

TENTATIVE AGENDA
RAYTOWN BOARD OF ALDERMEN
MAY 5, 2015

REGULAR SESSION NO. 2
RAYTOWN CITY HALL
10000 EAST 59TH STREET
RAYTOWN, MISSOURI 64133

OPENING SESSION
7:00 P.M.

Invocation
Pledge of Allegiance
Roll Call

Proclamations/Presentations

- ★ A Proclamation recognizing the month of May as Bike Month

Public Comments

Communication from the Mayor

Communication from the City Administrator

Committee Reports

STUDY SESSION
(2 Items)

2013-2014 Audit Presentation
Cochran Head and Vick
Mark Loughry, Finance Director

Schedule of Fees
Brenda Gustafson, Public Information Officer

LEGISLATIVE SESSION

1. CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine by the Board of Aldermen and will be enacted by one motion without separate discussion or debate. The Mayor or a member of the Board of Aldermen may request that any item be removed from the consent agenda. If there is no objection by the remaining members of the board, such item will be removed from the consent agenda and considered separately. If there is an objection, the item may only be removed by a motion and vote of the board.

Approval of the Regular April 21, 2015 Board of Aldermen meeting minutes.

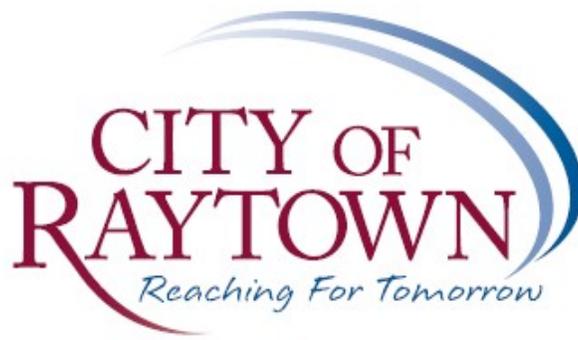
R-2764-15: A RESOLUTION AUTHORIZING AND APPROVING THE APPOINTMENT OF MICHAEL LIGHTFOOT TO THE PLANNING & ZONING COMMISSION. Point of Contact: Teresa Henry, City Clerk.

REGULAR AGENDA

2. **R-2765-15: A RESOLUTION** APPROVING AN AMENDED FORMAL AND COMPREHENSIVE SCHEDULE OF FEES AND CHARGES FOR THE CITY OF RAYTOWN, MISSOURI. Point of Contact: Brenda Gustafson, Public Information Officer.
3. **R-2766-15: A RESOLUTION** AUTHORIZING AND APPROVING AN AGREEMENT WITH ETS CORPORATION FOR CREDIT CARD PROCESSING SERVICES. Point of Contact: Mark Loughry, Finance Director.
4. **R-2767-15: A RESOLUTION** AMENDING THE FISCAL YEAR 2014-2015 BUDGET RELATED TO PARKS AND RECREATION CAPITAL IMPROVEMENTS. Point of Contact: Kevin Boji, Parks and Recreation Director.
5. **R-2768-15: A RESOLUTION** AUTHORIZING AND APPROVING CHANGE ORDER NO. 1 TO THE AGREEMENT BY AND BETWEEN THE CITY OF RAYTOWN AND SPLASHTACULAR FOR THE WATERSLIDE MAINTENANCE AND REPAIR PROJECT AT SUPER SPLASH USA. Point of Contact: Kevin Boji, Parks and Recreation Director.
6. **R-2769-15: A RESOLUTION** AMENDING THE FISCAL YEAR 2014-2015 BUDGET RELATED TO CAPITAL EXPENDITURES. Point of Contact: Jim Melvin, Interim Public Works Director.

ADJOURNMENT

Next Ordinance No. 5517-15



PROCLAMATION

WHEREAS, bicycle commuting is an effective means to reduce air pollution and conserve energy and promotes the livability of communities by reducing traffic, noise and congestion; and

WHEREAS, bicycle transportation is an integral part of the “multi-modal” transportation systems planned by federal, state, regional, and local transportation agencies; and

WHEREAS, creating bicycle-friendly communities has shown to improve citizens' health, well-being, and quality of life, boost community spirit, increase public awareness of bicycle safety, and reduce pollution and congestion; and

WHEREAS, the City of Raytown has provided bike lanes and other bicycle facilities; and

WHEREAS, the City of Raytown has planned for future development of bicycle facilities including along the Rock Island Rail Corridor; and

WHEREAS, Bike Month 2015 is an inclusive request to people of all ages and abilities to ride their bicycles to their destinations throughout the City of Raytown; and

NOW THEREFORE, I, Michael McDonough, Mayor of the City of Raytown, Missouri, do hereby proclaim the month of May 2015 as

BIKE MONTH

and call upon all residents to join me in recognizing the health and transportation benefits of bicycling, the importance of bicycle safety and the awareness of bicyclists on our streets and trails and to encourage all who can to utilize this greener means of travel to and from work and activities as much as possible.

Signed this Fifth Day of May, Two Thousand and Fifteen.

Michael McDonough, Mayor

CITY OF RAYTOWN, MISSOURI

Basic Financial Statements



**For Year Ended
October 31, 2014**

Prepared by:

Director of Finance

CITY OF RAYTOWN, MISSOURI

Basic Financial Statements

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
Notes to the Basic Financial Statements	23-50
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	51
Schedules of Funding Progress	52
Other Supplementary Information:	
Combining Statements and Individual Fund Schedules:	
Combining Balance Sheet – Non-major Governmental Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	54
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Budgeted Non-major Funds:	
Park Fund	55
Risk Management Fund	56
Transportation Sales Tax Fund	57
Capital Sales Tax Fund	58
Public Safety Sales Tax Fund	59
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Capital Improvement Fund	60
TIF Fund	61
Statement of Changes in Assets and Liabilities – Agency Funds	



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Board of Alderman
City of Raytown, 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 City of Raytown, Missouri (the City), as of and for the year ended October 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of October 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 29, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Kansas City, Missouri
April 29, 2015



CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

The management team for the City of Raytown, Missouri (the City) offers our readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended October 31, 2014.

Finances for this City are multifaceted and quite complex. As such, management desires for this narrative to be informative beyond what is seen on the face of the statements and to discuss the financial activities of the City. We hope you find these comments helpful as you read through them.

Financial Highlights

The assets for the City of Raytown, Missouri (the City) exceeded its liabilities at the close of the most recent fiscal year by \$20,526,827 (net position).

The City's total net position increased \$1,857,876 when compared to 2013.

Governmental activities net position increased \$1,278,077 due primarily to decreased expenses.

The largest single area of decreased liabilities was long term obligations as the City continues to pay down debt while not taking on any new obligations.

Business-Type Activities realized an increase in net position of \$579,799 over 2013. Similar to the Governmental activities, the City continues to decrease its business-type long term obligations.

Overview of the Financial Statements

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are a broad overview of the City's finances presented in a manner similar to a private business. These statements provide both long-term and short-term information about the City's overall financial status.

The *statement of net position* presents all of the City's assets, deferred outflows, and liabilities with the difference reported as *net position*. Net position is an important measure of the City's overall financial health. The increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

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

The government-wide financial statements report governmental activities of the City, which are principally supported by taxes and intergovernmental revenues, and business-type activities of the City, which are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities for the City include general government, parks and recreation, community development, public safety, and public works. The business-type activities for the City include the sanitary sewerage system.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

Fund financial statements. *Fund financial statements* focus on individual parts of the City's government. These statements report the City's operations in more detail than the government-wide 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 uses fund accounting to ensure compliance with finance-related legal requirements. These funds are 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. This information may be useful in evaluating the City's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements, thus it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This may enable the reader to 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*.

Proprietary funds. There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. *Internal service funds* are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City currently does not use internal service funds.

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, since the resources of those funds are not available to support the City's operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to obtain 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 contains certain *required supplementary information* that further explains and supports the information in the financial statements. This report also contains *other supplementary information* that provides certain combining and individual fund statements and schedules.

Government-wide Financial Analysis

As indicated earlier, net position may serve as a useful indicator of the City's financial position. The largest portion of the City's net position, \$38,550,790, reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure) net of related debt. The City uses capital assets to provide services to citizens; therefore these assets are not available for future spending.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

NET POSITION

The following table reflects the condensed Statement of Net Position as of October 31, 2014 and 2013.

City of Raytown Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 20,341,491	\$ 19,969,521	\$ 5,192,860	\$ 8,085,046	\$ 25,534,351	\$ 28,054,567
Capital assets	34,750,041	35,375,301	15,983,004	13,174,662	50,733,045	48,549,963
Total assets	55,091,532	55,344,822	21,175,864	21,259,708	76,267,396	76,604,530
Deferred charge on refunding	-	-	22,997	24,766	22,997	24,766
Total deferred outflows of resources	-	-	22,997	24,766	22,997	24,766
Long-term debt	40,429,090	41,430,393	12,260,573	12,822,898	52,689,663	54,253,291
Other liabilities	2,341,909	2,871,973	731,994	835,081	3,073,903	3,707,054
Total liabilities	42,770,999	44,302,366	12,992,567	13,657,979	55,763,566	57,960,345
Net position:						
Net investment in capital assets	34,618,637	35,203,982	3,932,153	3,677,476	38,550,790	38,881,458
Restricted	9,398,670	9,613,073	514,023	505,136	9,912,693	10,118,209
Unrestricted (deficit)	(31,696,774)	(33,774,599)	3,760,118	3,443,883	(27,936,656)	(30,330,716)
Total net position	\$ 12,320,533	\$ 11,042,456	\$ 8,206,294	\$ 7,626,495	\$ 20,526,827	\$ 18,668,951

At the end of the current fiscal year, the City is reporting positive balances in two of the three categories of net position related to governmental activities. The City currently has deficit unrestricted net position related to governmental activities due to the economic development project on 350 Highway. The City issued tax increment and sales tax revenue bonds in the amount of \$39,990,000 to fund certain development project costs. Certain debt service payments are subject to annual appropriations but not backed by the full faith and credit of the City. This obligation has resulted in the City recording the liability with no reportable capital asset. The City began paying principal payments on the bonds in 2012 and currently holds \$3,813,285 in a Debt Reserve Fund should pledged revenues fall short of debt service requirements.

The City is reporting positive balances in all three categories of net position for business-type activities.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

Change in Net Position

The following table reflects the revenues and expenses from the City's activities for the years ended October 31, 2014 and 2013:

City of Raytown Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 3,222,419	\$ 3,057,395	\$ 5,484,958	\$ 5,434,614	\$ 8,707,377	\$ 8,492,009
Operating grants and contributions	169,355	181,199	-	-	169,355	181,199
Capital grants and contributions	486,203	297,429	-	-	486,203	297,429
General revenues:						
Property taxes	1,773,885	1,777,787	-	-	1,773,885	1,777,787
Sales taxes	7,478,161	7,653,932	-	-	7,478,161	7,653,932
Motor vehicle taxes	1,117,765	1,062,104	-	-	1,117,765	1,062,104
Franchise taxes	4,079,083	4,031,026	-	-	4,079,083	4,031,026
Intergovernmental activity taxes	1,373,633	1,356,358	-	-	1,373,633	1,356,358
Other taxes	76,744	75,910	-	-	76,744	75,910
Other	461,567	568,213	257,575	261,014	719,142	829,227
Total revenues	20,238,815	20,061,353	5,742,533	5,695,628	25,981,348	25,756,981
Expenses:						
General government	2,391,787	2,603,763	-	-	2,391,787	2,603,763
Parks and recreation	1,391,877	1,355,505	-	-	1,391,877	1,355,505
Community development	994,528	918,391	-	-	994,528	918,391
Public safety	8,216,758	8,350,571	-	-	8,216,758	8,350,571
Public works	5,225,930	5,439,064	-	-	5,225,930	5,439,064
Interest on long-term debt	1,899,682	1,951,784	-	-	1,899,682	1,951,784
Sanitary sewer	-	-	4,002,910	4,156,467	4,002,910	4,156,467
Total expenses	20,120,562	20,619,078	4,002,910	4,156,467	24,123,472	24,775,545
Change in net assets before transfers	118,253	(557,725)	1,739,623	1,539,161	1,857,876	981,436
Transfers	1,159,824	749,369	(1,159,824)	(749,369)	-	-
Change in net position after transfers	1,278,077	191,644	579,799	789,792	1,857,876	981,436
Net position, beginning	11,042,456	10,850,812	7,626,495	6,836,703	18,668,951	17,687,515
Net position, ending	\$ 12,320,533	\$ 11,042,456	\$ 8,206,294	\$ 7,626,495	\$ 20,526,827	\$ 18,668,951

Governmental Activities

The City saw an overall increase in revenues and net position in 2014 compared to 2013. The increase in net position is mostly attributable to the decrease of expenses by \$498,516 compared to the 2013 levels. The decreased expenses were spread throughout the funds and are attributable to one-time expenses/projects completed in 2013.

The largest single revenue category for Raytown remains sales taxes which totaled \$7,478,161 or 37% of total governmental revenue and was down \$175,771 or 2.3% compared to 2013. Revenues from governmental activities totaled \$20,238,815 or 78% of the total City revenues. This represents an increase of \$177,462 compared to 2013. The main source of the increase was due to increased issuance of business licenses, permits and grant proceeds. There was a significant increase in the issuance of licenses and permits resulting from storm damage and the subsequent repair. The majority of grant funding was tied to the NSP program.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

Business-type Activities

Total business-type activities are attributable to the sanitary sewer fund. In 2014 business-type revenues were up \$46,905 or 1% while expenses decreased \$153,557 or 3.7% when compared to 2013. The relatively small increase in revenue is attributable to collections, billing cycles and consumption variance by consumers from one year to the next. The decrease in expenses is primarily due to cost saving programs implemented by management. Savings in expenses would have been more significant if not for treatment rate increases by Kansas City Water and Little Blue Valley Sewer District during the same period. In total the Business-type activities experienced an increase in net position of \$579,799.

Financial Analysis of the City's Funds

Governmental Funds

As of the end of the current fiscal year, the City's governmental funds have a combined fund balance of \$18,561,135 which represents an increase of \$697,643 over 2013 and marks the fourth straight year of increasing combined fund balances.

General Fund

The City met its City Resolution 2039-08 requiring a contingency reserve equal to 17% of total operating revenues.

The General Fund revenues and transfers in were \$13,179,769 compared to \$13,162,233 in 2013 which represents a modest increase of \$17,536 or .13%.

General Fund expenditures including transfers out were \$12,642,646 compared to \$13,062,461 in 2013 which represents a decrease of \$419,815 or 3.2%. There were several areas of decreased expenditures that account for the overall decrease when compared to 2013. Public Works expenditures decreased by \$213,134 due to onetime expenditures associated with special projects completed in 2013. General government expenditures decreased \$211,976 again due to onetime projects completed in 2013.

The fund balance of the General Fund increased \$537,123 during the fiscal year compared to a \$99,772 increase in 2013 and marks a third consecutive year of increase.

Tax Increment Finance Fund

The TIF Fund revenues were \$2,884,892 compared to \$3,004,198 in 2013 which represents a decrease of \$119,306. The decrease of approximately 4% percent is attributable to decreased sales tax revenue in the TIF districts and the expiration of one of the PILOT's.

The expenditures were \$2,963,183 compared to \$2,931,897 in 2013 which represents an increase of \$31,286 or 1%. This represents a relatively flat expenditure trend that is expected to increase with the scheduled increases in debt service payments associated with the 350 Highway Development.

The fund balance of the Tax Increment Finance (TIF) Fund decreased \$78,291 during the fiscal year. As the debt payment schedule increases the fund balance will continue to be spent down unless additional development occurs to offset the escalating debt payment.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

Capital Improvements Fund

The Capital Improvements Fund incurred significant expenditures related to the White Oak Sewer Line project. The fund balance increased \$448,147 during the fiscal year due to transfers from the Sewer Sanitation Fund to fund the aforementioned project.

Other governmental funds (Combined)

Other Governmental funds represent multiple combined funds which include Parks, Risk Management, Transportation Sales Tax, Capital Sales Tax, and Public Safety Sales Tax funds. These funds are combined for reporting purposes only.

The other governmental funds combined revenues were \$4,563,939 compared to \$4,667,133 in 2013 which represent a decrease of \$103,194 or 2%. This decrease was due primarily to decreases in sales tax revenues.

Combined expenditures and transfers out for other Governmental Funds were \$4,900,922 compared to \$4,404,389 in 2013. This increase of \$496,533 is primarily related to more capital outlay expenditures in 2014.

The combined fund balance of the other governmental funds decreased \$209,336 during the fiscal year. The primary reason for the decrease is the completion of budgeted one time projects utilizing fund balance in 2014.

Proprietary Funds

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

The Sanitary Sewer fund operating revenues were \$5,484,958 in 2014 compared to operating revenues of \$5,434,614 in 2013. The increase of \$50,344 is directly related to a slight increase in consumption. The City sewer system is for the most part completely built out with very little opportunity for additional connections. Any variances in consumption and billing from one year to the next is for the most part related to how wet or dry the year is given that sewer billing is calculated off of water usage. It can be expected that without growth or new industry that the overall trend in consumption will be down as household appliances become more efficient.

The operating expenses were \$3,444,979 in 2014 compared to \$3,598,940 in 2013. The decrease of \$153,961 in expenses is primarily due to cost saving programs implemented by management. Savings in expenses would have been more significant if not for treatment rate increases by Kansas City Water and Little Blue Valley Sewer District during the same period.

Transfers out include reimbursing the General Fund for its share of expenses directly related to the Sewer Fund but covered in the General Fund and sewer projects completed and tracked in the CIP. Previously many of these expenses were being split with each expense leading to numerous dual entries.

This fund has a significant amount of non-operating revenues and expenses. This activity is primarily related to the city debt issuance for infrastructure improvements as part of the SRF 2007A bonds. All of the projects associated with this debt issuance have now been completed and any remaining project funds will be used to reduce the outstanding debt balance in 2015.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

The net position of the Sanitary Sewer fund at the end of the year increased \$579,799. Cost saving programs implemented allowed the City to hold rates level for 2014. Net position has increased in the sewer fund for five consecutive years primarily due to investment in infrastructure and cost saving programs. Other factors concerning the finances of this fund have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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

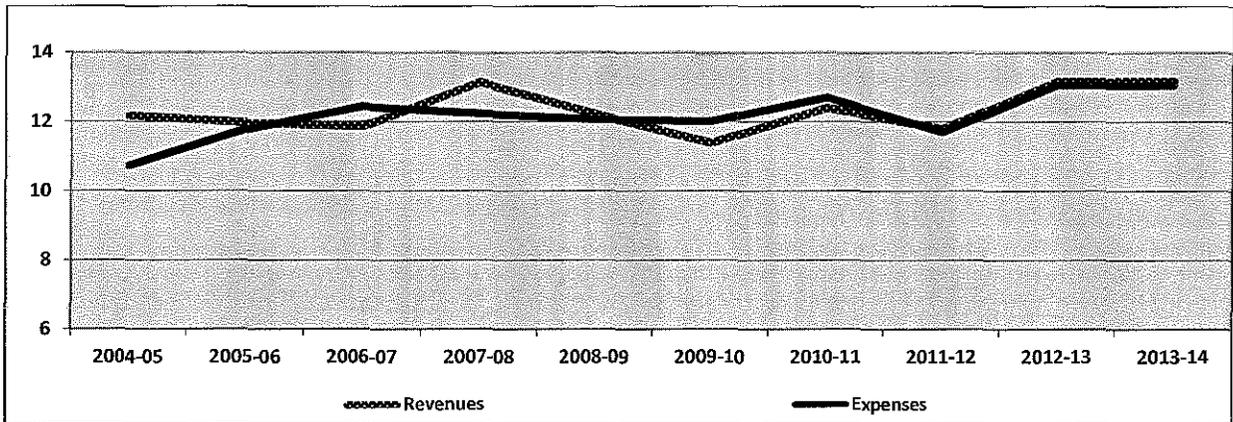
- The original revenue and transfers in budget of \$12,877,490 was amended by \$22,281 to account for additional grant funding. Any other un-budgeted revenue was simply received as miscellaneous revenue or assigned to the appropriate revenue stream.
- The original expenditure and transfer out budget of \$13,330,261 was increased by \$32,281 to \$13,362,542. The primary purpose for the adjustment was to allow for the expenditure of grant funds received.

General Fund Actual to Budget Analysis

Actual revenues and transfers in were \$279,256 more than the final budget and \$301,537 more than the original budget. This increase represents a 2.6% percent variance from the original budget.

Actual expenditures and transfers out were \$276,678 less than the original budget. The reduction in expenditures was distributed among several line items that came in significantly below budget. The only area that exceeded the original budget was Public Works which was attributable to remodeling projects completed in 2014.

The following graph illustrates the City's General Fund Revenues against Expenditures for fiscal years ended 2005 through 2014:



As this graph illustrates, the City has had revenues in excess of expenditures from FY 2003-04 through FY 2005-06. In FY 2006-07, the City had expenditures in excess of revenue that had to be made up from the fund balance. In FY 2009-10, the City again had expenditures in excess of revenues primarily due to a planned spend down of fund balance for one-time projects and a minor operating subsidy. In 2010-11 the City once again had expenditures in excess of revenues that were primarily due to a transfer for a loan to an Improvement District. In FY 2011-12, 2012-13 and 2013-14 the City's revenue exceeded expenditures reversing the previous two years trend.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of October 31, 2014, amounts to \$50,733,045 compared to \$48,549,963 in 2013 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, collections systems, machinery and equipment, and infrastructure. In 2014, the city purchased new equipment and completed numerous road projects and street maintenance programs.

**City of Raytown Capital Assets
(net of depreciation)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land/ (Const. in Prog)	\$ 3,288,680	\$ 2,542,218	\$ 4,264,929	\$ 1,175,732	\$ 7,553,609	\$ 3,717,950
Buildings & Improvements	2,568,995	2,634,532	-	-	2,568,995	2,634,532
Equipment & Vehicles	2,610,154	2,324,910	272,658	300,701	2,882,812	2,625,611
Infrastructure	26,282,212	27,873,641	11,445,417	11,698,229	37,727,629	39,571,870
Total	\$ 34,750,041	\$ 35,375,301	\$ 15,983,004	\$ 13,174,662	\$ 50,733,045	\$ 48,549,963

For additional information on capital assets, see Note 8 to the Basic Financial Statements.

Debt Administration

At the end of fiscal year 2014, the City had a total of \$52,689,663 of outstanding debt compared to \$54,253,291 in 2013. This was an decrease of \$1,563,628 from the previous year.

City of Raytown Outstanding Debt

	Activities		Activities		Total	
	2014	2013	2014	2013	2014	2013
TIF Bonds (plus premium)	\$ 37,696,313	\$ 38,672,118	\$ -	\$ -	\$ 37,696,313	\$ 38,672,118
Developer Obligations	1,937,860	1,994,141	-	-	1,937,860	1,994,141
Capital Leases	131,404	171,319	-	-	131,404	171,319
Compensated Absences	420,211	396,787	7,176	6,855	427,387	403,642
Net OPEB Obligation	243,302	196,028	10,138	8,168	253,440	204,196
Revenue Bonds (plus premium)	-	-	12,243,259	12,807,875	12,243,259	12,807,875
Total	\$ 40,429,090	\$ 41,430,393	\$ 12,260,573	\$ 12,822,898	\$ 52,689,663	\$ 54,253,291

The City had a rated refinancing in 2013 which it received an S&P rating of A+.

For additional information on debt administration, see Note 9 to the Basic Financial Statements.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2014

Other Factors

The City is currently experiencing some revitalization and growth along its major corridors. This growth has resulted in increased sales and property tax collections while some of the surrounding communities continue to struggle in these areas. One item to note however, is that much of these increased revenues have been deferred for various periods of times in the way of improvement districts and tax incremental financing areas.

Requests for Information

This financial report is designed to provide the reader with a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Mark Loughry, Finance Director, Finance Department, City of Raytown, 10000 E 59th Street, Raytown, MO 64133.

