Rated	

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 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 the probable safety of their capital, as well as the probable income to be derived. In addition, with the exception of U.S. Treasury securities, government pools collateralized by U.S. Treasury securities and repurchase agreements, it is the City's policy that no more than 50% of the City's total investment portfolio be deposited in a single financial institution/primary dealer. More than 5% of the City's portfolio is invested in Federal Farm Credit Bank (20%); Federal National Mortgage Association (12%); Federal Home Loan Mortgage Corporation (7%); Federal Home Loan Bank (16%); Certificates of Deposit (7%); Repurchase Agreements (14%); Guaranteed Investment Contract - CitiGroup Global Market (9%); and Money Market Funds: Fidelity Treasury (15%).

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. 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 that are in the possession of another party. The City's investment policy requires all collateral securities pledged to be held by the City or a designated independent third-party custodian with whom the City has a current custodial agreement and requires the custodian holds the securities as pledged to the City in an account in the City's name.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

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

Overdraft of deposits	\$ (375,415)
Investments	35,178,633
	<u>\$ 34,803,218</u>
Cash and investments	\$ 24,467,262
Restricted assets:	
Cash and investments	521,817
Investments	9,662,331
Agency fund, cash and cash equivalents	151,808
	<u>\$ 34,803,218</u>

The City's investments during the year did not vary substantially from those at year end in amounts or level of risk.

3. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2013:

	Balance - January 1, 2013	Additions	Retirements	Balance - December 31, 2013
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,927,066	\$ —	\$ —	\$ 1,927,066
Construction in progress	7,360,618	2,095,975	461,313	8,995,280
Total capital assets, not being depreciated	<u>9,287,684</u>	<u>2,095,975</u>	<u>461,313</u>	<u>10,922,346</u>
Capital assets being depreciated:				
Buildings and system	13,100,095	237,358	—	13,337,453
Improvements other than buildings	10,234,440	243,290	—	10,477,730
Vehicles	5,681,323	657,480	568,835	5,769,968
Machinery and equipment	9,164,040	213,781	—	9,377,821
Infrastructure	36,599,762	615,506	—	37,215,268
Total capital assets being depreciated	<u>74,779,660</u>	<u>1,967,415</u>	<u>568,835</u>	<u>76,178,240</u>
Less: Accumulated depreciation for:				
Buildings and system	4,941,242	308,851	—	5,250,093
Improvements other than buildings	6,016,073	423,835	—	6,439,908
Vehicles	2,599,950	404,906	550,414	2,454,442
Machinery and equipment	6,437,095	488,194	—	6,925,289
Infrastructure	11,064,439	1,708,489	—	12,772,928
Total accumulated depreciation	<u>31,058,799</u>	<u>3,334,275</u>	<u>550,414</u>	<u>33,842,660</u>
Total capital assets being depreciated, net	<u>43,720,861</u>	<u>(1,366,860)</u>	<u>18,421</u>	<u>42,335,580</u>
Governmental activities capital assets, net	<u>\$ 53,008,545</u>	<u>\$ 729,115</u>	<u>\$ 479,734</u>	<u>\$ 53,257,926</u>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

	Balance - January 1, 2013	Additions	Retirements	Balance - December 31, 2013
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 840,677	\$ —	\$ —	\$ 840,677
Construction in progress	187,105	1,005,275	—	1,192,380
Total capital assets, not being depreciated	1,027,782	1,005,275	—	2,033,057
Capital assets being depreciated:				
Buildings and system	10,217,073	59,590	—	10,276,663
Improvements other than buildings	194,143	—	—	194,143
Vehicles	1,359,864	727,818	79,619	2,008,063
Machinery and equipment	10,287,878	552,323	—	10,840,201
Infrastructure	58,902,887	611,099	—	59,513,986
Total capital assets being depreciated	80,961,845	1,950,830	79,619	82,833,056
Less: Accumulated depreciation for:				
Buildings and system	3,246,307	204,673	—	3,450,980
Improvements other than buildings	179,076	6,652	—	185,728
Vehicles	830,303	108,154	79,619	858,838
Machinery and equipment	5,233,854	295,803	—	5,529,657
Infrastructure	17,041,909	1,155,145	—	18,197,054
Total accumulated depreciation	26,531,450	1,770,427	79,619	28,222,257
Total capital assets being depreciated, net	54,430,395	180,403	—	54,610,799
Business-type activities capital assets, net	\$ 55,458,177	\$ 1,185,678	\$ —	\$ 56,643,856

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

Governmental Activities	
General government	\$ 539,573
Public safety	527,357
Culture and recreation	1,320,792
Public works	946,553
	<u>946,553</u>
	<u>\$ 3,334,275</u>

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

Business-Type Activities	
Water	\$ 1,015,988
Sewer	754,439
	<u>754,439</u>
	<u>\$ 1,770,427</u>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements *(Continued)*

4. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2013:

	Balance - January 1, 2013	Additions	Retirements	Balance - December 31, 2013	Due Within One Year
Governmental Activities					
Special assessment bonds	\$ 125,000	\$ —	\$ 85,000	\$ 40,000	\$ 40,000
Special obligation bonds	2,340,000	2,419,690	60,000	4,699,690	352,320
Capital leases	2,133,194	—	433,234	1,699,960	364,504
General obligation bonds	11,630,000	6,225,000	1,795,000	16,060,000	1,800,000
Leasehold revenue bonds	1,205,000	—	145,000	1,060,000	1,060,000
TIF bonds	17,335,000	—	725,000	16,610,000	610,000
MDNR loan payable	55,211	—	10,343	44,868	10,693
Net pension obligation	383,244	1,226,750	1,182,858	427,136	—
Other post employment benefits	247,324	60,729	—	308,053	—
Compensated absences	1,488,054	1,133,854	1,132,857	1,489,051	544,029
Bond premiums	620,066	256,290	114,611	761,745	—
Bond discounts	(163,636)	—	(10,176)	(153,460)	—
	\$ 37,398,457	\$ 11,322,313	\$ 5,673,727	\$ 43,047,043	\$ 4,781,546
Business-Type Activities					
Revenue bonds	\$ 8,545,000	\$ —	\$ 780,000	\$ 7,765,000	\$ 1,085,000
SRF bonds	4,840,000	—	255,000	4,585,000	265,000
SRF note payable	3,479,152	—	179,752	3,299,400	185,500
Special obligation bonds	—	185,310	—	185,310	22,680
Capital leases	353,235	—	47,111	306,124	48,299
Compensated absences	126,604	125,527	66,405	185,726	56,670
Bond premiums	212,325	9,045	20,516	200,854	—
	\$ 17,556,316	\$ 319,882	\$ 1,348,784	\$ 16,527,414	\$ 1,663,149

The accrued compensated absences, net pension obligation and other post employment benefits attributable to the governmental activities are generally liquidated by the General Fund.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Long-term debt (including the current portions) of the City is as follows:

Governmental Activities

General obligation bonds:

2013 General Obligation Bonds, 3 - 3.30%, due in varying amounts through 2030 \$ 6,225,000

2012 General Obligation Refunding & Improvement Bonds, 3 - 4%, due in varying amounts through 2016 9,835,000

Special assessment bonds:

2002 Neighborhood Improvement District Refunding Bonds, 3.65% - 5.5%, due in varying amounts through 2014 40,000

Special obligation bonds:

2013 Special Obligation Refunding and Improvement Bonds, 3%, due in varying amounts through 2023. 2,419,690

2010 Clay County Health Center Relocation Project Refunding Bonds, 2% - 4.35%, due in varying amounts through 2032 2,280,000

Leasehold revenue bonds:

2003 Community Center Refunding Guaranteed Leasehold Revenue Bonds, 3.875% - 4.5%, due in varying amounts through 2018 1,060,000

MDNR loan payable 44,868

Tax increment revenue bonds:

2004 Liberty Triangle Project Tax Increment Revenue Bonds, 4% - 5.875%, due in varying amounts through 2026 5,695,000

2007 Liberty Triangle Project Tax Increment Revenue Bonds, 5% - 5.875%, due in varying amounts through 2029 5,460,000

2010 Roger's Plaza Project Tax Increment Revenue Bonds, 6.75%, due in varying amounts through 2030 5,455,000

Compensated absences 1,489,051

Net pension obligation 427,136

Other post employment benefits 308,053

Capital leases

Lease purchase of fitness equipment, 4.25% due in monthly installments of \$1,489 through 2014 1,494

Lease purchase of police cars, 3.00% due in semi-annual installments between \$17,292 and \$17,548 through 2014 34,073

Lease purchase of ambulance, 3.43% due in semi-annual installments between \$42,680 and \$43,310 through 2016 244,965

Lease purchase of phone system, 5.08% due in annual installments of \$56,910 through 2014 54,158

Lease purchase of fitness equipment, 4.25% due in monthly installments of \$1527 through 2014 19,361

Lease purchase of aerial fire truck, 2.97% due in annual installments of \$131,259 through 2022 1,051,760

Lease purchase of street sweeper, 2.97% due in annual installments of \$45,219 through 2017 171,385

Lease purchase of fire tanker truck, 2.97% due in annual installments of \$32,391 through 2017 122,764

Total Governmental Activities \$ 42,438,758

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Business-Type Activities:	
Revenue bonds:	
2005 A Sewer System Revenue Bonds, 3.00% - 4.25%, due in varying amounts through 2025	\$ 3,860,000
2011 Waterworks Refunding Bonds, 1.75%-3.00%, due in varying amounts through 2021	3,905,000
2005 State Revolving Fund Program Bonds, 3.25% - 5.25%, due in varying amounts through 2026	4,585,000
SRF Note Payable related to 70% reserve funding as part of the Missouri State Revolving Fund Program, noninterest bearing, due in varying amounts through 2026	3,299,400
Lease purchase of sewer vacuum truck, 2.97%, due in annual installments of 55,346 through 2019	306,124
2013 Special Obligation Refunding and Improvement Bonds, 3%, due in varying amounts through 2023.	185,310
Compensated absences	<u>185,726</u>
Total Business-Type Activities	<u>\$ 16,326,560</u>

General Obligation Bonds: During the fiscal year ended December 31, 2013, the City issued General Obligation Bonds, Series 2013 in the amount of \$6,225,000 with an interest rate of 3 to 3.3%. The net proceeds of \$6,293,377 after payment of \$90,550 of issuance costs and receipt of \$158,927 in premiums will be used for constructing and improving streets and other transportation-related improvements within the City, including Franklin Street and the Pleasant Valley Interchange.

During the fiscal year ended December 31, 2012, the City issued General Obligation Refunding & Improvement Bonds, Series 2012 in the amount of \$10,230,000 with an interest rate of 3 to 4%. A portion of the bond proceeds are being used to advance refund \$4,340,000 of the Roadway and Transportation Improvement Projects Bonds, Series 2005 with an interest rate of 4.5%. The net proceeds of \$4,613,824 after payment of \$55,440 of issuance costs and receipt of \$329,264 in premiums were deposited in an irrevocable trust with an escrow agent to provide for the future payment of principal and interest of the aforementioned Roadway and Transportation Improvement Projects Bond, Series 2005. As a result the bonds are considered defeased and the liability for the bonds has been removed from the Government-wide statement of net position.

As a result of the refunding, the City decreased its total debt service requirements by \$307,613, which resulted in an economic gain of \$298,533. Refunding costs of \$23,565 were capitalized and will be amortized over ten years. The Series 2005 bonds were originally used to fund roadway improvement projects.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Revenue Bonds: During the fiscal year ended December 31, 2011, the City issued Waterworks Refunding Bonds, Series 2011 in the amount of \$4,335,000 with an interest rate of 1.75% to 3.00%. The bond proceeds along with existing reserve funds totaling \$1,358,749 are being used to advance refund \$4,971,144 of the Series 2002 Waterworks Revenue Bonds with an interest rate of 2.25% to 4.8% and to currently refund \$758,749 of the Series 2005 Waterworks Refunding Revenue Bonds with an interest rate of 4.0%. The net proceeds of \$4,371,144, after payment of \$76,940 of issuance costs and receipt of \$113,084 in premiums, were deposited in an irrevocable trust with an escrow agent to provide for the future payment of principal and interest of the aforementioned Series 2002 Waterworks Revenue Bonds and Series 2005 Waterworks Refunding Revenue Bonds. As a result, the Series 2002 and 2005 bonds are considered defeased and the liability for those bonds has been removed from the government-wide statement of net position.

As a result of the refunding, the City increased its total debt service requirements by \$182,491, which resulted in an economic gain of \$73,114. Issuance and refunding costs of \$361,814 were capitalized and will be amortized over ten years. The Series 2005 Refunding Bonds were originally used to refund prior debt issuances. The Series 2002 Revenue Bonds were used to repair and replace existing Waterworks infrastructure.

Special Obligation Bonds: During the fiscal year ended December 31, 2013, the City issued Special Obligation Refunding and Improvements Bonds, Series 2013 in the amount of \$2,605,000 with an interest rate of 3%. Subsequent to December 31, 2013, a portion of the proceeds will be used, together with other available funds of the City, to refund the Series 2003 Bonds in the amount of \$1,060,000. The remaining proceeds were used to purchase police vehicles, a utility dump truck, video equipment for police cars, and improvements to the public safety radio system of the City.

During the fiscal year ended December 31, 2010, the City issued Special Obligation Refunding Bonds, Series 2010 in the amount of \$2,395,000 with an interest rate of 2.0% to 4.35%. The bond proceeds were used to currently refund \$2,070,000 of the Series 2007 bond issuance with an interest rate of 4.0%. A \$213,000 reserve was established at the time of the bond sale. The net proceeds of \$2,111,400, after payment of \$52,426 of issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for the future payment of principal and interest of the aforementioned Series 2007 bonds. As a result, the Series 2007 bonds are considered defeased and the liability for those bonds has been removed from the government-wide statement of net position. The Series 2007 bonds that were defeased were also paid in full by the escrow agent during 2010.

State Revolving Fund Program Bonds: The City has issued \$6,180,000 of State Revolving Fund Program Bonds. In conjunction with this issuance, the City entered into an agreement with the Missouri Department of Natural Resources whereby the state of Missouri will advance monies to establish a reserve fund in an amount up to 70% of the outstanding bonds. This reserve fund will serve as collateral on the State Revolving Fund Program Bonds in the event of default and interest earnings on the reserve fund will be used to reduce the City's interest payment on the outstanding bonds. As of December 31, 2013, the reserve fund has approximately \$3,299,000.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

Leasehold Revenue Bonds: The Leasehold Revenue Bonds Series 2003, issued to finance improvements to the Community Center, to refund the Series 1993 bonds and the Leasehold Revenue Bonds Series 1999, and to construct a Sports Complex require the City to establish various trust funds in the name of the Public Facilities Authority. Assets of these funds consist of cash and investments and are reported in the accompanying governmental fund balance sheet and statement of net position as restricted accounts as follows:

	Debt Service - Public Facilities Authority Restricted Assets
Bond Fund, 2003 Community Center	\$ 844,283
Bond Reserve Fund, 2003 Community Center	229,505
	<u>\$ 1,073,788</u>

The monies in the Bond Fund Account (consisting mainly of lease rental payments paid by the City) shall be expended for the payment of principal and interest on the bonds.

