

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

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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.

	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	<u>20,238,815</u>	<u>20,061,353</u>	<u>5,742,533</u>	<u>5,695,628</u>	<u>25,981,348</u>	<u>25,756,981</u>
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	<u>20,120,562</u>	<u>20,619,078</u>	<u>4,002,910</u>	<u>4,156,467</u>	<u>24,123,472</u>	<u>24,775,545</u>
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	<u>\$ 12,320,533</u>	<u>\$ 11,042,456</u>	<u>\$ 8,206,294</u>	<u>\$ 7,626,495</u>	<u>\$ 20,526,827</u>	<u>\$ 18,668,951</u>

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

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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:

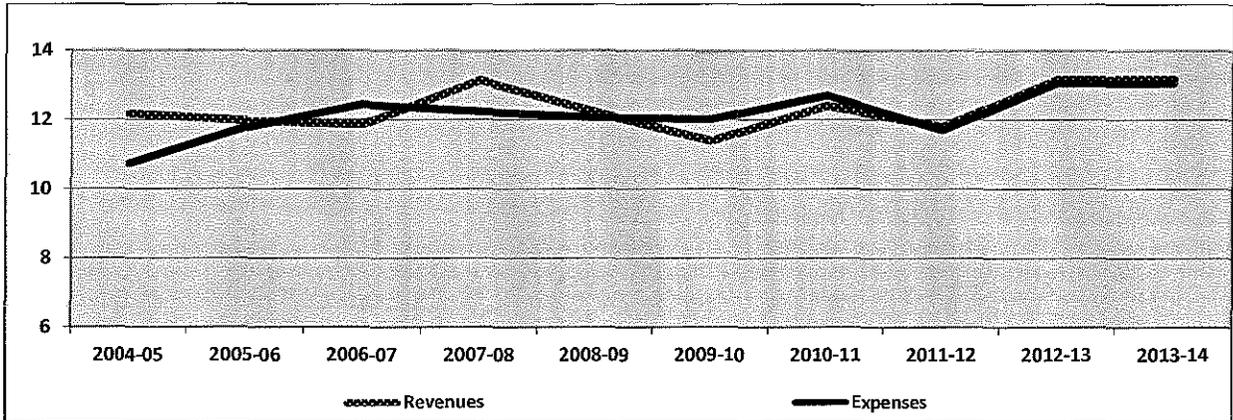
- The original revenue and transfers in budget of \$12,877,490 was amended by \$22,281 to account for additional grant funding. Any other un-budgeted revenue was simply received as miscellaneous revenue or assigned to the appropriate revenue stream.
- The original expenditure and transfer out budget 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 2008-09, 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 2009-10 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 2010-11, 2011-12, 2012-13 and 2013-14 the City's revenue exceeded expenditures reversing the previous two years trend.

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

	Sewer Fund
	<hr/>
Assets	
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	<hr/> 5,196,621 <hr/>
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	<hr/> 15,983,004 <hr/>
 Total assets	 <hr/> 21,179,625 <hr/>
Deferred Outflows of Resources	
Deferred charge on refunding	22,997
Total Deferred Outflows of Resources	<hr/> 22,997 <hr/>
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	<hr/> 1,487,547 <hr/>
Non-current liabilities:	
Other post employment benefits	10,138
Bonds payable	11,498,643
Total non-current liabilities	<hr/> 11,508,781 <hr/>
 Total liabilities	 <hr/> 12,996,328 <hr/>
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	<hr/> \$ 8,206,294 <hr/>

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
Assets	Police Pension	
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
	Value	Value	Value
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
	<u>\$</u>	<u>10,546,501</u>

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
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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	271,313
	<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>\$ 38,931,528</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
\$5,495,000 - 2007 Sewage System Refunding and Improvements Revenue Bonds (State Revolving Loan (SRF)), due in annual installments of \$180,000 to \$405,000 through January 1, 2028; interest at 4.0% to 4.375%.	4,290,000
\$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%	<u>2,310,000</u>
2006A - SRF Bond Premium	<u>173,259</u>
Total revenue bonds	<u>12,243,259</u>
Compensated absences	<u>7,176</u>
Net other post employment benefit obligations	<u>10,138</u>
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>\$ 11,508,781</u>

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	-	-	-	-
	<u>\$ 37,425,000</u>	<u>\$ 20,796,256</u>	<u>\$ 5,470,000</u>	<u>\$ 1,827,635</u>	<u>\$ 4,290,000</u>	<u>\$ 1,464,194</u>

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
	<u>\$ 2,310,000</u>	<u>\$ 573,598</u>	<u>\$ 12,070,000</u>	<u>\$ 3,865,427</u>	<u>\$ 49,495,000</u>	<u>\$ 24,661,683</u>

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	<u>2,366,640</u>	<u>2,376,640</u>	<u>2,170,184</u>	<u>206,456</u>
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	<u>7,292,113</u>	<u>7,312,954</u>	<u>7,050,989</u>	<u>261,965</u>
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	<u>13,330,261</u>	<u>13,362,542</u>	<u>13,053,583</u>	<u>308,959</u>
Other financing sources (uses):				
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>	<u>126,186</u>	<u>\$ 588,957</u>
Fund balances, beginning of year - budget basis			<u>6,110,814</u>	
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			423,579	
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

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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.

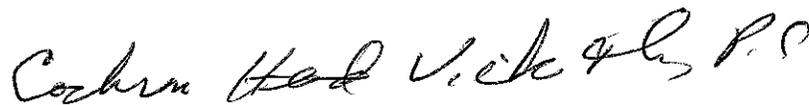
The City's Response to the Findings

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