CITY OF RAYTOWN, MISSOURI
Statement of Net Position
October 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 9,056,608	\$ 3,301,235	\$ 12,357,843
Receivables (net of allowance for uncollectibles):			
Taxes	1,616,366	-	1,616,366
Accounts	317,983	1,072,193	1,390,176
Fines	56,202	-	56,202
Intergovernmental	696,291	109,239	805,530
Prepays	738,229	30,520	768,749
Internal balances	3,761	(3,761)	-
Restricted cash and investments	6,000,576	683,434	6,684,010
Loan receivable	819,552	-	819,552
Land held for redevelopment	1,034,432	-	1,034,432
Net pension asset	1,491	-	1,491
Capital assets:			
Land, other assets and construction in progress, non-depreciable	3,288,680	4,264,929	7,553,609
Other capital assets, net of depreciation	31,461,361	11,718,075	43,179,436
Total assets	<u>55,091,532</u>	<u>21,175,864</u>	<u>76,267,396</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	22,997	22,997
Total deferred outflows of resources	<u>-</u>	<u>22,997</u>	<u>22,997</u>
Liabilities			
Accounts payable	1,134,881	251,195	1,386,076
Accrued liabilities	284,487	2,085	286,572
Customer deposits	-	307,942	307,942
Court bonds payable	137,308	-	137,308
Interest payable	785,233	170,772	956,005
Long-term obligations:			
Due within one year	1,497,562	751,792	2,249,354
Due in more than one year	38,931,528	11,508,781	50,440,309
Total liabilities	<u>42,770,999</u>	<u>12,992,567</u>	<u>55,763,566</u>
Net Position			
Net investment in capital assets	34,618,637	3,932,153	38,550,790
Restricted for:			
General government	36,490	-	36,490
Community development	697,858	-	697,858
Public safety	838,343	-	838,343
Public works	1,612,683	-	1,612,683
Debt service	6,213,296	514,023	6,727,319
Unrestricted (deficit)	(31,696,774)	3,760,118	(27,936,656)
Total net position	<u>\$ 12,320,533</u>	<u>\$ 8,206,294</u>	<u>\$ 20,526,827</u>

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Activities
For the year ended October 31, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Government activities							
General government	\$ 2,391,787	\$ 399,047	\$ -	\$ -	\$ (1,992,740)	\$ -	\$ (1,992,740)
Parks and recreation	1,391,877	344,416	52,350	-	(995,111)	-	(995,111)
Community development	994,528	195,326	-	-	(799,202)	-	(799,202)
Public safety	8,216,758	2,196,583	117,005	16,991	(5,886,179)	-	(5,886,179)
Public works	5,225,930	87,047	-	469,212	(4,669,671)	-	(4,669,671)
Interest on long-term debt	1,899,682	-	-	-	(1,899,682)	-	(1,899,682)
Total governmental activities	20,120,562	3,222,419	169,355	486,203	(16,242,585)	-	(16,242,585)
Business-type activities							
Sewer	4,002,910	5,484,958	-	-	-	1,482,048	1,482,048
Total business-type activities	4,002,910	5,484,958	-	-	-	1,482,048	1,482,048
Total primary government	\$ 24,123,472	\$ 8,707,377	\$ 169,355	\$ 486,203	(16,242,585)	1,482,048	(14,760,537)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,190,720	-	1,190,720
Property taxes, levied for parks and recreation					583,165	-	583,165
Sales taxes					7,478,161	-	7,478,161
Motor vehicle tax					1,117,765	-	1,117,765
Franchise taxes					4,079,083	-	4,079,083
Intergovernmental activity taxes					1,373,633	-	1,373,633
Other taxes					76,744	-	76,744
Unrestricted investment earnings					291,150	257,575	548,725
Miscellaneous					170,417	-	170,417
Transfers					1,159,824	(1,159,824)	-
Total general revenues and transfers					17,520,662	(902,249)	16,618,413
Change in net position					1,278,077	579,799	1,857,876
Net position-beginning of year					11,042,456	7,626,495	18,668,951
Net position-end of year					\$ 12,320,533	\$ 8,206,294	\$ 20,526,827

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI

Balance Sheet

Governmental Funds

October 31, 2014

	General	TIF Fund	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 4,606,368	\$ 433,890	\$ 1,124,087	\$ 2,892,263	\$ 9,056,608
Receivables (net of allowance):					
Taxes	727,923	263,658	-	624,785	1,616,366
Accounts	317,983	-	-	-	317,983
Fines	56,202	-	-	-	56,202
Intergovernmental	145,683	535,361	15,097	150	696,291
Interfund receivables	61,597	-	-	-	61,597
Prepays	437,964	-	-	300,265	738,229
Restricted cash and investments	140,754	5,859,822	-	-	6,000,576
Loan receivable	-	-	819,552	-	819,552
Land held for redevelopment	1,034,432	-	-	-	1,034,432
Total assets	\$ 7,528,906	\$ 7,092,731	\$ 1,958,736	\$ 3,817,463	\$ 20,397,836
Liabilities					
Accounts payable	\$ 311,811	\$ 19,590	\$ 505,206	\$ 298,274	\$ 1,134,881
Accrued liabilities	247,652	-	-	36,835	284,487
Interfund payables	-	-	-	57,836	57,836
Court bonds payable	137,308	-	-	-	137,308
Total liabilities	696,771	19,590	505,206	392,945	1,614,512
Deferred inflows of resources					
Unavailable revenues	60,202	161,987	-	-	222,189
Total deferred inflows of resources	60,202	161,987	-	-	222,189
Fund balances					
Nonspendable:					
Prepays	437,964	-	-	300,265	738,229
Loan receivable	-	-	819,552	-	819,552
Land held for redevelopment	1,034,432	-	-	-	1,034,432
Restricted for:					
Risk management	-	-	-	36,490	36,490
Community development	-	697,858	-	-	697,858
Public Safety	-	-	-	837,613	837,613
Public works	-	-	-	1,612,683	1,612,683
Debt service	-	6,213,296	-	-	6,213,296
Committed for:					
Capital outlay	7,307	-	-	-	7,307
Assigned for:					
General government	11,018	-	-	-	11,018
Parks and recreation	-	-	-	637,467	637,467
Community development	13,902	-	-	-	13,902
Public safety	186,553	-	-	-	186,553
Public works	316,153	-	633,978	-	950,131
Unassigned (deficit)	4,764,604	-	-	-	4,764,604
Total fund balances	6,771,933	6,911,154	1,453,530	3,424,518	18,561,135
Total liabilities, deferred inflows, and fund balances	\$ 7,528,906	\$ 7,092,731	\$ 1,958,736	\$ 3,817,463	\$ 20,397,836

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
October 31, 2014

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

Ending fund balances - total governmental funds	\$ 18,561,135
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	34,750,041
Long-term liabilities are not current obligations and, therefore, not recorded in the governmental fund statements.	(40,429,090)
Certain revenues are not available to pay for current period expenditures and therefore are deferred inflows in the governmental funds.	222,189
The net pension assets does not represent available assets and therefore is not reported in the governmental fund statements.	1,491
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.	<u>(785,233)</u>
Total net position of governmental activities	<u><u>\$ 12,320,533</u></u>

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended October 31, 2014

	General	TIF Fund	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 7,800,178	\$ 1,494,341	\$ -	\$ 4,113,354	\$ 13,407,873
Intergovernmental activity taxes	-	1,211,646	-	-	1,211,646
Licenses and permits	523,485	-	-	-	523,485
Intergovernmental	1,251,761	-	469,212	52,350	1,773,323
Fines	1,079,074	-	-	-	1,079,074
Charges for services	1,253,939	-	-	336,885	1,590,824
Interest	16,419	178,905	90,813	5,013	291,150
Other	121,611	-	-	56,337	177,948
Total revenues	<u>12,046,467</u>	<u>2,884,892</u>	<u>560,025</u>	<u>4,563,939</u>	<u>20,055,323</u>
Expenditures:					
Current:					
General government	2,159,549	-	-	79,898	2,239,447
Parks and recreation	-	-	-	1,398,477	1,398,477
Community development	684,487	18,619	273,941	-	977,047
Public safety	6,956,970	-	-	1,064,605	8,021,575
Public works	2,799,667	-	-	-	2,799,667
Capital outlay	41,973	-	3,104,397	2,159,944	5,306,314
Debt service:					
Principal	-	1,016,281	-	39,915	1,056,196
Interest and fiscal charges	-	1,928,283	-	8,083	1,936,366
Total expenditures	<u>12,642,646</u>	<u>2,963,183</u>	<u>3,378,338</u>	<u>4,750,922</u>	<u>23,735,089</u>
Excess of revenues over (under) expenditures	<u>(596,179)</u>	<u>(78,291)</u>	<u>(2,818,313)</u>	<u>(186,983)</u>	<u>(3,679,766)</u>
Other financing sources (uses):					
Sale of capital assets	742	-	-	127,647	128,389
Transfers in	1,132,560	-	3,266,460	-	4,399,020
Transfers out	-	-	-	(150,000)	(150,000)
Total other financing sources (uses)	<u>1,133,302</u>	<u>-</u>	<u>3,266,460</u>	<u>(22,353)</u>	<u>4,377,409</u>
Net change in fund balances	537,123	(78,291)	448,147	(209,336)	697,643
Fund balances, beginning of year	<u>6,234,810</u>	<u>6,989,445</u>	<u>1,005,383</u>	<u>3,633,854</u>	<u>17,863,492</u>
Fund balances, end of year	<u>\$ 6,771,933</u>	<u>\$ 6,911,154</u>	<u>\$ 1,453,530</u>	<u>\$ 3,424,518</u>	<u>\$ 18,561,135</u>

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds to the Statement of Activities
For the year ended October 31, 2014

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

Net changes in fund balances - total governmental funds	\$	697,643
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		2,454,930
Depreciation expense		(2,905,693)
Book value of capital asset disposals		(174,497)

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

Deferred inflows		183,492
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt		1,056,196
Bond premium amortization, net		15,805

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

Change in compensated absences and other post employment benefit obligations		(70,698)
Change in accrued interest payable		20,879
Change in net pension obligation/asset		20

Total changes in net position of governmental activities	\$	<u>1,278,077</u>
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See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Net Position
Proprietary Fund
October 31, 2014

Assets	Sewer Fund
Current Assets:	
Cash and investments	\$ 3,301,235
Accounts receivable, net	1,072,193
Intergovernmental	109,239
Prepays	30,520
Restricted assets:	
Restricted cash and investments	683,434
Total current assets	5,196,621
Non-current assets:	
Capital assets:	
Land, construction in progress, and and other non-depreciable capital assets	4,264,929
Other capital assets, net of depreciation	11,718,075
Total non-current assets	15,983,004
Total assets	21,179,625
Deferred Outflows of Resources	
Deferred charge on refunding	22,997
Total Deferred Outflows of Resources	22,997
Liabilities	
Current liabilities:	
Accounts payable	251,195
Accrued liabilities	2,085
Compensated absences	7,176
Due to other funds	3,761
Liabilities payable from restricted assets:	
Interest payable	170,772
Customer deposits	307,942
Current portion of bonds payable	744,616
Total current liabilities	1,487,547
Non-current liabilities:	
Other post employment benefits	10,138
Bonds payable	11,498,643
Total non-current liabilities	11,508,781
Total liabilities	12,996,328
Net position	
Net investment in capital assets	3,932,153
Restricted net position for:	
Debt service	514,023
Unrestricted	3,760,118
Total net position	\$ 8,206,294

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Fund
For the Year Ended October 31, 2014

	Sewer Fund
Operating revenues:	
Charges for services	\$ 5,454,686
Other revenue	30,272
Total operating revenues	5,484,958
Operating expenses:	
Personal services	110,371
Commodities and supplies	191,677
Contractual services	159,639
Sewer treatment charges	2,581,830
Depreciation and amortization	401,462
Total operating expenses	3,444,979
Operating income	2,039,979
Nonoperating revenues (expenses)	
Interest income	257,575
Interest expense	(557,931)
Total nonoperating revenues (expenses)	(300,356)
Income before capital contributions and transfers	1,739,623
Capital contributions	3,089,196
Transfers out	(4,249,020)
Change in net position	579,799
Total net position, beginning of year	7,626,495
Total net position, end of year	\$ 8,206,294

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Cash Flows-
Proprietary Fund
For the Year Ended October 31, 2014

	Sewer Fund
Cash flows from operating activities:	
Receipts from customers	\$ 5,500,224
Payments to suppliers and service providers	(3,166,385)
Payments to employees	(115,370)
Net cash provided by operating activities	2,218,469
Cash flows from investment activities:	
Investments Purchased	(1,697,161)
Maturity of investments	4,803,255
Interest received	257,575
Net cash provided by investment activities	3,363,669
Cash flows from noncapital financing activities:	
Transfers out	(4,249,020)
Net cash used by noncapital financing activities	(4,249,020)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(120,608)
Interest and fiscal charges	(565,063)
Principal payments on long-term debt	(550,000)
Net cash used by capital and related financing activities	(1,235,671)
Net increase in cash and cash equivalents	97,447
Cash and cash equivalents, beginning of year	938,361
Cash and cash equivalents, end of year	1,035,808
Certificates of deposits and investments	2,948,861
Total cash and investments, end of year	\$ 3,984,669
Financial Statement Classification:	
Cash and investments	\$ 3,301,235
Restricted cash and investments	683,434
	\$ 3,984,669
Cash flows from operating activities:	
Operating income	\$ 2,039,979
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	401,462
Changes in assets and liabilities:	
Accounts receivable	(29,146)
Intergovernmental	(109,239)
Prepays	21,924
Accounts payable	(145,924)
Accrued liabilities	(7,290)
Compensated absences	321
Customer deposits	44,412
Other post employment benefits	1,970
Net cash provided by operating activities	\$ 2,218,469
Supplemental Cash Flow information:	
Non-cash Capital and Related Finance Activities:	
Contributed capital assets	\$ 3,089,196

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Fiduciary Net Position
October 31, 2014

	Pension Trust	Agency
	Police Pension	
Assets		
Cash and investments	\$ 10,546,501	\$ 152,887
Taxes receivable	-	27,019
Total assets	10,546,501	\$ 179,906
Liabilities		
Due to others	-	\$ 179,906
Net Position		
Net position:		
Held in trust for pension benefits	\$ 10,546,501	

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Changes in Fiduciary Net Position
For the year ended October 31, 2014

	Pension Trust
Additions:	
Employer contributions	\$ 531,116
Investment earnings:	
Interest and dividends	286,937
Net appreciation in fair value of investments	538,723
Investment expenses	(77,220)
Total investment earnings	748,440
Total additions	1,279,556
 Deductions:	
Benefits paid	879,566
Administrative expenses and other	35,031
Total deductions	914,597
 Change in net position	364,959
 Net position, beginning of year	10,181,542
 Net position, end of year	\$ 10,546,501

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

(1) Summary of Significant Accounting Policies

The City of Raytown, Missouri (the City) was incorporated in 1950 and covers an area of approximately ten square miles in Jackson County, Missouri. Raytown is a city of the fourth class and operates under the Mayor/Board of Aldermen form of government. The City provides services to its approximately 29,500 residents in many areas, including general government, law enforcement, paramedic services, public works, sewer services, community enrichment and development, and various social services. Fire protection services are provided by a fire district which is a separate governmental entity. Primary and secondary education services are provided by the Raytown School District, also a separate governmental entity.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America applicable to local governments (GAAP). The following represent the more significant accounting and reporting policies and practices of the City.

A. Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

This report includes the financial statements of the City (the primary government) and its blended component unit, the City of Raytown, Missouri Tax Increment Financing (TIF) Commission (the Commission). The Commission is governed by an eleven-member board of which six members are appointed by the Board of Aldermen. The remaining five members are appointed by the respective taxing districts' boards. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because its sole function is to use TIF as a method to finance economic development through payments in lieu of taxes (PILOTS) and economic activity taxes (EATS). The Commission does not issue separate financial statements.

B. Basis of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the City, the primary government, as a whole, with the exclusion of fiduciary funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Internal activity is eliminated to avoid "doubling up" revenues and expenses.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, each of the governmental fund financial statements includes a reconciliation with brief explanations to better identify the relationship between the governmental fund statements and the government-wide statements.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds.

The following are the City's major governmental funds:

General Fund - is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. For financial reporting purposes, the City's grant fund activities are included in the General Fund. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

Tax Increment Financing (TIF) Fund - accounts for resources and activities of the City's tax increment financing plans.

Capital Improvements Fund- accounts for resources and activities of the City's major capital improvement projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the City's ongoing activities that are similar to those often found in the private sector.

The following is the City's major proprietary fund:

Sewer Fund accounts for the provision of sewer services to residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

FIDUCIARY FUNDS

The City maintains four fiduciary funds, the Police Pension Trust Fund, which accounts for the activity of the Policemen's Retirement Plan; the Jackson County Tax Agency Fund, which accounts for taxes collected on behalf of Jackson County, Missouri; the Raytown Highway 350 Transportation Development District (TDD), which accounts for taxes collected on behalf of the TDD and the Ditzler CID Fund, which accounts for taxes collected on behalf of the CID. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the City, these funds are not incorporated into the government-wide statements.

C. *Measurement Focus/Basis of Accounting*

All governmental funds utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet of the fund financial statements. Under the modified accrual basis of accounting, revenues are recorded as collected unless susceptible to accrual, i.e., amounts measurable and available to finance the City's operations. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current period. Significant revenues that are considered susceptible to accrual include property taxes, sales taxes, interest, and certain state and federal grants and entitlements.

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 for the specific purposes or on the specific project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e.; revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the available and measurable criteria.

The City records property tax receivables and revenue at the time the lien attaches to the property. Licenses and permits, fines, charges for services and certain other miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Most expenditures are measurable and are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are recognized as expenditures to the extent that they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

D. Cash and Investments

The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet/statement of net position as "cash and investments". The City's cash and cash equivalents are primarily considered to be cash on hand, amounts in demand deposits and certificates of deposits. For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

City investments are recorded on the financial statements at fair value or amortized cost, which approximates fair value. Pension trust investments are recorded at fair value.

E. Prepaid Items

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet for items that are not yet available under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

G. Capital Assets

Capital assets acquired for general governmental purposes are recorded as expenditures in the governmental fund financial statements and are capitalized at cost or estimated historical cost in the governmental activities column in the government-wide financial statements. Capital assets owned by the proprietary fund are stated at cost or estimated historical cost in the proprietary fund financial statements and in the business-type activities column in the government-wide financial statements. All contributed capital assets received from federal, state or local sources are recorded at fair value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Additions, improvements and costs that significantly extend the useful life of an asset are capitalized. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the basic financial statements. Fully depreciated assets are included in the capital asset accounts until their disposal.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

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

Buildings and improvements	25-50 years
Office equipment and furniture	7-10 years
Computer equipment, hard and soft	3-5 years
Machinery and other equipment	7-15 years
Vehicles	5-10 years
Infrastructure	20-50 years

H. Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts based upon length of service. In the event of termination, an employee is paid for accumulated vacation days up to the maximum accruable of 240 hours. Employees are not paid for accumulated sick leave upon termination.

Vested or accumulated vacation leave is accounted for as follows:

Governmental Funds - The accumulated liabilities for employee vacation leave is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds - The costs of vacation leave are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

I. Interfund Activity

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (e.g., due from other funds) in lender funds and interfund payables (e.g. due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

J. Fund Balances/Net Position

The governmental funds report the following fund balance classifications:

Non-Spendable – legally or contractually required to be maintained. Not in spendable form, including but not limited to, inventory, prepaid, supplies, and long-term receivables. Such constraint is binding until legal or contractual requirements are repealed or amounts become spendable.

Restricted – Externally imposed constraints, including but not limited to, creditors, grantors, contributors, and constraints by law and regulations. Such constraints are binding unless modified or rescinded by external body, laws, or regulations.

Committed – Specific purpose imposed by an ordinance approved by of the Board of Aldermen. Such constraint is binding unless modified or rescinded by the Board of Aldermen.

Assigned – Constrained by the Board of Aldermen, Finance Committee, or City Administrator's expressed intent in accordance with City policy. Includes all remaining amounts not classified in governmental funds, except the general fund. Such constraint is binding unless modified or eliminated by the Board of Aldermen, Finance Committee, or City Administrator, whoever made the assignment.

Unassigned – All amounts not included in 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.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The General Fund balance policy is to reserve 17% of the prior fiscal year's expenditures as an emergency reserve that may only be appropriated by the Board of Aldermen. At such time the emergency reserve is depleted, the City must establish a plan to restore the reserve before any new programs may be established. Compliance with the Fund Balance Classification Policy will be reviewed as part of the annual budget adoption process.

Net Position Classifications

In the government-wide statements and proprietary fund statements, equity is shown as net position and classified into three components:

Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

K. Expenditures in Excess of Budgeted Appropriations

In violation of the budget ordinance, actual expenditures exceeded budgeted appropriations in the Risk Management Fund by \$5,787, TIF Fund by \$18,503, and the Transportation Sales Tax Fund by \$80,606.

L. Stewardship, Compliance and Accountability

RSMo section 302.341 requires the City to annually calculate the percentage of its general revenue that comes from traffic violations. 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 and forfeitures, which includes traffic violations and other additional items, in the amount of \$1,079,074. This amount is approximately 10% of total general revenues of \$12,046,467 and, accordingly, the City believes that they are in compliance with the requirements of the Statute.

M. Use of Estimates

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

(2) Cash and Investments

At October 31, 2014, the carrying values of cash and investments are summarized as follows:

	Governmental and Business-type Activities	Fiduciary funds	Total
Cash and cash equivalents:			
Deposits	\$ 5,459,517	\$ 152,887	\$ 5,612,404
Petty cash	3,410	-	3,410
Total cash and cash equivalents	<u>5,462,927</u>	<u>152,887</u>	<u>5,615,814</u>
Investments:			
Certificates of deposit	2,488,349	-	2,488,349
Short term investments held in trust	6,543,256	-	6,543,256
U.S. government agency securities	1,000,000	-	1,000,000
Missouri securities investment program	3,547,321	-	3,547,321
Pension trust investments	-	10,546,501	10,546,501
Total investments	<u>13,578,926</u>	<u>10,546,501</u>	<u>24,125,427</u>
Total cash and investments	<u>\$ 19,041,853</u>	<u>\$ 10,699,388</u>	<u>\$ 29,741,241</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Deposits and investments are reflected in the financial statements as follows:

	Government-wide statement of net position	Fiduciary funds statement of net position	Total
Cash and investments	\$ 12,357,843	\$ 10,699,388	\$ 23,057,231
Restricted cash and investments	6,684,010	-	6,684,010
Total cash and investments	<u>\$ 19,041,853</u>	<u>\$ 10,699,388</u>	<u>\$ 29,741,241</u>

A summary of the City's significant accounting policies regarding cash and investments may be found in Note 1 of the Basic Financial Statements. The City's deposits and investments are generally segregated into two parts: City-wide cash and investments, and Pension trust cash and investments. Below is a description of the policies associated with these categories of deposits and investments.

City-Wide Cash and Investments

Investment Policy

Missouri state statutes authorize the City, with certain restrictions, to deposit or invest in open accounts, time deposits, obligations of the U.S. government or U.S. government agencies, and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by state statutes and approved by the State of Missouri.

The City maintains a cash and investment pool, which is available for use by most funds. Substantially all excess cash is invested in U.S. agency securities and certificates of deposit. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Cash and investments are held separately by some of the City's funds. The Park and Pension Trust Fund do not utilize the cash and investment pool. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

Credit Risk

The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to limit its investments to Certificates of Deposit and Bonds or other obligations of the United States. Presented below is the rating by Standard and Poor's Investor Service as of yearend for each investment type:

Investment Type	Fair Value	Rating As of Oct. 31, 2014
Missouri Investment Securities Program		
- Money Market Series	\$ 3,547,321	AAAm
Federal National Mortgage Association	1,000,000	AA+
Total	<u>\$ 4,547,321</u>	

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Custodial Credit Risk

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

At October 31, 2014, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of October 31, 2014, the City's investments had the following maturities:

Investment type:	Investment Maturities (in years)		
	Fair Value	Less Than 1	1 - 5
	U.S. agencies	\$ 1,000,000	\$ 1,000,000

Concentration of Credit Risk

The City's investment policy does not specify maximum or minimum investment concentrations by investment type. As of October 31, 2014, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total City's investments:

Issuer	Investment Type	Total Fair Value	Percentage
Missouri Securities Investment Program	Money Market	\$ 3,547,321	78%
Federal National Mortgage Assoc.	US Government Agencies	1,000,000	22%
		\$ 4,547,321	

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Pension Trust Investments

Pension trust cash and investments at October 31, 2014 consisted of the following:

		Police Pension Plan
Money market mutual funds	\$	362,406
Corporate equity stocks		6,831,711
Corporate fixed income securities		2,443,290
U.S. treasury securities		42,950
U.S. government agency securities		866,144
	\$	10,546,501

Investment Policy

The investments of the Policemen's Pension Fund (the Plan) are held separately from those of other City funds and are restricted to any investment not prohibited under the laws of the State of Missouri. The Board of Trustees, the Custodian and Investment Manager(s) chosen by the Trustees have discretionary authority concerning purchases of investments in the pension plan subject to the overall investment policy guidelines as approved by the Board of Trustees and adopted by the Board of Aldermen. The investment policy follows sections 86.590 and 105.588 of the Missouri Revised Statutes regarding constraints on the deposit and investment of Plan assets. The value of investments and changes therein have been reported to the Plan by the Custodian as having been determined through the use of fair value for all investments of the Plan.

The Plan's investment policy permits investments in high-quality domestic fixed income securities, domestic equity securities, and international equities. Under the policy, the investment manager may select fixed income securities in domestic markets, including corporate debt securities and obligations of the U.S. government or its agencies. The investment manager may select domestic equity securities or equity securities mutual funds traded on major U.S. exchanges.

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

Credit Risk

Credit risk is associated with the credit quality or rating of debt instrument investments. The Plan investment policy specifies that the Plan may invest in money market mutual funds, U.S. Treasuries and Government Agency securities, asset backed securities rated A or better, and corporate obligations rated BBB or better. The Plan uses the credit ratings issued by Standard and Poor's for disclosure of credit risk. The following table summarizes the Plan investments subject to credit risk:

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

	Fair Value	Quality Ratings				
		AAA	AA	A	BB	BBB
Investment type:						
Money market funds	\$ 362,406	\$ 362,406	\$ -	\$ -	\$ -	\$ -
Corporate fixed income	2,443,290	-	-	868,976	1,280,605	264,034
U.S. government agency	866,144	-	42,950	-	-	-
	<u>3,671,840</u>	<u>\$ 362,406</u>	<u>\$ 42,950</u>	<u>\$ 868,976</u>	<u>\$ 1,280,605</u>	<u>\$ 264,034</u>
Other investments:						
Corporate stocks	6,831,711					
U.S. treasury securities	42,950					
	<u>6,874,661</u>					
Total	<u>\$ 10,546,501</u>					

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Plan had no deposits at October 31, 2014. Custodial credit risk also applies to investment securities. The Fund's investments are held by its investment custodian in the Fund's name.

Interest Rate Risk

Interest rate risk is the risk associated with a portfolio's sensitivity to changes in interest rates. The Plan has no specific policy regarding interest rate risk. The following table summarizes these investments:

	Fair Value	Investment Maturity (In Years)			
		Less than 1	1-5	5-10	10-30
Investment type:					
Money market funds	\$ 362,406	\$ 362,406	\$ -	\$ -	\$ -
Corporate fixed income	2,443,290	1,350,675	839,676	252,939	-
U.S. government agency	866,144	-	298,650	230,005	337,489
U.S. treasury securities	42,950	-	2,048	-	40,902
	<u>3,714,790</u>	<u>\$ 1,713,081</u>	<u>\$ 1,140,374</u>	<u>\$ 482,944</u>	<u>\$ 378,391</u>
Other investments:					
Corporate stocks	<u>6,831,711</u>				
Total	<u>\$ 10,546,501</u>				

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

(3) Taxes Receivable and Revenues

The City's property tax is levied each September 1 on the assessed value as of the prior January 1 for all real and personal property located in the City. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all real property for which taxes are unpaid. Taxes remaining unpaid for two years after that date are submitted to Jackson County for collection through foreclosure proceedings. Property taxes levied on September 1, 2014, are for the budget year ended October 31, 2015, and therefore, have not been reflected in the accompanying basic financial statements.

Assessed values are established by the Jackson County Assessor subject to review by the County's Board of Equalization. The assessed value for property, including railroad and utility properties located in the City as of January 1, 2013, on which the fiscal year ended October 31, 2014, levy was based, was \$298,983,817. During the year ended October 31, 2014, the City collected approximately 96% of property taxes which were levied in the period.

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt, and an unlimited amount for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended October 31, 2014 were as follows:

	<u>Levy (Dollars)</u>
General Fund	\$ 0.3694
Park Fund	0.1845
	<u>\$ 0.5539</u>

The City has established Tax Increment Financing (TIF) Districts that allows the City to provide public improvements by encouraging developers to construct and make new investments within blighted, conservation, or economic areas. Through the use of TIF Districts, the City can utilize the taxes generated by the incremental increase in property values and economic activities from the date the TIF District was established and the combined levies of all taxing jurisdictions for infrastructure improvements. Currently, the City has two active TIF Districts, the 350 Highway TIF and the USA 800 TIF. Tax revenue collected in the current year for the City's TIF Districts are recorded in the TIF Fund.

Taxes receivable for the year ended October 31, 2014 are as follows:

	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Total</u>
Major governmental funds:				
General	\$ 7,518	\$ 427,413	\$ 292,992	\$ 727,923
TIF Fund	-	263,658	-	263,658
Nonmajor funds	3,755	621,030	-	624,785
Total taxes receivable	<u>\$ 11,273</u>	<u>\$ 1,312,101</u>	<u>\$ 292,992</u>	<u>\$ 1,616,366</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Tax revenues for the year ended October 31, 2014 are as follows:

	Property Taxes	Sales Taxes	Franchise Taxes	Other taxes	Total
Major governmental funds:					
General Fund	\$ 1,190,720	\$ 2,453,631	\$ 4,079,083	\$ 76,744	\$ 7,800,178
TIF Fund	-	1,494,341	-	-	1,494,341
Nonmajor funds	583,165	3,530,189	-	-	4,113,354
Total tax revenue	<u>\$ 1,773,885</u>	<u>\$ 7,478,161</u>	<u>\$ 4,079,083</u>	<u>\$ 76,744</u>	<u>\$ 13,407,873</u>

(4) Tax Collection Services

Jackson County, Missouri prepares and mails the City's property tax bills. The County and City collect property and other taxes on behalf of each other. The County and City receive a fee equal to 1.00% of the gross amount of current taxes collected.

The County collected approximately \$2.2 million of the City's taxes, resulting in a collection charge of \$35,464 paid by the City to the County for the year ended October 31, 2014.

The City accounts for its collection of County taxes in the Jackson County Tax Fund (an Agency Fund). The City collected and remitted approximately \$15.9 million of County taxes resulting in collection fees of \$156,569 for the year ended October 31, 2014.

(5) Intergovernmental Revenue and Receivable

Amounts due from other governments were as follows:

	General	TIF Fund	Capital Improvement	Nonmajor Funds	Total
Gasoline and motor vehicle taxes	\$ 98,712	\$ -	\$ -	\$ -	\$ 98,712
Intergovernmental activity taxes	-	535,361	-	-	535,361
Grants and other	46,971	-	15,097	150	62,218
	<u>\$ 145,683</u>	<u>\$ 535,361</u>	<u>\$ 15,097</u>	<u>\$ 150</u>	<u>\$ 696,291</u>

Intergovernmental revenues for the year were as follows:

	General	TIF Fund	Capital Improvement	Nonmajor Funds	Total
Gasoline and motor vehicle taxes	\$ 1,116,024	\$ -	\$ -	\$ -	\$ 1,116,024
Intergovernmental activity taxes	-	1,211,646	-	-	1,211,646
Grants and other	135,737	-	469,212	52,350	657,299
	<u>\$ 1,251,761</u>	<u>\$ 1,211,646</u>	<u>\$ 469,212</u>	<u>\$ 52,350</u>	<u>\$ 2,984,969</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

(6) Land Held For Redevelopment

From time to time, the City has acquired title to certain land that is not used in the City's continuing operations but is instead held by the City for future redevelopment projects.