The Bond Reserve Fund Account is available to pay principal and interest in the event of a deficiency in the Bond Fund Account. In addition, monies in the Bond Reserve Fund shall be used to pay and retire the last outstanding bonds unless such bonds and all interest thereon are otherwise paid.

The Waterworks Refunding Revenue Bonds and Sewer System Revenue Bonds require the following accounts, consisting of cash and investments and are reported in the accompanying statement of net position as restricted accounts as follows:

	Restricted Assets
Water:	
Depreciation and replacement account	\$ 403,861
Sewer:	
Bond reserve account	\$ 580,956
Depreciation and replacement account	96,000
	<u>\$ 676,956</u>
Sewer, Shoal Creek upgrade	\$ 8,161
Sewer, Kansas City sewer line	\$ 109,555
Sewer:	
SRF reserve account	\$ 3,299,179
SRF trustee interest account	35,313
SRF trustee rebate account	2
SRF trustee principal	132,504
	<u>\$ 3,466,998</u>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

In addition, these bonds have a rate covenant. The City is in compliance with this covenant, as noted below.

- The City, in accordance with and subject to applicable legal requirements, will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce revenues sufficient to:
 - Pay the costs of the operation and maintenance of the system.
 - Pay the principal of and interest on the bonds as and when the same become due at the maturity thereof or any interest payment date.
 - Enable the City to have in each fiscal year net revenues available for debt service from sewer system activities not less than 120% of the amount required to be paid in such fiscal year on account of both principal and interest on sewer system revenue bonds at the time outstanding.
 - Enable the City to have in each fiscal year net revenues available for debt service waterworks activity not less than 110% of the amount required to be paid in such fiscal year on account of both principal and interest on waterworks revenue bonds at the time outstanding.
 - Maintain a Debt Service Reserve Account of not less than \$571,818 for the Sewer Fund. As of December 31, 2013, this amount is \$580,956.
 - Provide reasonable and adequate reserves for the payment of the bonds and the interest thereon and for the protection and benefit of the system as provided in the bond ordinance.

Annual debt service requirements to service all outstanding indebtedness as of December 31, 2013 are as follows:

For The Years Ended December 31,	Debt Service General Obligation Bonds		Debt Service Special Assessment Bonds		Debt Service Special Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,800,000	\$ 439,896	\$ 40,000	\$ 900	\$ 375,000	\$ 162,511
2015	1,855,000	434,890	—	—	455,000	153,825
2016	1,755,000	372,190	—	—	460,000	142,657
2017	660,000	327,415	—	—	440,000	126,375
2018	680,000	307,315	—	—	445,000	116,083
2019-2023	3,900,000	1,176,625	—	—	1,330,000	423,326
2024-2028	4,105,000	572,618	—	—	635,000	244,394
2029-2033	1,305,000	53,655	—	—	745,000	91,438
	<u>\$ 16,060,000</u>	<u>\$ 3,684,603</u>	<u>\$ 40,000</u>	<u>\$ 900</u>	<u>\$ 4,885,000</u>	<u>\$ 1,460,608</u>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

For The Years Ended December 31,	Debt Service Leasehold Revenue Bonds		Enterprise Revenue Bonds		Enterprise Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,060,000	\$ 13,780	\$ 1,085,000	\$ 245,346	\$ 48,299	\$ 7,143
2015	—	—	715,000	213,996	49,425	6,018
2016	—	—	735,000	189,846	50,578	4,866
2017	—	—	755,000	165,046	51,757	3,688
2018	—	—	765,000	139,796	52,421	2,483
2019-2023	—	—	2,880,000	388,128	53,644	1,257
2024-2028	—	—	830,000	40,950	—	—
	\$ 1,060,000	\$ 13,780	\$ 7,765,000	\$ 1,383,109	\$ 306,124	\$ 25,455

For The Years Ended December 31,	Governmental Capital Leases		Debt Service Tax Increment Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 364,504	\$ 44,185	\$ 610,000	\$ 990,150
2015	264,999	33,155	660,000	956,303
2016	270,186	25,305	690,000	918,919
2017	190,428	18,656	725,000	879,081
2018	115,795	14,213	800,000	836,619
2019-2023	494,048	29,167	5,070,000	3,384,547
2024-2028	—	—	6,235,000	1,583,775
2029-2033	—	—	1,820,000	127,972
	\$ 1,699,960	\$ 164,681	\$ 16,610,000	\$ 9,677,366

For The Years Ended December 31,	Debt Service MDNR Loan Payable		Enterprise SRF Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 10,693	\$ 1,429	\$ 265,000	\$ 213,948
2015	11,055	1,067	275,000	203,348
2016	11,257	692	290,000	192,348
2017	6,449	354	300,000	180,748
2018	5,413	130	315,000	168,373
2019-2023	—	—	1,820,000	582,813
2024-2028	—	—	1,320,000	125,230
	\$ 44,868	\$ 3,672	\$ 4,585,000	\$ 1,666,805

For The Years Ended December 31,	Enterprise SRF Note Payable	
	Principal	Interest
2014	\$ 185,500	\$ —
2015	192,500	—
2016	203,000	—
2017	210,000	—
2018	241,486	—
2019-2023	1,335,964	—
2024-2028	930,950	—
	\$ 3,299,400	\$ —

Pledges Of Revenue On Outstanding Debt

Utility revenues pledged: The City has pledged future water customer revenues, net of specified operating expenses, to repay a debt issuance originally totaling \$4,335,000 in Waterworks Refunding bonds. Proceeds from this 2011 issuance were used to refund the 2002 and 2005 bond issuance, reducing the interest rate to between 1.75% and 3.0% for the remaining ten years of the bonds. The bonds are payable solely from water customer net revenues through 2021. Annual principal and interest payments on the 2011 bonds required 37% 2013 net revenues. The total principal and interest remaining to be paid on the 2011 bonds is \$4,345,149. Principal and interest paid during 2013 totaled \$543,386.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay two debt issues totaling \$12,475,000 in sewer system revenue bonds. Series 2005A were issued August 2005 in the amount of \$6,295,000. State Revolving Fund Bonds were issued November 2005 in the amount of \$6,180,000. Proceeds from the 2005A series bonds were used to refund the 1995 bond issue and provide additional funding for the completion of the Rush Creek Project. Proceeds from the State Revolving Fund bonds were used to construct the Rush Creek Project. The bonds are payable solely from the sewer customer net revenues and are payable through 2026. Annual principal and interest payments on the bonds required 42% of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,054,765. Principal and interest paid for the current year and total customer net revenues were \$993,808 and \$2,385,072, respectively.

TIF revenues pledged: The City has pledged a portion of future payments in lieu of taxes (PILOTS) and Economic Activity Tax (EATS) revenues to repay \$7,795,000 in Tax Increment Revenue Bonds issued in December 2004. The bonds were used to finance Project A of the Liberty Triangle Redevelopment Plan. The bonds are payable solely from the incremental property and sales taxes generated by increased development in the TIF district. Incremental PILOTS and EATS were projected to produce \$18,486,690 over the life of the bonds. Total principal and interest remaining on the bonds is \$8,276,319, payable through 2026. For the current year, principal and interest paid and total incremental PILOTS and EATS revenues were \$754,475 and \$771,519, respectively.

The City has pledged a portion of future PILOTS and EATS revenues to repay \$7,840,000 in Tax Increment Revenue Bonds issued in October 2007. The bonds were used to finance Projects B-2, C-3 and D-1 (The Series 2007 Projects), of the Liberty Triangle Redevelopment Plan. The bonds are payable solely from the incremental property, sales taxes, and community improvement district (CID) sales tax generated by increased development in the TIF district. Incremental PILOTS, EATS and CID sales tax were projected to produce \$16,606,938 over the life of the bonds. Total principal and interest remaining on the bonds is \$8,563,594 payable through 2029. For the current year, principal and interest paid and total incremental PILOTS, EATS and CID revenues were \$481,875 and \$623,251, respectively.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City has pledged a portion of future PILOTS and EATS revenues to repay \$5,710,000 in Tax Increment Revenue Bonds issued in May 2010. The bonds were used to finance the Roger's Plaza Project. The bonds are payable solely from the incremental property, sales taxes, and CID sales tax generated by increased development in the TIF district. Incremental PILOTS, EATS and CID sales tax were projected to produce \$13,172,019 over the life of the bonds. Total principal and interest remaining on the bonds is \$9,447,450 payable through 2030. For the current year, principal and interest paid and total incremental PILOTS, EATS, and CID revenues were \$510,131 and \$535,834, respectively.

Pledged revenue in connection with blended component unit debt, Public Facilities Authority: The City has pledged as security for bonds issued by the Liberty, Missouri Public Facilities Authority, a portion of the City's parks capital sales tax. The bonds issued by Liberty, Missouri Public Facilities Authority in the amount of \$3,640,000 in 2003 for the purpose of refinancing the 1993 issue and expanding the Liberty Community Center are payable through 2018. The City has committed to appropriate each year, from the parks capital sales tax, amount sufficient to cover the principal and interest requirements on the Liberty Missouri Public Facilities Authority debt. The Liberty Missouri Public Facilities Authority has pledged as sole security for the bonds the appropriation from the City. Total principal and interest remaining on the debt is \$1,203,325. For the current year, principal and interest paid by the Liberty Missouri Public Facilities Authority and the total parks capital sales tax recognized by the City were \$195,509 and \$832,100, respectively.

Conduit Debt

The City has issued industrial development bonds to provide financial assistance to private businesses for economic development purposes. The debt is payable solely from payments received from the private businesses involved. As of December 31, 2013, there were four issues of industrial revenue bonds outstanding. These issues have an aggregate original issue amount of approximately \$322 million.

In August 2013, Liberty voters approved a \$95 million bond issue to build a Liberty owned and operated wastewater treatment plant and to make capital improvements to the wastewater collection system. As of December 31, 2013, the bonds had not been issued and no liability has been incurred by the City.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

5. Interfund Transactions

Interfund receivables and payable balances as of year end were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Liberty TIF	\$ 98,030
General	Nonmajor governmental funds	39,026
Capital sales tax	Parks	295,000
Parks	Nonmajor governmental funds	33
Nonmajor governmental funds	Nonmajor governmental funds	426
		<u>\$ 432,515</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers for the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities		
General	\$ 354,000	\$ 47,750
Parks	416,351	79,000
Nonmajor governmental funds	1,101,773	1,745,374
	<u>\$ 1,872,124</u>	<u>\$ 1,872,124</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

6. Defined Benefit Pension Plan

Plan Description

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

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

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Funding Status

The City's full-time employees contribute 4% of their gross pay to the pension plan. The June 30th statutorily required contribution rates are 10.3% (General), 14.6% (Police), and 18.4% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

Annual required contribution	\$ 1,221,961
Interest on net pension obligation	27,785
Adjustment to annual required contribution	<u>(22,996)</u>
Annual pension cost	1,226,750
Actual contributions	<u>1,182,858</u>
Increase in net pension obligation	43,892
Net pension obligation - beginning of year	<u>383,244</u>
Net pension obligation - end of year	<u><u>\$ 427,136</u></u>

The required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from zero to 6% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back zero years for men and zero years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 30 years for the General division, 30 years for the Police division and 30 years for the Fire division. The amortization period as of February 29, 2012 was 30 years for the General division, 24 years for the Police division and 26 years for the Fire division.

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (Continued)

Fiscal Year Ending	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2013	\$ 1,226,750	96.4%	\$ 427,136
6/30/2012	1,000,578	90.1%	383,244
6/30/2011	949,419	81.6%	283,739

Funding Status And Funding Progress

As of February 28, 2013, the most recent actuarial valuation date, the City's participation in LAGERS was 66% funded. The actuarial accrued liability for benefits was \$26,688,233 and the actuarial value of assets was \$17,589,022, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,099,211. The covered payroll was \$10,404,302, and the ratio of the UAAL to the covered payroll was 87%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

7. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g), which allowed for the plan to hold its assets in trust. Under these new requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

8. Commitments And Contingent Liabilities

A summary of outstanding commitments/encumbrances on uncompleted construction contracts is as follows:

Capital projects:	
Capital Projects Fund	\$ 143,394
Water Fund	56,818
Sewer Fund	333,196
	<hr/>
	\$ 533,408
	<hr/>

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2013, significant amounts of grant expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of Midwest Public Risk (MPR), a not-for-profit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool and covers medical and dental, workers' compensation and property and casualty claims for its members. The City maintains only workers' compensation and property and casualty coverage through MPR. MPR has been established as assessable pools and accounting records are maintained for each year of coverage on a policy-year basis. The City pays annual premiums to MPR for each coverage. The agreement with MPR provides that MPR will be self-sustained through member premiums. MPR has the authority to assess members for deficiencies of revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for excess revenues over expenses relating to any single plan year. MPR has not had deficiencies in any of the past three fiscal years. The City purchases commercial insurance for medical, dental, short-term disability and life insurance.

The City is self-insured for unemployment claims and accounts for the activity in the General Fund with the liability reported as part of accounts payable and accrued liabilities. Changes in the City's unemployment claims liability amounts in 2013 and 2012 were:

<u>Year</u>	<u>Beginning Of Year Liability</u>	<u>Current Year Claims And Changes In Estimates</u>	<u>Claims Payments</u>	<u>Balance Year Ended</u>
2013	\$ 30,000	\$ 7,496	\$ 7,496	\$ 30,000
2012	30,000	8,898	8,898	30,000

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

10. Other Post Employment Benefits

Program Description

In addition to providing the pension benefits described above, the City provides employees that retire under the plan, at the same time they end their service to the City, the opportunity for continuation of medical and dental insurance coverage offered through Midwest Public Risk as part of a single employer defined benefit OPEB plan.

Retirees who elect to continue coverage in the medical and dental plans offered through Midwest Public Risk are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the premiums each year, the City share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. A stand-alone financial report is not available regarding the OPEB benefits provided.

Funding Policy

The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. As of December 31, 2013, the City has not set aside assets in trust to pay future benefits and has not established a plan or equivalent arrangement that contains an irrevocable transfer of assets dedicated to providing benefits to retirees. Since no trust fund has been established for funding the OPEB obligation related to the implicit rate subsidy, the entire OPEB obligation is classified as unfunded. A schedule of funding progress is included as required supplementary information.

