

CITY OF RAYTOWN, MISSOURI

Basic Financial Statements



**For Year Ended
October 31, 2011**

Prepared by:

Mark Loughry
Director of Finance

Briana Burrichter
Senior Accountant

CITY OF RAYTOWN, MISSOURI

Basic Financial Statements

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1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 584-9955
Fax (816) 584-9958

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri (the City) as of and for the year ended October 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Raytown, Missouri, as of October 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Offices

1333 Meadowlark Lane
Kansas City, KS 66102
(913) 287-4433
(913) 287-0010 FAX

6700 Antioch Rd, Suite 460
Merriam, Kansas 66204
(913) 378-1100
(913) 378-1177 FAX

400 Jules Street
Suite 415
St. Joseph, MO 64501
(816) 364-1118
(816) 364-6144 FAX

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

May 4, 2012

Cochran Head V. de la; K.C.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2011

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, 2011.

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 \$19,625,110 (net assets).

The City's total net assets increased \$1,232,125. Of this amount, \$939,306 was an increase from the City's "governmental activities", while the City's "business-type activities" increased \$292,819. This compares favorably with 2010 which saw an overall decrease in assets of \$3,295,535 over the previous year.

The City's increase in net assets related to governmental activities was primarily related to a decrease in expenses from 2010.

The increase in net assets for the business-type activities was primarily related to an increase in rates that became effective in November 2010.

The City's total debt decreased \$575,985 during the current fiscal year. The City continues to make payments on existing debt.

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 assets* presents all of the City's assets and liabilities with the difference between the two reported as *net assets*. Net assets are an important measure of the City's overall financial health. The increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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

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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 assets may serve as a useful indicator of the City's financial position. The largest portion of the City's net assets, \$39,782,025, 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

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NET ASSETS

The following table reflects the condensed Statement of Net Assets as of October 31, 2011 and 2010. Certain amounts for 2010 have been reclassified to conform to the current year's presentation.

City of Raytown Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 19,478,192	\$ 18,067,883	\$ 8,200,715	\$ 8,056,307	\$ 27,678,907	\$ 26,124,190
Capital assets	37,425,948	37,676,826	13,113,096	13,218,794	50,539,044	50,895,620
Total assets	<u>56,904,140</u>	<u>55,744,709</u>	<u>21,313,811</u>	<u>21,275,101</u>	<u>78,217,951</u>	<u>77,019,810</u>
Long-term debt	41,356,568	41,400,893	13,823,390	14,355,050	55,179,958	55,755,943
Other liabilities	2,432,762	2,168,312	980,121	702,570	3,412,883	2,870,882
Total liabilities	<u>43,789,330</u>	<u>43,569,205</u>	<u>14,803,511</u>	<u>15,057,620</u>	<u>58,592,841</u>	<u>58,626,825</u>
Net assets:						
Investment in capital assets, net of related debt	37,180,113	37,396,232	2,601,912	2,174,841	39,782,025	39,571,073
Restricted	8,982,555	8,668,386	538,468	499,494	9,521,023	9,167,880
Unrestricted (deficit)	<u>(33,047,858)</u>	<u>(33,889,114)</u>	<u>3,369,920</u>	<u>3,543,146</u>	<u>(29,677,938)</u>	<u>(30,345,968)</u>
Total net assets	<u>\$ 13,114,810</u>	<u>\$ 12,175,504</u>	<u>\$ 6,510,300</u>	<u>\$ 6,217,481</u>	<u>\$ 19,625,110</u>	<u>\$ 18,392,985</u>

At the end of the current fiscal year, the City is reporting positive balances in two of the three categories of net assets related to governmental activities. The City currently has deficit unrestricted net assets 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 has been paying interest only payments on this obligation since 2007 and currently holds \$3,847,840 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 assets for business-type activities.