	Beginning Balances	Additions	Deletions	Ending Balances
Land held for redevelopment	\$ 1,034,432	\$ -	\$ -	\$ 1,034,432

(7) Interfund Activity

Interfund transfers for the year were as follows:

Transfers From	Transfers To		
	General Fund	Capital Improvement	Total
Sewer Fund	\$ 1,132,560	\$ 3,116,460	\$ 4,249,020
Nonmajor Governmental	-	150,000	150,000
Total	\$ 1,132,560	\$ 3,266,460	\$ 4,399,020

Transfers from the Sewer Fund to the General Fund were used for reimbursement of salaries, wages, benefits and administrative fees expenditures. Transfers from the General Fund to the nonmajor governmental fund was for capital outlay.

In the government-wide statement of activities, capital contributions totaling \$3,089,196 from governmental activities to business-type activities has been reclassified as transfers in and transfers out. Accordingly, transfers between governmental activities and business-type activities totaled \$1,159,824.

Interfund receivable and payable balances at year-end were as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>		
	<u>Nonmajor Governmental</u>	<u>Sewer</u>	<u>Total</u>
General Fund	\$ 57,836	\$ 3,761	\$ 61,597

The interfund payables due to the General Fund represents timing differences of when amounts are paid and reimbursed for current operating costs.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

(8) Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,749,019	\$ -	\$ 174,497	\$ 1,574,522
Construction in progress	793,199	1,180,395	259,436	1,714,158
Total capital assets, not being depreciated	<u>2,542,218</u>	<u>1,180,395</u>	<u>433,933</u>	<u>3,288,680</u>
Capital assets, being depreciated				
Buildings and improvements	6,289,229	128,347	-	6,417,576
Equipment and vehicles	7,933,076	909,057	219,506	8,622,627
Infrastructure	60,723,565	496,567	-	61,220,132
Total capital assets being depreciated	<u>74,945,870</u>	<u>1,533,971</u>	<u>219,506</u>	<u>76,260,335</u>
Less accumulated depreciation for:				
Buildings and improvements	3,654,697	193,884	-	3,848,581
Equipment and vehicles	5,608,166	623,813	219,506	6,012,473
Infrastructure	32,849,924	2,087,996	-	34,937,920
Total accumulated depreciation	<u>42,112,787</u>	<u>\$ 2,905,693</u>	<u>\$ 219,506</u>	<u>44,798,974</u>
Total capital assets being depreciated, net	<u>32,833,083</u>			<u>31,461,361</u>
Governmental activities capital assets, net	<u>\$ 35,375,301</u>			<u>\$ 34,750,041</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 433,393	\$ -	\$ -	\$ 433,393
Construction in progress	742,339	3,089,197	-	3,831,536
Total capital assets, not being depreciated	<u>1,175,732</u>	<u>3,089,197</u>	<u>-</u>	<u>4,264,929</u>
Capital assets, being depreciated				
Equipment and vehicles	672,701	34,917	-	707,618
Infrastructure	21,227,595	85,690	-	21,313,285
Total capital assets being depreciated	<u>21,900,296</u>	<u>120,607</u>	<u>-</u>	<u>22,020,903</u>
Less accumulated depreciation for:				
Equipment and vehicles	372,000	62,961	-	434,961
Infrastructure	9,529,366	338,501	-	9,867,867
Total accumulated depreciation	<u>9,901,366</u>	<u>\$ 401,462</u>	<u>\$ -</u>	<u>10,302,828</u>
Total capital assets being depreciated, net	<u>11,998,930</u>			<u>11,718,075</u>
Business-type activities capital assets, net	<u>\$ 13,174,662</u>			<u>\$ 15,983,004</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

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

Governmental activities:	
General government	\$ 174,368
Parks and recreation	168,085
Community development	4,175
Public safety	143,528
Public works	<u>2,415,537</u>
Total depreciation expense for governmental activities	<u>\$ 2,905,693</u>
Business-type activities:	
Sewer	<u>\$ 401,462</u>
Total depreciation expense for business-type activities	<u>\$ 401,462</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

(9) Long-term Debt and other Obligations

The following is a summary of long-term obligations of the City for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Tax increment and sales tax revenue bonds	\$ 38,385,000	\$ -	\$ 960,000	\$ 37,425,000	\$ 1,055,000
Premium on issuance	287,118	-	15,805	271,313	15,805
	<u>38,672,118</u>	<u>-</u>	<u>975,805</u>	<u>37,696,313</u>	<u>1,070,805</u>
Developer obligations	1,994,141	-	56,281	1,937,860	33,644
Capital lease obligations	171,319	-	39,915	131,404	41,798
Compensated absences*	396,787	23,424	-	420,211	351,315
Net OPEB obligation *	196,028	47,274	-	243,302	-
	<u>41,430,393</u>	<u>70,698</u>	<u>1,072,001</u>	<u>40,429,090</u>	<u>1,497,562</u>
Business-type Activities:					
Revenue bonds	12,620,000	-	550,000	12,070,000	730,000
Premium on issuance	187,875	-	14,616	173,259	14,616
	<u>12,807,875</u>	<u>-</u>	<u>564,616</u>	<u>12,243,259</u>	<u>744,616</u>
Compensated absences*	6,855	321	-	7,176	7,176
Net OPEB obligation *	8,168	1,970	-	10,138	-
	<u>12,822,898</u>	<u>2,291</u>	<u>564,616</u>	<u>12,260,573</u>	<u>751,792</u>
Total primary government	<u>\$ 54,253,291</u>	<u>\$ 72,989</u>	<u>\$ 1,636,617</u>	<u>\$ 52,689,663</u>	<u>\$ 2,249,354</u>

* Primarily liquidated by the General fund, Park fund, and Sewer funds.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Governmental activities long-term obligations are comprised of the following:

Tax increment and sales tax revenue bonds	
\$38,385,000 - 2007 Annual Appropriation Supported Tax	
Increment and Sales Tax Revenue Bonds due in annual installments	
of \$740,000 to \$5,005,000 through December 1, 2031;	
interest at 4.75% to 5.125%.	\$ 37,425,000
Premium on Issuance	<u>271,313</u>
	<u>37,696,313</u>
Developer obligations	<u>1,937,860</u>
Capital lease obligation	<u>131,404</u>
Compensated absences	<u>420,211</u>
Net other post employment obligations	<u>243,302</u>
Total governmental activities long-term obligations	40,429,090
Less: amounts due within one year	<u>(1,497,562)</u>
Total governmental activities long-term obligations due in more than one year	<u><u>\$ 38,931,528</u></u>

Tax Increment Financing Revenues

The City, other taxing districts and governmental entities have pledged a portion of future incremental property tax and sales tax revenues (TIF revenues) to repay the tax increment and sales tax revenue bonds described above. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the bonds. Total principal and interest payments remaining on these bonds total approximately \$58.3 million. Should the normal TIF revenues (50% of incremental activity taxes) including those of other taxing districts and governmental entities not be sufficient to meet the required debt service obligations, the City, subject to annual appropriation, further covenants to appropriate the City's remaining 50% portion (effectively 100%) of the economic activity taxes generated by the project and other legally available funds of the City in an amount equal to the principal and interest of the bonds due in the next fiscal year. Incremental taxes are pledged to make payments on these obligations for a period not to exceed 23 years.

For the current year, the City made debt service payments on the tax increment and sales tax revenue bonds totaling \$2,867,275. The incremental tax revenues generated by the 350 Highway TIF plan began in October 2009. For the year ended October 31, 2014, the City's incremental tax revenues totaled \$1,494,341. The remaining funds necessary to meet the current year debt service requirements were derived from incremental activity tax revenues from other taxing districts and governmental entities, and interest income totaling \$1,390,551.

The City has entered into a developer agreement whereby the developer financed project costs that have been certified by the City are eligible to be reimbursed from payments in lieu of taxes (PILOTS) attributable to the project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount including interest from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. PILOTS were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of PILOTS

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

received attributable to the project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City. For the current year, debt service on the obligation totaled \$51,762 in interest and principal payments. These payments were funded by PILOTS attributable to the City as well as from other taxing districts and governmental entities.

The City has entered into a developer agreement whereby the developer financed project costs that have been certified by the City as eligible to be reimbursed are \$1,773,001 related to Phase 2 of the 350 Highway TIF Project. These obligations are to be paid from Phase 2 Economic Activity Taxes (EATS) revenues in excess of 125% of the debt service payments of the related tax increment and sales tax revenue bonds. For the current year, debt service on the obligation totaled \$25,527 in principal payments.

Business-Type activities long-term obligations are comprised of the following:

Revenue Bonds

\$7,590,000 - 2006A Sewage System Refunding and Improvements Revenue Bonds (State Revolving Loan (SRF)), due in annual installments of \$35,000 to \$580,000 through July 1, 2026; interest at 4% to 5.25%	\$ 5,470,000
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\$5,495,000 - 2007 Sewage System Refunding and Improvements Revenue Bonds (State Revolving Loan (SRF)), due in annual in installments of \$180,000 to \$405,000 through January 1, 2028; interest at 4.0% to 4.375%.	4,290,000
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\$2,310,000 - 2013 Sewage System Refunding Revenue Bonds due in annual installments of \$155,000 to \$210,000 beginning July 1, 2015 through July 1, 2027; interest at .85% to 4.15%	2,310,000
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2006A - SRF Bond Premium	173,259
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Total revenue bonds	<u>12,243,259</u>
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Compensated absences	<u>7,176</u>
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Net other post employment benefit obligations	<u>10,138</u>
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Total business-type activities long-term obligations	12,260,573
Less: amounts due within one year	<u>(751,792)</u>

Total business-type activities long-term obligations in more than one year	<u><u>\$ 11,508,781</u></u>
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CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Future Debt Service Requirements

The annual debt service requirements to amortize all outstanding bonds as of October 31, 2014 are as follows:

Year Ending October 31,	<u>Governmental Activities</u>		<u>Business-type Activities</u>			
	Tax Increment and Sales Tax		Revenue Bonds 2006A		Revenue Bonds 2007A	
	Revenue Bonds		Principal	Interest	Principal	Interest
2015	\$ 1,055,000	\$ 1,856,900	\$ 345,000	\$ 263,813	\$ 230,000	\$ 181,025
2016	1,155,000	1,801,650	360,000	246,562	240,000	171,625
2017	1,265,000	1,741,150	380,000	228,562	250,000	161,825
2018	1,355,000	1,675,650	400,000	208,612	260,000	151,625
2019	1,355,000	1,607,900	420,000	187,612	270,000	141,025
2020-2024	8,420,000	6,881,906	2,430,000	613,912	1,530,000	518,269
2025-2029	12,220,000	4,312,700	1,135,000	78,562	1,510,000	138,800
2030-2032	10,600,000	918,400	-	-	-	-
	\$ 37,425,000	\$ 20,796,256	\$ 5,470,000	\$ 1,827,635	\$ 4,290,000	\$ 1,464,194

Year Ending October 31,	<u>Business-type Activities</u>		<u>Total Business-type Activities</u>		<u>Total Primary Government</u>	
	Revenue Bonds 2013		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 155,000	\$ 65,678	\$ 730,000	\$ 510,516	\$ 1,785,000	\$ 2,367,416
2016	165,000	64,360	765,000	482,547	1,920,000	2,284,197
2017	160,000	62,463	790,000	452,850	2,055,000	2,194,000
2018	155,000	60,063	815,000	420,300	2,170,000	2,095,950
2019	165,000	57,040	855,000	385,677	2,210,000	1,993,577
2020-2024	900,000	214,039	4,860,000	1,346,220	13,280,000	8,228,126
2025-2029	610,000	49,955	3,255,000	267,317	15,475,000	4,580,017
2030-2032	-	-	-	-	10,600,000	918,400
	\$ 2,310,000	\$ 573,598	\$ 12,070,000	\$ 3,865,427	\$ 49,495,000	\$ 24,661,683

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Capital Lease Obligations

The City has entered into a capital leasing agreement for various equipment. The cumulative amount of assets acquired under the capital lease amounted to \$374,278 with related accumulated depreciation of \$81,094 as of October 31, 2014.

The future minimum lease obligation and the net present value of these minimum lease payments as of October 31, 2014 were as follows:

Governmental Activities:

Year ending October 31:

2015	\$	47,998
2016		47,998
2017		47,999
		143,995
Less imputed interest		(12,591)
Present value of minimum lease payments	\$	131,404

Restricted Assets

The City's Tax Increment and Sales Tax Revenue Bonds and the Sewer Fund's Revenue Bonds trust indentures require the City to establish certain special trust funds in the name of the City. Assets of these special funds consist of cash and investments stated at fair value, and are reported in the accompanying balance sheet/statement of net position as restricted cash and investments as follows:

<u>Account</u>	<u>TIF Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Project/construction funds	\$ 339,633	\$ 169,411	\$ 509,044
Rebate funds	-	136,174	136,174
Debt service and debt service reserve funds	5,520,189	377,849	5,898,038
	\$ 5,859,822	\$ 683,434	\$ 6,543,256

(10) Sewerage Service Agreement

The City has entered into agreements with the City of Kansas City, Missouri and the Little Blue Valley Sewer District to provide certain sewer services for the City. For the year ended October 31, 2014, amounts recorded under these agreements were \$1,037,188 (Kansas City, Missouri) and \$1,614,567 (Little Blue Valley Sewer District).

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

(11) Commitments and Contingencies

A. Employees Retirement System

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Statute, Section RSMo. 70.600 – 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required by State Statute to contribute at an actuarially determined rate; the current rate is 11.5% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by State Statute.

Annual Pension Cost

For 2014, the City's annual pension cost of \$663,444 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2011 and February 28, 2012 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included: (a) a rate of return on the investment of present and future assets of 7.25% 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 0.0% to 6.0% 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 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 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 a closed basis. The amortization period as of February 28, 2011 was 22 years. The amortization period as of February 29, 2012 was 21 years.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
10/31/2012	\$ 518,094	100 %	\$ -
10/31/2013	492,110	100 %	-
10/31/2014	663,444	100 %	-

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

As of February 28, 2014, the most recent actuarial valuation date, the plan was 58 percent funded. The actuarial accrued liability for benefits was \$9,039,091 and the actuarial value of assets was \$5,231,643, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,807,448. The covered payroll (annual payroll of active employees covered by the plan) was \$7,779,093, and the ratio of the UAAL to the covered payroll was 49 percent.

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

Supplemental Retirement Programs

Beginning on January 1, 2013 the City offers all employees not governed by a collective bargaining agreement, a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a). Under the 401(a) plan, the City will match .50 cents on the dollar up to a maximum of 2.0% of the employee's annual salary deferrals in the 457(b) plan. Contributions to the plan by the City for 2014 were \$88,030.

B. Police Officers' Retirement Fund (Frozen)

Plan Description

Commissioned Officers of the Police Department hired before December 31, 2013 are members of the Police Officer's Retirement Fund Pension Plan (The Plan). The Plan is a single employer plan administered by the City of Raytown, Missouri. Benefit Trust Company, Inc. acts as investment advisor and custodian for the Policeman's Plan. The financial statements of this Plan are included within the Pension Trust Fund in the accompanying basic financial statements.

The Plan was amended and restated effective December 31, 2013. Under the amended and restated Plan; Plan benefits were frozen as of December 31, 2013; no new participants will enter the Plan if hired after December 31, 2013; and all active participants of the Plan as of December 31, 2013 are 100% vested.

Frozen Plan benefits for members include: normal retirement (age 55 plus 20 years of credited service, benefits equal to 2.5% for each year of credited service up to 20 years plus 1% for each year of credited service for up to the next 10 years, all times final average compensation); Pre-retirement Death Benefit (a single lump sum equal to the member's annualized compensation plus accumulated contribution); and Disability (monthly payments equal to 50% of the disabled member's compensation payable until the earlier of the member's death, age 55 or recovery from disability).

The Plan does not issue separate financial statements.

Funding Policy

The Plan requires the City to contribute each year to the Plan in amounts as determined by the Board of Alderman as based upon the rate recommended by the Plan's actuaries in order to fund the normal cost of the amortization of the unfunded Plan liability.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension obligation (asset) to the Plan for the current year were as follows:

Annual required contribution	\$ 660,842
Interest on net pension asset	(110)
Adjustment to annual required contribution	90
Annual pension cost	660,822
Contributions made	660,842
Change in net pension obligation (asset)	(20)
Net pension obligation (asset), October 31, 2013	(1,471)
Net pension obligation (asset), October 31, 2014	\$ (1,491)

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
10/31/2012	\$ 617,100	105%	\$ 5,930
10/31/2013	678,869	101%	(1,471)
10/31/2014	660,822	100%	(1,491)

As of January 1, 2014, the most recent actuarial valuation date, the plan was 63 percent funded. The actuarial accrued liability for benefits was \$16,493,351 and the actuarial value of assets was \$10,434,102, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,059,249. The covered payroll (annual payroll of active employees covered by the plan) was \$2,962,341 and the ratio of the UAAL to the covered payroll was 205 percent.

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

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the January 1, 2014, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases of 4% per year. The actuarial value of assets was determined by projecting the prior year's actuarial value of assets to the current valuation date using the valuation interest assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a closed 30 year period at 7.5% interest. The remaining amortization as of the January 1, 2014 valuation was 30 years.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

C. Insured (Frozen) Pension Plans

Prior to the City's participation in LAGERS and the Police Officer's Retirement Fund, the City offered two defined benefit pension plans for its employees. Upon entering into LAGERS and the Police Officer's Retirement Fund, the City made payments to transfer the obligation for all future benefit payments under these plans to an outside insurance company. Accordingly, no provisions for the related assets have been made in the accompanying financial statements. The City has no future obligation to contribute any additional amounts to these plans, and no amounts were paid during 2014. Benefits paid from these plans to participants during 2014 totaled \$82,062.

D. Post Employment Health Benefits

In addition to providing pension benefits the City provides the post employment healthcare benefits described below.

Plan Description

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to employees that retire from the City. The City provides retiree healthcare benefits through the Midwest Public Risk (MPR), which is a risk pool comprised of approximately 115 entity members. It has been determined that MPR functions as an agent multiple-employer plan.

The City requires the retirees to pay 125% of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. (The retiree insurance is guaranteed issue; no medical questionnaire is required.) The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

The following table shows the components of the City's annual OPEB cost for the year, the amount of expected employer contributions to the plan, and changes in the City's net OPEB obligation.

	Total
Annual required contribution	\$ 59,526
Interest on net OPEB obligation	8,985
Valuation adjustments	(4,537)
Adjustment to annual required contribution	(11,730)
Annual OPEB cost (expense)	52,244
Less: Net employer contributions	3,000
Increase in net OPEB obligation	49,244
Net OPEB obligation - November 1, 2013	204,196
Net OPEB obligation - October 31, 2014	\$ 253,440
Net OPEB obligation reported with the City's:	
Governmental activities	\$ 243,302
Business-type activities	10,138
	\$ 253,440

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending October 31, 2014 is as follows:

Fiscal Year	Annual Costs	Percentage of Annual OPEB	Net OPEB
10/31/2012	\$ 44,642	6.72%	\$ 158,515
10/31/2013	48,681	6.16%	204,196
10/31/2014	59,526	5.04%	253,440

Funded Status and Funding Progress

As of July 1, 2013, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$431,305. There were no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,821,324, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 6.3 percent.

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

Actuarial Methods and Assumptions

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

The projected unit credit actuarial cost method is used in the July 1, 2013 actuarial valuation. At the valuation date, actuarial present value of benefits is determined for each participant. The sum of these actuarial present values of benefits allocated to the current valuation year is the normal cost for the plan year. The sum of actuarial present values of benefits allocated to all valuation years preceding the valuation date represents the actuarial accrued liability.

The actuarial assumptions include a 4.5 percent investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 7 percent for the initial year and then declining by 0.25 percent per year until 5 percent is reached. The 5 percent growth is used on a go-forward basis. The UAAL is amortized over 30 years using as a level-dollar, open period amortization period.

E. Bond Issuance Authorization

On November 2, 2004, the voters approved issuance of up to \$18,500,000 for sanitary sewer revenue bonds and to appropriately raise the sewer rates to retire this debt. The funds will be used to upgrade or replace existing sewer lines. The City issued \$2,225,000 in 2005 through conventional bonding instruments, \$7,590,000 in 2006 and \$5,495,000 in 2007 through the State Revolving Fund. The remaining \$3,190,000 is authorized but unissued as of October 31, 2014. The City does not intend to issue any additional bonds in the upcoming fiscal year.

F. Litigation

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

G. Federal Assistance

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

H. Loan Receivable - Ditzler Community Improvement District

The City of Raytown has entered into a development agreement with Gregory Square Partners, LLC. and the Ditzler Community Improvement District (CID). Under the agreement, the City provided funding totaling \$850,000 to be used to finance a portion of the development cost of the project and development of certain real property located at the intersection of Gregory Boulevard and Ditzler Avenue. Under the terms of the agreement, the City is scheduled to be reimbursed for such advances over a period not to exceed 20 years including interest at 6.5% from CID sales taxes generated from taxable sales within the CID district. The outstanding balance under the agreement is \$819,552 at October 31, 2014.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2014

I. *Encumbrances*

Outstanding encumbrances at October 31, 2014 were as follows: General Fund \$534,933, the Parks Fund \$22,704, Transportation Sales Tax Fund \$454,594, Capital Sales Tax Fund \$423,579, Public Safety Sales Tax Fund \$73,461, Risk Management Fund \$889, Capital Improvements Fund \$244,746, and Sanitary Sewer \$84,528.

(12) Subsequent Events

The City evaluated subsequent events through April 29, 2015, the date the financial statements were available to be issued. No subsequent events were identified that required disclosure in the financial statements.

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the year ended October 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,871,500	\$ 7,871,500	\$ 7,800,178	\$ (71,322)
Licenses and permits	347,500	347,500	523,485	175,985
Intergovernmental	1,096,200	1,118,481	1,251,761	133,280
Fines	1,201,050	1,201,050	1,079,074	(121,976)
Charges for services	1,120,000	1,120,000	1,253,939	133,939
Interest	12,100	12,100	16,419	4,319
Miscellaneous	96,580	96,580	121,611	25,031
Total revenues	<u>11,744,930</u>	<u>11,767,211</u>	<u>12,046,467</u>	<u>279,256</u>
Expenditures:				
Current:				
Mayor/Board of Alderman Administration	94,180	94,180	97,492	(3,312)
Finance	1,066,960	1,076,960	1,054,976	21,984
Municipal court	715,311	715,311	692,003	23,308
Legal	337,162	337,162	284,200	52,962
General government	<u>153,027</u>	<u>153,027</u>	<u>41,513</u>	<u>111,514</u>
Community development	2,366,640	2,376,640	2,170,184	206,456
Police	783,210	783,210	682,669	100,541
Emergency medical services	6,230,672	6,251,513	5,996,317	255,196
Public safety	<u>1,061,441</u>	<u>1,061,441</u>	<u>1,054,672</u>	<u>6,769</u>
Public works	7,292,113	7,312,954	7,050,989	261,965
Total expenditures	<u>2,888,298</u>	<u>2,889,738</u>	<u>3,107,768</u>	<u>(218,030)</u>
Excess of revenues over (under) expenditures	13,330,261	13,362,542	13,053,583	308,959
Other financing sources (uses):	(1,585,331)	(1,595,331)	(1,007,116)	588,215
Sale of capital assets	-	-	742	742
Transfers in	<u>1,132,560</u>	<u>1,132,560</u>	<u>1,132,560</u>	<u>-</u>
Total other financing sources (uses)	<u>1,132,560</u>	<u>1,132,560</u>	<u>1,133,302</u>	<u>742</u>
Net change in fund balances	<u>\$ (452,771)</u>	<u>\$ (462,771)</u>	126,186	<u>\$ 588,957</u>
Fund balances, beginning of year - budget basis			6,110,814	
Fund balance - end of year - budget basis			6,237,000	
Adjustments:				
Encumbrances			534,933	
Fund balance - end of year - GAAP basis			<u>\$ 6,771,933</u>	
Net change in fund balance - budget basis			\$ 126,186	
Adjustments:				
Encumbrances - beginning of year			(123,996)	
Encumbrances - end of year			534,933	
Net change in fund balance - GAAP basis			<u>\$ 537,123</u>	

CITY OF RAYTOWN, MISSOURI

Schedules of Funding Progress

Employees Retirement System

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>((b-a)/c) UAL as a Percentage of covered Payroll</u>
10/31/2012	2/29/2012	\$ 4,151,699	\$ 6,874,557	\$ 2,722,858	60%	\$ 4,276,300	64%
10/31/2013	2/28/2013	3,973,680	6,670,602	2,696,922	60%	3,969,125	68%
10/31/2014	2/28/2014	5,231,643	9,039,091	3,807,448	58%	7,779,093	49%

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

Police Officer's Retirement Fund

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Projected Unit Credit Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>((b-a)/c) UAL as a Percentage of covered Payroll</u>
10/31/2008	11/1/2007	\$ 8,689,000	\$ 12,672,000	\$ 3,983,000	69%	\$ 2,686,000	148%
10/31/2009	11/1/2008	7,166,000	13,740,000	6,574,000	52%	2,780,000	236%
10/31/2010	11/1/2009	7,902,258	14,832,358	6,930,100	53%	2,987,000	232%
10/31/2011	1/1/2011	8,998,016	15,759,311	6,761,295	57%	2,978,208	227%
10/31/2012	1/1/2012	8,765,297	16,326,706	7,561,409	54%	3,065,002	247%
10/31/2013	1/1/2013	9,268,316	16,777,847	7,509,531	55%	3,122,522	240%
10/31/2014	1/1/2014	10,434,102	16,493,351	6,059,249	63%	2,962,000	205%

Other Post Employment Health Benefits

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>((b-a)/c) UAL as a Percentage of covered Payroll</u>
7/1/2009	\$ -	\$ 319,274	\$ 319,274	0%	\$ 6,811,646	5%
7/1/2011	-	264,530	264,530	0%	6,957,357	4%
7/1/2013	-	431,305	431,305	0%	6,821,324	6%

CITY OF RAYTOWN, MISSOURI
Combining Balance Sheet
Non-major Governmental Funds
October 31, 2014

	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Total Other Governmental Funds
Assets						
Cash and investments	\$ 640,197	\$ 45,811	\$ 487,360	\$ 1,008,718	\$ 710,177	\$ 2,892,263
Receivables (net of allowance for uncollectibles):						
Taxes	57,182	-	193,856	160,185	213,562	624,785
Intergovernmental	150	-	-	-	-	150
Prepays	40,156	259,379	-	-	730	300,265
Total assets	\$ 737,685	\$ 305,190	\$ 681,216	\$ 1,168,903	\$ 924,469	\$ 3,817,463
Liabilities						
Accounts payable	\$ 26,687	\$ 9,321	\$ 74,478	\$ 162,958	\$ 24,830	\$ 298,274
Accrued liabilities	12,391	-	-	-	24,444	36,835
Interfund payables	20,984	-	-	-	36,852	57,836
Total liabilities	60,062	9,321	74,478	162,958	86,126	392,945
Fund balances						
Nonspendable:						
Prepays	40,156	259,379	-	-	730	300,265
Restricted for:						
Risk management	-	36,490	-	-	-	36,490
Public Safety	-	-	-	-	837,613	837,613
Public works	-	-	606,738	1,005,945	-	1,612,683
Assigned for:						
Parks and recreation	637,467	-	-	-	-	637,467
Total fund balances	677,623	295,869	606,738	1,005,945	838,343	3,424,518
Total liabilities and fund balance	\$ 737,685	\$ 305,190	\$ 681,216	\$ 1,168,903	\$ 924,469	\$ 3,817,463