Annual OPEB Costs And Net OPEB Obligation

The City's annual OPEB cost and net OPEB obligation for the years ended December 31, 2013, 2012 and 2011 are as follows:

For The Year Ended December 31,	Net OPEB Obligation Beginning Of Year	Annual Required Contribution	Interest On OPEB Obligation	Adjustment To Annual Required Contribution	Annual OPEB Cost	Actual Contribution	Net OPEB Obligation End Of Year
2013	\$ 247,324	\$ 80,685	\$ 12,366	\$ 15,322	\$ 77,729	\$ 17,000	\$ 308,053
2012	177,800	80,685	9,040	11,201	78,524	9,000	247,324
2011	128,400	123,700	3,000	(2,500)	124,200	74,800	177,800

For The Year Ended December 31,	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 77,729	22%	\$ 308,053
2012	78,524	11%	247,324
2011	124,200	60%	177,800

CITY OF LIBERTY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

As of December 31, 2013, the funded status of the plan is as follows:

Actuarial Accrued Liability	\$	539,777
Actuarial Value Of Assets		<u>—</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>539,777</u>
Funded Ratio		0%
Covered Payroll	\$	9,337,615
UAAL As Percentage Of Covered Payroll		5.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods And Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The population valued is based on a closed group. Only current employees and retirees as of the valuation date are considered; no provision is made for future new hires.

As of the July 1, 2011 actuarial valuation (most recent available), the liabilities were computed using the projected unit credit cost method with the unfunded actuarial accrued liability amortized over 30 years on a level-dollar, open period amortization basis. The actuarial assumptions utilized a 5% investment rate of return and a medical and dental inflation rate of 8.5% and 4%, respectively. The inflation rate assumption is 2.2% and there are no projected salary or post-retirement benefit increases used in this valuation. The City is only required to get an actuarial valuation on a bi-annual basis.

11. Fund Balance Deficits

As December 31, 2013, the PFA Construction Fund had a fund deficit of \$39,026 that will be resolved in future years by transfers from the Public Facilities Authority Debt Services Fund, and the Special Assessment Neighborhood Improvement had a fund deficit of \$4,337 that will be resolved in future years by General Fund reserves.

Required Supplementary Information

CITY OF LIBERTY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2013**

	Budget	Actual	Variance With Final Budget (Over) Under
	Final	Actual	(Over) Under
Revenues			
Taxes	\$ 12,676,320	\$ 12,603,717	\$ 72,603
Intergovernmental	457,650	471,954	(14,304)
Charges for services	1,754,800	1,808,161	(53,361)
Licenses and permits	337,400	318,505	18,895
Investment earnings	20,400	12,688	7,712
Miscellaneous	450,500	522,267	(71,767)
Total Revenues	15,697,070	15,737,292	(40,222)
Expenditures			
Current:			
General government	3,517,611	3,620,207	(102,596)
Community development and improvement	931,734	813,794	117,940
Public works	2,494,460	2,483,646	10,814
Culture and recreation	301,830	266,595	35,235
Public safety	10,874,320	10,007,328	866,992
Capital outlay	50,000	49,774	226
Debt service:			
Principal retirement	202,830	153,038	49,792
Interest and fiscal charges	7,140	8,917	(1,777)
Total Expenditures	18,407,665	17,432,438	975,227
Revenues Under Expenditures	(2,710,595)	(1,695,146)	(1,015,449)
Other Financing Sources			
Issuance of long-term debt	1,584,900	1,543,523	41,377
Bond premium	—	45,760	(45,760)
Transfers in	648,020	354,000	294,020
Transfers out	(47,750)	(47,750)	—
Total Other Financing Sources (Uses)	2,185,170	1,895,533	289,637
Net Change In Fund Balances	\$ (525,425)	200,387	\$ (725,812)
Fund Balances - Beginning Of Year		4,295,816	
Fund Balances - End Of Year		\$ 4,496,203	

CITY OF LIBERTY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - PARKS FUND
For The Year Ended December 31, 2013**

	<u>Budget</u>		<u>Variance With</u>
	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
			<u>(Over) Under</u>
Revenues			
Taxes	\$ 720,450	\$ 722,640	\$ (2,190)
Charges for services	2,579,440	2,326,010	253,430
Investment earnings	—	4,346	(4,346)
Miscellaneous	—	4,587	(4,587)
Total Revenues	<u>3,299,890</u>	<u>3,057,583</u>	<u>242,307</u>
Expenditures			
Current:			
Culture and recreation	3,624,541	3,341,777	282,764
Debt service:			
Principal retirement	43,050	43,174	(124)
Interest and fiscal charges	1,660	1,681	(21)
Total Expenditures	<u>3,669,251</u>	<u>3,386,632</u>	<u>282,619</u>
Revenues Under Expenditures	<u>(369,361)</u>	<u>(329,049)</u>	<u>(40,312)</u>
Other Financing Sources (Uses)			
Transfers in	402,440	416,351	(13,911)
Transfers out	(79,000)	(79,000)	—
Total Other Financing Sources (Uses)	<u>323,440</u>	<u>337,351</u>	<u>(13,911)</u>
Net Change In Fund Balances	<u>\$ (45,921)</u>	<u>8,302</u>	<u>\$ (54,223)</u>
Fund Balances - Beginning Of Year		<u>445,714</u>	
Fund Balances - End Of Year		<u>\$ 454,016</u>	

CITY OF LIBERTY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION NOTE TO BUDGETARY COMPARISON INFORMATION December 31, 2013

Budgetary Data

A legally adopted annual budget is prepared for governmental fund types, except for the PFA Construction and Blue Jay Crossing Capital Projects Funds, by the City Administrator and presented to City Council each year prior to the beginning of the year. This budget is officially adopted by the City Council each December through the passage of an ordinance, and all budget amendments are approved by the City Council. This budget uses the modified accrual basis of accounting. The City's legal level of budgetary control is at the fund level. Any expenditure that will cause a fund to exceed the total fund budget must be approved in advance by the City Council through a budget amendment ordinance. A review of the budget is done annually as part of the budget preparation process and any revisions needed are presented to the City Council for supplemental appropriation. Unencumbered appropriations lapse at year end.

Exceptions To Budgetary Laws And Regulations

Expenditures exceeded appropriations in the Liberty TIF Fund, Cemetery Fund, Fire Sales Tax Fund and Neighborhood Improvement Fund by \$399,459, \$1,704, \$1,400 and \$740, respectively.

CITY OF LIBERTY, MISSOURI

ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

LAGERS

Schedule Of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Entry Age Actuarial Accrued Liability (b)	(Overfunded)/ Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL As A Percentage Of Covered Payroll [(b-a)/c]
2/28/2011	\$ 14,288,390	\$ 17,928,046	\$ 3,639,656	80%	\$ 9,421,531	39%
2/29/2012	15,664,463	18,916,118	3,251,655	83%	10,117,461	32%
2/28/2013	17,589,022	26,688,233	9,099,211	66%	10,404,302	87%

Note: The above assets and actuarial liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City. The actuarial accrued liability was affected by certain benefit changes with the February 28, 2013 valuation.

Schedule Of Employer Contributions

Year End	Annual Required Contribution (ARC) (a)	Total Contribution (b)	Percentage Of ARC Contributed (b/a)
12/31/2011	\$ 947,087	\$ 774,717	81.8%
12/31/2012	995,661	901,073	90.5%
12/31/2013	1,221,961	1,182,858	96.8%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated.

CITY OF LIBERTY, MISSOURI

ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION (Continued)
December 31, 2013

Other Post Employment Benefits

Schedule Of Funding Progress

Actuarial Valuation Date*	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL As A Percentage Of Covered Payroll ((b-a)/c)
1/1/2008	\$ —	\$ 1,011,000	\$ 1,011,000	0%	\$ 14,982,000	7%
12/31/2010	—	1,344,000	1,344,000	0%	14,148,000	9%
7/1/2011	—	539,777	539,777	0%	9,337,615	6%

* The information presented in this required supplementary schedule was determined as part of the actuarial valuation at the date indicated, which is the most recent valuation available. The City is only required to get an actuarial valuation on a bi-annual basis.

Supplementary Information

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

CITY OF LIBERTY, MISSOURI

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013

	Special Revenue	Capital Projects	Debt Service	Permanent	Total
Assets					
Cash and investments	\$ 115,138	\$ 535,015	\$ 2,978	\$ 420,533	\$ 1,073,664
Receivables, net of allowance for uncollectibles:					
Taxes	—	293,524	—	—	293,524
Accounts	2,047	1,000	8,371	2,985	14,403
Special assessment	—	—	30	—	30
Accrued interest	136	657	—	459	1,252
Due from other funds	426	—	—	—	426
Restricted assets:					
Cash and investments	—	—	26,233	—	26,233
Investments	—	226,866	1,073,788	—	1,300,654
Accrued interest	—	54	8	—	62
Total Assets	\$ 117,747	\$ 1,057,116	\$ 1,111,408	\$ 423,977	\$ 2,710,248
Liabilities					
Accounts payable and accrued liabilities	\$ 3,299	\$ 5,233	\$ 2,978	\$ —	\$ 11,510
Due to other funds	—	39,026	—	459	39,485
Total Liabilities	3,299	44,259	2,978	459	50,995
Deferred Inflow Of Resources					
Property and special assessment taxes	—	—	38,979	—	38,979
Fund Balances					
Nonspendable:					
Permanent fund principal	—	—	—	423,518	423,518
Restricted for:					
Parks and recreation	—	334,512	—	—	334,512
Public safety	—	622,555	—	—	622,555
Debt service	—	—	1,069,451	—	1,069,451
Cemetery	88,917	—	—	—	88,917
Law enforcement	25,531	—	—	—	25,531
Other purposes	—	55,790	—	—	55,790
Total Fund Balances	114,448	1,012,857	1,069,451	423,518	2,620,274
Total Liabilities, Deferred Inflow Of Resources And Fund Balances	\$ 117,747	\$ 1,057,116	\$ 1,111,408	\$ 423,977	\$ 2,710,248

CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2013**

	<u>Cemetery</u>	<u>Police Training</u>	<u>Total</u>
Assets			
Cash and investments	\$ 89,585	\$ 25,553	\$ 115,138
Receivables, net of allowance for uncollectibles:			
Accounts	2,047	—	2,047
Accrued interest	103	33	136
Due from other funds	426	—	426
Total Assets	\$ 92,161	\$ 25,586	\$ 117,747
Liabilities			
Accounts payable and accrued liabilities	\$ 3,244	\$ 55	\$ 3,299
Fund Balances			
Restricted for:			
Cemetery	88,917	—	88,917
Law enforcement	—	25,531	25,531
Total Fund Balances	88,917	25,531	114,448
Total Liabilities And Fund Balances	\$ 92,161	\$ 25,586	\$ 117,747

CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2013**

	Parks Capital	PFA Constru- ction	Fire Sales Tax	Cable Reserve	Limited Capital	Total
Assets						
Cash and investments	\$ —	\$ —	\$ 475,570	\$ 59,445	\$ —	\$ 535,015
Receivables, net of allowance for uncollectibles:						
Taxes	146,762	—	146,762	—	—	293,524
Accounts	—	—	—	—	1,000	1,000
Accrued interest	160	—	429	68	—	657
Investments	226,866	—	—	—	—	226,866
Accrued interest	54	—	—	—	—	54
Total Assets	\$ 373,842	\$ —	\$ 622,761	\$ 59,513	\$ 1,000	\$ 1,057,116
Liabilities						
Accounts payable and accrued liabilities	\$ 304	\$ —	\$ 206	\$ 3,723	\$ 1,000	\$ 5,233
Due to other funds	—	39,026	—	—	—	39,026
Total Liabilities	304	39,026	206	3,723	1,000	44,259
Fund Balances						
Restricted for:						
Parks and recreation	373,538	(39,026)	—	—	—	334,512
Public safety	—	—	622,555	—	—	622,555
Other purposes	—	—	—	55,790	—	55,790
Total Fund Balances	373,538	(39,026)	622,555	55,790	—	1,012,857
Total Liabilities And Fund Balances	\$ 373,842	\$ —	\$ 622,761	\$ 59,513	\$ 1,000	\$ 1,057,116

CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2013**

	Special Assessment Neighborhood Improvement	Public Facilities Authority	Total
Assets			
Cash and investments	\$ —	\$ 2,978	\$ 2,978
Receivables, net of allowance for uncollectibles:			
Accounts	8,371	—	8,371
Special assessment	30	—	30
Restricted assets:			
Cash and investments	26,233	—	26,233
Investments	—	1,073,788	1,073,788
Accrued interest	8	—	8
Total Assets	\$ 34,642	\$ 1,076,766	\$ 1,111,408
Liabilities			
Accounts payable and accrued liabilities	\$ —	\$ 2,978	\$ 2,978
Deferred Inflow Of Resources			
Property and special assessment taxes	38,979	—	38,979
Fund Balances			
Restricted for:			
Debt service	(4,337)	1,073,788	1,069,451
Total Liabilities, Deferred Inflow Of Resources And Fund Balances	\$ 34,642	\$ 1,076,766	\$ 1,111,408

CITY OF LIBERTY, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
December 31, 2013**

	Frank Hughes Memorial Trust	Mt. Memorial Cemetery Trust	Fairview Cemetery Trust	Total
Assets				
Cash and investments	\$ 30,000	\$ 33,755	\$ 356,778	\$ 420,533
Receivables, net of allowance for uncollectibles:				
Accounts	—	—	2,985	2,985
Accrued interest	33	36	390	459
Total Assets	\$ 30,033	\$ 33,791	\$ 360,153	\$ 423,977
Liabilities				
Due to other funds	\$ 33	\$ 36	\$ 390	\$ 459
Fund Balances				
Nonspendable:				
Permanent fund principal	30,000	33,755	359,763	423,518
Total Liabilities And Fund Balances	\$ 30,033	\$ 33,791	\$ 360,153	\$ 423,977