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Change in Net Assets

The following table reflects the revenues and expenditures from the City's activities for the years ended October 31, 2011 and 2010:

City of Raytown Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,862,481	\$ 2,484,879	\$ 5,576,731	\$ 4,942,835	\$ 8,439,212	\$ 7,427,714
Operating grants and contributions	242,906	190,592	-	-	242,906	190,592
Capital grants and contributions	477,587	1,943,408	-	-	477,587	1,943,408
General revenues:						
Property taxes	1,762,686	1,613,720	-	-	1,762,686	1,613,720
Sales taxes	6,811,644	6,734,401	-	-	6,811,644	6,734,401
Motor vehicle taxes	1,154,779	1,160,857	-	-	1,154,779	1,160,857
Franchise taxes	4,341,855	4,773,153	-	-	4,341,855	4,773,153
Intergovernmental activity taxes	1,271,027	867,053	-	-	1,271,027	867,053
Other taxes	72,876	202,153	-	-	72,876	202,153
Other	472,579	395,336	431,507	505,557	904,086	900,893
Total revenues	19,470,420	20,365,552	6,008,238	5,448,392	25,478,658	25,813,944
Expenses:						
General government	2,245,818	2,267,983	-	-	2,245,818	2,267,983
Parks and recreation	1,423,088	1,490,733	-	-	1,423,088	1,490,733
Community development	680,039	5,804,931	-	-	680,039	5,804,931
Public safety	8,449,162	8,325,783	-	-	8,449,162	8,325,783
Public works	4,149,591	4,305,233	-	-	4,149,591	4,305,233
Interest on long-term debt	2,033,191	2,118,725	-	-	2,033,191	2,118,725
Sanitary sewer	-	-	5,265,644	4,796,091	5,265,644	4,796,091
Total expenses	18,980,889	24,313,388	5,265,644	4,796,091	24,246,533	29,109,479
Change in net assets before transfers	489,531	(3,947,836)	742,594	652,301	1,232,125	(3,295,535)
Transfers	449,775	249,776	(449,775)	(249,776)	-	-
Change in net assets after transfers	939,306	(3,698,060)	292,819	402,525	1,232,125	(3,295,535)
Net assets, beginning	12,175,504	15,873,564	6,217,481	5,814,956	18,392,985	21,688,520
Net assets, ending	\$ 13,114,810	\$ 12,175,504	\$ 6,510,300	\$ 6,217,481	\$ 19,625,110	\$ 18,392,985

Governmental Activities

Even though the City saw an overall decrease in revenues in 2011 compared to 2010, Governmental activities increased the City's net assets by \$939,306 compared to 2010 when the City's governmental activities saw a decrease in net assets of \$3,698,060. Total governmental expenses decreased \$5,332,499 from 2010. The higher expenditures in 2010 were directly related to the 350 Highway development project which required that funds in the amount of \$5,090,000 be applied towards the project.

The largest single revenue category for Raytown remains sales taxes which totaled \$6,811,644 or 35% of total governmental revenue and was up \$77,243 over 2010. Revenues from governmental activities totaled \$19,470,420 or 76% of the total City revenues. This represents a decrease of \$895,132 from 2010. The main reason was an overall reduction in capital grant and contributions of \$1,465,821. In 2010 the City received State and Federal grants for multiple projects including the Gateway project on Raytown Road and Gregory Road; Woodson Overlay ARRA grant; and the County Urban Road System (CURS) payment from Jackson County for the 63rd street bridge project. In 2011, most of these projects had been completed and fewer new projects were underway.

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Business-type Activities

Expenses from business-type activities total \$5,715,419 when you factor in operating expenses and transfers out for administrative overhead. Compared to 2010 this represents an increase of \$669,552 in 2011. The primary reason for this increase was due to an increase in sewer rates the City pays to outside entities for treatment of waste water. The increase in expenditures was mostly offset by an increase in sewer rates which resulted in increased revenues of \$633,896. In total the Business-type activities experienced an increase in net assets of \$292,819 which was less than the increase experienced in 2010 by \$109,706.