CITY OF RAYTOWN, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the year ended October 31, 2014

	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Total Other Governmental Funds
Revenues:						
Taxes	\$ 889,814	\$ -	\$ 1,079,425	\$ 919,277	\$ 1,224,838	\$ 4,113,354
Intergovernmental	52,350	-	-	-	-	52,350
Charges for services	336,885	-	-	-	-	336,885
Interest	489	271	1,161	1,705	1,387	5,013
Other	19,755	36,582	-	-	-	56,337
Total revenues	1,299,293	36,853	1,080,586	920,982	1,226,225	4,563,939
Expenditures:						
Current:						
General government	-	79,898	-	-	-	79,898
Parks and recreation	1,398,477	-	-	-	-	1,398,477
Public safety	-	-	-	-	1,064,605	1,064,605
Capital outlay	-	-	604,471	1,110,727	444,746	2,159,944
Debt service:						
Principal	-	-	-	39,915	-	39,915
Interest and fiscal charges	-	-	-	8,083	-	8,083
Total expenditures	1,398,477	79,898	604,471	1,158,725	1,509,351	4,750,922
Excess of revenues over (under) expenditures	(99,184)	(43,045)	476,115	(237,743)	(283,126)	(186,983)
Other financing sources (uses):						
Sale of capital assets	-	-	-	127,647	-	127,647
Total other financing sources (uses)	-	-	(150,000)	127,647	-	(22,353)
Net change in fund balances	(99,184)	(43,045)	326,115	(110,096)	(283,126)	(209,336)
Fund balances, beginning of year	776,807	338,914	280,623	1,116,041	1,121,469	3,633,854
Fund balances, end of year	\$ 677,623	\$ 295,869	\$ 606,738	\$ 1,005,945	\$ 838,343	\$ 3,424,518

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Park Fund
For the year ended October 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 905,500	\$ 905,500	\$ 889,814	\$ (15,686)
Intergovernmental	-	-	52,350	52,350
Charges for services	318,800	318,800	336,885	18,085
Interest	-	-	489	489
Other	114,801	114,801	19,755	(95,046)
Total revenues	<u>1,339,101</u>	<u>1,339,101</u>	<u>1,299,293</u>	<u>(39,808)</u>
Expenditures:				
Current:				
Parks and recreation	1,595,188	1,595,188	1,409,864	185,324
Total expenditures	<u>1,595,188</u>	<u>1,595,188</u>	<u>1,409,864</u>	<u>185,324</u>
Net change in fund balances	<u>\$ (256,087)</u>	<u>\$ (256,087)</u>	(110,571)	<u>\$ 145,516</u>
Fund balances, beginning of year - budget basis			<u>765,490</u>	
Fund balance - end of year - budget basis			\$ 654,919	
Adjustments:				
Encumbrances			<u>22,704</u>	
Fund balance - end of year - GAAP basis			<u>\$ 677,623</u>	
Net change in fund balance - budget basis			\$ (110,571)	
Adjustments:				
Encumbrances - beginning of year			(11,317)	
Encumbrances - end of year			<u>22,704</u>	
Net change in fund balance - GAAP basis			<u>\$ (99,184)</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Risk Management Fund
For the year ended October 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest	\$ 140	\$ -	\$ 271	\$ 271
Other	52,000	52,000	36,582	(15,418)
Total revenues	<u>52,140</u>	<u>52,000</u>	<u>36,853</u>	<u>(15,147)</u>
Expenditures:				
Current:				
General government	75,000	75,000	80,787	(5,787)
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>80,787</u>	<u>(5,787)</u>
Excess of revenues over (under) expenditures	<u>(22,860)</u>	<u>(23,000)</u>	<u>(43,934)</u>	<u>(20,934)</u>
Net change in fund balances	<u>\$ (22,860)</u>	<u>\$ (23,000)</u>	<u>(43,934)</u>	<u>\$ (20,934)</u>
Fund balances, beginning of year - budget basis			<u>338,914</u>	
Fund balance - end of year - budget basis			294,980	
Adjustments:				
Encumbrances			<u>889</u>	
Fund balance - end of year - GAAP basis			<u>\$ 295,869</u>	
Net change in fund balance - budget basis			\$ (43,934)	
Adjustments:				
Encumbrances - beginning of year			-	
Encumbrances - end of year			<u>889</u>	
Net change in fund balance - GAAP basis			<u>\$ (43,045)</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Transportation Sales Tax Fund
For the year ended October 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,005,000	\$ 1,005,000	\$ 1,079,425	\$ 74,425
Interest	900	900	1,161	261
Total revenues	<u>1,005,900</u>	<u>1,005,900</u>	<u>1,080,586</u>	<u>74,686</u>
Expenditures:				
Capital Outlay	844,200	906,325	986,931	(80,606)
Total expenditures	<u>844,200</u>	<u>906,325</u>	<u>986,931</u>	<u>(80,606)</u>
Excess of revenues over (under) expenditures	<u>161,700</u>	<u>99,575</u>	<u>93,655</u>	<u>(5,920)</u>
Other financing sources (uses):				
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ 11,700</u>	<u>\$ (50,425)</u>	<u>(56,345)</u>	<u>\$ (5,920)</u>
Fund balances, beginning of year - budget basis			<u>208,489</u>	
Fund balance - end of year - budget basis			152,144	
Adjustments:				
Encumbrances			<u>454,594</u>	
Fund balance - end of year - GAAP basis			<u>\$ 606,738</u>	
Net change in fund balance - budget basis			\$ (56,345)	
Adjustments:				
Encumbrances - beginning of year			(72,134)	
Encumbrances - end of year			<u>454,594</u>	
Net change in fund balance - GAAP basis			<u>\$ 326,115</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Capital Sales Tax Fund
For the year ended October 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 875,000	\$ 875,000	\$ 919,277	\$ 44,277
Interest	100	100	1,705	1,605
Total revenues	<u>875,100</u>	<u>875,100</u>	<u>920,982</u>	<u>45,882</u>
Expenditures:				
Capital outlay	1,380,731	1,380,731	1,152,828	227,903
Debt service:				
Principal	38,117	38,117	39,915	(1,798)
Interest and fiscal charges	9,881	9,881	8,083	1,798
Total expenditures	<u>1,428,729</u>	<u>1,428,729</u>	<u>1,200,826</u>	<u>227,903</u>
Excess of revenues over (under) expenditures	<u>(553,629)</u>	<u>(553,629)</u>	<u>(279,844)</u>	<u>273,785</u>
Other financing sources (uses):				
Sale of capital assets	9,000	9,000	127,647	118,647
Total other financing sources (uses)	<u>9,000</u>	<u>9,000</u>	<u>127,647</u>	<u>118,647</u>
Net change in fund balances	<u>\$ (544,629)</u>	<u>\$ (544,629)</u>	<u>(152,197)</u>	<u>\$ 392,432</u>
Fund balances, beginning of year - budget basis			<u>734,563</u>	
Fund balance - end of year - budget basis			582,366	
Adjustments:				
Encumbrances			<u>423,579</u>	
Fund balance - end of year - GAAP basis			<u>\$ 1,005,945</u>	
Net change in fund balance - budget basis			(152,197)	
Adjustments:				
Encumbrances - beginning of year			(381,478)	
Encumbrances - end of year			<u>423,579</u>	
Net change in fund balance - GAAP basis			<u>\$ (110,096)</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Public Safety Sales Tax Fund
For the year ended October 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,175,000	\$ 1,175,000	\$ 1,224,838	\$ 49,838
Interest	800	800	1,387	587
Total revenues	<u>1,175,800</u>	<u>1,175,800</u>	<u>1,226,225</u>	<u>50,425</u>
Expenditures:				
Current:				
Public safety	1,282,877	1,282,877	624,898	657,979
Total expenditures	<u>1,282,877</u>	<u>1,282,877</u>	<u>1,069,644</u>	<u>213,233</u>
Net change in fund balances	<u>\$ (107,077)</u>	<u>\$ (107,077)</u>	156,581	<u>\$ 263,658</u>
Fund balances, beginning of year - budget basis			<u>608,301</u>	
Fund balance - end of year - budget basis			764,882	
Adjustments:				
Encumbrances			73,461	
Fund balance - end of year - GAAP basis			<u>\$ 838,343</u>	
Net change in fund balance - budget basis			156,581	
Adjustments:				
Encumbrances - beginning of year			(513,168)	
Encumbrances - end of year			73,461	
Net change in fund balance - GAAP basis			<u>\$ (283,126)</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Capital Improvement Fund
For the year ended October 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 469,212	\$ 469,212
Interest	140	140	90,813	90,673
Other	60,000	60,000	-	(60,000)
Total revenues	<u>60,140</u>	<u>60,140</u>	<u>560,025</u>	<u>499,885</u>
Expenditures:				
Current:				
Community development	4,000	4,000	273,941	(269,941)
Capital outlay	1,079,375	1,079,375	339,761	739,614
Total expenditures	<u>1,083,375</u>	<u>1,083,375</u>	<u>613,702</u>	<u>469,673</u>
Excess of revenues over (under) expenditures	<u>(1,023,235)</u>	<u>(1,023,235)</u>	<u>(53,677)</u>	<u>969,558</u>
Other financing sources (uses):				
Transfers in	150,000	-	3,266,460	3,266,460
Total other financing sources (uses)	<u>150,000</u>	<u>-</u>	<u>3,266,460</u>	<u>3,266,460</u>
Net change in fund balances	<u>\$ (873,235)</u>	<u>\$ (1,023,235)</u>	3,212,783	<u>\$ 4,236,018</u>
Fund balances, beginning of year - budget basis			<u>(2,003,999)</u>	
Fund balance - end of year - budget basis			1,208,784	
Adjustments:				
Encumbrances			244,746	
Fund balance - end of year - GAAP basis			<u>\$ 1,453,530</u>	
Net change in fund balance - budget basis			\$ 3,212,783	
Adjustments:				
Encumbrances - beginning of year			(3,009,382)	
Encumbrances - end of year			244,746	
Net change in fund balance - GAAP basis			<u>\$ 448,147</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
TIF Fund
For the year ended October 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,830,000	\$ 1,830,000	\$ 1,494,341	\$ (335,659)
Intergovernmental activity taxes	769,000	769,000	1,211,646	442,646
Interest and other	210,000	210,000	178,905	(31,095)
Total revenues	<u>2,809,000</u>	<u>2,809,000</u>	<u>2,884,892</u>	<u>75,892</u>
Expenditures:				
Current:				
Community Development	75,580	22,780	18,619	4,161
Debt service:				
Principal, interest and fiscal charges	2,867,275	2,921,900	2,944,564	(22,664)
Total expenditures	<u>2,942,855</u>	<u>2,944,680</u>	<u>2,963,183</u>	<u>(18,503)</u>
Excess of revenues over (under) expenditures	<u>(133,855)</u>	<u>(135,680)</u>	<u>(78,291)</u>	<u>57,389</u>
Net change in fund balances	<u>\$ (133,855)</u>	<u>\$ (135,680)</u>	(78,291)	<u>\$ 57,389</u>
Fund balances, beginning of year			<u>6,989,445</u>	
Fund balances, end of year			<u>\$ 6,911,154</u>	

CITY OF RAYTOWN, MISSOURI
Statement of Changes in Assets and Liabilities -
Agency Funds
For the year ended October 31, 2014

	Balance October 31, 2013	Additions	Deductions	Balance October 31, 2014
Jackson County Tax Fund				
Assets:				
Cash	\$ -	\$ 15,883,956	\$ 15,883,956	\$ -
Liabilities:				
Due to others	\$ -	\$ 15,883,956	\$ 15,883,956	\$ -
 Raytown Highway 350 TDD				
Assets:				
Cash	\$ 78,249	\$ 74,638	\$ -	\$ 152,887
Taxes receivable	11,399	75,161	74,638	11,922
Total assets	<u>\$ 89,648</u>	<u>\$ 149,799</u>	<u>\$ 74,638</u>	<u>\$ 164,809</u>
Liabilities:				
Due to others	<u>\$ 89,648</u>	<u>\$ 149,799</u>	<u>\$ 74,638</u>	<u>\$ 164,809</u>
 Ditzler CID				
Assets:				
Cash	\$ -	\$ 88,737	\$ 88,737	\$ -
Taxes receivable	13,200	90,634	88,737	15,097
Total assets	<u>\$ 13,200</u>	<u>\$ 179,371</u>	<u>\$ 177,474</u>	<u>\$ 15,097</u>
Liabilities:				
Due to others	<u>\$ 13,200</u>	<u>\$ 179,371</u>	<u>\$ 177,474</u>	<u>\$ 15,097</u>
 Total				
Assets:				
Cash	\$ 78,249	\$ 16,047,331	\$ 15,972,693	\$ 152,887
Taxes receivable	24,599	165,795	163,375	27,019
	<u>\$ 102,848</u>	<u>\$ 16,213,126</u>	<u>\$ 16,136,068</u>	<u>\$ 179,906</u>
Liabilities:				
Due to others	<u>\$ 102,848</u>	<u>\$ 16,213,126</u>	<u>\$ 16,136,068</u>	<u>\$ 179,906</u>

CITY OF RAYTOWN, MISSOURI

**SINGLE AUDIT REPORT
(OMB Circular A-133)**

FOR THE YEAR ENDED OCTOBER 31, 2014

City of Raytown, Missouri
Single Audit Report
(OMB Circular A-133)
For the Year Ended October 31, 2014

Table of Contents

	<u>Page Number</u>
Independent Auditor's Report on Schedule of Expenditures of Federal Awards	1
A copy of the City of Raytown, Missouri's Comprehensive Annual Financial Report for the year ended October 31, 2014 accompanies this report. The independent auditor's report and the financial statements are hereby incorporated by reference.	
Additional information:	
Schedule of Expenditures of Federal Awards	2
Notes to the Schedule of Expenditures of Federal Awards	3
Schedule of Findings and Questioned Costs	4-7
Compliance reports:	
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	8-9
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	10-11

CHV**COCHRAN HEAD VICK & CO., P.C.****& Co***Certified Public Accountants*

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**Independent Auditor's Report on the Schedule
of Expenditures of Federal Awards Required by OMB Circular A-133**

To the Honorable Mayor and City Council
City of Raytown, Missouri:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri (the City) as of and for the year ended October 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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Kansas City, Missouri
April 29, 2015

ADDITIONAL INFORMATION

City of Raytown, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended October 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Current Year Expenditures
U.S. Department of Housing and Urban Development Passed through the Missouri Department of Economic Development - Community Development Block Grant	14.228	2011-DN-02	\$ 34,617
U.S. Department of Transportation Passed through the Missouri Department of Transportation - Hazardous Moving Violation Enforcement - HVM Grant	20.600	14-PT-02-085	4,064
Click It or Ticket Enforcement Grant	20.600	14-OP-05-005	257
Saint Patrick DWI Enforcement Campaign	20.600	14-154-AL-062	285
Youth Seatbelt Enforcement Campaign	20.600	14-OP-05-002	147
Alcohol Open Container Requirements Grant	20.607	14-154-AL-062	757
			<u>5,510</u>
U.S. Department of Homeland Security Passed Through the Missouri Department of Public Safety - Emergency Management Performance Grant	97.042	2014-EP-00005-096	63,791
U.S. Department of Justice Passed Through the Missouri Department of Public Safety Local Law Enforcement Block Grant	16.738	2013-LLEBG-084	8,991
U.S. Environmental Protection Agency Passed Through the Missouri Department of Natural Resources Capitalization Grants for Clean Water State Revolving Funds	66.458	01-05-04 2011	2,181,522
			<u>\$ 2,294,431</u>
<i>Total Expenditures of Federal Awards</i>			

See accompanying notes to the schedule of expenditures of federal awards.

City of Raytown, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended October 31, 2014

Note 1. Organization

The City of Raytown, Missouri, is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies are included on the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Raytown, Missouri and is presented on the modified-accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by the Office of Management and Budget Circular A-102, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City of Raytown, Missouri. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at October 31, 2014.

Note 5. Outstanding Loans

The City has outstanding loans under the Capitalized Grant for Clean Water State Revolving Loan Fund CFDA No. 66.458 totaling \$12,070,000 at October 31, 2014.

City of Raytown, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2014

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee
Unmodified

Internal Control over Financial Reporting
No significant deficiencies identified. Material weaknesses reported.

See finding 2014-01 and 2014-02.

General Compliance
The audit did not disclose any instances of noncompliance which would be material to the basic financial statements.

Federal Awards:

Internal Control over Major Programs
No material weaknesses identified, no significant deficiencies reported.

Type Audit Report Issued on Compliance for Major Programs
Unmodified

Audit Findings
The audit disclosed no audit findings that are required to be reported under OMB Circular A-133.

<u>Major Programs</u>	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.458	Clean Water State Revolving Fund

Dollar Threshold Used to Distinguish Between Type A and Type B Program
\$300,000

Auditee Qualified as a Low-risk Auditee
No

City of Raytown, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended October 31, 2014

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2014-01 Financial Reporting

Condition

Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

Criteria

Internal controls should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles.

Cause

Year-end procedures were not sufficient to identify the adjustments noted above in a timely manner.

Effect

Potential exists for material misstatements to the financial statements.

Recommendation

We recommend that management review year-end closing procedures to ensure that transactions are properly recorded in accordance with generally accepted accounting principles. In addition, due to the complexities of financial reporting, we recommend that management continue exploring various alternatives for improving the controls over financial reporting including the use of governmental accounting standards, reference guides and continuing education and training courses.

Management's Response/Corrective Action

As stated before we have had turnover and unfilled positions in the accounting area of the Finance Department for at least the past five years. This makes it difficult at best for there to be a consistent year end closing process. Staff does feel that there has been improvement from year to year but understands that there is room for significant improvement. However without the ability to retain quality staff the ability to reach the desired levels will continue to be a challenge.

To address the problems created by this challenge staff has begun the process of soliciting contracted governmental accounting help. Staff hopes to utilize this outside help to perform a complete process, policy and procedure review and to assist with implementation of any recommended changes. The end goal will be to not just address the current issues but to have an agency that can then perform regular internal audits with staff to ensure continued compliance and improvement.

City of Raytown, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended October 31, 2014

2014-02 Preparation of the Schedule of Federal Awards (SEFA)

Criteria/Condition

In accordance with the provisions of OMB Circular A-133, the City is responsible for the preparation and accuracy of the SEFA. During our testing of the City's federal awards, we identified amounts to be included on the Schedule of Expenditure of Federal Awards (SEFA). Adjustments were required to properly report the City's expenditures of federal awards.

Cause

The City's internal controls over preparation of the SEFA were not sufficient to identify and accurately report the City's federal awards on the SEFA.

Effect

Inaccurate reporting of information of the City's SEFA could impact the City's federal award funding, as well as the programs selected for testing under the requirements of OMB Circular A-133.

Recommendation

We recommend that the City review procedures for preparing and reviewing information contained in the SEFA to ensure that it is accurate and complete. Procedures should include agreeing CFDA numbers, awarding agencies, and pass-through entities to award documents or other supporting documentation, as well as reconciling amounts in the schedule to those reported on the City's general ledger.

Management's Response/Corrective Action

Management will review and revise procedures for preparing and reconciling the SEFA.

Summary Schedule of Prior Audit Findings

2013-01 Financial Reporting

Condition

While performing our audit procedures, we determined that certain adjustments were required that were material to the financial statements.

Recommendation

We recommended that management explore and consider various alternatives to implementing controls over preparation of the financial statements including a review of year end closing processes to better identify and record adjustments necessary for financial reporting; the use of continuing education and training courses; and the use of reference guides provided by the Government Finance Officers Association, (GFOA), the American Institute of Certified Public Accountants, (AICPA), the Governmental Accounting Standards Board (GASB) and other various financial publishing companies.

City of Raytown, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended October 31, 2014

Current Status

Comment repeated as finding 2014-01 as similar adjustments were necessary.

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with OMB Circular A-133

None

Summary Schedule of Prior Audit Findings

None

COMPLIANCE REPORTS



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**Independent Auditor’s Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

To the Honorable Mayor and Board of Aldermen
City of Raytown, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri (the City), as of and for the year ended October 31, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated April 29, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2014-01 and 2014-02 to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

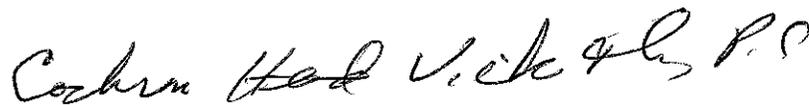
The City's Response to the Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kansas City, Missouri
April 29, 2015





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**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by OMB Circular A-133**

To the Honorable Mayor and Board of Aldermen
City of Raytown, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Raytown, Missouri's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended October 31, 2014. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance of the City's major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended October 31, 2014.

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Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the City's major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the City's major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Kansas City, Missouri
April 29, 2015



MEMO

To: Mayor and Board of Aldermen

From: Brenda Gustafson, Public Information Officer

Re: Study Session for Schedule of Fees – May 5, 2015

The City will be making some changes to our Schedule of Fees to update categories and to accommodate the online payment services for our new Website. The study session will allow staff to review the information for the Board of Aldermen.

Following are the changes that are being proposed in the Resolution being presented at the May 5, 2015 Board of Aldermen meeting.

1. Waive business license fees for Farmers' Market Vendors
Reason: In an effort to support the Farmers' Market in Raytown, we propose that we waive the fees for a business license for those vendors participating in the Farmers' Market. Agriculture vendors are already exempt from licensing if they grow their own goods.
2. Adding per year to the Craftsmen license fee.
Reason: Two years ago we changed the business license to per year to allow businesses the opportunity to purchase a two-year license. To date, 38% of our businesses have taken advantage of this service. The service has saved the City time and money by not having to send renewals, staff time, reminders and new licenses. (Approximate savings \$1700 annually). Making this change would allow our craftsmen the opportunity to renew every two years.
3. Adding a Caterer License to the Contractor's Fee
Reason: We currently do not have a catering license for out of town caterers. They have to get a regular business license. The state and many other cities view out of town caterers as a contractor with the City. We are adding them to the contractor's section of the Schedule of Fees. They will still have to present insurance and Jackson County Health Inspections upon request of the license. Fee: \$10
4. Adding a Fireworks License to the Contractor's Fee
Reason: The Fire Department allows Fireworks in the City and they have oversight for who is approved to receive a license to sell Fireworks. The firework companies contract with non-profits to sell. They currently are put into a category for retail business license in Raytown which really does not describe the purpose of the contract. This license will allow us to have them in their own category. Fee: \$75

5. Adding a Festival/Food Truck License Fee to the Contractor's Fee

Reason: Currently, the City does not have a fee for Vendors who want to sell at festivals and events. This includes food trucks. With the explosion of food trucks within the metropolitan area in the last few years we felt it prudent to be able to address this portion of business in our City. The contractor will need to show proof of insurance and Jackson County Health Inspections. Fee: \$10

6. Creation of the Alcohol Tasting License, Food Truck Temporary Liquor License and Micro Brewery License establishes a need for fees for these business and liquor licenses.

Reason: Our alcohol fees have not changed in many years. We need to add some categories that would create licenses for businesses that either did not exist or have changed in their basis of business since the fees were developed. This would also align us with the State of Missouri which we established as a goal last year.

Descriptors:

Alcohol Tasting License: Sampling but not selling of alcohol at private affairs that have a special event permit. Fee: \$90

Food Truck Temporary Liquor License: This would accommodate liquor being sold at special events from a Food Truck. The licensee would need to have a Missouri Liquor License, follow our liquor license regulations and have insurance. Fee: \$50

Micro-Brewery License: This is a new type of alcohol-related business that has grown in popularity that was not covered by our current licensing structure. Fee: \$5 per 100 barrels up to a maximum of \$250 per year.

7. Creating a Credit Card Surcharge Fee

Reason: The fee will be charged to persons using a credit card to make a payment in person at City hall or over the phone. The percent charged will cover the costs charged to the city by the credit card intermediary that processes the credit card payment.

Fee: 2.5% of transaction amount

8. Creating an On-Line Credit Card Convenience Fee

Reason: This fee is charged to a customer for a credit card transaction on the City's website. The ability for customers to make an online payment on the City's website is a new feature being provided by the City as part of the City's new website. The fee amount charged will help cover costs charged to the City by the credit card intermediary that processes the credit card payments.

Please note: These fees need to be in place to contract with ETS. ETS is the only company that interfaces with Incode. By interfacing with Incode, the Finance Department will benefit from not having to do double entry.