CITY OF LIBERTY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2013**

	Special Revenue	Capital Projects	Debt Service	Permanent	Total
Revenues					
Taxes	\$ —	\$ 1,679,199	\$ —	\$ —	\$ 1,679,199
Intergovernmental	—	13,634	—	—	13,634
Charges for services	74,256	—	—	—	74,256
Investment earnings	442	2,058	949	1,376	4,825
Miscellaneous	—	127,500	483	7,232	135,215
Total Revenues	74,698	1,822,391	1,432	8,608	1,907,129
Expenditures					
Current:					
General government	—	12,973	—	—	12,973
Community development and improvement	—	1,000	—	—	1,000
Culture and recreation	—	300,612	178	—	300,790
Cemetery maintenance	43,454	—	—	—	43,454
Public safety	28,877	4,917	—	—	33,794
Capital outlay	—	278,658	—	—	278,658
Debt service:					
Principal retirement	—	210,464	230,000	—	440,464
Interest and fiscal charges	—	39,591	58,209	—	97,800
Bond issuance costs	—	15,777	—	—	15,777
Total Expenditures	72,331	863,992	288,387	—	1,224,710
Revenues Over (Under) Expenditures	2,367	958,399	(286,955)	8,608	682,419
Other Financing Sources (Uses)					
Bond premium	—	24,777	—	—	24,777
Issuance of long-term debt	—	835,728	—	—	835,728
Transfers in	49,028	10,000	1,042,745	—	1,101,773
Transfers out	(47,750)	(1,696,248)	—	(1,376)	(1,745,374)
Total Other Financing Sources (Uses)	1,278	(825,743)	1,042,745	(1,376)	216,904
Net Change In Fund Balances	3,645	132,656	755,790	7,232	899,323
Fund Balances - Beginning Of Year	110,803	880,201	313,661	416,286	1,720,951
Fund Balances - End Of Year	\$ 114,448	\$ 1,012,857	\$ 1,069,451	\$ 423,518	\$ 2,620,274

CITY OF LIBERTY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS For The Year Ended December 31, 2013

	Cemetery	Police Training	Total
Revenues			
Charges for services	\$ 55,675	\$ 18,581	\$ 74,256
Investment earnings	335	107	442
Total Revenues	56,010	18,688	74,698
Expenditures			
Cemetery maintenance	43,454	—	43,454
Public safety	—	28,877	28,877
Total Expenditures	43,454	28,877	72,331
Revenues Over Expenditures	12,556	(10,189)	2,367
Other Financing Sources			
Transfers in	49,028	—	49,028
Transfers out	(47,750)	—	(47,750)
Total Other Financing Sources (Uses)	1,278	—	1,278
Net Change In Fund Balances	13,834	(10,189)	3,645
Fund Balances - Beginning Of Year	75,083	35,720	110,803
Fund Balances - End Of Year	\$ 88,917	\$ 25,531	\$ 114,448

CITY OF LIBERTY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
For The Year Ended December 31, 2013**

	Parks Capital	PFA Constru- ction	Fire Sales Tax	Cable Reserve	Limited Capital	Total
Revenues						
Taxes	\$ 847,100	\$ —	\$ 832,099	\$ —	\$ —	\$ 1,679,199
Intergovernmental	—	—	—	—	13,634	13,634
Investment earnings	665	—	1,183	210	—	2,058
Miscellaneous	—	—	127,500	—	—	127,500
Total Revenues	847,765	—	960,782	210	13,634	1,822,391
Expenditures						
Current:						
General government	—	—	—	12,973	—	12,973
Community development and improvement	—	—	—	—	1,000	1,000
Culture and recreation	300,612	—	—	—	—	300,612
Public safety	—	—	4,917	—	—	4,917
Capital outlay	—	—	278,658	—	—	278,658
Debt service:						
Principal retirement	—	—	210,464	—	—	210,464
Interest and fiscal charges	—	—	39,591	—	—	39,591
Bond issuance costs	15,777	—	—	—	—	15,777
Total Expenditures	316,389	—	533,630	12,973	1,000	863,992
Revenues Over (Under) Expenditures	531,376	—	427,152	(12,763)	12,634	958,399
Other Financing Sources (Uses)						
Bond premium	24,777	—	—	—	—	24,777
Issuance of long-term debt	835,728	—	—	—	—	835,728
Transfers in	—	10,000	—	—	—	10,000
Transfers out	(1,411,248)	—	(285,000)	—	—	(1,696,248)
Total Other Financing Sources (Uses)	(550,743)	10,000	(285,000)	—	—	(825,743)
Net Change In Fund Balances	(19,367)	10,000	142,152	(12,763)	12,634	132,656
Fund Balances - Beginning Of Year	392,905	(49,026)	480,403	68,553	(12,634)	880,201
Fund Balances - End Of Year	\$ 373,538	\$ (39,026)	\$ 622,555	\$ 55,790	\$ —	\$ 1,012,857

CITY OF LIBERTY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR DEBT SERVICE FUNDS For The Year Ended December 31, 2013

	Special Assessment Neighborhood Improvement	Public Facilities Authority	Total
Revenues			
Investment earnings	\$ 928	\$ 21	\$ 949
Miscellaneous	483	—	483
Total Revenues	1,411	21	1,432
Expenditures			
Current:			
Culture and recreation	—	178	178
Debt service:			
Principal retirement	85,000	145,000	230,000
Interest and fiscal charges	4,900	53,309	58,209
Total Expenditures	89,900	198,487	288,387
Revenues Under Expenditures	(88,489)	(198,466)	(286,955)
Other Financing Sources (Uses)			
Transfers in	—	1,042,745	1,042,745
Net Change In Fund Balances	(88,489)	844,279	755,790
Fund Balances - Beginning Of Year	84,152	229,509	313,661
Fund Balances - End Of Year	\$ (4,337)	\$ 1,073,788	\$ 1,069,451

CITY OF LIBERTY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR PERMANENT FUNDS
For The Year Ended December 31, 2013**

	Frank Hughes Memorial Trust	Mt. Memorial Cemetery Trust	Fairview Cemetery Trust	Total
Revenues				
Investment earnings	\$ 98	\$ 110	\$ 1,168	\$ 1,376
Miscellaneous	—	—	7,232	7,232
Total Revenues	98	110	8,400	8,608
Other Financing Uses				
Transfers out	(98)	(110)	(1,168)	(1,376)
Net Change In Fund Balances	—	—	7,232	7,232
Fund Balances - Beginning Of Year	30,000	33,755	352,531	416,286
Fund Balances - End Of Year	\$ 30,000	\$ 33,755	\$ 359,763	\$ 423,518

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CAPITAL SALES TAX FUND
For The Year Ended December 31, 2013**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Taxes	\$ 1,626,210	\$ 1,670,757	\$ (44,547)
Intergovernmental	1,137,080	888,080	249,000
Investment earnings	15,000	27,201	(12,201)
Miscellaneous	—	36,517	(36,517)
Total Revenues	2,778,290	2,622,555	155,735
Expenditures			
Current:			
Public works	3,446,741	2,700,697	746,044
Capital outlay	1,412,074	498,033	914,041
Debt service:			
Principal retirement	475,670	430,187	45,483
Interest and fiscal charges	245,320	236,676	8,644
Bond issuance costs	—	1,460	(1,460)
Total Expenditures	5,579,805	3,867,053	1,712,752
Revenues Under Expenditures	(2,801,515)	(1,244,498)	(1,557,017)
Other Financing Sources (Uses)			
Issuance of long-term debt	2,127,900	2,131,961	(4,061)
Bond premium	67,265	63,207	4,058
Total Other Financing Sources (Uses)	2,195,165	2,195,168	(3)
Net Change In Fund Balances	\$ (606,350)	950,670	\$ (1,557,020)
Fund Balance - Beginning Of Year		9,309,726	
Fund Balance - End Of Year		\$ 10,260,396	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
TRANSPORTATION SALES TAX FUND
For The Year Ended December 31, 2013**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Taxes	\$ 1,726,210	\$ 1,728,726	\$ (2,516)
Investment earnings	—	1,366	(1,366)
Total Revenues	1,726,210	1,730,092	(3,882)
Expenditures			
Current:			
Community development and improvement	47,850	42,190	5,660
Public works	2,965	761	2,204
Debt service:			
Principal retirement	1,405,000	1,405,000	—
Interest and fiscal charges	200,090	199,754	336
Bond issuance costs	60,380	57,821	2,559
Total Expenditures	1,719,250	1,705,526	13,724
Revenues Over Expenditures	6,960	24,566	(17,606)
Other Financing Sources (Uses)			
Issuance of long-term debt	4,256,020	4,133,478	122,542
Bond premium	—	122,546	(122,546)
Transfers out	(294,020)	—	294,020
Total Other Financing Sources (Uses)	3,962,000	4,256,024	(294,024)
Net Change In Fund Balances	\$ 3,968,960	4,280,590	\$ (311,630)
Fund Balance - Beginning Of Year		1,382,576	
Fund Balance - End Of Year		\$ 5,663,166	

CITY OF LIBERTY, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - LIBERTY TIF FUND

For The Year Ended December 31, 2013

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Taxes	\$ 3,417,960	\$ 3,907,985	\$ (490,025)
Investment earnings	290	423	(133)
Miscellaneous	(5,160)	8,994	(14,154)
Total Revenues	3,413,090	3,917,402	(504,312)
Expenditures			
Current:			
General government	—	4,065	(4,065)
Community development and improvement	1,374,310	1,583,692	(209,382)
Public works	—	18,846	(18,846)
Public safety	4,811	800	4,011
Debt service:			
Principal retirement	615,000	785,000	(170,000)
Interest and fiscal charges	1,125,250	1,126,427	(1,177)
Total Expenditures	3,119,371	3,518,830	(399,459)
Net Change In Fund Balances	\$ 293,719	398,572	\$ (104,853)
Fund Balance - Beginning Of Year		4,603,767	
Fund Balance - End Of Year		\$ 5,002,339	

CITY OF LIBERTY, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CEMETERY FUND For The Year Ended December 31, 2013

	<u>Final</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>With</u>
			<u>Final Budget -</u>
			<u>(Over) Under</u>
Revenues			
Charges for services	\$ 40,840	\$ 55,675	\$ (14,835)
Investment earnings	250	335	(85)
Total Revenues	41,090	56,010	(14,920)
Expenditures			
Current:			
Cemetery maintenance	41,750	43,454	(1,704)
Total Expenditures	41,750	43,454	(1,704)
Revenues Over (Under) Expenditures	(660)	12,556	(13,216)
Other Financing Sources (Uses)			
Transfers in	49,250	49,028	222
Transfers out	(47,750)	(47,750)	—
Total Other Financing Sources (Uses)	1,500	1,278	222
Net Change In Fund Balances	\$ 840	13,834	\$ (12,994)
Fund Balance - Beginning Of Year		75,083	
Fund Balance - End Of Year		\$ 88,917	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - POLICE TRAINING FUND
For The Year Ended December 31, 2013**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Charges for services	\$ 18,500	\$ 18,581	\$ (81)
Investment earnings	200	107	93
Total Revenues	18,700	18,688	12
Expenditures			
Current:			
Public safety	30,000	28,877	1,123
Net Change In Fund Balances	<u>\$ (11,300)</u>	(10,189)	<u>\$ (1,111)</u>
Fund Balance - Beginning Of Year		<u>35,720</u>	
Fund Balance - End Of Year		<u>\$ 25,531</u>	

CITY OF LIBERTY, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PARKS CAPITAL FUND For The Year Ended December 31, 2013

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Taxes	\$ 828,100	\$ 847,100	\$ (19,000)
Investment earnings	60	665	(605)
Total Revenues	828,160	847,765	(19,605)
Expenditures			
Current:			
Culture and recreation	317,042	300,612	16,430
Debt service:			
Bond issuance costs	—	15,777	(15,777)
Total Expenditures	317,042	316,389	653
Revenues Over Expenditures	511,118	531,376	(20,258)
Other Financing Sources (Uses)			
Issuance of long-term debt	—	835,728	(835,728)
Bond premium	—	24,777	(24,777)
Transfers out	(650,050)	(1,411,248)	(761,198)
Total Other Financing Sources (Uses)	(650,050)	(550,743)	(1,621,703)
Net Change In Fund Balances	\$ (138,932)	(19,367)	\$ (119,565)
Fund Balance - Beginning Of Year		392,905	
Fund Balance - End Of Year		\$ 373,538	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FIRE SALES TAX FUND
For The Year Ended December 31, 2013**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Taxes	\$ 813,100	\$ 832,099	\$ (18,999)
Investment earnings	500	1,183	(683)
Miscellaneous	102,500	127,500	(25,000)
Total Revenues	916,100	960,782	(44,682)
Expenditures			
Current:			
Public safety	9,000	4,917	4,083
Capital outlay	273,590	278,658	(5,068)
Debt service:			
Principal retirement	211,730	210,464	1,266
Interest and fiscal charges	37,910	39,591	(1,681)
Total Expenditures	532,230	533,630	(1,400)
Revenues Over Expenditures	383,870	427,152	(43,282)
Other Financing Uses			
Transfers out	(285,000)	(285,000)	—
Net Change In Fund Balances	\$ 98,870	142,152	\$ (43,282)
Fund Balance - Beginning Of Year		480,403	
Fund Balance - End Of Year		\$ 622,555	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CABLE RESERVE FUND
For The Year Ended December 31, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - (Over) Under</u>
Revenues			
Investment earnings	\$ 350	\$ 210	\$ 140
Expenditures			
Current:			
General government	19,060	12,973	6,087
Net Change In Fund Balances	<u>\$ (18,710)</u>	<u>(12,763)</u>	<u>\$ (5,947)</u>
Fund Balance - Beginning Of Year		<u>68,553</u>	
Fund Balance - End Of Year		<u>\$ 55,790</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - SPECIAL ASSESSMENT
NEIGHBORHOOD IMPROVEMENT FUND
For The Year Ended December 31, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - (Over) Under</u>
Revenues			
Investment earnings	\$ 960	\$ 928	\$ 32
Miscellaneous	39,430	483	38,947
Total Revenues	<u>40,390</u>	<u>1,411</u>	<u>38,979</u>
Expenditures			
Debt service:			
Principal retirement	85,000	85,000	—
Interest and fiscal charges	4,160	4,900	(740)
Total Expenditures	<u>89,160</u>	<u>89,900</u>	<u>(740)</u>
Net Change In Fund Balances	<u>\$ (48,770)</u>	<u>(88,489)</u>	<u>\$ 39,719</u>
Fund Balance - Beginning Of Year		<u>84,152</u>	
Fund Balance - End Of Year		<u>\$ (4,337)</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
PUBLIC FACILITIES AUTHORITY FUND
For The Year Ended December 31, 2013**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Investment earnings	\$ 30	\$ 21	\$ 9
Expenditures			
Current:			
Culture and recreation	—	178	(178)
Debt service:			
Principal retirement	145,000	145,000	—
Interest and fiscal charges	53,700	53,309	391
Total Expenditures	200,030	198,487	1,543
Revenues Under Expenditures	(200,000)	(198,466)	(1,534)
Other Financing Sources (Uses)			
Transfers in (out)	(200,000)	1,042,745	(1,242,745)
Net Change In Fund Balances	\$ (400,000)	844,279	\$ (1,244,279)
Fund Balance - Beginning Of Year		229,509	
Fund Balance - End Of Year		\$ 1,073,788	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
FRANK HUGHES MEMORIAL TRUST FUND
For The Year Ended December 31, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - (Over) Under</u>
Revenues			
Investment earnings	\$ 150	\$ 98	\$ 52
Other Financing Uses			
Transfers out	—	(98)	(98)
Net Change In Fund Balances	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
Fund Balance - Beginning Of Year		<u>30,000</u>	
Fund Balance - End Of Year		<u>\$ 30,000</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
MT. MEMORIAL CEMETERY TRUST FUND
For The Year Ended December 31, 2013**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Investment earnings	\$ 200	\$ 110	\$ 90
Other Financing Uses			
Transfers out	(200)	(110)	90
Net Change In Fund Balances	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>
Fund Balance - Beginning Of Year		<u>33,755</u>	
Fund Balance - End Of Year		<u>\$ 33,755</u>	