CITY OF RAYTOWN

SCHEDULE OF FEES AND CHARGES

AMENDED EFFECTIVE APRIL 16, 2013- SUPERCEDES ALL OTHER SCHEDULES OF CHARGES

TYPES OF FEES	CURRENT FEES
Development and Public Affairs	
Building Permits	\$25.00 basic fee, plus \$5.00 per \$1,000.00 valuation or fraction thereof.
Building Re-Inspection Fee	After the 3rd inspection for the same permit, the City will charge \$30.00/hr.
After Hours Inspection Fee (after 4:30 pm Weekdays and all day on the weekend)	\$45.00/hr.
Plumbing Permit	\$0 - \$500: \$25.00 \$500 - \$1000: \$35.00 \$1001 - \$5000: \$50.00 >\$5001: \$50.00 + \$5 for each \$1000
Mechanical Permit	\$0 - \$500: \$25.00 \$500 - \$1000: \$35.00 \$1001 - \$5000: \$50.00 >\$5001: \$50.00 + \$5 for each \$1000
Electrical Permit	\$0 - \$500: \$25.00 \$500 - \$1000: \$35.00 \$1001 - \$5000: \$50.00 >\$5001: \$50.00 + \$5 for each \$1000
Demolition Permit	0-500 sq. ft.: \$50.00 501 - 1000 sq. ft.: \$200.00 1001 - 5000 sq. ft.: \$400.00 > 5001: \$600.00
Construction Plan Review Fee (building plans not site plans)	25% of the total building permit fee charged only for projects valued in excess of \$150,000.00
Appeal of Administration Decision	\$150.00
New Sign Permit	\$125.00
Change Copy/New Sign Face	\$30.00
Temporary Signs Banners & Portable	\$50.00
Preliminary Plats	\$250 + \$3/lot
Final Plats	\$100 + \$3/lot
Lot Split/Combination	\$100.00
Conditional Use Permit	\$250.00
Rezoning	\$250.00
Site/Development Plan - Staff Review (Residential or Commercial)	\$200.00

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

Development and Public Affairs (Con't):	
Appeal of Highway 350 Design Standards	\$250.00
Traffic Study	\$500.00
Property Maintenance and Animal Code Enforcement:	
Register Vacant or Abandoned Property	FREE
Administrative Fee for Abatement of Tall/Grass/Weeds or other Nuisances	\$75.00
City Animal License Tag	Unaltered Animal - \$15 per year Altered Animal - \$5 per year Late Fee (30 days) additional \$10.00
	1st impound - \$30.00 2nd impound - \$60.00 3rd and subsequent impound(s) - \$120.00
Rabies Vaccination	As Charged by Provider
Daily Board for Impounded Animal	As Charged by Provider
Daily Rabies Observation	As Charged by Provider
Euthanasia	As Charged by Provider
Medical Examination by Veterinarian	As Charged by Provider
Microchip	As Charged by Provider
Other veterinarian services as needed	As Charged by Provider
Emergency Medical Service:	
Advanced Life Support (1)	Resident: \$1036.00 Non-Resident: \$1176.00
Advanced Life Support (2)	Resident: \$1435.00 Non-Resident: \$1575.00
Basic Life Support	Resident: \$805.00 Non-Resident: \$910.00
Advanced Life Support Treatment No Transport	Resident: \$400.00 Non-Resident: \$500.00
Mileage	\$19.00/a loaded mile
EMT Academy Fees	\$900.00
EMT Academy Refresher Fees	\$175.00
City Clerk:	
Candidate Filing Fee	Mayor: \$50 .00 Collector, Marshal, Municipal Judge: \$35.00 Alderman: \$25.00
Special Event Permit	\$25.00
Solicitors Permit Application Fee	\$75.00/90 days
Solicitors Permit - Per Individual	\$25.00/90 days
Finance/Business License:	
Non-Sufficient Funds Fee	\$35/per occurrence
Adult Entertainment Employee Permit Fee	\$10.00
Massage Establishment License	\$100 (\$50 renewal)
Duplicate Business License Printing Fee	\$5.00
Duplicate Jackson County Tax Receipt	\$5.00

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

Finance/Business License (Con't):	
Administrative Delinquency Fee	\$25.00
Security Deposit	\$100.00
Same Day Reconnection Fee	These charges are passed on from the water company supplying water to the address. Please check with your water company for their current rates.
After 3PM Connection	
Meter Pull or Lock Off	
Second Trip Fee	
Business License Transfer/ Change of Address Fee	\$10.00
Business License (Non Gross Receipt)	Heavy Construction/Contractors/ Developers/Builders: \$100.00 All Other Occupations: \$50.00 Vending Machines: \$5.00/machine Banks: \$20.00/ \$1 million average deposits
Business License (Gross Receipt)	<p>\$0 - 5,000: \$25.00 \$5,001 - \$50,000: \$35.00 \$50,001 - \$70,000: \$40.00 \$70,001 - \$90,001: \$45.00 \$90,001 - \$100,000: \$50.00 \$100,001 - \$120,000: \$60.00 \$120,001 - \$140,000: \$70.00 \$140,001 - \$160,000: \$80.00 \$160,001 - \$180,000: \$90.00 \$180,001 - \$200,000: \$100.00</p> <p>Any Business over \$200,000.00- in annual gross receipts will calculate an additional \$.50/\$1,000.00 Example Gross Receipts of \$385,000.00 would be $(\\$100 + (185,000/1000) * .50) = \\192.50 Any Business over \$500,000.00 in annual gross receipts will calculate an additional \$.30/\$1,000.00 Example Gross Receipts of \$685,000.00 would be $(\\$250 + (185,000/1000) * .30) = \\305.50</p>
Liquor Control:	
Full original package sales	\$150.00
Full original package sales-Sunday	\$100.00
Full Sales by the drink	\$450.00
Full Sales by the drink-Sunday	\$100.00
Full Sales by the drink - substantial quantities of food - (at least 50% of gross income or \$275,000 in food sales)	\$450.00
Malt liquor original package sales	\$75.00
Malt liquor sales by the drink	\$75.00

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

Liquor Control (Con't):	
Malt liquor sales by the drink - substantial quantities of food - (at least 50% of gross income or \$275,000 in food sales)	\$75.00
Manufacture's license for manufacture of alcoholic beverage not in excess of 22% alcohol by weight	\$150.00
Manufacture's license for manufacture of alcoholic beverages of all kinds	\$675.00
Manufacture's license for manufacture of malt liquor	\$375.00
Retail selling of beer and wine only by the drink, or in the original package (weekdays)	\$75.00
Wholesaler's license for sale of alcoholic beverage not in excess of 22% alcohol by weight	\$150.00
Wholesaler's license for sale of alcoholic beverage of all kinds	\$375.00
Wholesaler's license for sale of malt liquor	\$90.00
Liquor Transfer Application Fee	\$35.00
Change of Ownership Fee	\$35.00
Public Works:	
Construction Plan Review	1.25% of constuction value
Maps	11x17 (or smaller): \$2.00
	36 x 24 to 11 x 17: \$4.50
	Larger than 36 x 24: \$10.00
Sewer Service Connection Point Locate	\$105.00/locate
Private Sanitary Sewer Lateral Locate	\$195.00/locate
Research Sewer Maintenance	\$50.00 for 2hours; \$25.00 each additional
Public Infrastructure Construction Permit	5% of construction value
Name Street Signs Number of letters:	\$65.00 for 2 signs
Sign Installation	\$93.00/ post
Right of Way Administrative Fee	\$75.00
Right of Way Degradation Fee	Residential Street: \$8.50
	Collector Street: \$10.50
	Arterial Street: \$12.50
	Street Age (0-8 Years) factor of .75
	Street Age (9-15 Years) factor of .50
	Street Age (16-25 Years) factor of .25
	Overlay Age (0-2 Years) factor of .75
	Overlay Age (3-4 Years) factor of .50
	Overlay Age (5-6 Years) factor of .25
	Degradation Fee for a Non-Overplayed Street: (Street Age Factor * Street Cost * area of influence)
	Degradation Fee for an Overplayed Street: (Street Age Factor * Street Cost * area of influence+ overlay age factor * 0.45 * area of influence)

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

Economic Development:	
TIF Application	\$2,000.00 plus a funding agreement
CID/TDD Application	\$500.00 plus a funding agreement
Police:	
Finger Prints	\$5.00
Police Reports/Accident Reports/Alcohol Influence Report	\$5.00/report number
Report over 10 Pages	\$.10 per page
Global Reports	\$5.00/page
Car Camera Videos	\$20.00/dvd
Audio files	\$10.00/cd rom
Pictures-CD Format Only	\$10.00 each

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

DRAFT

MINUTES

RAYTOWN BOARD OF ALDERMEN

APRIL 21, 2015

REGULAR SESSION NO. 49

RAYTOWN CITY HALL

10000 EAST 59TH STREET

RAYTOWN, MISSOURI 64133

OPENING SESSION

7:00 P.M.

Mayor David Bower called the April 21, 2015 Board of Aldermen meeting to order at 7:00 p.m. Pat Jackson provided the invocation and Boy Scout Troop #550 presented the flags and led the pledge of allegiance.

Roll Call

The roll was called and the attendance was as follows:

Present: Alderman Joe Creamer, Alderman Josh Greene, Alderman Jim Aziere, Alderman Jason Greene, Alderman Janet Emerson, Alderman Charlotte Melson, Alderman Pat Ertz, Alderman Bill Van Buskirk, Alderman Steve Mock, Alderman Michael Lightfoot

Proclamations/Presentations

Mayor David Bower presented a Proclamation of Appreciation to Alderman Steve Mock for his service as Acting President of the Board of Aldermen during 2014-2015.

Public Comments

Steve Guenther announced the Raytown Farmers Market is scheduled to open May 2, 2015. Hours of operation are 8:00 a.m. to 1:00 p.m.

Committee Reports

Alderman Mock announced the Raytown Senior Expo is scheduled May 7, 2015; doors open at 9:00 a.m.

Alderman Van Buskirk reported the Sales Tax Oversight Committee met April 21, 2015. \$64,393 in expenditures was approved and will be brought to the Board in the near future. The committee discussed funding for Parks & Recreation projects but no decision was made.

Alderman Van Buskirk announced the Raytown Arbor Day Celebration is scheduled for April 24, 2015 at Little Blue Elementary School. The celebration is scheduled to start at 2:30 p.m.

Alderman Emerson reported the Human Relations Commission has four new members. The Commission has planned some great ideas for the upcoming year.

Alderman Jason Greene announced the Fire District will host a celebration for outgoing Director, Willard Ross and incoming Director, Richard Tush. The celebration is scheduled for April 29, 2015 at 6:00 p.m.

LEGISLATIVE SESSION

1. CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine by the Board of Aldermen and will be enacted by one motion without separate discussion or debate. The Mayor or a member of the Board of Aldermen may request that any item be removed from the consent agenda. If there is no objection by the remaining members of the board, such item will be removed from the consent agenda and considered separately. If there is an objection, the item may only be removed by a motion and vote of the board.

Approval of the Regular April 14, 2015 Board of Aldermen meeting minutes.

Alderman Melson, seconded by Alderman Creamer, made a motion to approve the consent agenda. The motion was approved by a vote of 10-0.

Ayes: Aldermen Melson, Creamer, Lightfoot, Mock, Van Buskirk, Ertz, Emerson, Jason Greene, Aziere, Josh Greene

Nays: None

REGULAR AGENDA

2. REPORT OF CERTIFIED ELECTION RESULTS FOR CANDIDATES FROM THE APRIL 7, 2015 ELECTION

★ A motion to accept the certified election results as read by the City Clerk is in order.

Alderman Van Buskirk recused himself.

Alderman Ertz, seconded by Alderman Melson, made a motion to approve the certified election results. The motion was approved by a vote of 10-1.

Ayes: Aldermen Ertz, Melson, Josh Greene, Jason Greene, Lightfoot, Creamer, Aziere, Emerson, Mock
Absent: Alderman Van Buskirk

PRESENTATION BY MAYOR BOWER TO OUTGOING ALDERMEN

Each outgoing Aldermen received a plaque from the City of Raytown and a Resolution from the State Legislators.

Presentation to Alderman Joe Creamer: Alderman Creamer thanked the Board, Mayor, citizens and City staff for their assistance during his tenure as Alderman.

Presentation to Alderman Charlotte Melson: Alderman Melson thanked City staff, citizens, various organizations for helping her accomplish many of her goals that she had for the City during her tenure.

Presentation to Alderman Pat Ertz: Alderman Ertz thanked Board members, his family, City staff and Raytown citizens for their support during his years of service.

Presentation to Alderman Michael Lightfoot: Alderman Lightfoot thanked staff, citizens and Mayor for their support and the progress the City had made during his tenure.

Presentation to Raytown Area Chamber Commerce President, Vicki Turnbow: Mrs. Turnbow thanked Mayor Bower, Board of Aldermen, and City staff for their cooperation throughout her tenure as Chamber President.

Presentation to City Administrator, Mahesh Sharma: Mayor Bower presented Mr. Sharma with a proclamation of appreciation. Mr. Sharma thanked past and current Board members for their cooperation and working together in order to serve the citizens of Raytown.

Presentation to City Clerk, Teresa Henry: Mayor Bower presented Mrs. Henry with a proclamation of appreciation.

PRESENTATION BY MAYOR PRO TEM MOCK TO OUTGOING MAYOR

Mayor Bower was presented a plaque from the City of Raytown and a Resolution from the State Legislators. Mayor Bower thanked staff, Board members and citizens for their support during his eight years of service. He also congratulated the new board members and incoming Mayor, Michael McDonough.

ADMINISTRATION OF OATH OF OFFICE TO NEWLY ELECTED OFFICIALS

Mayor	Michael McDonough
City Collector	Kathie Schutte (was not in attendance)
Alderman Ward I	Karen Black
Alderman Ward II	Jim Aziere
Alderman Ward III	Mark Moore
Alderman Ward IV	Steve Meyers
Alderman Ward V	Eric Teeman

ADJOURNMENT – SINE DIE

- ★ Mayor announces adjournment of the legislative body Sine die, no motion necessary. (Sine die (si-nee [or sin-ay] di-ee) is a Latin term for "without a day." It is a term to describe the finish of the legislative session.)

RECESS FOR ELECTED OFFICIALS RECEPTION



**TENTATIVE AGENDA
RAYTOWN BOARD OF ALDERMEN
APRIL 21, 2015
REGULAR SESSION NO. 1
RAYTOWN CITY HALL
10000 EAST 59TH STREET
RAYTOWN, MISSOURI 64133**

**OPENING SESSION
Immediately following the Elected Officials Reception**

Mayor Michael McDonough called the April 21, 2015 Regular Session No. 1 meeting to order at 9:01 p.m.

Roll Call

The roll was called and the attendance was as follows:

Present: Alderman Eric Teeman, Alderman Steve Mock, Alderman Bill Van Buskirk, Alderman Steve Meyers, Alderman Mark Moore, Alderman Janet Emerson, Alderman Jason Greene, Alderman Jim Aziere, Alderman Josh Greene, Alderman Karen Black

Presentations

- ★ Swearing in of Police Officers: Shanna Clausen, Nicholas Quatrocky, Christopher Smith and Joseph Wise

Chief Jim Lynch also distributed a copy of the Raytown Police Department 2015 Annual Report to the Board of Aldermen and Staff.

LEGISLATIVE SESSION

1. CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine by the Board of Aldermen and will be enacted by one motion without separate discussion or debate. The Mayor or a member of the Board of Aldermen may request that any item be removed from the consent agenda. If there is no objection by the remaining members of the board, such item will be removed from the consent agenda and considered separately. If there is an objection, the item may only be removed by a motion and vote of the board.

REGULAR AGENDA

- 2. R-2762-15: A RESOLUTION** APPOINTING A MEMBER OF THE BOARD OF ALDERMEN TO THE POSITION OF ACTING PRESIDENT FOR A TERM OF ONE YEAR OR UNTIL A SUCCESSOR IS APPOINTED. Point of Contact: Mayor McDonough.

The resolution was read by title only by Teresa Henry, City Clerk.

Discussion included how Alderman Mock is dedicated to the City of Raytown.

Alderman Jason Greene, seconded by Alderman Van Buskirk made a motion to adopt. The motion was approved by a vote of 10-0.

Ayes: Aldermen Jason Greene, Van Buskirk, Emerson, Moore, Black, Meyers, Josh Greene, Aziere, Teeman, Mock
Nays: None

3. **R-2763-15: A RESOLUTION ESTABLISHING THE RATES FOR MEDICAL AND DENTAL INSURANCE FOR THE INSURANCE PLAN YEAR FROM JULY 1, 2015 TO JUNE 30, 2016.** Point of Contact: Debbie Duncan, Human Resources Manager.

The resolution was read by title only by Teresa Henry, City Clerk.

Debbie Duncan, Human Resources Manager and Kelly Kilgore, Midwest Public Risk representative, provided the Staff Report and remained available for discussion.

Discussion included clarification regarding the health care options recommended by City Staff and past renewal rate increase.

Alderman Van Buskirk, seconded by Alderman Josh Green made a motion to adopt. The motion was approved by a vote of 10-0.

Ayes: Aldermen Van Buskirk, Josh Greene, Meyers, Jason Greene, Emerson, Moore, Aziere, Mock, Black, Teeman

Nays: None

ADJOURNMENT

Alderman Josh Greene, seconded by Alderman Mock made a motion to adjourn. The motion was approved by a majority of those present.

The meeting adjourned at 9:27 p.m.

Teresa M. Henry, MRCC
City Clerk

CITY OF RAYTOWN
Request for Board Action

Date: April 30, 2015
To: Mayor and Board of Aldermen
From: Teresa Henry, City Clerk

Resolution No.: R-2764-15

Department Head Approval: _____

City Administrator Approval: _____



Action Requested: Approve a resolution appointing Michael Lightfoot to the Planning & Zoning Commission to an unexpired term which will expire on June 1, 2018.

Analysis: The Raytown Zoning Ordinance calls for the City to have a Planning & Zoning Commission that has the following powers to:

1. Prepare a zoning plan for the regulation of the height, area, bulk, location and use of private, nonprofit and public structures and premises, and of population density; and
2. Make and adopt a comprehensive plan for the physical development of the City.

The Planning & Zoning Commission consists of nine (9) members all of whom must be residents of Raytown. Each of the members of the Planning & Zoning Commission are appointed by the Mayor and approved by the Board of Aldermen. Members serve staggered four-year terms.

Michael Lightfoot has submitted an application expressing his interest in being appointed to the Planning & Zoning Commission to a term which will expire on June 1, 2018.

Alternatives: Appoint someone else.

A RESOLUTION AUTHORIZING AND APPROVING THE APPOINTMENT OF MICHAEL LIGHTFOOT TO THE PLANNING & ZONING COMMISSION

WHEREAS, the Raytown Planning & Zoning Commission was established pursuant to Ordinance 139 which provides for the appointment of nine (9) Planning & Zoning Commission members appointed by the Mayor with the approval of the Board of Aldermen; and

WHEREAS, the Mayor desires to appoint Michael Lightfoot to a fulfill the remainder of an unexpired four-year term on the Planning & Zoning Commission, with such term expiring June 1, 2018 or until a successor is duly appointed; and

WHEREAS, the Board of Aldermen find it is in the best interest of the City to approve such appointment as proposed by the Mayor;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF RAYTOWN, MISSOURI, AS FOLLOWS:

THAT Michael Lightfoot, 8306 Stark Avenue, Raytown Missouri; is hereby appointed as a member of the Planning & Zoning Commission to an unexpired 4-year term ending June 1, 2018, or until a successor is duly appointed; and

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Raytown, Missouri, the 5th day May, 2015.

Michael McDonough, Mayor

ATTEST:

Teresa M. Henry, City Clerk

Approved as to Form:

Joe Willerth, City Attorney

Employment (Maximum 10 years):

Current: Fike Coporation 704 SW 10th Street., Blue Springs, MO Manager of Operational Excellence
Employer **Address** **Position**

Past: Self-Employed American Homes Unlimited
Employer **Address** **Position** **Dates**

Past: _____
Employer **Address** **Position** **Dates**

Community Involvement:

	Organization	Leadership Position(s)	Membership Date(s)
1.	<u>Raytown Area Chamber of Commerce</u>	<u>Member</u>	<u>2009-Present</u>
2.	<u>City of Raytown</u>	<u>Alderman</u>	<u>2009-2015</u>
3.	<u>City of Raytown</u>	<u>Legislative Committee Chair</u>	<u>2011-2015</u>
4.	_____	_____	_____
5.	_____	_____	_____

Do you have business or property interests that might place you in a conflict of interest situation should you be appointed to this Board/Commission? If so, please explain.

NO

Do you anticipate that there will be times when you will not be able to attend the Board/Commission meeting? If yes, how often do you anticipate this would occur?

NO

Mail to: Mayor's Office, 10000 East 59th Street, Raytown, MO 64133; or FAX: 816-737-6097.

CITY OF RAYTOWN
Request for Board Action

Date: April 30, 2015

Resolution No: R-2765-15

To: Mayor and Board of Aldermen

From: Brenda Gustafson, Public Information Officer

Department Head Approval: _____

Finance Director Approval: _____ (only needed if fiscal impact)

City Administrator Approval: _____



Action Requested: Approve a Resolution amending the Schedule of Fees for the City of Raytown.

Analysis: The attached Schedule of Fees establishes the fees associated with various permits, licenses and applications that are to be collected by the City. The fees collected help to cover all or a portion of the cost incurred by the City with the applicable licenses, permits, and applications. Staff is proposing that the Schedule of Fees be amended by adding the following:

Business Licenses:

- Waive business license fees for Farmers Market vendor, which based upon anticipated gross receipts would typically be \$25.00.

It is in the interest of the City to encourage the development of a Farmers Market for the City of Raytown. This will encourage participation in the market as it grows. We will still ask that a license application be filled out in order to track who is doing business.

- Create a Catering License fee of \$10.00.

The City currently does not have a license fee for those wanting to cater in the City limits. The annual license would allow for them to cater within the City for a full year.

- Create a Fireworks License Fee of \$75.00.

This replaces the use of gross receipts which is typically a full year of sales and puts a one-time only fee on the license.

- Create a Festival/Food Truck License Fee of \$10.00

Currently, the City does not have a fee for Vendors who want to sell at festival and events including food trucks. This would fill that void.

Liquor Licenses:

- Create a Tasting License fee of \$90.00 for the consumption of intoxicating liquor by the drink for sampling on City premises.

This license binds the licensee to the same rules applicable to holders of other liquor licenses within the City of Raytown and to the liquor laws of the State of Missouri. A special event permit would be required as well.

- Create a Food Truck Temporary Liquor License of \$50.00 for liquor sold out of a food truck.

This license binds the licensee to the same rules applicable to holders of other liquor licenses within the City of Raytown and to the liquor laws of the State of Missouri. A special event permit would be required as well.

- Create a Microbrewery Fee of \$5 per 100 barrels up to a maximum of \$250 per year.

This establishes a fee that aligns with the State of Missouri's fee for microbreweries.

Credit Card Payment Fees:

- Credit Card Surcharge Fee: 2.5% of transaction amount.

This fee will be charged to persons using a credit card to make a payment in person at City Hall or over the phone. The percent charged will cover the costs charged to the City by the credit card intermediary that processes the credit card payment.

- On-Line Credit Card Convenience Fee: \$3.00.

This is a fee charged to a customer for a credit card payment taken through the City's website. The ability for customers to make an on-line payment on the City's web site is a new feature being provided by the City as part of the City's new web site. The fee amount charged will help cover costs charged to the City by the credit card intermediary that processes the credit card payment.

Craftsman

- Add per year for the license fee.

This will enable the City to offer a two-year license.

Alternatives: Modify the proposed fees or not approve the resolution and leave the current schedule of fees in place.

Fiscal Impact: The fees collected help to cover all or a portion of the cost incurred by the City with the applicable licenses, permits, and applications.

Budgetary Impact: The amended fee schedule will result in increased revenue to the City that will help pay for costs incurred by the City in processing and issuing the related licenses, permits, and applications.

Additional Reports / Information Attached: Schedule of Fees

A RESOLUTION APPROVING AN AMENDED FORMAL AND COMPREHENSIVE SCHEDULE OF FEES AND CHARGES FOR THE CITY OF RAYTOWN, MISSOURI

WHEREAS, amending a formal Schedule of Fees and Charges by the City is desirable to achieve fiscal stability in obtaining the City's overall policy goals and objectives; and

WHEREAS, the Board of Aldermen find it in the best interest of the citizens of the City of Raytown to adopt an amended formal and comprehensive Schedule of Fees and Charges set forth in Exhibit "A" attached hereto;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF RAYTOWN, MISSOURI, AS FOLLOWS:

THAT the formal and comprehensive Schedule of Fees and Charges set forth in Exhibit "A" attached hereto and made a part hereof by reference is hereby approved and adopted.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Raytown, Missouri, the 5th day of May, 2015.

Michael McDonough, Mayor

ATTEST:

Teresa M. Henry, City Clerk

Approved as to Form:

Joe Willerth, City Attorney

CITY OF RAYTOWN

SCHEDULE OF FEES AND CHARGES

AMENDED EFFECTIVE MAY 5, 2015- SUPERCEDES ALL OTHER SCHEDULES OF CHARGES

TYPES OF FEES	CURRENT FEES
Development and Public Affairs	
Building Permits	\$25.00 basic fee, plus \$5.00 per \$1,000.00 valuation or fraction thereof.
Building Re-Inspection Fee	After the 3rd inspection for the same permit, the City will charge \$30.00/hr.
After Hours Inspection Fee (after 4:30 pm Weekdays and all day on the weekend)	\$45.00/hr.
Plumbing Permit-Yearly	\$0 - \$500: \$25.00 \$500 - \$1000: \$35.00 \$1001 - \$5000: \$50.00 >\$5001: \$50.00 + \$5 for each \$1000
Mechanical Permit-Yearly	\$0 - \$500: \$25.00 \$500 - \$1000: \$35.00 \$1001 - \$5000: \$50.00 >\$5001: \$50.00 + \$5 for each \$1000
Electrical Permit-Yearly	\$0 - \$500: \$25.00 \$500 - \$1000: \$35.00 \$1001 - \$5000: \$50.00 >\$5001: \$50.00 + \$5 for each \$1000
Demolition Permit-Yearly	0-500 sq. ft.: \$50.00 501 - 1000 sq. ft.: \$200.00 1001 - 5000 sq. ft.: \$400.00 > 5001: \$600.00
Construction Plan Review Fee (building plans not site plans)	25% of the total building permit fee charged only for projects valued in excess of \$150,000.00
Appeal of Administration Decision	\$150.00
New Sign Permit	\$125.00
Change Copy/New Sign Face	\$30.00
Temporary Signs Banners & Portable	\$50.00
Preliminary Plats	\$250 + \$3/lot
Final Plats	\$100 + \$3/lot
Lot Split/Combination	\$100.00
Conditional Use Permit	\$250.00
Rezoning	\$250.00
Site/Development Plan - Staff Review (Residential or Commercial)	\$200.00
Appeal of Highway 350 Design Standards	\$250.00
Traffic Study	\$500.00

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

Property Maintenance and Animal Code Enforcement:	
Register Vacant or Abandoned Property	FREE
Administrative Fee for Abatement of Tall/Grass/Weeds or other Nuisances	\$75.00
City Animal License Tag	Unaltered Animal - \$15 per year Altered Animal - \$5 per year Late Fee (30 days) additional \$10.00
	1st impound - \$30.00 2nd impound - \$60.00 3rd and subsequent impound(s) - \$120.00
Rabies Vaccination	As Charged by Provider
Daily Board for Impounded Animal	As Charged by Provider
Daily Rabies Observation	As Charged by Provider
Euthanasia	As Charged by Provider
Medical Examination by Veterinarian	As Charged by Provider
Microchip	As Charged by Provider
Other veterinarian services as needed	As Charged by Provider
Emergency Medical Service:	
Advanced Life Support (1)	Resident: \$1036.00 Non-Resident: \$1176.00
Advanced Life Support (2)	Resident: \$1435.00 Non-Resident: \$1575.00
Basic Life Support	Resident: \$805.00 Non-Resident: \$910.00
Advanced Life Support Treatment No Transport	Resident: \$400.00 Non-Resident: \$500.00
Mileage	\$19.00/a loaded mile
EMT Academy Fees	\$900.00
EMT Academy Refresher Fees	\$175.00
City Clerk:	
Candidate Filing Fee	Mayor: \$50 .00 Collector, Marshal, Municipal Judge: \$35.00 Alderman: \$25.00
Special Event Permit	\$25.00
Solicitors Permit Application Fee	\$75.00/90 days
Solicitors Permit - Per Individual	\$25.00/90 days
Finance/Business License:	
Non-Sufficient Funds Fee	\$35/per occurrence
Adult Entertainment Employee Permit Fee	\$10.00
Massage Establishment License	\$100 (\$50 renewal)
Duplicate Business License Printing Fee	\$5.00
Duplicate Jackson County Tax Receipt	\$5.00
Credit Card Surcharge	2.5% of transaction amount
On-Line Credit Card Convenience Fee	\$3.00
Administrative Delinquency Fee	\$25.00
Security Deposit	\$100.00
Same Day Reconnection Fee After 3PM Connection Meter Pull or Lock Off Second Trip Fee	These charges are passed on from the water company supplying water to the address. Please check with your water company for their current rates.

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

Finance/Business License (Con't):

Business License Transfer/Change of Address Fee	\$10.00
Business License (Non Gross Receipt)	Heavy Construction/Contractors/Developers/Builders: \$100.00 All Other Occupations: \$50.00 Vending Machines: \$5.00/machine Banks: \$20.00/ \$1 million average deposits
Business License (Gross Receipt)	<p>\$0 - 5,000: \$25.00 \$5,001 - \$50,000: \$35.00 \$50,001 - \$70,000: \$40.00 \$70,001 - \$90,001: \$45.00 \$90,001 - \$100,000: \$50.00 \$100,001 - \$120,000: \$60.00 \$120,001 - \$140,000: \$70.00 \$140,001 - \$160,000: \$80.00 \$160,001 - \$180,000: \$90.00 \$180,001 - \$200,000: \$100.00</p> <p>Any Business over \$200,000.00- in annual gross receipts will calculate an additional \$.50/\$1,000.00 Example Gross Receipts of \$385,000.00 would be $(\\$100 + (185,000/1000) * .50) = \\192.50 Any Business over \$500,000.00 in annual gross receipts will calculate an additional \$.30/\$1,000.00 Example Gross Receipts of \$685,000.00 would be $(\\$250 + (185,000/1000) * .30) = \\305.50</p>

Catering License **\$10.00**

Festival/Food Truck License **\$10.00**

Fireworks License **\$75.00**

Liquor Control:

Full original package sales	\$150.00
Full original package sales-Sunday	\$100.00
Full Sales by the drink	\$450.00
Full Sales by the drink-Sunday	\$100.00
Full Sales by the drink - substantial quantities of food - (at least 50% of gross income or \$275,000 in food sales)	\$450.00
Malt liquor original package sales	\$75.00
Malt liquor sales by the drink	\$75.00
Malt liquor sales by the drink - substantial quantities of food - (at least 50% of gross income or \$275,000 in food sales)	\$75.00
Manufacture's license for manufacture of alcoholic beverage not in excess of 22% alcohol by weight	\$150.00
Manufacture's license for manufacture of alcoholic beverages of all kinds	\$675.00
Manufacture's license for manufacture of malt liquor	\$375.00

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

Liquor Control (Con't):		
Retail selling of beer and wine only by the drink, or in the original package (weekdays)	\$75.00	
Wholesaler's license for sale of alcoholic beverage not in excess of 22% alcohol by weight	\$150.00	
Wholesaler's license for sale of alcoholic beverage of all kinds	\$375.00	
Wholesaler's license for sale of malt liquor	\$90.00	
Liquor Transfer Application Fee	\$35.00	
Change of Ownership Fee	\$35.00	
Tasting License	\$90.00	
Food Truck Temporary Liquor License	\$50.00	
Microbrewery	\$5 per 100 barrels (Up to a maximum of \$250.00 per year)	
Public Works:		
Construction Plan Review	1.25% of construction value	
Maps	11x17 (or smaller): \$2.00	
	36 x 24 to 11 x 17: \$4.50	
	Larger than 36 x 24: \$10.00	
Sewer Service Connection Point Locate	\$105.00/locate	
Private Sanitary Sewer Lateral Locate	\$195.00/locate	
Research Sewer Maintenance	\$50.00 for 2hours; \$25.00 each additional	
Public Infrastructure Construction Permit	5% of construction value	
Name Street Signs Number of letters:	\$65.00 for 2 signs	
Sign Installation	\$93.00/ post	
Right-of-Way Administrative Fee	\$75.00	
Right-of-Way Degradation Fee	Residential Street: \$8.50	
	Collector Street: \$10.50	
	Arterial Street: \$12.50	
	Street Age (0-8 Years) factor of .75	
	Street Age (9-15 Years) factor of .50	
	Street Age (16-25 Years) factor of .25	
	Overlay Age (0-2 Years) factor of .75	
	Overlay Age (3-4 Years) factor of .50	
	Overlay Age (5-6 Years) factor of .25	
	Degradation Fee for a Non-Overplayed Street: (Street Age Factor * Street Cost * area of influence)	
	Degradation Fee for an Overplayed Street: (Street Age Factor * Street Cost * area of influence+ overlay age factor * 0.45 * area of influence)	

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

Economic Development:	
TIF Application	\$2,000.00 plus a funding agreement
CID/TDD Application	\$500.00 plus a funding agreement
Police:	
Finger Prints	\$5.00
Police Reports/Accident Reports/Alcohol Influence Report	\$5.00/report number
Report over 10 Pages	\$.10 per page
Global Reports	\$5.00/page
Car Camera Videos	\$20.00/dvd
Audio files	\$10.00/cd rom
Pictures-CD Format Only	\$10.00 each

The Items in **BOLD** are only listed here for informational purposes. They are handled by a separate process for approval.

**CITY OF RAYTOWN
Request for Board Action**

Date: April 30, 2015
To: Mayor and Board of Aldermen
From: Mark Loughry, Finance Director

Resolution No.: R-2766-15

Department Head Approval: _____

Finance Director Approval: _____ (only if funding is requested)

City Administrator Approval: _____

Action Requested: Authorize the City Administrator to enter into an agreement with ETS to handle the City's credit card processing.

Analysis: The City's financial management software, Incode Vx, installed in 2013-14 has the capability of accepting online payments for City transactions. In order to be able to have these payments load directly into the customer's account it will be necessary to work with a vendor that partner's with Incode. There are two vendors considered preferred partners with Incode but only one vendor, ETS Corporation (ETS) that has the ability to interface directly into their software. Staff would like to enter into an agreement with ETS to handle all City credit card transactions.

Currently, card transactions processed in person create a daily batch that must be reconciled both on the bank statement and individually to each drawer. By selecting ETS Merchant Services for card processing, all daily transactions both in person and online will load directly into the City financial software. This will allow balancing by drawer as part of the nightly closing and will create the necessary entry into the financial system to reconcile with the bank deposit. This will save time and help reduce the potential for errors that have to be tracked down during account reconciliation.

In comparing the ETS agreement to the City's current vendor, the primary difference is that the City will need to collect transaction fees directly. The City's current credit card processor does not charge the City any direct fees; instead they collect them as a separate transaction directly from the customer. It is staff's intention to add these fees and charges to each transaction so that there will not be a negative financial impact to the City.

Budgetary Impact:

- Not Applicable
- Funds subject to appropriation of the Budget
- Budgeted item with available funds

Additional Reports Attached: ETS Corporation Agreement

A RESOLUTION AUTHORIZING AND APPROVING AN AGREEMENT WITH ETS CORPORATION FOR CREDIT CARD PROCESSING SERVICES

WHEREAS, the City of Raytown desires to allow its customers to pay for various services by credit card; and

WHEREAS, ETS Corporation provides credit card services to municipalities; and

WHEREAS, ETS Corporation is currently the only vendor that has the ability to interface directly with Incode which is the City's financial software; and

WHEREAS, the Board of Aldermen find that it is in the best interest of the City to enter into an agreement with ETS Corporation to provide such services;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF RAYTOWN, MISSOURI, AS FOLLOWS:

THAT the Service Agreement by and between the City of Raytown and ETS Corporation attached hereto, and made a part hereof by reference, is hereby authorized and approved;

FURTHER THAT the City Administrator is hereby authorized to execute all documents necessary to this transaction and the City Clerk is authorized to attest thereto.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Raytown, Missouri, the 5th day May, 2015.

Michael McDonough, Mayor

ATTEST:

Teresa M. Henry, City Clerk

Approved as to Form:

Joe Willerth, City Attorney



Merchant Application and Agreement

Merchant #: 394750529776 MCC: 4900MERCHANT NAME (DBA or Trade Name) CITY OF RAYTOWN CORPORATE/LEGAL NAME (if Different)LOCATION ADDRESS 10000 E 59TH ST CORPORATE ADDRESS (if Different) 10000 E 59TH STCITY RAYTOWN State MO Zip 64133 CITY RAYTOWN State MO Zip 64133Location Phone (816) 737-6000 Location Fax (816) 737-6142 Corporate Phone (816) 737-6000 Corporate Fax (816) 737-6142CONTACT NAME CHRISTY CURLESS CONTACT EMAIL ADDRESS CHRISTYH@RAYTOWN.MO.US CONTACT PHONE (816) 737-6074 FEDERAL TAX ID# 44-6005511DOES THIS LOCATION CURRENTLY TAKE PAYMENT CARDS? No Yes (if yes please provide) HAS MERCHANT OR OWNERS/PRINCIPALS EVER BEEN TERMINATED FROM ACCEPTING PAYMENT CARDS FROM ANY PAYMENT NETWORK FOR THIS BUSINESS OR ANY OTHER BUSINESSES? No Yes (if yes please explain)**PRINCIPLES**Principle #1 Name: First: MAHESH Middle Init: _____ Last: SHARMA SSN: _____ % Ownership: _____ Title: CITY ADMINISTRATOR
Home Address: _____ City: _____ State: _____ Zip: _____ Date of Birth: _____
Home Phone: (816) 737-6000 DL# / State: _____ Email Address: MAHSEHS@RAYTOWN.MO.USPrinciple #2 Name: First: MARK Middle Init: _____ Last: LOUGHRY SSN: _____ % Ownership: _____ Title: DIRECTOR OF FINANCE
Home Address: _____ City: _____ State: _____ Zip: _____ Date of Birth: _____
Home Phone: (816) 737-6084 DL# / State: _____ Email Address: MARKL@RAYTOWN.MO.US

TYPE OF BUSINESS	NATURE OF BUSINESS
<input type="checkbox"/> Individual/Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> LLC State: _____ <input type="checkbox"/> Non-Profit (Must Provide 503-C) <input type="checkbox"/> Private <input type="checkbox"/> Publicly Traded <input checked="" type="checkbox"/> Government <input type="checkbox"/> Board Run/Operated Length of time in business: <u>65</u> Years <u>0</u> Months Product or Service being offered: _____	<input checked="" type="checkbox"/> Retail <input type="checkbox"/> Retail w/Tip <input type="checkbox"/> Mail/Phone Order <input type="checkbox"/> Internet <input type="checkbox"/> Restaurant <input type="checkbox"/> Fast Food <input type="checkbox"/> Lodging <input type="checkbox"/> QSR <input type="checkbox"/> Convenience <input type="checkbox"/> Public Sector <input type="checkbox"/> Petroleum <input type="checkbox"/> Utility <input type="checkbox"/> Other _____ Seasonal Sales: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If so, please indicate high volume months <u>J</u> <input type="checkbox"/> <u>F</u> <input type="checkbox"/> <u>M</u> <input type="checkbox"/> <u>A</u> <input type="checkbox"/> <u>M</u> <input type="checkbox"/> <u>J</u> <input type="checkbox"/> <u>J</u> <input type="checkbox"/> <u>A</u> <input type="checkbox"/> <u>S</u> <input type="checkbox"/> <u>O</u> <input type="checkbox"/> <u>N</u> <input type="checkbox"/> <u>D</u>

Method of Acceptance: (Totals to equal 100%) Credit Cards Swiped: <u>90</u> % MO/TO <u>5</u> % * Merchants processing less than 70% swipe transactions must complete the MO/TO Questionnaire (over) Key Entered: <u>5</u> % Internet: <u>0</u> % (URL: _____)	Annual VMC Volume: \$ <u>690,000.00</u> Monthly Payment Card Volume: \$ <u>57500.00</u> Ave. Ticket: \$ <u>35.00</u> High Ticket: \$ <u>500.00</u>
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Merchant's URL(s): _____ Merchant Name to appear on Statement: DBA Name Legal Name
Other: _____

DOES MERCHANT USE AN INDEPENDENT SERVICER THAT STORES, MAINTAINS OR TRANSMITS CARDHOLDER INFORMATION: No Yes (if yes, please provide):

NAME: EMONEY VERSION NUMBER: 4.7

DOES MERCHANT USE A FULFILLMENT HOUSE TO FULFILL PRODUCT: No Yes (if yes, please provide):

NAME: _____ PHONE NUMBER: _____

HAS MERCHANT OR OWNERS/PRINCIPALS EVER FILED BUSINESS BANKRUPTCY and/or PERSONAL BANKRUPTCY: No Yes (if yes, please provide):

Explanation: _____

BANK ACCOUNT INFORMATION: Checking Account Savings Account Bank Name: _____ Attach voided check for the operating account where funds are to be deposited
Transit # (ABA Routing): _____ Account # (DDA): _____ Contact: _____ Phone #: _____
* By providing the above referenced information, you are authorizing Bank to initiate ACH debit and credit transactions to said account
SCHEDULE A: VISA/MASTERCARD/DISCOVER® DISCOUNT RATES & FEES:

CARD FEES:			OTHER FEES:			
INTERCHANGE (COST) PLUS:			Application Fee	\$0.00	ECP Net Fee	\$0.00
CREDIT:	% Markup	P/I Markup	Monthly Minimum Fee	\$25.00	Chargeback Fee	\$15.00
<u>Visa BPS</u>	0.20 %	\$0.10	Equipment Reprogramming Fee	\$0.00	Annual PCI Fee	\$150.00
<u>MC BPS</u>	0.20 %	\$0.10	PMoney Setup Fee	\$0.00	Monthly PCI Fee	\$0.00
<u>Discover BPS</u>	0.50 %	\$0.10	Statement Fee	\$7.50	EMoney Setup Fee	\$0.00
DEBIT:	% Markup	P/I Markup	ACH Fee	\$0.00	T & E	Auth Fee
<u>Offline Debit</u>	0.30 %	\$0.10	EMoney User Fee	\$0.00	AMEX	\$0.20
<u>Online Debit</u>	0.10 %	\$0.10	EMoney Monthly Fee	\$0.00	Diners	\$0.20

You have the option of accepting MasterCard credit cards, Visa credit cards, credit cards issued by Discover, MasterCard signature debit cards (MasterMoney Cards) or Visa signature debit cards (Check Cards), or debit cards issued by Discover. You may elect to accept any or all of these card types for payment. If you do not specifically indicate otherwise, your application will be processed to accept ALL MasterCard, Discover, and Visa card types.

Elected Visa, Discover, or MC card types NOT to accept:

If you currently accept American Express please write your existing account number on the line provided; if you do not currently accept American Express and would like to, please check the box to apply. American Express (10 digits): _____ Apply
Site Inspection: Merchant: Owns Rents Landlord: _____
Building Type: Shopping Cntr. Office Building Industrial Building Residence
Area Zoned: Commercial Industrial Residential
Square Footage: 0-500 501 - 2500 2501 - 5000 5001 - 10000+
Based upon your review, does Merchant have the appropriate facilities, equipment, inventory, personnel and license or permit to operate their business? No Yes
Comments: _____
* By signing below, inspector is certifying he/she has visited the location and information provided is true & correct
Inspector Name: SEAN LYNCH Inspector Date: _____ Signature: _____

MO/TO QUESTIONNAIRE: COMPLETE THIS SECTION IF PROCESSING LESS THAN 70% CARD PRESENT:

What percentage of sales are to: Businesses Consumer _____ % Individual Consumer _____ %

Method of Marketing: Newspaper/magazine Television/Radio Internet Direct Mail, Brochure and/or Catalog Outbound Telemarketing Sales Other: _____

Percentage of products sold via: Telephone Orders _____ % Mail Fax Orders _____ % Internet Orders _____ % Other: _____ %

Who processes the order? Merchant Fulfillment Center Other _____

Who enters credit card information into the processing system? Merchant Fulfillment Center Consumer Other _____

If credit card payment information taken over the Internet, is payment channel encrypted by SSL or better? No Yes

If Merchant is an e-commerce Merchant, is a Merchant Certificate utilized? No Yes if yes please provide the following:

Merchant Certificate Number _____ Certificate Issuer _____ Exp. Date: _____ Is Certificate Individual Shared

Do you own the product/inventory? No Yes Is the product stored at your business location? No Yes If no, where is it stored? _____

After charge authorization, how long until product ships? _____ days Who ships the product _____

Product shipped by: Merchant Other _____ Delivery receipt requested? Yes No

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We will also ask for a copy of your driver's license or other identifying documents.

MERCHANT APPLICATION AND AGREEMENT ACCEPTANCE (Capitalized terms not defined in this Acceptance section have the meanings set forth in the Terms and Conditions section)

"By executing this Merchant Application on behalf of the merchant described above ("Merchant"), the undersigned individual(s) represent(s), warrant(s), and acknowledges(s) that: (i) All information contained in this Merchant Application ("Application") is true, correct and complete as of the date of this Application; (ii) If the Merchant is a corporation, limited liability company, or partnership, the individual(s) executing this Application have the requisite legal power and authority to complete and submit this Application on behalf of the Merchant and to make and provide the acknowledgements, authorizations and agreements set forth herein on behalf of the Merchant and individually; (iii) The information contained in this Application is provided for the purpose of obtaining, or maintaining, a merchant account for the Merchant with the Sponsor Bank ("BANK") and BANK will rely on the information provided herein in its approval process and in settling the applicable Discount Rate, Approved Average Ticket, and Approved Monthly Bankcard Volume; (iv) BANK is authorized to investigate, either through its own agents or through credit bureaus/agencies, the credit of the Merchant and each person listed on this Application; (v) BANK will determine all rates, fees and charges and notify Merchant of the approved fees and by Merchant's submission and acceptance of Merchant's first settled transaction. Merchant agrees to pay such approved fees; (vi) The Merchant Agreement will not take effect until Merchant has been approved by BANK and a merchant number has been issued to merchant; and (vii) The undersigned has received, read, understood, the Merchant Agreement, which is incorporated herein by reference thereto, and agrees on behalf of the merchant to be bound by the terms of such Merchant Agreement. The merchant on whose behalf this Application is being submitted acknowledges that if this Application is being submitted to Merrick Bank as the Sponsor Bank, ETS CORPORATION will may also be a party to this Merchant Agreement. In such case, Merchant acknowledges that ETS CORPORATION will rely on the representations and warranties set forth in this Application for Merchant Agreement and unless otherwise specified or prohibited by Association or applicable law, ETS CORPORATION will have all the rights of BANK under this Application and Agreement

MERCHANT:

Principal #1: _____
Print Name: MAHESH SHARMA Date: _____

Principal #2: _____
Print Name: MARK LOUGHRY Date: _____

BANK:

By: _____ Date: _____
Name and Title: _____

ETS CORPORATION:

By: _____ Date: _____
Name and Title: HADI AKKAD - VP

CONTINUING PERSONAL GUARANTY PROVISION – PERSONAL GUARANTOR (Capitalized terms not defined in this Guaranty section have the meanings set forth below in the Terms and Conditions section)

By signing below, each individual or entity ("Guarantor") jointly and severally (if there is more than one Guarantor) and unconditionally guarantees to ETS CORPORATION and BANK the prompt payment and full and complete performance of all obligations of the Merchant identified above under the Merchant Agreement, as amended from time to time, including, without limitation, all promises and covenants of the Merchant, and all amounts payable by the Merchant under the Merchant Agreement, including, without limitation, charges, interest, costs and other expenses, such as attorney's fees and court costs. This means, among other things, that ETS CORPORATION or BANK can demand performance or payment from any Guarantor if the Merchant fails to perform any obligation or pay what the Merchant owes under the Agreement. Each Guarantor agrees that his or her liability under this guaranty will not be limited or canceled because: (1) the Merchant Agreement cannot be enforced against the Merchant for any reason, including, without limitation, bankruptcy proceedings; (2) either ETS CORPORATION or BANK agrees to changes or modifications to the Merchant Agreement, with or without notice to Guarantor; (3) ETS CORPORATION or BANK releases any other Guarantor or the Merchant from any obligation under the Merchant Agreement; (4) any law, regulation, or order of any public authority affects the rights of either ETS CORPORATION, Merchant, or BANK under the Merchant Agreement; and/or (5) anything else happens that may affect the rights of either ETS CORPORATION or BANK against the Merchant or any other Guarantor. Each Guarantor further agrees that: (a) ETS CORPORATION and BANK each may delay enforcing any of its rights under this guaranty without losing such rights and hereby waives any applicable Statute of Limitations; (b) ETS CORPORATION and BANK each can demand payment from such Guarantor without first seeking payment from the Merchant or any other Guarantor or from any security held by the BANK; and (c) such Guarantor will pay all court costs, attorney's fees, and collection costs incurred by either ETS CORPORATION or the BANK in connection with the enforcement of the Merchant Agreement or this Guaranty, whether or not there is a lawsuit, and such additional fees and costs as may be directed by a court. If the Merchant is a corporation or limited liability company, this Guaranty must be executed by a principal or affiliate of Merchant.

Principal #1: _____
Print Name: MAHESH SHARMA Date: _____

Principal #2: _____
Print Name: MARK LOUGHRY Date: _____

BANK DISCLOSURE

Member Bank Information: Merrick Bank, 135 Crossways Park Dr North, Suite A100 Woodbury, NY 11797 • Phone (800) 267-2256

Important Bank Responsibilities:

1. Merrick Bank is the only entity approved to extend acceptance of Visa products directly to a Merchant.
2. Merrick Bank is responsible for educating Merchants on pertinent Visa operating regulations with which Merchants must comply.
3. Merrick Bank, not ETS CORPORATION must hold, administer and control all reserve funds derived from settlement.
4. Merrick Bank, not ETS CORPORATION, must hold, administer and control settlement funds for the Merchant.
5. Merrick Bank must be a principal (signer) to the Merchant Agreement

Merchant Information: Refer to Merchant Application

Important Merchant Responsibilities:

1. Complying with cardholder data security and storage requirements
2. Maintaining fraud and chargebacks below established thresholds.
3. Reviewing and understanding the Merchant Agreement.
4. Complying with Visa's operating regulations.

The responsibilities listed above do not supersede terms of the Merchant Agreement and are provided to ensure the Merchant understands some important obligations of each party and that the Visa Member - Merrick Bank - is the ultimate authority should the Merchant have any problems.

Principal #1: _____
Print Name: MAHESH SHARMA Date: _____

Principal #2: _____
Print Name: MARK LOUGHRY Date: _____

TERMS AND CONDITIONS

Subject to the requirements of applicable Card Association rules, ETS CORPORATION and Bank may allocate their respective duties and obligations between themselves as they deem appropriate at their sole discretion, and ETS CORPORATION or Bank may jointly or individually assert or exercise the rights or remedies provided to the Bank hereunder. In consideration of the mutual covenants herein, Bank, ETS CORPORATION and Merchant have agreed as follows

ARTICLE I - DEFINITIONS

- 1.01 "**Account**" means a commercial checking account or demand deposit maintained by Merchant as set forth in Section 5.16 for the crediting of collected funds and the debiting of fees and charges under this Agreement.
- 1.02 "**ACH**" means the Automated Clearing House paperless entry system controlled by the Federal Reserve Board.
- 1.03 "**Agreement**" means these terms and conditions and any supplementary documents indicated herein, and valid schedules and amendments to the foregoing.
- 1.04 "**Authorization**" means a computerized function or a direct phone call to a designated number to examine individual Transactions to obtain approval from the Card Issuer to charge the Card for the amount of the sale.
- 1.05 "**Card**" means (i) a valid credit card in the form issued under license from Visa U.S.A., Inc. Visa International, Inc. or MasterCard International, Inc. ("Bank Card") or Discover®; or (ii) any other valid credit card accepted by Merchant by agreement with Bank and ETS CORPORATION.
- 1.06 "**Card Association**" means Visa U.S.A., Inc., Visa International, Inc., MasterCard International, Inc. or Discover or any other Card Issuers that provide Cards that are accepted by Merchant by agreement with Bank and ETS CORPORATION.
- 1.07 "**Card Issuer**" means the financial institution or company which has provided a Card to a Cardholder.
- 1.08 "**Card Not Present (CNP)**" means that an Imprint of the Card is not obtained at the point-of-sale.
- 1.09 "**Cardholder**" means the person whose name is embossed upon the face of the Card.
- 1.10 "**Cardholder Information**" means any non-public, sensitive information about a Cardholder, including any combination of Cardholder name plus the Cardholder's social security number, driver's license or other identification number or credit or debit card number, or other bank account number.
- 1.11 "**Chargeback**" means the procedure by which a Sales Draft (or disputed portion thereof) is returned to Bank by a Card Issuer because such item does not comply with the applicable Card plan's operating regulations.
- 1.12 "**Credit Voucher**" means a document executed by a Merchant evidencing any refund or price adjustment relating to Cards to be credited to a Cardholder account.
- 1.13 "**Imprint**" means (i) an impression on a Sales Draft manually obtained from a Card through the use of an imprinter, or (ii) the electronic equivalent obtained by swiping a Card through a terminal and electronically capturing Card Data and printing a Sales Draft.
- 1.14 "**Mid or Non-Qualifying Transaction**" means any sale Transaction that fails to qualify for lowest interchange rate assigned by the applicable Card Association for the standard card industry code of Merchant and which may be charged fees as set forth in Schedule A.
- 1.15 "**Sales Draft**" means the paper form, whether electronically or manually imprinted, evidencing a sale Transaction.
- 1.16 "**Transaction**" means any sale of products or services, or credit for such, from a Merchant for which the Cardholder makes payment through the use of any Card and which is presented to Bank for collection.
- 1.17 "**Voice Authorization**" means a direct phone call to a designated number to obtain credit approval on a Transaction from the Card Issuer, whether by voice or voice-activated systems.

ARTICLE II - CARD ACCEPTANCE

2.01 Honoring Cards.

(a) Merchant will accept all valid Cards when properly presented by Cardholders in payment for goods or services, subject to applicable Card Association rules requiring Merchant to elect whether it will accept credit only, debit only or both debit and credit Cards. Merchant's election is set forth in the Application. (b) Merchant will not establish minimum or maximum amounts for Card sales as a condition for accepting any Card. (c) Merchant will not require any Cardholder to pay as a surcharge any part of any discount or charge imposed upon Merchant by this Agreement, whether through any increase in price or otherwise require a Cardholder presenting a Card to pay any charge or price as a condition of sale that is not also required from a customer paying cash. However, Merchant may not, by this term, be prevented from offering discounts to customers for cash purchases. (d) Merchant will not engage in a Card Transaction (other than a mail order, telephone order, e-commerce or preauthorized sale to the extent permitted under this Agreement) if the person seeking to charge the purchase to his or her Card account does not present the Card to permit Merchant to compare the signature on the Card to the signature on the Sales Draft and obtain an Imprint or otherwise use the physical Card to complete the Transaction.

2.02 Advertising.

(a) Merchant agrees to prominently display the promotional materials provided by Bank and ETS CORPORATION in its place(s) of business. Use of promotional materials and use of any trade name, trademark, service mark or logo type ("Marks") associated with Card(s) will be limited to informing the public that Card(s) will be accepted at Merchant's place(s) of business. Merchant's use of promotional materials and Marks is subject to the direction of Bank and ETS CORPORATION. (b) Merchant may use promotional materials and Marks only during the term of this Agreement and will immediately cease use and return any inventory to Bank or ETS CORPORATION upon any termination thereof. (c) Merchant will not use any promotional materials or Marks associated with Visa, MasterCard or Discover in any way which suggests or implies that either endorses any goods or services other than Card payment services.

2.03 Card Acceptance. When accepting a Card, Merchant will follow the steps provided by Bank and ETS CORPORATION for accepting Cards and will:

(a) Determine in good faith and to the best of its ability that the Card is valid on its face; (b) Obtain Authorization from the Card Issuer to charge the Cardholder's account; (c) Unless the Sales Draft is electronically generated or is the result of a mail, phone or preauthorized order, (i) obtain an Imprint of the Card including embossed data from the merchant imprinter plate; and (ii) obtain the Cardholder's signature on the Sales Draft and compare that signature to the signature on the Card; (d) Enter a description of the goods or services sold and the price thereof (including any applicable taxes); (e) Deliver a true and completed copy of the Sales Draft to the Cardholder at the time of delivery of the goods or performance of the services, or, if the Sales Draft is prepared by a point-of-sale terminal, at the time of the sale; (f) Offer the Sales Draft to Bank for purchase according to Bank's procedures and the terms of this Agreement; and (g) Make an Imprint of the Card, if the Transaction is not based upon a mail, phone or pre-authorized order.

2.04 Authorization.

Merchant will obtain an Authorization for all Card sales. If Merchant cannot, for any reason, obtain an electronic Authorization through the use of a terminal, Merchant will request a Voice Authorization from Bank's designated authorization center and will legibly print the authorization number on the Sales Draft. Merchant will not obtain or attempt to obtain authorization from Bank's authorization center unless Merchant intends to submit to Bank a Transaction for the authorized amount if Authorization for the Transaction is given. Merchant may not divide a single Transaction between two or more Sales Drafts on a single Card to avoid Authorization limits that may be set by the Card Issuer. Merchant acknowledges that an Authorization provides only that the Cardholder account has sufficient credit available to cover the amount of the current sale and that an Authorization is not a guarantee that the Transaction will not be subject to dispute or Chargeback and does not warranty the Cardholder's identity. Merchant may not attempt to obtain an authorization by successively decreasing the sale amount. Bank or ETS CORPORATION may refuse to purchase or process any Sales Draft presented by Merchant: (a) unless a proper authorization or approval code has been recorded on the Sales Draft; (b) if Bank or ETS CORPORATION determines that the Sales Draft is or is likely to become uncollectible from the Cardholder to which the transaction would otherwise be charged; or (c) if Bank or ETS CORPORATION has reason to believe that the Sales Draft was prepared in violation of any provision of this Agreement. Merchant will use, and may not circumvent, fraud identification tools requested by Bank or ETS CORPORATION, including Address Verification System processing and CVV2 processing, and acknowledges that the use of these tools may prevent Merchant from accepting certain Cards as payment. Merchant acknowledges that its use of fraud identification tools may not prevent fraudulent Card usage, and agrees that any fraudulent Transaction may ultimately result in a Chargeback, for which Merchant retains full liability under this Agreement.