CITY OF LIBERTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
FAIRVIEW CEMETERY TRUST FUND
For The Year Ended December 31, 2013**

	Final Budget	Actual	Variance With Final Budget - (Over) Under
Revenues			
Investment earnings	\$ 1,300	\$ 1,168	\$ 132
Miscellaneous	900	7,232	(6,332)
Total Revenues	2,200	8,400	(6,200)
Other Financing Uses			
Transfers out	(1,300)	(1,168)	132
Net Change In Fund Balances	\$ 900	7,232	\$ (6,332)
Fund Balance - Beginning Of Year		352,531	
Fund Balance - End Of Year		\$ 359,763	

CITY OF LIBERTY, MISSOURI

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

Page 1 Of 2

For The Year Ended December 31, 2013

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
Tax Escrow Fund				
Assets				
Cash and cash equivalents	\$ 8,134	\$ —	\$ 2,532	\$ 5,602
Liabilities				
Protested taxes	\$ 6,645	\$ —	\$ 1,043	\$ 5,602
Due to other entities	1,489	—	1,489	—
Total Liabilities	\$ 8,134	\$ —	\$ 2,532	\$ 5,602
Preservation And Development Fund				
Assets				
Cash and cash equivalents	\$ 34,820	\$ 647	\$ —	\$ 35,467
Accrued interest	18	21	—	39
Total Assets	\$ 34,838	\$ 668	\$ —	\$ 35,506
Liabilities				
Due to other entities	\$ 34,838	\$ 668	\$ —	\$ 35,506
Triangle CID Sales Tax Fund				
Assets				
Cash and cash equivalents	\$ 29,634	\$ 9,473	\$ —	\$ 39,107
Accounts receivable	7,552	—	7,552	—
Total Assets	\$ 37,186	\$ 9,473	\$ 7,552	\$ 39,107
Liabilities				
Due to other entities	\$ 37,186	\$ 1,921	\$ —	\$ 39,107
Total				
Assets				
Cash and cash equivalents	\$ 72,588	\$ 10,120	\$ 2,532	\$ 80,176
Accounts receivable	7,552	—	7,552	—
Accrued interest	18	21	—	39
Total Assets	\$ 80,158	\$ 10,141	\$ 10,084	\$ 80,215
Liabilities				
Protested taxes	\$ 6,645	\$ —	\$ 1,043	\$ 5,602
Due to other entities	73,513	2,589	1,489	74,613
Total Liabilities	\$ 80,158	\$ 2,589	\$ 2,532	\$ 80,215

CITY OF LIBERTY, MISSOURI

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

Page 2 Of 2

For The Year Ended December 31, 2013

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
Roger's Plaza CID				
Assets				
Cash and cash equivalents	\$ 36,256	\$ —	\$ 11,256	\$ 25,000
Liabilities				
Due to other entities	\$ 36,256	\$ —	\$ 11,256	\$ 25,000
Blue Jay Crossing CID				
Assets				
Cash and cash equivalents	\$ (482)	\$ —	\$ 420	\$ (902)
Liabilities				
Due to other entities	\$ (482)	\$ —	\$ 420	\$ (902)
Liberty Corners CID				
Assets				
Cash and cash equivalents	\$ 41,685	\$ 5,849	\$ —	\$ 47,534
Liabilities				
Due to other entities	\$ 41,685	\$ 5,849	\$ —	\$ 47,534
Total				
Assets				
Cash and cash equivalents	\$ 150,047	\$ 15,969	\$ 14,208	\$ 151,808
Accrued sales tax	7,552	—	7,552	—
Accrued interest	18	21	—	39
Total Assets	\$ 157,617	\$ 15,990	\$ 21,760	\$ 151,847
Liabilities				
Protested taxes	\$ 6,645	\$ —	\$ 1,043	\$ 5,602
Due to other entities	150,972	8,438	13,165	146,245
Total Liabilities	\$ 157,617	\$ 8,438	\$ 14,208	\$ 151,847

Statistical Section

CITY OF LIBERTY, MISSOURI
Statistical Section
December 31, 2013

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

Contents

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	91 - 97
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, property and sales tax.	98 - 102
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	103 - 105
Demographic And Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	106 - 108
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.....	109 - 114

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 LIBERTY, MISSOURI
NET POSITION BY COMPONENT

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Invested in capital assets, net of related debt	\$ 17,653,062	\$ 25,727,620	\$ 30,606,456	\$ 32,693,499	\$ 36,347,646	\$ 37,716,660	\$ 39,600,922	\$ 41,136,051	\$ 37,403,710	\$ 31,343,975
Restricted	13,246,736	13,205,216	11,099,463	11,341,861	7,603,657	6,603,720	6,656,505	9,889,748	16,637,160	23,958,702
Unrestricted	2,981,309	2,176,847	1,049,219	1,415,824	(11,826,072)	(8,929,008)	(14,926,994)	(17,509,228)	(17,477,207)	(17,212,971)
Total Governmental Activities Net Position	\$ 33,881,107	\$ 41,109,683	\$ 42,755,138	\$ 45,451,184	\$ 32,125,231	\$ 35,391,372	\$ 31,330,433	\$ 33,516,571	\$ 36,563,663	\$ 38,089,706
Business-type activities:										
Invested in capital assets, net of related debt	\$ 33,436,650	\$ 33,208,056	\$ 36,632,860	\$ 38,090,982	\$ 39,218,958	\$ 39,436,429	\$ 39,560,719	\$ 41,314,470	\$ 42,053,574	\$ 43,833,948
Restricted	2,441,079	2,341,553	2,601,005	2,699,150	6,854,108	6,511,688	6,372,833	4,998,064	4,832,099	4,665,531
Unrestricted	3,785,425	6,053,855	4,142,409	2,552,583	(3,184,583)	(2,072,707)	(1,052,848)	(817,529)	707,214	1,215,871
Total Business-Type Activities Net Position	\$ 39,663,154	\$ 41,603,464	\$ 43,376,274	\$ 43,342,715	\$ 42,888,483	\$ 43,875,410	\$ 44,880,704	\$ 45,495,005	\$ 47,592,887	\$ 49,715,350
Primary government:										
Invested in capital assets, net of related debt	\$ 51,089,712	\$ 58,935,676	\$ 67,239,316	\$ 70,784,481	\$ 75,566,604	\$ 77,153,089	\$ 79,161,641	\$ 82,450,521	\$ 79,457,284	\$ 75,177,923
Restricted	15,687,815	15,546,769	13,700,468	14,041,011	14,457,765	13,115,408	13,029,338	14,887,812	21,469,259	28,624,233
Unrestricted	6,766,734	8,230,702	5,191,628	3,968,407	(15,010,655)	(11,001,715)	(15,979,842)	(18,326,757)	(16,769,993)	(15,997,100)
Total Primary Government Net Position	\$ 73,544,261	\$ 82,713,147	\$ 86,131,412	\$ 88,793,899	\$ 75,013,714	\$ 79,266,782	\$ 76,211,137	\$ 79,011,576	\$ 84,156,550	\$ 87,805,056

GASB Statement No. 34 Implemented in Fiscal Year 2004

CITY OF LIBERTY, MISSOURI

CHANGES IN NET POSITION

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government	\$ 1,920,908	\$ 2,025,212	\$ 2,470,105	\$ 2,307,516	\$ 3,316,763	\$ 3,315,775	\$ 4,098,088	\$ 4,488,682	\$ 5,578,298	\$ 4,409,570
Community development and improvement	695,813	809,519	1,128,375	1,100,673	2,057,328	1,335,337	6,213,788	1,963,294	3,077,802	2,440,676
Public works	3,357,185	3,735,164	4,905,388	3,559,623	5,807,510	3,541,594	6,381,711	2,434,200	2,234,374	3,374,941
Culture and recreation	5,129,972	5,072,303	5,245,366	5,700,504	5,872,958	6,584,138	5,846,413	5,256,583	5,301,867	5,230,004
Cemetery maintenance	49,045	43,787	38,527	35,903	37,104	40,370	31,920	71,061	45,600	43,454
Public safety	7,451,964	7,880,751	8,380,805	8,698,281	9,688,707	8,654,817	8,755,802	9,039,729	9,331,920	10,569,376
Interest on long-term debt	773,236	1,293,272	1,366,984	1,345,901	1,642,311	1,535,865	1,755,580	1,565,218	1,924,369	1,790,466
Total Governmental Activities Expenses	19,378,123	20,860,008	23,535,550	22,748,401	28,422,681	25,007,896	33,083,302	24,818,767	27,494,230	27,858,487
Business-type activities:										
Water	3,373,787	3,486,029	3,506,383	4,173,039	4,057,237	3,887,962	4,084,298	4,230,222	4,683,122	4,647,033
Sewer	3,855,233	4,139,694	4,218,863	5,138,788	5,328,147	5,314,243	5,530,579	5,788,305	6,019,808	6,362,039
Sanitation	1,097,480	1,160,099	1,221,536	1,299,474	1,363,000	1,437,803	1,240,494	1,296,758	1,346,538	1,404,386
Total Business-Type Activities Expenses	8,326,500	8,785,822	8,946,782	10,611,301	10,748,384	10,640,008	10,855,371	11,315,285	12,049,468	12,413,458
Total Primary Government Expenses	27,704,623	29,645,830	32,482,332	33,359,702	39,171,065	35,647,904	43,938,673	36,134,052	39,543,698	40,271,945
Program revenue:										
Governmental activities:										
Charges for services										
General government	461,500	437,457	373,149	420,539	370,478	485,778	416,234	570,776	416,114	467,610
Public works	278,386	166,363	136,738	214,968	280,375	1,067,170	101,212	137,768	148,575	—
Culture and recreation	3,152,848	3,318,922	3,350,635	3,477,997	3,715,924	3,423,899	3,445,210	2,813,673	2,761,851	2,326,010
Cemetery maintenance	33,032	45,113	53,793	36,450	34,650	37,399	28,351	18,901	31,110	55,675
Public safety	1,313,619	1,200,923	1,405,930	1,520,423	2,561,983	1,621,760	1,572,578	1,539,830	1,664,281	1,677,637
Operating grants and contributions										
General government	—	—	—	—	—	—	—	—	8,143	17,016
Public works	—	—	—	—	—	—	—	—	228,950	—
Culture and recreation	—	—	—	—	—	—	—	—	101,006	212,301
Public safety	—	—	—	—	—	—	—	—	10,761	13,687
Capital grants and contributions	1,044,977	1,496,320	428,486	466,913	762,267	2,452,265	2,069,324	417,785	2,683,237	1,130,664
Total Governmental Activities Program Revenue	6,607,168	6,899,741	6,182,272	6,737,935	9,207,509	9,502,744	7,992,469	5,727,763	8,054,028	5,900,600
Business-type activities:										
Charges for services:										
Water	4,179,674	4,469,403	4,217,493	4,150,119	3,821,493	3,851,743	4,609,913	4,894,776	5,584,656	4,970,330
Sewer	4,311,617	4,463,162	4,421,418	4,424,439	4,494,668	4,951,824	5,702,170	5,528,214	6,439,371	7,432,110
Sanitation	1,110,246	1,201,091	1,267,305	1,345,744	1,420,096	1,427,468	1,289,414	1,156,496	1,317,865	1,342,422
Capital grants and contributions:										
Water	165,970	183,649	61,676	48,080	116,611	269,563	68,998	80,113	387,731	276,174
Sewer	232,695	211,443	156,692	22,800	100,026	205,251	—	89,912	248,825	334,925
Total Business-Type Activities Program Revenues	10,001,502	10,528,748	10,124,584	9,991,182	9,952,894	10,705,849	11,670,495	11,749,511	13,978,448	14,355,961
Total Primary Government Program Revenues	16,608,670	17,428,489	16,306,856	16,729,117	19,160,403	20,208,593	19,662,964	17,477,274	22,032,476	20,256,561
Net (expense) revenue:										
Governmental activities	(12,770,955)	(13,960,267)	(17,353,278)	(16,010,466)	(19,215,172)	(15,505,152)	(25,090,833)	(19,091,004)	(19,440,202)	(21,957,887)
Business-type activities	1,675,002	1,742,926	1,177,802	(620,119)	(795,490)	65,841	815,124	434,226	1,928,980	1,942,503
Total Primary Government Net Expense	(11,095,953)	(12,217,341)	(16,175,476)	(16,630,585)	(20,010,662)	(15,439,311)	(24,275,709)	(18,656,778)	(17,511,222)	(20,015,384)

CITY OF LIBERTY, MISSOURI

CHANGES IN NET POSITION

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
Property taxes	\$ 3,927,978	\$ 4,052,093	\$ 4,454,329	\$ 4,580,046	\$ 4,968,036	\$ 5,497,483	\$ 6,177,644	\$ 6,507,625	\$ 7,147,343	\$ 6,098,618
Franchise taxes	2,356,277	2,492,911	2,567,518	3,075,617	4,327,161	3,844,459	4,385,343	3,878,488	3,731,525	3,761,816
Sales taxes	6,442,538	7,709,037	8,461,337	8,316,447	8,312,753	7,995,060	8,446,974	8,945,418	9,877,630	11,211,196
Other taxes	1,795,691	1,531,505	1,498,315	1,528,764	1,385,860	1,362,775	1,235,186	1,210,748	1,411,627	1,241,394
Investment earnings	253,451	430,554	703,417	873,996	433,980	157,135	59,471	47,348	51,651	50,849
Miscellaneous	509,832	326,531	1,313,817	281,642	740,686	590,848	725,288	687,515	679,995	707,580
Transfers	—	15,000	—	50,000	—	(676,467)	—	—	—	—
Gain on sale of capital assets	—	16,029	—	—	—	—	—	—	—	—
Total Governmental Activities	15,285,767	16,573,660	18,998,733	18,706,512	20,168,476	18,771,293	21,029,906	21,277,142	22,899,771	23,071,453
Business-type activities:										
Investment earnings	96,521	212,384	595,008	569,860	338,239	244,619	190,170	180,075	167,902	162,017
Miscellaneous	—	—	—	66,700	3,019	—	—	—	1,000	17,943
Transfers	—	(15,000)	—	(50,000)	—	676,467	—	—	—	—
Total Business-Type Activities	96,521	197,384	595,008	586,560	341,258	921,086	190,170	180,075	168,902	179,960
Total Primary Government	15,382,288	16,771,044	19,593,741	19,293,072	20,509,734	19,692,379	21,220,076	21,457,217	23,068,673	23,251,413
Changes in net assets:										
Governmental activities	2,514,806	2,613,393	1,645,455	2,696,046	953,304	3,266,141	(4,060,927)	2,186,138	3,459,569	1,113,566
Business-type activities	1,771,523	1,940,310	1,772,810	(33,559)	(454,232)	986,927	1,005,294	614,301	2,097,882	2,122,463
Total Primary Government	\$ 4,286,329	\$ 4,553,703	\$ 3,418,265	\$ 2,662,487	\$ 499,072	\$ 4,253,068	\$ (3,055,633)	\$ 2,800,439	\$ 5,557,451	\$ 3,236,029