2.05 Retention and Retrieval of Cards.

(a) Merchant will use its best efforts, by reasonable and peaceful means, to retain or recover a Card (i) when receiving such instructions when making a request for Authorization or (ii) if Merchant has reasonable grounds to believe the Card is counterfeit, fraudulent or stolen. (b) The obligation of Merchant imposed by this section to retain or recover a Card does not authorize a breach of the peace or any injury to persons or property, and Merchant will hold Bank and ETS CORPORATION harmless from any claim arising from any injury to person or property or other breach of the peace in connection with the retention or recovery of a Card.

2.06 Multiple Transaction Records; Partial Consideration.

Merchant will not prepare more than one Sales Draft for a single sale or for a single item but will include all items of goods and services purchased in a single Transaction in the total amount on a single Sales Draft except under the following circumstances: (i) For purchases in separate departments of a multiple department store; (ii) For partial payment, installment payment, delayed delivery or an advance deposit; or (iii) For delayed or amended charges governed by rules for travel and entertainment merchants and Transactions.

2.07 Telephone Orders, Mail Orders, eCommerce, Preauthorized Orders and Installment Orders.

(a) Unless Merchant has been approved by Bank to accept mail, phone or ecommerce orders, Merchant warrants that it is a walk-in trade business, located in a retail business place where the public moves in and out freely in order to purchase merchandise or obtain services. If Bank and ETS CORPORATION determines Merchant has accepted unapproved Card Transactions without Bank's authorization, which are placed by telephone, generated through telephone solicitation, mail order or other means that does not create a Sales Draft that bears the Card imprint and Cardholder's signature, this Agreement will be immediately terminated and the value of all Sales Drafts collected from the first day of processing may be charged back to Merchant and all funds therefrom will be held pursuant to Article IV. (b) Unless approved by Bank, this Agreement does not contemplate regular acceptance of Cards for sales accepted by telephone, mail or ecommerce nor through preauthorized orders. If an occasional Card Transaction is made by mail, phone or preauthorized order, the Sales Draft may be completed without the Cardholder's signature or an Imprint, but in such case Merchant will create a Sales Slip containing Cardholder data, an Authorization number, the sale amount and the letters "MO", "TO" or "PO", as appropriate. Receiving an Authorization will not relieve the Merchant of liability for Chargeback on any Transaction for which the Merchant did not obtain an Imprint or the Cardholder's signature.

2.08 Lodging and Vehicle Rental Transactions.

(a) Merchant must estimate and obtain Authorization for the amount of the Transaction based upon the Cardholder's intended length of stay or rental. Additional Authorization must be obtained and recorded for charges actually incurred in excess of the estimated amount. (b) Regardless of the terms and conditions of any written preauthorization form, the Sales Draft amount for any lodging or vehicle rental Transaction will include only that portion of the sale, including any applicable taxes, evidencing a bona fide rental of real or personal property by Merchant to the Cardholder and will not include any consequential charges. Nothing contained herein is intended to restrict Merchant from enforcing the terms and conditions of its preauthorization form through means other than a Card Transaction.

2.09 Returns and Adjustments; Credit Vouchers.

(a) Merchant's policy for the exchange or return of goods sold and the adjustment for services rendered will be established and posted in accordance with operating regulations of the applicable Card Association's regulations. Merchant agrees to disclose, if applicable, to a Cardholder before a Card sale is made, that if merchandise is returned: (i) no refund, or less than a full refund, will be given; (ii) returned merchandise will only be exchanged for similar merchandise of comparable value; (iii) only a credit toward purchases will be given; or (iv) special conditions or circumstances apply to the sale (e.g., late delivery, delivery charges, or other non-credit terms). (b) If Merchant does not make these disclosures, a full refund in the form of a credit to the cardholder's Card account must be given. Disclosures must be made on all copies of Sales Drafts or invoices in letters approximately 1/4" high in close proximity to the space provided for the Cardholder's signature or on an invoice issued at the time of the sale or on an invoice being presented for the Cardholder's signature. (c) Any change in Merchant's return or cancellation policy must be submitted in writing to Bank and ETS CORPORATION not less than fourteen (14) days prior to the change. Bank or ETS CORPORATION reserves the rights to refuse to process any Sales Draft made subject to a revised return or cancellation policy of which Bank and ETS CORPORATION have not been notified as required herein.

2.10 Cash Payments. Merchant will not receive any payments from a Cardholder for charges included in any Transaction resulting from the use of any Card nor receive any payment from a Cardholder to prepare and present a Transaction for the purpose of effecting a deposit to the Cardholder's Card account.

2.11 Cash Advances; Scrip Purchases. Merchant will not deposit any Transaction for the purpose of obtaining or providing a cash advance either on Merchant's Card or the Card of any other party and will not accept any Card at a scrip terminal. Merchant agrees that either such action will be grounds for immediate termination of this Agreement.

2.12 Duplicate Transactions. Merchant will not deposit duplicate Transactions. Merchant will be debited for any adjustments for duplicate Transactions and will be liable for any Chargebacks which may result therefrom.

2.13 Deposit of Fraudulent Transactions. Merchant will not accept or deposit any fraudulent Transaction and may not under any circumstances present for processing or credit, directly or indirectly, a Transaction which originated with any other merchant or any other source other than Transactions arising from bona fide purchases from Merchant for the goods and services for which Merchant has been approved under this Agreement. If Merchant deposits any prohibited Transaction, Merchant may be immediately terminated, and Bank may hold funds and/or demand an Escrow pursuant to Sections 4.02 and 5.06; further, Merchant may be subject to the Visa and MasterCard and Discover reporting requirements under the terms of this Agreement. Merchant understands and agrees that it is responsible for its employees' action, whether negligent or fraudulent, while in its employ.

2.14 Collection of Pre-existing Debt. Merchant will not prepare and present to Bank for purchase any Transaction representing the refinancing of an existing obligation of a Cardholder including, but not limited to, obligations (i) previously owed to Merchant, (ii) rising from the dishonor of a Cardholder's personal check, Chargeback, and/or (iii) representing the collection of any other pre-existing indebtedness, including collection of delinquent accounts on behalf of third parties.

2.15 Data Security/Personal Cardholder Information. Merchant may not, as a condition of sale, impose a requirement on Cardholders to provide any personal information as a condition for honoring Cards unless such information is required to provide delivery of goods or services or Merchant has reason to believe the identity of the person presenting the Card may be different than that of the Cardholder. Merchant will not, under any circumstances, release, sell or otherwise disclose any Cardholder Information to any person other than Bank or ETS CORPORATION or the applicable Card Association, except as expressly authorized in writing by the Cardholder, or as required by law.

(a) Safeguards. Merchant will maintain appropriate administrative, technical and physical safeguards for all Cardholder Information. These safeguards will (i) insure the confidentiality of Cardholder Information; (ii) protect against any anticipated threats or hazards to the security or integrity of Cardholder Information; (iii) protect against unauthorized access to or use of Cardholder Information that could result in substantial harm or inconvenience to any Cardholder; and (iv) properly dispose of all Cardholder Information to ensure no unauthorized access to Cardholder Information. Merchant will maintain all such safeguards applicable to Merchant or Bank or ETS CORPORATION in accordance with applicable federal and state laws, rules, regulations and guidance.

(b) Compliance with Card Association Rules. Merchant represents, warrants and covenants that it is and will remain throughout the term of this Agreement in compliance with Card Association bylaws, operating regulations and rules related to data security, data integrity and the safeguarding of Cardholder Information including the Payment Card Industry Data Security Standard ("PCI"), Discover Information Security Compliance ("DISC"), MasterCard's Site Data Protection Program ("SDP"), and Visa's Customer Information Security Program ("CISP"), in effect and as may be amended, supplemented or replaced. Merchant will cause all of its service providers, subcontractors and agents to comply with PCI, SDP, DISC and CISP requirements at all times. Merchant will report any non-compliance immediately to Bank or ETS CORPORATION. To accomplish the foregoing, Merchant will encrypt all debit, credit or stored value card numbers whether in storage, transport or backup and will not store data security codes on its systems, network or software.

(c) Annual Certification. Merchant will provide an annual certification to Bank or ETS CORPORATION if requested by Bank or ETS CORPORATION (in a form acceptable to Bank or ETS CORPORATION) certifying compliance with the data security provisions of this Agreement, including compliance with applicable Card Association requirements such as PCI, SDP and CISP. Merchant will provide annual certifications for Merchant's service providers, subcontractors and agents.

(d) Information Use Limitations. Merchant may not sell, disclose, or otherwise make Cardholder Information available, in whole or in part, in a manner not provided for in this Agreement, without Bank's or ETS CORPORATION's prior written consent. Merchant may, however, disclose Cardholder Information to its service providers, subcontractors and agents who have a need to know such information to provide the Services described in this Agreement, provided that those individuals or entities have assumed confidentiality obligations in accordance with this Agreement, or as may be required by legal process or applicable federal and state laws, rules, regulations and guidance and have entered into a written agreement with Merchant containing Merchant's and such individuals' or entities' agreement to the foregoing data security provisions including compliance with Card Association rules, regulations or bylaws.

(e) Response to Unauthorized Access. Merchant will notify Bank or ETS CORPORATION within 24 hours after it knows of any breach in security resulting in an unauthorized access to Cardholder Information. Merchant will provide any assistance that Bank or ETS CORPORATION, the issuing bank of any Cardholder, and their regulators and the Card Associations deem necessary to contain and control the incident to prevent further unauthorized access to or use of Cardholder Information. Such assistance may include, but not be limited to, preserving records and other evidence and compiling information to enable Bank or ETS CORPORATION and the issuing bank (s) or the Card Associations to investigate the incident and provide assistance and cooperation to: (a) file suspicious activity reports (as applicable); (b) notify their regulators (as applicable); and (c) notify the affected Cardholder (as required). Unless the unauthorized access was due to Bank's acts or omissions, Merchant will bear the cost of notifying affected Cardholder.

(f) Miscellaneous. Merchant may not make a claim against Bank or ETS CORPORATION or hold Bank or ETS CORPORATION liable for the acts or omissions of other merchants, service providers, Card Associations, financial institutions or others that do not have a written contractual relationship with Bank or ETS CORPORATION or over which Bank or ETS CORPORATION has no control. These provisions supplement, augment and are in addition to obligations of indemnification, audit, confidentiality and other similar provisions contained in this Agreement. This Section 2.15 and each of its subsections will survive this Agreement's termination. Merchant may not store in any system or in any manner discretionary Card read data including without limitation CVV2 data, PIN data, address verification data or any other information prohibited by Card Association Rules.

- 2.16 Compliance with Card Association Rules.** Merchant will comply with and conduct its Card activities in accordance with all applicable Card Association rules and regulations . Failure to comply with such rules and regulations may result in Merchant being terminated for cause and listed on various Card Association and industry databases , including the Terminated Merchant File and the Merchant Alert to Control High Risk Merchants file (“MATCH”). With respect to MasterCard, Discover, or Visa USA, Merchant may not: (a) accept Cardholder payments for previous Card charges incurred at the Merchant location; (b) establish a minimum or maximum transaction amount as a condition for honoring a Card; (c) require a Cardholder to complete a postcard or similar device that includes the Cardholder’s account number, card expiration date, signature, or any other card account data in plain view when mailed; (d) add any surcharge to transactions; (e) add any tax to transactions, unless applicable law expressly requires that Merchant be permitted to impose a tax (any tax amount, if allowed, must be included in the transaction amount and not collected separately); (f) enter into interchange any transaction receipt for a transaction that was previously charged back to Bank and subsequently returned to Merchant, irrespective of Cardholder approval (Merchant may pursue payment from the Cardholder outside the Card Association system); (g) request or use an account number of any purpose other than as payment for its goods or services; (h) disburse funds in the form of travelers cheques, if the sole purpose is to allow the Cardholder to make a cash purchase of goods or services from Merchant; (i) disburse funds in the form of cash, unless: (i) Merchant is a lodging or cruise line merchant disbursing cash to a Cardholder, (ii) Merchant is dispensing funds in the form of travelers cheques, Cards, or foreign currency, or (iii) Merchant is participating in the Card Association cash back service; (j) accept a Card for the purchase or scrip; (k) accept a Card for manual cash disbursement; (l) accept a Card to collect or refinance existing debt that has been deemed uncollectible by the Merchant providing the associated goods or services; or (m) enter into a Transaction that represents collection of a dishonored check. Merchant will pay all Card Association fines, fees, penalties and all other assessments or indebtedness levied by Card Associations to Bank or ETS CORPORATION which are attributable , at the Bank’s or ETS CORPORATION’S discretion, to Merchant’s Transaction processing or business. (n) accept a Card for an unlawful Internet gambling transaction. Merchant will pay all Card Association fines, fees, penalties and all other assessments or indebtedness levied by Card Associations to Bank or ETS CORPORATION which are attributable , at the Bank’s or ETS CORPORATION’S discretion, to Merchant’s Transaction processing or business.
- 2.17 Merchant’s Business.** Merchant will notify Bank or ETS CORPORATION immediately if it intends to (a) transfer or sell any substantial part of its total assets, or liquidate; (b) change the basic nature of its business, including selling any products or services not related to its current business; (c) change majority ownership or transfer control of its business; (d) enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in Merchant ’s business; (e) alter in any way Merchant’s approved monthly volume, average, or maximum ticket; or (f) changes its return policies or to another fulfillment house different from those identified in Merchant Application. Merchant will notify Bank or ETS CORPORATION promptly in writing if it becomes subject to any voluntary or involuntary bankruptcy or insolvency petition or proceeding. Merchant’s failure to provide notice as required above may be deemed a material breach and will be sufficient grounds for termination of Merchant and for Bank’s or ETS CORPORATION’S exercise of all its rights and remedies provided by this Agreement. If any change listed above occurs, Bank or ETS CORPORATION may immediately terminate this Agreement.
- 2.18 Merchant’s Warranties.** Merchant represents and covenants that: (a) all information contained in the Merchant Application or any other documents delivered to Bank or ETS CORPORATION in connection therewith is true and complete and properly reflects Merchant’s business, financial condition and principal partners, owners or officers; (b) Merchant has power to execute, deliver and perform this Agreement, and this Agreement is duly authorized, and will not violate any provisions of law, or conflict with any other agreement to which Merchant is subject; (c) Merchant holds all licenses, if any, required to conduct its business and is qualified to do business in every jurisdiction where it is required to do so; (d) there is no action, suit or proceeding at law or in equity now pending or to Merchant’s knowledge, threatened by or against or affecting Merchant which would substantially impair its right to carry on its business as now conducted or adversely affect its financial condition or operations; (e) each Sales Draft presented to Bank or ETS CORPORATION for collection is genuine and is not the result of any fraudulent or prohibited Transaction or is not being deposited on behalf of any business other than Merchant as authorized by this Agreement ; (f) each Sales Draft is the result of a bona fide Card Transaction for the purchase of goods or services from Merchant by the Cardholder in the total amount stated on the Sales Draft ; (g) Merchant has performed or will perform all of its obligations to the Cardholder in connection with the Card Transaction evidenced thereby ; (h) Merchant has complied with Bank’s or ETS CORPORATION’S procedures for accepting Cards, and the Card Transaction itself does not involve any element of credit for any other purposes other than as set forth in this Agreement , and is not subject to any defense, dispute, offset or counterclaim which may be raised by any Cardholder under the Card Associations’ rules, the Consumer Credit Protection Act (15 USC §1601) or other relevant state or federal statutes or regulations; and (i) any Credit Voucher which it issues represents a bona fide refund or adjustment on a Card sale by Merchant with respect to which a Sales Draft has been accepted by Bank or ETS CORPORATION .

ARTICLE III - PRESENTMENT, PAYMENT, CHARGEBACK

- 3.01 Acceptance.** Bank will accept from Merchant all Sales Drafts deposited by Merchant under the terms of this Agreement and will present the same to the appropriate Card Issuers for collection against Cardholder accounts. Merchant is required to transmit Sales Drafts and Credit Vouchers to Bank or its processing vendor on the same of next business immediately following the day that such Sales Drafts and Credit Vouchers have been originated . All presentment and assignment of Sales Drafts, collection therefore and re-assignment or rejection of such Sales Drafts are subject to the terms of this Agreement and regulations of the Card Associations. Bank will only provisionally credit the value of collected Sales Drafts to Merchant’s Account and reserves the right to adjust amounts collected to reflect the value of Chargebacks (actual and anticipated), fees, penalties, late submission charges, Reserve deposits, negative Sales Draft batch deposits and items for which Bank did not receive final payment.
- 3.02 Endorsement.** The presentment of Sales Drafts to Bank for collection and payment is Merchant’s agreement to sell and assign all its right, title and interest in each Sales Draft completed in conformity with Bank’s acceptance procedures and shall constitute an endorsement by Merchant to Bank of such Sales Drafts. Merchant hereby authorizes Bank to supply such endorsement on Merchant’s behalf.
- 3.03 Prohibited Payments.** Bank will have the sole right to receive payment of any Sales Draft presented by Merchant and paid by Bank unless and until there is a Chargeback . Unless specifically unauthorized in writing by Bank, Merchant will not make or attempt to make any collections on any Sales Draft, including Chargebacks, and will hold in trust for Bank and will promptly deliver in kind to Bank any payment Merchant receives, in whole or in part, of the amount of any accepted Transaction, together with the Cardholder’s name and account number and any correspondence accompanying the payment.
- 3.04 Chargebacks.** Merchant will accept for chargeback any sale for which the Cardholder disputes the validity of the sale according to prevailing Card Association regulations , or a Card issuer or Bank or ETS CORPORATION determines that Merchant has in any way failed to comply with Card Association regulations or Bank ’s or ETS CORPORATION’S procedures in accepting a Card and presenting the resulting Sales Draft to Bank for purchase. Section 2.03 notwithstanding, Bank may charge back the amount of a Card sale for which the Cardholder disputes that authorizing the charge if Merchant failed to obtain the Card Imprint or the Cardholder’s signature . Merchant may not initiate a sale Transaction in an attempt to collect a Chargeback. Merchant will pay the current published fees for each Chargeback as listed on Schedule A.
- 3.05 Chargeback Reserve Account.** Notwithstanding anything to the contrary in this Agreement, Bank or ETS CORPORATION may establish (without notice to Merchant) and Merchant agrees to fund a non-interest bearing chargeback reserve account (the “Reserve Account”), or demand other security or raise any discount, transaction or other fees. This account may be established at any time or for any reason. Specific examples might include: (a) Merchant engages in any charge processing that creates an overcharge to a Cardholder by duplicating charges; (b) any activity designed by Merchant to circumvent a “call center” message when attempting to process a transaction; (c) Merchant breaches this Agreement, violates any representation, covenant or warranty herein, violates any applicable Card Association rule or applicable law; (d) Merchant’s application is in any way inaccurate or becomes inaccurate subsequent to Bank’s approval of the application; (e) Merchant changes its type of business without Bank’s prior written approval; (f) fraud, Merchant processes an unauthorized charge, or other action that violates Bank’s or ETS CORPORATION’S applicable risk management standards or is likely to cause a loss ; (g) Merchant has chargebacks exceeding 1% of the total number of transactions completed by Merchant in any 30 calendar day period; (h) excessive numbers of requests from consumers or issuing banks to retrieve documentation; (i) Merchant’s financial stability is in question or Merchant ceases doing business; or (j) Merchant terminates this Agreement. Once the Reserve Account is established, collected funds will be placed in the Reserve Account. Before releasing funds after this Agreement is terminated, Merchant will pay any equipment cancellation fees and any outstanding charges , losses or amounts, and Chargebacks for which Merchant has provided indemnification under this Agreement. Further, Bank or ETS CORPORATION may require Merchant to deposit additional amounts based upon Merchant’s processing history and/or anticipated risk of loss to Bank or ETS CORPORATION into the Reserve Account. Once established, unless Bank or ETS CORPORATION determines otherwise at its sole discretion, the Reserve Account will remain in place for 180 days and a reasonable period thereafter during which Cardholder disputes may remain valid under applicable Card Association rules. The provisions of this Agreement relating to account debits and credits apply to the Reserve Account and survive this Agreement’s termination until Bank terminates the Reserve Account. Any balance remaining after chargeback rights have expired and all of Bank’s or ETS CORPORATION’S other expenses, losses and damages have been paid will be disbursed to Merchant.

ARTICLE IV - TERMINATION AND EFFECT OF TERMINATION

- 4.01 Term.** This Agreement will be effective once Bank and ETS CORPORATION accepts it and, unless otherwise terminated, will continue for three (3) years with automatic three-year renewals thereafter until Merchant provides written notice of non-renewal given not less than 30 days before the end of the then-current term.
- 4.02 Termination.**
- (a) **Without Cause.** Bank or ETS CORPORATION may terminate this Agreement, without cause, upon 30 days advance written notice to Merchant.
- (b) **For Cause.** Bank or ETS CORPORATION may terminate this Agreement in its sole discretion, effective immediately, upon written or verbal notice, or by closing Merchant's point-of-sale terminal, if Bank or ETS CORPORATION reasonably determines that any of the following conditions exists: (i) Merchant has violated any provision of this Agreement; (ii) there is a material adverse change in Merchant's financial condition; (iii) if any case or proceeding is commenced by or against Merchant under any federal or state law dealing with insolvency, bankruptcy, receivership or other debt relief; (iv) any information which Merchant provided to Bank or ETS CORPORATION, including Application information, was false, incomplete or misleading when received; (v) at any time during the term of this Agreement, Merchant has had a monthly ratio of Chargebacks to total transactions exceeding Card Association requirements or 1%, or Chargebacks exceed 3% of any monthly dollar amount of total transactions; (vi) an overdraft in the settlement account exists for more than three days; (vii) Merchant or any of Merchant's officers or employees has been involved in processing transactions arising from fraudulent or otherwise unauthorized transactions; (viii) Merchant is or will be unable or unwilling to perform its obligations under this Agreement or applicable law; (ix) Merchant has failed to timely pay Bank or ETS CORPORATION any amount due; (x) Merchant has failed to promptly perform or discharge any obligation under its settlement account or the Reserve Account; (xi) any of Merchant's representations or warranties made in connection with this Agreement was not true or accurate when given; (xii) Merchant has defaulted on any agreement it has with the Bank or ETS CORPORATION; (xiii) Bank or ETS CORPORATION is served with legal process seeking to attach or garnish any of Merchant's funds or property in Bank's or ETS CORPORATION's possession, and Merchant does not satisfy or appeal the legal process within 15 days of such service; (xiv) any Card Association rules are amended in any way so that the continued existence of this Agreement would cause Bank or ETS CORPORATION to be in breach of those rules; (xv) any guaranty supporting Merchant's obligations is revoked, withdrawn, terminated or altered in any way; (xvi) if any circumstances arise regarding Merchant or its business that create harm or loss of goodwill to any Card Association; (xvii) termination is necessary to prevent loss to Bank or ETS CORPORATION or Card Issuers; (xviii) Merchant's type of business indicated on the Application or as conducted by Merchant could endanger the Bank's or ETS CORPORATION's safety or soundness; (xix) Merchant's owner, officer, guarantor, or corporate entity has a separate relationship with the Bank or ETS CORPORATION and that relationship is terminated, (xx) Merchant appears on any Card Association's security reporting; or (xxi) Bank's or ETS CORPORATION's security for repayment becomes impaired.
- 4.03 Effect of Bankruptcy.** Any account or security held by Bank or ETS CORPORATION will not be subject to any preference, claim or stay by reason of bankruptcy or similar law. The parties expressly agree that the acquisition of Card Transactions hereunder is a financial accommodation and if Merchant becomes a debtor in any bankruptcy or similar proceeding, this Agreement may not be assumed or enforced by any other person and Bank or ETS CORPORATION will be excused from performance hereunder.
- 4.04 Effect of Termination.** When termination becomes effective, the parties' rights and obligations existing under this Agreement survive. If this Agreement is terminated, regardless of cause, Bank or ETS CORPORATION may withhold and discontinue the disbursement for all Cards and other Merchant Transactions in the process of being collected and deposited. If Merchant is terminated for cause, Merchant acknowledges that Bank or ETS CORPORATION may be required to report Merchant's business name and the names and other identification of its principals to the MATCH file maintained by Visa, Discover, and MasterCard. **Merchant expressly agrees and consents to such reporting if Merchant is terminated for any reason requiring listing on the MATCH file.** Merchant waives and will hold harmless Bank or ETS CORPORATION from any claims that Merchant may raise as a result of Bank's or ETS CORPORATION's MATCH file reporting. Merchant will also immediately cease requesting Authorizations. If Merchant obtains any Authorization after termination, the fact that any Authorization was requested or obtained will not reinstate this Agreement. Further, Merchant will return all Bank or ETS CORPORATION property, forms, or equipment. All obligations for Transactions prior to termination (including payment for Chargebacks and Bank's or ETS CORPORATION's expenses relating to Chargebacks) survive termination. Bank or ETS CORPORATION is not liable to Merchant for damages (including prospective sales or profits) due to termination. Following termination, Merchant will upon request provide Bank or ETS CORPORATION with all original and electronic copies of Sales Drafts and Credit Vouchers that have been retained by Merchant as of the date of termination. Upon termination, any amounts due to Bank or ETS CORPORATION will accelerate and be immediately due and payable, without any notice, declaration or other act whatsoever by Bank or ETS CORPORATION. The parties agree that if this Agreement is terminated before completion of the initial term of this Agreement for any reason other than a material uncured breach by Bank or ETS CORPORATION, Merchant will pay Bank or ETS CORPORATION damages determined by (a) computing the number of months remaining from the date of termination to the end of the then current term, and (b) multiplying that number by the average monthly processing fees and adding Bank's or ETS CORPORATION's costs and attorneys' fees. Merchant agrees that these damages are not a penalty but are a reasonable computation of the financial harm caused by the termination of this Agreement. Bank's or ETS CORPORATION's rights of termination are non-cumulative.

ARTICLE V - MISCELLANEOUS

- 5.01 Account Monitoring.** Merchant acknowledges that ETS CORPORATION and/or Bank will monitor Merchant's daily deposit activity. Merchant agrees that Bank may upon reasonable grounds suspend the disbursement of Merchant's funds for any reasonable period of time required to investigate suspicious or unusual deposit activity. ETS CORPORATION and/or Bank will make good faith efforts to notify Merchant promptly. ETS CORPORATION and/or Bank will not be liability for any losses, either direct or indirect, which Merchant may attribute to any suspension of funds disbursement.
- 5.02 Forms.** Merchant will use only such forms or modes of transmission of Sales Drafts and Credit Vouchers as are provided or approved in advance by Bank or ETS CORPORATION, and Merchant will not use such forms other than in connection with Card Transactions.
- 5.03 Indemnification.** Merchant will defend, indemnify and hold Bank and ETS CORPORATION and its officers, directors, members, shareholders, partners, employees, agents, subcontractors and representatives harmless from and against any and all fines, penalties, claims, damages, expenses, liabilities or fees of any nature whatsoever, including attorneys' fees and costs ("Damages"), asserted against or incurred by Bank and ETS CORPORATION arising out of, relating to or resulting from, either directly or indirectly: (a) a breach of the security of the system safeguarding Cardholder Information resulting in unauthorized access to Cardholder Information; (b) a breach of any representation, warranty or term of this Agreement, including, but not limited to, the data security provisions by Merchant, or any service provider, subcontractor or agent of Merchant; (c) the negligence, gross negligence or willful misconduct of Merchant in the performance of its obligations under this Agreement, including, but not limited to, the data security provisions; (d) any violation of applicable federal and state laws, rules, regulations and guidance and Card Association rules by Merchant; and (e) all third party claims arising from the foregoing. Notwithstanding the preceding, Merchant is not liable to Bank or ETS CORPORATION if Damages are caused by, related to or arise out of Bank's or ETS CORPORATION's negligence, gross negligence or willful misconduct, or Bank's or ETS CORPORATION's breach of this Agreement. Merchant will promptly reimburse Bank or ETS CORPORATION for any assessments, fines, fees or penalties imposed by the Card Association in connection with this Agreement, including the data security provisions, and authorizes Bank or ETS CORPORATION to deduct any such sums from amounts to be cleared and settled with Merchant.
- 5.04 Records.** In addition to any records merchants routinely furnished to Bank or ETS CORPORATION pursuant to this Agreement, Merchant will preserve a copy of the actual paper Sales Drafts and Credit Vouchers and any written authorization of the Cardholder for at least two (2) years after the date Merchant presents the Transaction to Bank.
- 5.05 Requests for Copies.** Immediately upon receipt of any request by Bank or ETS CORPORATION, Merchant will provide either the actual paper Sales Draft or a legible copy thereof (in size comparable to the actual Sales Draft) and any other documentary evidence available to Merchant and reasonably requested by Bank or ETS CORPORATION to meet Bank's and ETS CORPORATION's obligations under law (including its obligations under the Fair Credit Billing Act) or otherwise to respond to questions concerning Cardholder accounts.
- 5.06 Compliance with Law.** Merchant will comply with all laws applicable to Merchant, Merchant's business and any Card Transaction, including without limitation all state and federal consumer credit and consumer protection statutes and regulations.
- 5.07 Fees and Charges.** Merchant will pay to Bank or ETS CORPORATION the fees and charges set forth on Schedule A including any additional charges applied to transactions that fail to meet Card Association requirements for the lowest interchange levels. Merchant's Account will be debited through ACH or withheld from daily payments to Merchant for such amounts and for any other fees, charges or adjustments incurred by Merchant and associated with processing services. Bank or ETS CORPORATION may change fees, including adding fees for additional services utilized by Merchant, upon 30 days written notice to Merchant.