GASB Statement No. 34 implemented in Fiscal Year 2004

CITY OF LIBERTY, MISSOURI
CHARGES FOR SERVICES BY FUNCTION/PROGRAM

Function / Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 514,402	\$ 440,754	\$ 383,601	\$ 431,878	\$ 385,191	\$ 508,981	\$ 422,156	\$ 570,996	\$ 416,114	\$ 467,610
Community development and improvement	—	—	—	98,346	946,629	—	—	—	—	—
Public works	927,384	1,662,683	754,083	901,131	1,322,205	3,753,085	2,404,186	649,462	148,575	—
Culture and recreation	3,629,433	3,434,236	3,466,993	3,595,086	3,857,536	3,535,391	3,547,149	2,920,191	2,761,851	2,326,010
Cemetery maintenance	33,032	45,113	53,793	36,450	34,650	37,399	28,351	18,901	31,110	55,675
Public safety	1,502,917	1,316,955	1,523,802	1,675,044	2,661,298	1,667,888	1,590,627	1,568,213	1,664,281	1,677,637
Total Governmental Activities	6,607,168	6,899,741	6,182,272	6,737,935	9,207,509	9,502,744	7,992,469	5,727,763	5,021,931	4,526,932
Business-type activities:										
Water	4,345,644	4,653,052	4,279,169	4,198,199	3,938,104	4,121,306	4,678,911	4,974,889	5,584,656	4,970,330
Sewer	4,544,312	4,674,605	4,578,110	4,447,239	4,594,694	5,157,075	5,702,170	5,618,126	6,439,371	7,432,110
Sanitation	1,111,546	1,201,091	1,267,305	1,345,744	1,420,096	1,427,468	1,289,414	1,156,496	1,317,865	1,342,422
Total Business-Type Activities	10,001,502	10,528,748	10,124,584	9,991,182	9,952,894	10,705,849	11,670,495	11,749,511	13,341,892	13,744,862
Total Government	\$ 16,608,670	\$ 17,428,489	\$ 16,306,856	\$ 16,729,117	\$ 19,160,403	\$ 20,208,593	\$ 19,662,964	\$ 17,477,274	\$ 18,363,823	\$ 18,271,794

Source: City records.

CITY OF LIBERTY, MISSOURI
FUND BALANCES, GOVERNMENTAL FUNDS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 589,686	\$ 475,471	\$ 453,688	\$ 417,101	\$ 402,214	\$ 410,559	\$ 689,406	\$ —	\$ —	\$ —
Unreserved	2,237,902	1,988,685	1,716,601	1,935,964	2,243,914	2,055,644	2,497,862	—	—	—
Nonspendable	—	—	—	—	—	—	—	480,371	377,301	456,208
Unassigned	—	—	—	—	—	—	—	3,668,127	3,918,515	4,039,995
Total General Fund	\$ 2,827,588	\$ 2,464,156	\$ 2,170,289	\$ 2,353,065	\$ 2,646,128	\$ 2,466,203	\$ 3,187,268	\$ 4,148,498	\$ 4,295,816	\$ 4,496,203
All Other Governmental Funds										
Reserved	\$ 6,738,349	\$ 8,840,067	\$ 6,015,584	\$ 8,876,787	\$ 7,335,807	\$ 9,287,943	\$ 4,379,751	\$ —	\$ —	\$ —
Unreserved, Reported In										
Special revenue funds	105,135	86,461	86,803	212,015	414,893	(197,996)	137,393	—	—	—
Capital projects funds	6,475,723	4,260,317	5,006,949	4,535,316	3,599,281	1,670,811	5,725,072	—	—	—
Permanent fund	359,817	361,755	44,278	—	404,361	406,836	410,661	—	—	—
Fund Balances										
Nonspendable										
Prepaid insurance	—	—	—	—	—	—	—	34,055	39,708	41,489
Permanent fund principal	—	—	—	—	—	—	—	406,977	412,477	423,518
Restricted For										
Parks and recreation	—	—	—	—	—	—	—	496,485	749,885	747,039
Capital projects funds	—	—	—	—	—	—	—	4,129,933	9,309,726	10,260,396
Transportation projects	—	—	—	—	—	—	—	489,539	1,382,576	5,663,166
Public safety	—	—	—	—	—	—	—	336,693	480,403	622,555
Debt service	—	—	—	—	—	—	—	4,246,615	4,917,428	6,071,790
Cemetery	—	—	—	—	—	—	—	70,999	75,083	88,917
Law enforcement	—	—	—	—	—	—	—	31,857	35,720	25,531
Other purposes	—	—	—	—	—	—	—	74,412	59,728	55,790
Unassigned	—	—	—	—	—	—	—	—	—	—
Total All Other Government Funds	\$ 13,679,024	\$ 13,548,600	\$ 11,153,614	\$ 13,624,118	\$ 11,754,342	\$ 11,167,594	\$ 10,652,877	\$ 10,317,565	\$ 17,462,734	\$ 24,000,191

Source: City records

CITY OF LIBERTY, MISSOURI

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Page 1 Of 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 14,522,484	\$ 15,785,546	\$ 16,981,499	\$ 17,500,874	\$ 18,993,810	\$ 18,608,689	\$ 20,154,888	\$ 20,542,279	\$ 22,034,017	\$ 22,313,024
Intergovernmental	1,034,760	1,148,099	862,027	1,080,660	2,244,099	1,552,867	2,519,143	671,815	3,216,205	1,373,668
Licenses and permits	—	—	—	376,236	370,478	389,111	316,961	443,914	270,115	318,505
Charges for services	4,864,298	4,861,068	4,960,066	4,165,979	4,951,234	5,366,460	4,375,101	4,294,872	4,519,972	4,208,427
Investment earnings	253,451	430,554	703,417	873,996	433,980	157,135	59,471	47,348	51,651	50,849
Lease	1,052,819	1,082,937	1,090,410	1,083,859	1,158,108	863,059	862,023	303,771	198,744	—
Reimbursement of services provided	—	—	—	—	—	—	—	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—	—	—
Contributions	15,000	—	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—	—	—	—	—
Miscellaneous	246,087	335,928	1,377,110	1,110,387	849,147	686,123	803,330	835,292	772,620	707,580
Total Revenues	21,988,899	23,644,132	25,974,529	26,191,991	29,000,856	27,623,444	29,090,917	27,139,291	31,063,324	28,972,053
Expenditures										
General government	2,400,769	2,607,204	2,631,925	2,909,155	3,142,783	2,920,813	3,186,676	3,625,547	4,894,141	3,637,245
Community development and improvement	701,483	806,345	1,056,563	1,090,028	1,291,386	1,095,806	5,905,370	1,517,740	2,840,988	2,440,676
Public works	2,150,904	2,300,908	3,929,263	3,131,286	3,957,941	3,693,908	6,066,133	3,276,623	5,878,187	5,203,950
Culture and recreation	4,410,034	4,326,742	4,779,873	4,886,143	5,080,716	4,513,774	4,528,504	3,975,630	3,980,267	3,909,162
Cemetery maintenance	49,045	43,787	38,527	35,903	37,104	40,370	31,920	30,617	36,687	43,454
Public safety	7,119,166	7,535,159	7,753,758	8,154,847	8,466,182	8,245,818	8,248,571	8,512,558	8,881,333	10,041,922
Highway and streets	—	—	—	—	—	—	—	—	—	—
Sanitation	—	—	—	—	—	—	—	—	—	—
City wide programs	—	—	—	—	—	—	—	—	—	—
Capital outlay	11,585,816	10,575,983	4,618,392	9,261,303	3,951,534	2,850,274	1,009,967	1,542,056	1,829,211	826,465
Debt service:										
Principal	2,070,150	2,104,858	2,399,874	2,521,106	2,959,207	2,768,453	4,547,331	3,115,362	1,825,010	3,256,863
Bond issuance costs	79,215	108,838	—	241,599	—	—	229,126	—	—	104,197
Interest	801,321	1,056,123	1,455,207	1,276,769	1,690,716	1,584,434	1,639,777	1,637,696	1,449,484	1,671,255
Total Expenditures	31,367,903	31,465,947	28,663,382	33,508,139	30,577,569	27,713,650	35,393,375	27,233,829	31,615,308	31,135,189
Excess Of Revenues Under Expenditures	(9,379,004)	(7,821,815)	(2,688,853)	(7,316,148)	(1,576,713)	(90,206)	(6,302,458)	(94,538)	(551,984)	(2,163,136)

CITY OF LIBERTY, MISSOURI

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

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	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Transfers in	\$ 2,311,834	\$ 1,041,732	\$ 1,275,453	\$ 1,414,937	\$ 1,550,512	\$ 1,400,432	\$ 1,717,821	\$ 887,509	\$ 671,667	\$ 1,872,124
Transfers out	(2,311,834)	(1,026,732)	(1,275,453)	(1,364,937)	(1,550,512)	(2,076,899)	(1,717,821)	(887,509)	(671,667)	(1,872,124)
Issuance of long-term debt	7,795,000	6,790,842	—	9,960,560	—	—	8,105,000	—	10,230,000	8,644,690
Discount on debt issuance	(177,125)	—	—	(48,874)	—	—	(15,469)	—	—	—
Premium on debt issuance	—	481,242	—	7,742	—	—	—	—	658,963	256,290
Proceeds of refunding bonds	—	—	—	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—	—	—	(2,111,400)	—	(4,613,824)	—
Proceeds from capital leases	—	—	—	—	—	—	—	—	—	—
Lease proceeds	—	—	—	—	—	—	—	—	—	—
Capital contributions	70,550	—	—	—	—	—	530,687	720,456	1,571,160	—
Proceeds from sale of property	—	40,875	—	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	7,688,425	7,327,959	—	9,969,428	—	(676,467)	6,508,818	720,456	7,846,299	8,900,980
Net Change In Fund Balances	(1,690,579)	(493,856)	(2,688,853)	2,653,280	(1,576,713)	(766,673)	206,360	625,918	7,294,315	6,737,844
Fund balances, beginning of year	18,197,191	16,506,612	16,012,756	13,323,903	15,977,183	14,400,470	13,633,785	13,840,145	14,466,063	21,758,550
Fund balances, end of year	\$ 16,506,612	\$ 16,012,756	\$ 13,323,903	\$ 15,977,183	\$ 14,400,470	\$ 13,633,797	\$ 13,840,145	\$ 14,466,063	\$ 21,760,378	\$ 28,496,394
Debt service as a percentage of noncapital expenditures	14.52%	15.13%	16.03%	15.66%	16.76%	17.55%	18.05%	19.43%	12.85%	18.27%

CITY OF LIBERTY, MISSOURI

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Fiscal Year	Property	Local Option Sales Tax	Franchise Fees	Other Tax	Total
2004	\$ 3,927,979	\$ 6,442,538	\$ 2,373,036	\$ 1,778,931	\$ 14,522,484
2005	4,052,093	7,709,037	2,492,911	1,531,505	15,785,546
2006	4,454,329	8,461,337	2,567,518	1,498,315	16,981,499
2007	4,580,046	8,316,447	3,075,617	1,528,764	17,500,874
2008	4,968,036	8,312,753	4,327,161	1,385,860	18,993,810
2009	5,497,483	7,995,060	3,844,459	1,362,775	18,699,777
2010	5,058,730	8,763,669	3,958,095	2,112,197	19,892,691
2011	5,071,047	8,727,836	3,886,396	1,086,671	18,771,950
2012	7,147,343	9,877,630	3,731,525	1,411,627	22,168,125
2013	6,098,618	11,211,196	3,761,816	1,241,394	22,313,024
Change 2004-2013	55.26%	74.02%	58.52%	-30.22%	53.64%

Source: City records.

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

CITY OF LIBERTY, MISSOURI

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year	Residential Property Assessed	Residential Property Estimated	Agriculture Property	Commercial/Industrial Property	Personal Property	Railroad	Railroad	Total Taxable Assessed Value	CPI Per Year	Estimated Actual Taxable Value	Taxable Assessed	Total Direct Tax Rate
						Utility Real Property	Utility Personal Property				Value As A Percentage Of Actual Taxable Value	
2004	\$ 239,464,400	\$ 1,260,338,947	\$ 5,347,083	\$ 197,747,344	\$ 239,301,536	\$ 22,906,685	\$ 9,639,300	\$ 392,865,815	2.3%	\$ 1,735,280,895	22.64%	0.9688
2005	264,174,105	1,390,390,026	4,730,000	222,373,375	262,669,661	21,587,816	9,067,703	432,482,616	3.5%	1,910,818,581	22.63%	0.9783
2006	270,691,280	1,424,690,947	8,289,750	223,826,063	277,210,355	21,219,162	9,431,797	444,692,432	3.5%	1,964,668,074	22.63%	0.9676
2007	284,539,230	1,497,574,895	17,003,500	289,116,406	283,133,318	21,765,597	10,415,657	482,933,053	2.6%	2,130,359,313	22.67%	0.9676
2008	287,785,260	1,514,659,263	19,598,417	299,017,563	290,213,364	20,775,625	10,432,676	491,684,083	3.9%	2,154,696,907	22.82%	0.9358
2009	284,219,490	1,495,892,053	20,043,000	307,905,375	255,701,315	20,762,634	9,755,364	479,399,117	0.1%	2,110,059,741	22.72%	0.9715
2010	285,370,000	1,501,947,368	19,750,583	315,738,344	213,223,100	26,243,916	9,878,818	470,798,026	2.7%	2,086,782,129	22.56%	0.9957
2011	278,008,900	1,463,204,737	15,253,667	303,710,906	223,209,764	31,310,491	8,367,576	463,466,709	1.5%	2,045,057,140	22.66%	0.9957
2012	278,558,900	1,466,099,474	13,729,333	302,005,094	226,871,027	35,052,525	9,392,736	466,031,900	3.0%	2,053,150,189	22.70%	0.9900
2013	269,959,220	1,420,838,000	6,460,583	290,584,281	231,588,164	42,964,266	10,373,939	457,317,519	1.7%	2,002,809,233	22.83%	1.0084

Source: City records

Note: Personal property and real property are taxed. The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. The agriculture value is based upon productivity instead of actual market value.

CITY OF LIBERTY, MISSOURI

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Tax Year Levied	City Direct Rates				Overlapping Rates				
	General Fund	Parks Fund	Debt Service Fund	Total City Tax Rate	School District Tax Rate	County Tax Rate	Hospital Tax Rate	State Tax Rate	Total Tax Rate
2004	0.8316	0.1467	—	0.9783	5.6400	0.6955	0.1265	0.0300	7.4703
2005	0.8225	0.1451	—	0.9676	5.6400	0.6884	0.1265	0.0300	7.4525
2006	0.8225	0.1451	—	0.9676	5.6400	0.6918	0.1269	0.0300	7.4563
2007	0.7955	0.1403	—	0.9358	5.6400	0.9260	0.1343	0.0300	7.6661
2008	0.7955	0.1403	—	0.9358	5.6400	0.9263	0.1349	0.0300	7.6670
2009	0.8259	0.1456	—	0.9715	5.9069	0.9253	0.1444	0.0300	7.9781
2010	0.8465	0.1492	—	0.9957	6.0950	0.9253	0.1500	0.0300	8.1960
2011	0.8465	0.1492	—	0.9957	6.0950	0.8953	0.1500	0.0300	8.1660
2012	0.8417	0.1483	—	0.9900	6.0950	0.8953	0.1500	0.0300	8.1603
2013	0.8573	0.1511	—	1.0084	6.0950	0.8824	0.1500	0.0300	8.1658

Source: Office of Clay County Clerk

Notes:

Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners, although the County property tax rates apply to all City property owners; the Hospital rates apply to the property owners within that Authority's geographic boundaries.

CITY OF LIBERTY, MISSOURI
PRINCIPAL PROPERTY TAXPAYERS

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total City Taxable Assessed Value
Hallmark Cards	\$ 7,153,613	1	1.56%	\$ 8,792,476	1	2.34%
Hy-Vee Food Stores, Inc.	3,392,554	2	0.74%	—	—	—
Star Development	3,098,800	3	0.68%	—	—	—
Lowe's Home Centers, Inc.	2,475,691	4	0.54%	—	—	—
Centro Bradley SPE 5 LLC	2,239,490	5	0.49%	—	—	—
RR Donnelley	2,234,482	6	0.49%	—	—	—
American Central Transport	2,222,785	7	0.49%	—	—	—
Southern Union Company	2,003,520	8	0.44%	—	—	—
Triangle Land Reserve, LLC	1,693,190	9	0.37%	—	—	—
Continental Disc Corporation	1,662,186	10	0.36%	1,952,096	7	0.52%
Clark Printing Company, Inc.	—	—	—	7,206,214	2	1.91%
O'Dell Publishing	—	—	—	2,496,211	3	0.66%
Bradley Operating LP	—	—	—	2,057,600	4	0.55%
Stone Container Corporation	—	—	—	2,039,087	5	0.54%
Ferrell Companies	—	—	—	2,034,117	6	0.61%
Metals USA	—	—	—	1,928,949	8	0.51%
Monmouth Real Estate Inv	—	—	—	1,618,530	9	4.30%
S&D Holding	—	—	—	1,521,280	10	0.40%
Total	\$ 28,176,311		6.16%	\$ 31,646,560		12.34%

Source: City records

CITY OF LIBERTY, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	Total Tax Levy For Fiscal Year	Collected Within the Fiscal Year Of The Levy		Collections in Subsequent Periods	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 3,737,699	\$ 3,443,614	92.13%	\$ 147,926	\$ 3,591,540	96.09%
2005	4,096,721	3,815,540	93.14%	125,693	3,941,233	96.20%
2006	4,302,844	3,785,934	87.99%	187,603	3,973,537	92.35%
2007	4,519,288	4,064,024	89.93%	146,336	4,210,360	93.16%
2008	4,601,180	4,182,202	90.89%	147,583	4,329,785	94.10%
2009	4,603,135	4,169,701	90.58%	108,757	4,278,458	92.95%
2010	4,592,237	4,168,359	90.77%	83,797	4,252,156	92.59%
2011	4,478,756	4,055,486	90.55%	79,721	4,135,207	92.33%
2012	4,492,368	4,199,817	93.49%	101,876	4,301,693	95.76%
2013	4,470,089	170,416	3.81%	—	170,416	3.81%

Source: City records

Note:

Includes personal property, real estate, and railroad & utility taxes. Does not include any assessment adjustments made after billing. The City contracted with Clay County in 2013 to bill and collect property taxes. An additional \$4,105,175 (91.84%) of current taxes and \$140,515 of collections in subsequent periods was collected within 60 days after year-end. These amounts were received in January and February 2014. Total collections to date amounts for the current levy were \$4,245,690 (94.98%) if the accounting method was the same as previous years.

CITY OF LIBERTY, MISSOURI

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE

Fiscal Year	General Bonded Debt			Other Governmental Activities Debt				Business Type Activities				Total Primary Government	Percentage Of Personal Income	Debt Per Capita
	General Special Assessment Bonds	Percentage Of Actual Taxable Value Of Property	Debt Per Capita	MDNR Loan Payable	Capital Leases	Leasehold Revenue Bonds	TIF Bonds	Loan Payable	State Revolving Fund	Revenue Bonds	Capital Leases			
2004	\$ 9,305,000	0.54%	\$ 341	\$ —	\$ 1,318,986	\$ 7,210,000	\$ 7,795,000	\$ 1,050,843	\$ —	\$ 16,025,000	\$ 50,865	\$ 42,755,694	5.48%	\$ 1,568
2005	14,755,000	0.77%	539	118,341	1,236,629	6,410,000	7,795,000	—	6,180,000	17,975,000	25,843	54,495,813	6.72%	1,991
2006	13,705,000	0.70%	501	110,527	929,569	5,565,000	7,605,000	—	6,180,000	16,780,000	—	50,875,096	5.92%	1,858
2007	12,555,000	0.59%	416	102,058	722,491	4,685,000	7,380,000	—	5,975,000	15,525,000	—	46,944,549	5.31%	1,555
2008	11,290,000	0.53%	374	93,302	427,041	3,560,000	14,955,000	—	5,765,000	14,230,000	—	50,320,343	5.66%	1,667
2009	11,970,000	0.56%	411	84,249	147,641	2,855,000	14,570,000	—	9,533,541	12,885,000	—	52,045,431	5.77%	1,785
2010	10,770,000	0.51%	369	74,890	375,355	2,120,000	18,305,000	—	9,151,041	11,485,000	—	52,281,286	6.24%	1,794
2011	6,710,000	0.31%	230	65,214	895,125	1,345,000	17,840,000	—	8,746,905	8,880,000	—	44,482,244	5.21%	1,526
2012	11,755,000	0.57%	419	55,211	2,133,194	1,205,000	17,335,000	—	4,840,000	8,545,000	353,235	46,221,640	5.64%	1,649
2013	16,100,000	0.80%	533	44,868	1,699,960	1,060,000	16,610,000	—	4,585,000	7,765,000	306,124	48,170,952	5.35%	1,595

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

CITY OF LIBERTY, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable To City
Overlapping:			
Liberty Hospital District	\$ —	0.00%	\$ —
Liberty School District	153,369,839	61.09%	93,693,635
Clay County	—	0.00%	—
Subtotal, Overlapping Debt			
City Direct Debt	16,100,000	100.00%	16,100,000
Bond Premiums	761,745	100.00%	761,745
Bond Discounts	(153,460)	100.00%	<u>(153,460)</u>
Total Direct And Overlapping Debt			<u><u>\$ 110,401,920</u></u>

Sources: Individual Governmental entity and City records

(1) Determined by ratio of assessed value in overlapping unit compared to the value of taxable assessed value the value of taxable assessed value within the corporate limits of the City of Liberty

(2) Individual Governmental entity and City records

Note: Liberty School District's amount is as of 6/30/2013

CITY OF LIBERTY, MISSOURI
LEGAL DEBT MARGIN INFORMATION

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 457,317,519
Debt limit (20% of assessed value)	91,463,504
City Debt applicable to debt limit:	
General obligation bonds	\$ 16,060,000
Special obligation bonds	4,699,690
Less-amount available debt service fund, Special Assessment Neighborhood Improvement Fund	40,000
Total net debt applicable to limit	20,799,690
Legal debt margin	\$ 70,663,814

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 76,412,130	\$ 84,671,982	\$ 75,325,156	\$ 96,586,611	\$ 84,976,817	\$ 84,587,251	\$ 94,159,605	\$ 93,206,380	\$ 93,206,380	\$ 91,463,504
Total net debt applicable to limit	9,209,300	14,659,200	13,613,330	14,530,775	13,360,000	11,970,000	10,969,345	6,799,767	14,095,000	20,799,690
Legal debt margin	\$ 67,202,830	\$ 70,012,782	\$ 61,711,826	\$ 82,055,836	\$ 71,616,817	\$ 72,617,251	\$ 83,190,260	\$ 86,406,613	\$ 79,111,380	\$ 70,663,814
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	13.70%	20.94%	22.06%	17.71%	18.65%	16.48%	13.19%	7.87%	17.82%	29.43%

Source: City records

CITY OF LIBERTY, MISSOURI

PLEDGE REVENUE COVERAGE

Fiscal Year	Waterworks and Sewer System Bonds							
	Operating Revenue (1)	Operating Expenses (2)	Net Revenues		Debt Service		Total Debt Payments	Coverage
			Available For Debt Services	Principal	Interest			
2004	\$ 8,587,500	\$ 5,603,770	\$ 2,983,730	\$ 1,050,000	\$ 897,730	\$ 1,947,730	1.53	
2005	9,136,832	5,887,587	3,249,246	1,095,000	607,451	1,702,451	1.91	
2006	9,228,682	6,151,620	3,077,062	1,195,000	511,803	1,706,803	1.80	
2007	9,196,650	7,063,977	2,132,673	1,460,000	832,942	2,292,942	0.93	
2008	9,196,650	7,048,861	2,147,789	1,038,747	900,681	1,939,428	1.11	
2009	9,752,369	6,774,550	2,977,819	1,565,000	879,507	2,444,507	1.22	
2010	10,569,620	7,140,809	3,428,811	1,625,000	620,792	2,245,792	1.53	
2011	10,602,124	7,569,340	3,032,784	1,690,000	729,751	2,419,751	1.25	
2012	12,034,578	8,494,390	3,540,188	1,485,000	747,877	2,232,877	1.59	
2013	12,420,383	10,502,809	1,917,574	780,000	278,046	1,058,046	1.81	

(1) Operating revenue includes interest earnings

(2) Operating expenses excludes interest expense and depreciation expense

CITY OF LIBERTY, MISSOURI

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year Ended	Population	Personal Income⁽¹⁾	Per Capita Income⁽¹⁾	Median Age⁽¹⁾	School Enrollment⁽²⁾	Unemployment Rate⁽³⁾
December 31,						
2004	28,506	\$ 780,906,994	\$ 27,394	34.8	8,129	4.2%
2005	28,962	810,508,065	27,985	35.0	8,463	4.5%
2006	29,570	858,766,473	29,042	36.4	9,230	4.6%
2007	30,191	883,569,806	29,266	36.7	9,555	4.8%
2008	30,200	888,438,908	29,419	36.5	9,987	5.3%
2009	30,568	901,756,000	29,500	36.2	10,000	5.5%
2010	29,149	837,188,429	28,721	35.1	11,000	7.6%
2011	29,149	853,045,485	29,265	36.4	11,400	7.8%
2012	29,243	819,856,748	28,036	36.4	11,213	7.1%
2013	29,811	900,471,066	30,206	36.4	11,194	7.1%

Sources:

- (1) City-Data.com
- (2) Liberty Public School District
- (3) US Department of Labor Bureau

CITY OF LIBERTY, MISSOURI

PRINCIPAL EMPLOYERS

Employer	2013			2004		
	Employees	Rank	Percentage Of Total County Employment	Employees	Rank	Percentage Of Total County Employment
Liberty School District	2,175	1	2.47%	1,500	1	1.76%
Liberty Hospital	1,098	2	1.25%	1,421	2	1.67%
Hallmark Cards	806	3	0.91%	1,193	3	1.40%
Clay County	584	4	0.66%	550	4	0.64%
RR Donnelley	320	5	0.36%	—	—	—
William Jewell	235	6	0.27%	391	6	0.46%
Ferrell Corp	233	7	0.26%	323	7	0.38%
City of Liberty	224	8	0.25%	238	9	0.28%
Ford Stamping Plant	205	9	0.23%	—	—	—
Continental Disc	183	10	0.21%	—	—	—
Banta Publications	—	—	—	441	5	0.52%
HyVee	—	—	—	250	8	0.29%
	<u>6,063</u>		<u>4.41%</u>	<u>4,807</u>		<u>5.64%</u>

Sources: Individual employer records and MARC website

CITY OF LIBERTY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS

Functions/Program	Full-Time Equivalent Employees As Of December 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Administration										
City Administrator	1	1	1	1	1	1	1	1	1	1
Assistant City Administrator	—	—	—	—	—	1	1	1	1	1
Assistant Deputy City Clerk	1	—	—	—	—	—	—	—	—	—
Deputy City Clerk	1	1	1	1	1	1	1	1	1	1
Management Analyst	—	—	—	—	—	—	—	—	1	1
Communication Manager	1	1	1	1	1	1	1	1	1	1
Communication/Public Relations Specialist	1	1	—	—	—	—	—	—	—	—
Executive Assistant	—	—	—	—	—	1	1	1	1	1
Court Administrator	1	1	1	1	1	1	1	1	1	1
Municipal Court Technician	2	2	2	2	2	1	1	1	1	1
Assistant to the City Administrator	1	1	1	1	1	1	1	1	—	—
Asst. to the City Administrator HR	—	—	—	—	—	—	—	—	—	—
Management Assistant	—	—	—	—	—	—	—	—	—	—
Administrative Secretary	—	2	2	2	2	—	—	—	—	—
Economic & Business Development Mgr	1	1	1	1	1	—	—	—	—	—
Information Services Director	1	1	1	1	1	1	1	1	1	1
Information Systems Manager	—	—	—	—	—	—	—	—	—	1
Information Systems Specialist III	2	2	2	2	2	2	2	3	3	1
Information Systems Specialist II	1	1	1	1	1	1	1	—	—	—
Information Systems Specialist I	2	2	—	—	—	—	1	—	—	—
Information Support Specialist	—	—	—	—	—	—	—	—	—	—
GIS Specialist II	1	1	1	1	1	1	1	—	—	—
Human Resources										
Human Resources Director	1	1	1	1	1	1	1	1	1	1
Human Resources Coordinator	1	1	—	—	—	1	1	1	1	1
Administrative Assistant	—	—	1	1	1	1	1	1	1	1
Finance										
Finance Director/Assistant City Administrator	1	1	1	1	1	1	1	1	1	1
Finance Manager	1	—	—	—	—	—	1	2	2	2
Assistant Finance Director	1	1	1	1	1	1	1	—	—	—
Finance Analyst	1	1	1	1	1	1	1	2	2	2
Payroll Specialist	1	1	1	1	1	1	1	1	1	1
Finance Technician	4	4	4	4	4	3	3	3	3	3
Utility Technician	—	—	—	—	—	—	—	—	—	—
Part time Account Clerk	—	—	—	—	—	—	—	—	—	—
Finance Assistant	—	—	—	—	—	1	1	1	1	1
Cashier	—	—	—	—	—	—	—	—	—	—
Receptionist	—	—	—	—	—	1	1	1	1	1
Accountant	1	1	1	1	1	—	—	—	—	—
Meter Service Technician	1	1	1	1	1	1	1	1	1	1
Lead Meter Technician	1	1	1	1	1	1	1	1	1	1
Accounting Manager	1	1	1	1	1	1	1	—	—	—
Administrative Assistant	—	—	—	—	—	1	—	—	—	—
Office Supervisor	1	1	1	1	1	1	—	—	—	—