- 5.08 Security Interest.** To secure payment of Merchant's obligations under this Agreement, Merchant grants to Bank and ETS CORPORATION a security interest in all now existing or hereafter acquired: (a) Transactions, Sales Drafts, Credit Vouchers and other items submitted to Bank and ETS CORPORATION for processing by or for Merchant; (b) accounts receivable and payment rights relating to or arising from this Agreement, including all amounts due Merchant (including any rights to receive credits or payments hereunder); (c) accounts (including without limitation all deposit accounts) maintained with the Bank or ETS CORPORATION or any institution other than Bank or ETS CORPORATION, including the Reserve Account, in the name of or for the benefit of, Merchant or any guarantor of Merchant's obligations under this Agreement; (d) deposits, regardless of source, to Merchant's or any guarantor's accounts with Bank or ETS CORPORATION or any institution other than Bank or ETS CORPORATION, including the Reserve Account; (e) all deposits and all other property and funds deposited by Merchant or withheld by Bank or ETS CORPORATION, including funds and property withheld as the result of security monitoring; and (f) proceeds of the foregoing. If Bank or ETS CORPORATION reasonably determines that Merchant has breached any obligation under this Agreement, or that proceeds of Merchant's future card sales are unlikely to cover anticipated Chargebacks, credits, fees and adjustments, as reasonably determined by Bank or ETS CORPORATION (whether because this Agreement has been terminated or for any other reason), Bank or ETS CORPORATION may setoff or otherwise exercise its security interest without notice or demand by immediately withdrawing from or freezing any account or otherwise exercising its rights under this Agreement or those rights available under applicable laws, including the Utah Uniform Commercial Code, or in equity. In addition to the collateral pledged above, Bank or ETS CORPORATION may require Merchant to furnish such other and different security as Bank or ETS CORPORATION deems appropriate in its sole discretion to secure Merchant's obligations under this Agreement. Bank or ETS CORPORATION may fully or partially prohibit withdrawal by Merchant of funds from Merchant's deposit accounts maintained with Bank or ETS CORPORATION or financial institutions other than Bank or ETS CORPORATION, pending Bank's or ETS CORPORATION's determination from time to time to exercise its rights as a secured party against such accounts in partial or full payment of Merchant's obligations to Bank or ETS CORPORATION. Merchant will execute any documents and take any actions required to comply with and perfect any security interest under this paragraph, at Merchant's cost. Merchant represents and warrants that no other party has a security interest or lien in any of the collateral pledged above, and Merchant will obtain Bank's or ETS CORPORATION's written consent before it grants a lien or security interest in that pledged collateral to any other person.
- 5.09 Modifications to Agreement.** This Agreement is subject to amendment to conform with Card Association regulations, as amended from time to time. From time to time Bank and ETS CORPORATION may amend any provision or provisions of this Agreement, including, without limitation, those relating to the discount rate or to other fees and charges payable by Merchant by mailing written notice to Merchant of the amendment at least thirty (30) days prior to the effective date of the amendments, and the amendment will become effective unless Bank or ETS CORPORATION receives Merchant's notice of termination of this Agreement before such effective date. Amendments required due to changes in either Card Association's rules and regulations or any law or judicial decision may become effective on such shorter period of time as Bank may specify if necessary to comply with the applicable rule, regulation, law or decision.
- 5.10 Warranty Disclaimer.** ETS CORPORATION MAKES NO WARRANTIES REGARDING THE USE, OPERATION OR PERFORMANCE OR NON-PERFORMANCE OF SOFTWARE AND SYSTEMS UTILIZED FOR THIS AGREEMENT, WHETHER EXPRESS OR IMPLIED, AND ETS CORPORATION EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- 5.11 Limitation of Liability.** Bank's and ETS CORPORATION's liability with respect to any Card Transaction may not exceed the amount of the Sales Draft in connection with that Transaction less any applicable fees and charges. **Bank and ETS CORPORATION is not liable for any incidental or consequential damages whatsoever.** Merchant waives all claims against Bank and ETS CORPORATION for any loss, claim, demand, penalty, action, delay, cost or expense (including reasonable attorneys' fees) of any kind unless Merchant provides written notice to ETS CORPORATION or Bank of the occurrence that gave rise to the alleged liability within 30 days after Merchant knew or should have known of the occurrence. Merchant will indemnify and hold Bank and ETS CORPORATION harmless from any claim relating to any Sales Draft paid for by Bank as may be made by anyone by way of defense, dispute, offset, counterclaim or affirmative action, or for any damages or losses that Bank or ETS CORPORATION may incur as a result of Merchant's breach of this Agreement. Further, Merchant will reimburse Bank or ETS CORPORATION for all expenses and costs, including attorneys' fees, with regard thereto.
- 5.12 Waiver.** Failure by Bank or ETS CORPORATION to enforce one or more of the provisions of this Agreement will not constitute a waiver of the right to enforce the same or other provision in the future.
- 5.13 Written Notices.** All written notices and other written communications required or permitted under this Agreement will be deemed delivered immediately when hand-delivered or sent via facsimile and the sender obtains a fax confirmation receipt, and upon mailing when sent first class mail, postage prepaid, addressed as follows:
(a) ETS CORPORATION, 10 Pidgeon Hill Drive, Suite 200, Sterling, VA 20165
(b) Bank: Merrick Bank Corporation, 10705 South Jordan Gateway, Suite 200, South Jordan, UT 84095, Attn: SVP of Merchant Services, Facsimile: (516)576-8741;
(c) If to Merchant: At the facsimile number or address provided as the billing address and to the contact listed on the Merchant Application.
- 5.14 Choice of Law; Jurisdiction.** Utah law governs this Agreement. Any claim or cause of action arising out of this Agreement against Bank must be initiated and maintained exclusively in the state or federal courts located in Salt Lake County, Utah.
- 5.15 Entire Agreement; Assignability.** This Agreement expresses the entire understanding of the parties with respect to the subject matter hereof and except as provided herein, may be modified only in writing executed by Bank and ETS CORPORATION and Merchant. This Agreement may not be assigned, directly or by operation of law, without Bank's and ETS CORPORATION's prior written consent. This Agreement will be binding upon and inure to the benefit of the parties' respective heirs, personal representatives, successors and assigns.
- 5.16 Deposit Account.** Merchant will at all times maintain an Account at a bank that is a member of the Federal Reserve ACH system and will provide Bank and ETS CORPORATION with proper authorization to debit the Account. All credits for collected funds and debits for fees, payments and Chargebacks and other amounts for which Merchant is liable under the terms of this Agreement will be made to the Account. Merchant may not close or change the Account without written notice to Bank and ETS CORPORATION. Merchant will be solely liable for all fees and costs associated with the Account and for all overdrafts. Merchant hereby grants to Bank and ETS CORPORATION a security interest in the Account to the extent of any and all fees, payments and Chargebacks and other amounts due which may arise under this Agreement, and Merchant will execute any document and obtain any consents or waivers from the bank at which the Account is maintained as requested by Bank and ETS CORPORATION to protect its security interests therein.
- 5.17 Credit and Financial Inquiries; Additional Locations; Inspections.** Bank or ETS CORPORATION may make, at any time, any credit inquiries which it may consider necessary to accept or review acceptance of this Agreement or investigate Merchant's deposit or Card acceptance activities subsequent to acceptance of this Agreement. Such inquiries may include, but are not limited to, a credit and/or criminal check of the business including its proprietor, partners, principal owners or shareholders or officers. Upon Bank's or ETS CORPORATION's request, Merchant will provide the written consent of any person for which an inquiry has been or is to be made if such person has not executed this Agreement and will provide any financial statements, income tax and business tax returns and other financial information as Bank or ETS CORPORATION may consider necessary to perform initial or periodic reviews of Merchant's financial stability and business practices. Merchant may accept Cards only at locations approved by Bank or ETS CORPORATION. Additional locations may be added, subject to Bank's or ETS CORPORATION's approval. Any party to this Agreement may delete any location by providing notice as provided herein. Merchant will permit Bank or ETS CORPORATION, at any time and from time to time, to inspect locations to confirm that Merchant has or is adhering to the terms of this Agreement and is maintaining the proper facilities, equipment, inventory, records and license or permit (where necessary) to conduct its business. However, nothing in this paragraph may be deemed to waive Merchant's obligation to comply in all respects with the terms of this Agreement. Bank or ETS CORPORATION, its internal and external auditors, and its regulators may audit compliance with this Agreement, compliance with federal and state laws, rules, regulations and guidance applicable to the services, Card acceptance and Transaction processing, and data security provisions, including Card Association compliance. Merchant will make available its records maintained and produced under this Agreement, and Merchant's facilities will be made accessible, upon notice during normal business hours for examination and audit. Nothing in this section may be construed to require Merchant to give access to its facilities, personnel or records in a manner that unreasonably interferes with its business operations. Each party will bear its expenses of any audit.
- 5.18 Marketing of Non-Bankcard Services.** From time to time, Bank may offer to Merchant certain additional products and services which may or may not be related to the processing of credit card Transactions. If such offers are made, Merchant may decline the offers or be deemed to have accepted the offers and be liable for payment therefore.
- 5.19 Force Majeure.** The parties will be released from liability hereunder if they fail to perform any obligation where the failure occurs by reason of any act of God, fire, flood, storm, earthquake, tidal wave, communications failure, sabotage, war, military operation, terrorism, national emergency, mechanical or electronic breakdown, civil commotion or the order, requisition, request or recommendation of any governmental authority, or either party's compliance therewith, or governmental regulation, or priority, or any other similar cause beyond either party's reasonable control.
- 5.20 No Third Party Beneficiary.** No other person or entity may be deemed to be a third party beneficiary of this Agreement.

CITY OF RAYTOWN
Request for Board Action

Date: April 30, 2015
To: Mayor and Board of Aldermen
From: Mark Loughry, Finance Director

Resolution No.: R-2767-15

Department Head Approval: _____

Finance Director Approval: _____ (only if funding is requested)

City Administrator Approval: _____

Action Requested: Amend the Park Fund budget to allocate \$80,000.00 from unreserved cash balance and \$80,000.00 from the fund balance reserve for Super Splash expenditures.

Analysis: During the budget process, the Parks Department determined that it would not be possible to open Super Splash for the upcoming swim season without a significant investment into capital improvements. It was determined that the Park Fund could not absorb these expenditures in their operating budget and would therefore be forced to close Super Splash. The Board of Aldermen gave direction to staff to keep Super Splash open for the upcoming year by allocating up to \$80,000.00 from the Park Fund unreserved fund balance and to re-appropriate up to \$80,000.00 from previously allocated projects in the Capital Sales Tax Fund. At the time of the Park Budget hearing, staff was not prepared to identify which projects from the Capital Sales Tax Fund would need to be placed on hold in order to accommodate the direction given.

Staff recommended to the Sales Tax Oversight Committee (STOC) that the Street Light project in an amount of \$50,000.00 be cut from this year's budget and an additional \$30,000.00 be allocated from non-appropriated cash balance to make up the \$80,000.00 pledged from Capital Sales Tax. However, the STOC was not comfortable approving this expenditure as meeting the intent of the Capital Sales Tax until the result of the recently commissioned park study is complete. Therefore, the STOC tabled consideration of this item indefinitely with the intent of bringing it back up after the recommendation of the Park study is available. Without approval of the STOC, it would not be the recommendation of staff to proceed with Capital Sales Tax funds as a source of funding for this project.

Two other options for funding these projects would be to amend the Park Fund or the General Fund to appropriate up to \$80,000.00 of un-allocated cash balance. The General Fund could transfer to the Park Fund up to \$80,000.00 on an as needed basis to complete these projects. There are sufficient funds available in the General Fund cash balance to complete this one-time request. Or, the Park Fund budget could be amended to allocate \$80,000.00 of unreserved fund balance and \$80,000.00 of fund balance reserve for these projects.

It is staff's recommendation that the Park Budget be amended to allocate \$80,000.00 of un-reserved cash balance and \$80,000.00 of fund balance reserve for Super Splash expenditures.

Budgetary Impact:

- Not Applicable
- Non-budgeted items from available cash reserves
- Budgeted item with available funds

Fund: Park
\$160,000.00

Additional Reports Attached: Planned pool expenditures

A RESOLUTION AMENDING THE FISCAL YEAR 2014-2015 BUDGET RELATED TO PARKS AND RECREATION CAPITAL IMPROVEMENTS

WHEREAS, pursuant to Resolution R-2716-14, the fiscal year 2014-2015 Parks Department budget was approved; and

WHEREAS, it is necessary to reappropriate funds and amend the fiscal year 2014-2015 budget; and

WHEREAS, the Board of Aldermen find it is in the best interest of the City to reappropriate the funds and amend the fiscal year 2014-2015 Parks Department budget;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF RAYTOWN, MISSOURI, AS FOLLOWS:

THAT the Fiscal Year 2014-2015 Budget approved by Resolution R-2716-14 is hereby amended as follows:

FROM:		TO:
Parks Unappropriated Fund Balance	}	
\$80,000.00	}	
	}	Parks Capital Improvement
	}	\$160,000.00
Parks Fund Balance Reserve	}	
\$80,000.00	}	

FURTHER THAT the City Administrator is hereby authorized to execute all documents necessary to this transaction and the City Clerk is authorized to attest thereto.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Raytown, Missouri, the 5th day of May, 2015.

Michael McDonough, Mayor

ATTEST:

Approved as to Form:

Teresa M. Henry, City Clerk

Joe Willerth, City Attorney

2015 SUPER SPLASH REPAIRS ESTIMATES

PRIORITY	LOCATION	DESCRIPTION	ANNUAL PREVENTATIVE MAINTENANCE	LIFE CYCLE	REPLACEMENT COST	ANNUAL REPLACEMENT CONTRIBUTION
1	Pebble Beach	Repair 2 - 2" or larger water lines under concrete deck	\$ 15,000	20	\$ 15,000	\$ 750
2	Catalina Cove	Replace or repair leaking main drain valve	\$ 4,000	20	\$ 4,000	\$ 200
3	Catalina Cove	Repair pool gutter recirculating line leaks	\$ 5,000	10	\$ 5,000	\$ 500
4	Jackson Hole	Remove & replace Aurora end suction centrifugal pump and 5 hp motor with Scotchkote	\$ 2,800	10	\$ 2,800	\$ 280
5	Pebble Beach	Filter Pump-remove & replace Aurora end suction centrifugal pump, 10 hp motor with Scotchkote	\$ 2,600	10	\$ 2,600	\$ 260
6	Pebble Beach	Activity Pump-Aurora end suction centrifugal pump and 25 hp motor with Scotchkote	\$ 4,400	10	\$ 4,400	\$ 440
7	Missouri Fury	Remove & replace 25 hp vertical turbine pump only, no motor	\$ 14,000	10	\$ 14,000	\$ 1,400
8	50 m Pool	Secondary Filter Pump-Remove & replace Aurora end suction centrifugal pump, 10 hp motor with Scotchkote	\$ 4,400	10	\$ 4,400	\$ 440
9	Huckleberry Hill	Install additional deck balusters to comply with city code	\$ 1,000	15	\$ 1,000	\$ 67
10	Jackson Hole Enclosed Drop Slides (2)	Waterslide Maintenance Program-repair damaged fiberglass entry tubs, slide flanges, rework seams and fix leaks, repair gel chips, wax, buff, clean, replace rusted hardware, recaulk seams, recoat slide interior and exterior, visual inspection	\$ 23,000	20	\$ 100,000	\$ 5,000
11	Avalanche Slide (1)	Waterslide Maintenance Program-repair leaks in slide seams	\$ 22,000	25	\$ 300,000	\$ 12,000
12	Missouri Fury Open Flume Slides (2)	Waterslide Maintenance Program-Interior maintenance and exterior recoat, repair gel chips, wax, buff, clean, replace rusted hardware, recaulk seams, visual inspection of slide	\$ 45,000	20	\$ 175,000	\$ 8,750
13	Concession	Replace food prep equipment-fryers, warmers, grills	\$ 4,000	10	\$ 4,000	\$ 400
14	Pebble Beach	Replace Natara vinyl climbing/slide surfaces	\$ 15,000	5	\$ 15,000	\$ 3,000
15	Concession	Maintenance of Halon fire extinguisher system	\$ 2,000	5	\$ 2,000	\$ 400
		SUBTOTAL	\$ 164,200		\$ 649,200	\$ 33,887
		Add 15% Contingency	\$ 24,630		\$ 97,380	\$ 5,083
		TOTAL	\$ 188,830		\$ 746,580	\$ 38,970
ANTICIPATED REPAIRS IN SUBSEQUENT YEARS NOT ESSENTIAL TO 2015 OPERATIONS						
16	Catalina Cove	Remove 3 non-operational vertical turbine pumps/motors	\$ 1,000	2	\$ 1,000	\$ 500
17	Catalina Cove	Replace Tumblebuckets with new attraction	\$ 2,500	15	\$ 75,000	\$ 5,000
18	50 m Pool	Sandblast, prep & repaint with 2 coats Tnemec primer, epoxy paint	\$ 6,000	7	\$ 120,000	\$ 17,143
19	Pebble Beach	Sandblast, prep & repaint with 2 coats Tnemec primer, epoxy paint	\$ 2,000	7	\$ 40,000	\$ 5,714
20	50 m Pool	Replace diving board standard-Duraflex	\$ 500	20	\$ 10,000	\$ 500
21	Catalina Cove	Replace double stack high rate sand filter	\$ 5,000	20	\$ 100,000	\$ 5,000
22	Various	Chemical Pumps, Water Wars, Shade Structures	\$ 1,000	10	\$ 5,000	\$ 500
23	Parking Area	Parking area asphalt overlay	\$ 4,000	10	\$ 90,000	\$ 9,000
24	50 m Pool	Net crawl, logs, lily pads, landing pads	\$ 300	5	\$ 5,000	\$ 1,000
25	Gate	Sandblast & repaint or replace metal shade canopy	\$ 900	20	\$ 15,000	\$ 750
26	Gate	Replace concession and front gate awnings	\$ 500	15	\$ 10,000	\$ 667
27	Deck Area	Replace AquaVa Pool Vacuum	\$ 100	10	\$ 3,500	\$ 350
28	Deck Area	Replace Shade Structure Covers	\$ 1,800	10	\$ 35,000	\$ 3,500
29	All pools	Replace 10 chemical pumps, 3 chemical controllers	\$ 1,000	10	\$ 25,000	\$ 2,500
30	Deck Area	Replace Deck Furniture-chaise lounges, chairs, tables, umbrellas	\$ 3,000	8	\$ 50,000	\$ 6,250
31	Catalina Cove	Replace Tumblebuckets booster pump w/ end suction pump	\$ 200	10	\$ 2,500	\$ 250
32	Parking Area	Large park shelter w/ amenities for 100+ people	\$ 10,000	25	\$ 200,000	\$ 8,000
33	Avalanche Slide	Sandblast & repaint Avalanche tower, replace steel steps, deck landing pans	\$ 3,000	15	\$ 50,000	\$ 3,333
		SUBTOTAL	\$ 207,000		\$ 1,486,200	\$ 103,844
		Add 15% Contingency	\$ 31,050		\$ 222,930	\$ 15,577
		TOTAL	\$ 238,050		\$ 1,709,130	\$ 119,420
		*Estimated costs include Mo. prevailing wage, labor, freight charges				
		*3.5 % CPI (annual growth)				

CITY OF RAYTOWN
Request for Board Action

Date: April 30, 2015
To: Mayor, Board of Aldermen
From: Kevin Boji, Parks and Recreation Director

Resolution No.: R-2768-15

Department Head Approval: _____

Finance Director Approval: _____ (only if funding requested)

City Administrator Approval: _____



Action Requested: Amend the Park Fund budget to authorize a Change Order for Super Splash waterslide maintenance and repair in an amount not to exceed \$10,500.00.

Recommendation: Staff recommends approval.

Analysis: The Parks and Recreation Department was notified by the slide maintenance contractor of a slide length discrepancy for the Missouri Fury open flume slides. The bid specifications list the Missouri Fury slide length at 130' each. The contractor found the slides are 185' in length. The additional 55' per slide is significant enough to require additional materials and labor. Field measurements were verified by staff. Slide maintenance work was completed Thursday, April 23.

The scope of work for the slide repair work includes a visual inspection report, slide joint leak repair, gel coat repair, removal and replacement of damaged or rusted hardware, buffing and cleaning of slide riding surfaces, and recoating the slide's exterior.

Budgetary Impact:

- Not Applicable
- Budgeted item with available funds
- Non-Budgeted item with available funds through prioritization
- Non-Budgeted item with additional funds requested

Fund: Park
Amount: \$10,500.00

Additional Reports Attached: Splashtacular Change Order

A RESOLUTION AUTHORIZING AND APPROVING CHANGE ORDER NO. 1 TO THE AGREEMENT BY AND BETWEEN THE CITY OF RAYTOWN AND SPLASHTACULAR FOR THE WATERSLIDE MAINTENANCE AND REPAIR PROJECT AT SUPER SPLASH USA

WHEREAS, the City of Raytown (the "City") issued an Invitation to Bid related to the Waterslide Maintenance and Repair Project at Super Splash USA; and

WHEREAS, the bid for said project was awarded to SplashTacular on February 17, 2015, pursuant to Resolution R-2747-15 in an amount not to exceed of \$88,700.00; and

WHEREAS, Change Order No. 1 to the agreement with SplashTacular, as set forth in the attached "Exhibit A" in the amount of \$10,500.00 additional repair work at Super Splash USA, bringing the total amount for the Waterslide Maintenance and Repair at Super Splash USA to an amount not to exceed \$99,200.00; and

WHEREAS, the Board of Aldermen desire to authorize Change Order No. 1 to the agreement with SplashTacular for the Waterslide Maintenance and Repair Project at Super Splash USA;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF RAYTOWN, MISSOURI, AS FOLLOWS:

THAT, Change Order No. 1 to the agreement with SplashTacular, as set forth in the attached "Exhibit A" in the amount of \$10,500.00 for additional repair work at Super Splash USA, bringing the total amount for the Waterslide Maintenance and Repair Project to an amount not to exceed \$99,200.00; and

FURTHER THAT the City Administrator and his designee are authorized to execute all documents necessary or incidental to the performance thereof.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Raytown, Missouri, the 5th day of May, 2015.

Michael McDonough, Mayor

ATTEST:

Approved as to Form:

Teresa M. Henry, City Clerk

Joe Willerth, City Attorney

Splashtacular

102 West Kaskaskia Street
Suite 201
Paola, KS 66071
800-844-5334
913-294-2496 Fax
www.splashtacular.com



CONTRACT CHANGE ORDER

To:

Company Name City of Raytown
Address 5912 Lane Avenue
City, State, Zip Raytown, MO 64133
Phone Number 816-358-4100
Fax Number _____

Attention: Kevin Boji

Project Name: Super Splash USA

Project Location: Raytown, MO

Splashtacular Project Number: 51507

Change Order Date: 16-Apr-15

Change order number: 1

In accordance with the contract agreement for the above mentioned project, and in keeping with all the articles therein and subject to all its conditions, the following changes in the Work are herein described as:

<u>Description</u>	<u>Amount</u>
Additional Footage of 55' per slide (110' Total)	10,500.00

Total This Change Order 10,500.00

Original Contract Sum: \$	88,700.00
Total of Previously Executed Change Orders: \$	-
Contract Sum Prior to This Change Order: \$	88,700.00
Total This Change Order: \$	10,500.00
Contract Sum to Date: \$	99,200.00

AZS Industries, LLC dba Splashtacular

City of Raytown

Signature

Signature

Print Name

Print Name

Date

Date

PLEASE SIGN AND RETURN. AN EXECUTED COPY WILL BE RETURNED TO YOU.

**CITY OF RAYTOWN
Request for Board Action**

Date: April 30, 2015
To: Mayor and Board of Aldermen

Resolution No.: R-2769-15

From: Jim Melvin, Interim Public Works Director

Department Head Approval: _____

Finance Director Approval: _____ (only if funding is requested)

City Administrator Approval: _____

Action Requested: Amend the Capital Sales Tax Fund budget to allocate \$33,822.00 from unbudgeted reserves for Capital improvements in an amount not to exceed \$33,822.00.

Analysis: During the budget process, the Public Works Department planned to have carpet installed in the Courts area, the Department of Public Affairs area, and the Administration area in 2014. During the transition between the past Director, Andy Noll, and the Interim Director, Jim Melvin, the expenditures were not made until after November 1, 2014 for the Courts and DPA areas, and the Administration area has not been done as yet. The fiscal year 2013-2014 budget did contain the funds for the carpet for Courts and DPA, but the fiscal year 2014-2015 budget did not. This budget amendment request is to adjust the budget to reflect the appropriate timing of the expenditures, and to allow for re-carpeting the Administration area.

Since the funds from fiscal year 2013-2014 were carried forward as unbudgeted reserves, the funds are available for the Courts and DPA carpeting, and the carpet for the Administration area is available from unbudgeted reserves. The budget simply needs to be amended to reflect the correct year for the Courts and DPA expenditures, and to add funds for the Administration area.

Budgetary Impact:

- Not Applicable
- Funds subject to appropriation of the Budget
- Budgeted item with available funds

Fund: Capital Sales Tax
\$33,822.00

Additional Reports Attached: None

A RESOLUTION AMENDING THE FISCAL YEAR 2014-2015 BUDGET RELATED TO CAPITAL EXPENDITURES

WHEREAS, pursuant to Resolution R-2711-14, the fiscal year 2014-2015 budget was approved; and

WHEREAS, it is necessary to reappropriate funds and amend the fiscal year 2014-2015 budget; and

WHEREAS, the Board of Aldermen find it is in the best interest of the City to reappropriate the funds and amend the fiscal year 2014-2015 budget;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF RAYTOWN, MISSOURI, AS FOLLOWS:

THAT the Fiscal Year 2014-2015 Budget approved by Resolution R-2711-14 is hereby amended as follows:

FROM:	TO:
Unappropriated Fund Balance \$33,822.00	Capital Expenditures \$33,822.00

FURTHER THAT the City Administrator is hereby authorized to execute all documents necessary to this transaction and the City Clerk is authorized to attest thereto.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Raytown, Missouri, the 5th day of May, 2015.

Michael McDonough, Mayor

ATTEST:

Approved as to Form:

Teresa M. Henry, City Clerk

Joe Willerth, City Attorney