CITY OF LIBERTY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS *(Continued)*

	Full-Time Equivalent Employees as of December 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fire										
Fire Chief	1	1	1	1	1	1	1	1	1	1
Deputy Fire Chief	—	1	1	1	1	1	1	1	1	1
Administrative Assistant	0.5	1	1	1	1	1	1	1	1	1
Shift Commanders	3	3	3	3	3	3	3	4	4	4
Training Officer	—	—	—	—	—	1	1	1	1	1
Fire Captain	9	9	9	9	9	9	9	9	8	8
Company Officers	—	—	—	—	—	—	—	—	—	—
Division Chief-Fire Marshal	1	—	—	—	—	—	—	—	—	—
Division Chief-Training	1	—	—	—	—	—	—	—	—	—
Firefighter/Paramedic	24	24	22	22	22	23	22	23	20	20
Firefighter/EMT	9	9	9	9	9	10	11	4	6	6
Fire Prevention Officer	—	1	1	1	1	1	1	—	—	—
Aging Services										
Administrative Assistant	1	1	—	—	—	—	—	—	—	—
Bus Driver	1	1	—	—	—	—	—	—	—	—
Senior Center Technician	1	1	—	—	—	—	—	—	—	—
Senior Services Manager	1	1	—	—	—	—	—	—	—	—
Police										
Police Chief	1	1	1	1	1	1	1	1	1	1
Deputy Police Chief	—	1	1	1	1	1	1	1	—	—
Police Captain	2	1	1	1	1	1	1	1	2	2
Police Lieutenant	2	4	4	4	4	5	5	5	6	6
Police Sergeant	6	6	6	6	6	4	4	4	3	3
Detectives	—	—	—	—	—	—	—	—	—	—
Police Corporal	4	4	4	4	4	3	3	3	—	—
Community Service Officer	—	—	—	—	—	—	—	—	—	—
Police Officer	25	25	23	23	23	24	24	25	27	27
School Resource Officer	—	—	—	—	—	—	—	—	—	—
Communications Supervisor	1	1	1	1	1	1	1	1	1	1
Communications Officer	9	8	8	8	8	9	9	7	8	8
Animal Control Officer	2	2	2	2	2	2	2	2	2	2
Animal Control Shelter Attendant	0.5	—	—	—	—	—	—	—	—	—
Parking Control Officer	—	—	—	—	—	1	1	1	1	1
Administrative Assistant	0.5	—	—	1	1	1	1	1	1	1
Support Services Supervisor	1	1	—	—	—	—	—	—	—	—
Records Technician	3	3	3	3	3	3	3	3	3	3
Public Works										
Public Works Director	1	1	1	1	1	1	1	1	1	1
City Engineer/Assistant Public Works Director	1	1	1	1	1	1	1	1	1	1
Capital Projects Engineer	—	—	—	—	—	—	—	—	—	—
Development Review Engineer	—	—	—	—	—	—	—	—	—	—
Engineer	1	1	1	1	1	2	2	2	2	2
Public Works Operations Manager	1	1	1	1	1	1	1	1	1	1
Senior Engineering Technician	—	—	—	—	—	—	—	1	1	1
Engineering Technician	—	—	—	—	—	—	1	1	1	1
Senior Project Inspector	2	2	2	2	2	2	2	2	1	1

CITY OF LIBERTY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS *(Continued)*

	Full-Time Equivalent Employees As Of December 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public Works <i>(Continued)</i>										
Project Inspector	—	—	1	1	1	1	1	1	2	2
Chief Building Official	—	—	—	—	—	—	—	—	—	—
Building Inspection Manager	—	—	—	—	—	—	—	—	—	—
Building Inspector	—	—	—	—	—	—	—	—	—	—
Building Maintenance Technician	1	1	2	2	2	2	1	1	1	1
Administrative Assistant	2	2	2	2	2	2	2	2	1	1
Public Works Maintenance Worker I	7	7	6	6	6	10	11	10	10	10
Public Works Maintenance Supervisor	—	—	—	—	—	2	2	2	1	2
Public Works Maintenance Worker II	5	5	9	9	9	6	6	7	7	7
Mechanic II	—	—	1	1	1	1	1	1	—	—
Clerk	—	—	—	—	—	—	—	—	—	—
City Planner	—	—	—	—	—	—	—	—	—	—
Planner	—	—	—	—	—	—	—	—	—	—
Code Enforcement Officer	—	—	—	—	—	—	—	—	—	—
Part time Officer	—	—	—	—	—	—	—	—	—	—
Executive Assistant	—	—	—	—	—	—	—	—	1	1
Development Services										
Development Director	—	—	—	1	1	1	1	1	1	1
Assistant Director of Planning & Development	—	—	—	—	—	—	—	—	1	1
Community Development Manager	1	1	1	1	1	1	1	—	—	—
Planning and Economic Development Manager	—	—	—	—	—	1	1	—	—	—
Planner	1	1	1	1	1	2	2	2	3	3
City Planner	1	1	—	—	—	—	—	—	—	—
Chief Building Official	1	1	1	1	1	1	1	1	1	1
Senior Building Inspector	1	1	1	1	1	1	1	2	3	3
Building Inspector	1	1	1	1	1	1	2	1	—	—
Code Enforcement Officer	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	2	2	2	2	2
Project Manager	—	—	—	—	—	—	—	1	—	—
Historic Preservation Planner	—	—	—	—	—	—	—	1	—	—
Parks & Recreation										
Parks Director	1	1	1	1	1	1	1	1	1	1
Parks & Open Spaces Manager	1	1	1	1	1	1	1	1	1	1
Recreation Coordinator	3	3	2	2	2	3	3	2	6	6
Program Coordinator	—	—	—	—	—	—	—	—	—	—
Parks Crew Chief	2	2	3	3	3	2	2	1	1	1
Parks Maintenance Worker II	3	3	3	3	3	4	3	3	1	1
Parks Maintenance Worker I	—	—	4	4	4	4	5	5	8	8
Events Coordinator	1	1	—	—	—	—	—	—	—	—
Horticulturist	1	1	—	—	—	—	—	—	—	—
Administrative Assistant	—	—	1	1	1	1	1	1	1	1
Sports Complex Manager	1	1	1	1	1	1	1	1	1	1
Sports Complex Maintenance Worker	—	—	—	—	—	—	—	—	—	—
Sport Complex Coordinator	—	—	—	—	—	—	—	—	—	—
Athletic Fields Ground Keeper	1	1	2	2	2	2	2	2	2	2
Community Center Manager	1	1	1	1	1	1	1	1	1	1

CITY OF LIBERTY, MISSOURI

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS *(Continued)*

	Full-Time Equivalent Employees as of December 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<i>Parks & Recreation (Continued)</i>										
Senior Recreation Coordinator	3	3	—	—	—	—	—	—	—	—
Facility Rental Supervisor	—	—	—	—	—	—	1	1	1	1
Office Supervisor	1	1	1	1	1	1	1	1	1	1
Account Clerk	—	—	—	—	—	—	—	—	—	—
Office Assistant	1	1	1	1	1	1	1	1	1	1
Custodian	1	1	1	1	1	2	2	2	2	2
Community Center Coordinator	—	—	—	—	—	—	—	—	—	—
Senior Building Supervisor	—	—	—	—	—	—	—	—	—	—
Building Maintenance Technician	1	1	1	1	1	2	2	2	2	2
Theater Coordinator	1	1	1	1	1	1	1	1	1	1
Lead Theater Technician	1	1	1	1	1	1	1	1	1	1
Marketing/Special Events Coordinator	—	—	1	1	1	1	1	1	1	1
Senior Services Coordinator	—	—	1	1	1	1	1	1	1	1
Administrative Secretary	—	—	—	—	—	—	—	—	—	—
Mechanic	1	1	—	—	—	—	—	—	—	—
Mechanical Systems Specialist	1	1	—	—	—	—	—	—	—	—
Nutrition Site Coordinator	—	—	—	—	—	—	—	—	—	—
Senior Recreation Coordinator	—	—	3	3	3	3	3	4	1	1
Part time Driver	—	—	—	—	—	—	—	—	—	—
Bus Driver	—	—	1	1	1	2	2	2	2	2
Senior Center Technician	—	—	1	1	1	1	1	1	—	—
Parks Supervisor	1	1	—	—	—	1	1	1	—	—
Assistant Parks & Recreation Director	1	1	1	1	1	1	—	—	—	—
Construction Manager - Wastewater Collection	1	1	—	—	—	—	—	—	—	—
Construction Manager - Water Distribution	1	1	—	—	—	—	—	—	—	—
Construction Worker I	1	2	—	—	—	—	—	—	—	—
Crew Chief	2	2	—	—	—	—	—	—	—	—
Lead Operator - Water Treatment Operations	1	1	—	—	—	—	—	—	—	—
Maintenance Mechanic - Water Treatment Operations	1	1	—	—	—	—	—	—	—	—
Maintenance Supervisor - Water Treatment Operations	1	1	—	—	—	—	—	—	—	—
Maintenance Worker I	8	8	—	—	—	—	—	—	—	—
Maintenance Worker II	2	2	—	—	—	—	—	—	—	—
Operator - Water Treatment Operations	4	4	—	—	—	—	—	—	—	—
Utilities Director	1	1	—	—	—	—	—	—	—	—
Utilities Assistant Director Production & Treatment	1	1	—	—	—	—	—	—	—	—
Utilities Assistant Director Operations & Construction	1	1	—	—	—	—	—	—	—	—
Totals City-Wide	6,263	6,261	6,231	199	199	216	218	209	205	205

Source: City records

CITY OF LIBERTY, MISSOURI

OPERATING INDICATORS BY FUNCTION/PROGRAM

Function/Program	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Calls for service	32,438	37,168	42,015	35,970	33,925	37,613	33,333	30,441	30,210	31,540
Adult arrest	4,980	5,071	4,979	1,473	1,493	1,331	746	1,514	1,897	471
Speeding citations only	2,240	1,769	1,861	1,689	2,303	2,066	1,760	1,710	1,768	1,443
Traffic citations	5,239	5,248	6,140	5,133	5,223	5,361	5,975	5,620	5,012	4,923
Fire:										
Total fire runs	**	**	2,940	3,070	3,134	2,897	3,366	3,338	894	3,338
Total rescue runs	**	**	3,087	3,343	3,235	3,138	3,299	3,232	3,380	2,898
Property loss	**	**	505,850	501,450	637,250	436,300	250,100	452,250	670,100	250,500
Property saved	**	**	2,884,650	1,039,000	6,019,750	3,353,700	11,504,400	9,982,750	10,834,350	1,249,500
Building permits:										
Commercial:										
Total building permits	13	24	18	12	17	8	2	5	31	107
Total value all permits	\$ 17,221,041	\$ 39,569,732	\$ 13,601,096	\$ 29,333,289	\$ 20,960,559	\$ 9,873,810	\$ 7,149,100	\$ 61,155,184	\$ 21,981,026	\$ 8,208,979
Residential:										
Total building permits	185	162	51	61	36	11	15	17	12	158
Total value all permits	\$ 30,711,938	\$ 23,573,523	\$ 9,515,452	\$ 11,572,869	\$ 6,632,480	\$ 3,365,544	\$ 31,824,093	\$ 4,221,266	\$ 5,203,410	\$ 9,249,748
Parks and Recreation:										
Recreation program attendance	**	**	22,250	25,110	13,239	1,733	3,794	3,511	3,827	4,564
Aquatics program attendance	**	**	1,807	3,811	2,163	3,919	4,340	3,839	3,119	2,244
Community Center Memberships	**	**	20,252	20,755	23,384	22,138	17,513	2,496	17,669	4,411
Rentals	**	**	1,843	1,064	994	854	411	421	1,360	1,434
Street trees maintained (1)	**	**	741	685	700	625	430	675	700	700

Source: City Records

Note: ** Indicator Not Available

(1) Boundary for trees maintained is I-35 to the West & North
M291 Hwy to the South and Highway 33 to the East.

CITY OF LIBERTY, MISSOURI
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Transfers Out	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Major Roadway	—	—	—	—	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—	—	—	—	—
Debt Service/Lease Payments	2,681,472	2,828,390	5,823,968	6,365,294	5,838,710	5,292,048	5,675,615	2,982,444	1,933,770	3,013,902
Street and Major Roadway Improvements	3,500,376	8,175,455	2,752,262	2,443,903	2,295,492	1,765,991	1,401,422	926,632	820,876	29,839
Community Center Expansion	96,771	—	—	—	—	—	—	—	—	—
Remodel Fire Station #1	2,691	18,250	—	—	—	—	—	—	—	—
Storm Water Improvements	200,462	835,419	774	28,962	254,845	81,846	33,456	26,909	275,685	205,599
Parks & Recreation	190,134	284,130	174,861	77,983	—	—	—	—	—	—
Capital Equipment	517,868	564,123	194,755	301,889	615,659	585,419	3,068,026	432,283	598,365	692,643
Fire Equipment	391,495	155,733	523,725	132,949	11,437	5,610	5,750	20,875	5,112	4,710
Sports Complex Construction	—	—	—	—	—	—	—	—	—	—
Neighborhood Improvements	—	—	310,527	109,110	510,512	8,274	60,101	317,918	364,524	123,339
Water System Upgrades	—	—	1,089,220	981,841	—	—	182,431	82,345	758,171	1,266,184
Sewer System Upgrades	—	—	6,661,091	1,393,805	—	—	1,234	9,947	174,567	1,066,823

Source: City records