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 \$16,821,322 which represents an increase of \$1,212,353 over 2010. This is a significant change over 2010 which reflected a decrease in fund balance of \$6,069,484.

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 \$12,405,836 compared to \$11,385,278 in 2010 which represents an increase of \$954,968 or 9%. The main increases in revenue for the City were franchise fees of \$376,975 that had previously been paid under protest but subsequently resolved. Fines collected also increased \$153,096 due to increased volume in Courts. The City also receipted grant proceeds of \$238,523 for various projects. In 2010 grant proceeds were being receipted in to a special fund but staff felt it would be more appropriate to receipt those funds directly to the fund responsible for administration of the grant. City Sales Tax collections for the General Fund were also up \$77,243 over 2010. The remaining revenue increases were spread over multiple line items.

General Fund expenditures including transfers out were \$12,700,852 compared to \$12,008,197 in 2010 which represents an increase of \$692,655. The main reason for the increase is related to transfers out to other funds in the amount of \$1,220,000. In 2011 \$850,000 was transferred out for the loan to the Ditzler CID and \$370,000 was transferred out for the public works building renovations project.

The fund balance of the General Fund decreased \$295,016 during the fiscal year compared to a \$622,919 decrease in 2010. Staff and management will continue to monitor this trend of a declining fund balance however the fund maintains an unassigned fund balance of \$4,426,853 which represents 35.6% of the fund's revenues and transfers in.

Tax Increment Finance Fund

The TIF Fund revenues were \$2,684,308 compared to \$2,606,169 in 2010. The modest increase in revenue in 2011 can be attributed to it being the first full year some of the benefit district taxes were collected.

The expenditures were \$2,073,450 compared to \$7,151,853 in 2010. The decrease is attributed to the one-time payout of \$5,090,000 for improvements in 2010 as required by the development agreement.

The fund balance of the Tax Increment Finance (TIF) Fund increased \$610,858 during the fiscal year. The increase in fund balance is related again to the City collecting additional benefit district taxes that had not been in full effect the previous year and the primary expenditures being only interest on the debt.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

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Other governmental funds (Combined)

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

The other governmental funds combined revenues were \$4,643,249 compared to \$6,293,531 in 2010. The decrease was due primarily to the City not utilizing the Grant fund in 2011 and grant and other funding received in 2010 for various capital projects. This represented a decrease of \$1,796,482 in intergovernmental revenues.

Combined expenditures and transfers out for other Governmental Fund were \$5,339,559 compared to \$7,391,380 in 2010. This reduction of \$2,051,821 is directly related to decreases in grant and other funding for capital projects as discussed above. In 2010 the City completed the 63rd street bridge project and the ARRA Woodson Overlay Project.

The combined fund balance of the other governmental funds increased \$896,511 during the fiscal year. The primary reason for the increase is related to desire to build increased reserves in the Public Safety Sales tax fund for future purchases.

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 \$5,576,731 in 2011 compared to operating revenues of \$4,942,835 in 2010. The increase of \$633,896 is due to the rate increase imposed in November 2010 per the City rate study. The rate increase was needed to cover increased fees charged by the City's treatment providers and to cover the ongoing debt payments for infrastructure improvements.

The operating expenses were \$4,616,435 in 2011 compared to \$4,144,647 in 2010. Again this increase of \$471,788 in expenses is primarily related to the increased fees the City is being charged by their treatment providers.

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. While much of the proceeds from this debt issuance have already been invested in improvements the City has \$3,285,323 in construction funds available.

The net assets of the Sanitary Sewer fund at the end of the year increased \$292,819. This was again related to the increase in rates in 2011. While the net assets did increase it was considerably less than the increase in 2010 of \$402,525.

Other factors concerning the finances of this fund have been addressed in the discussion of the City's business-type activities.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

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General Fund Budgetary Highlights

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

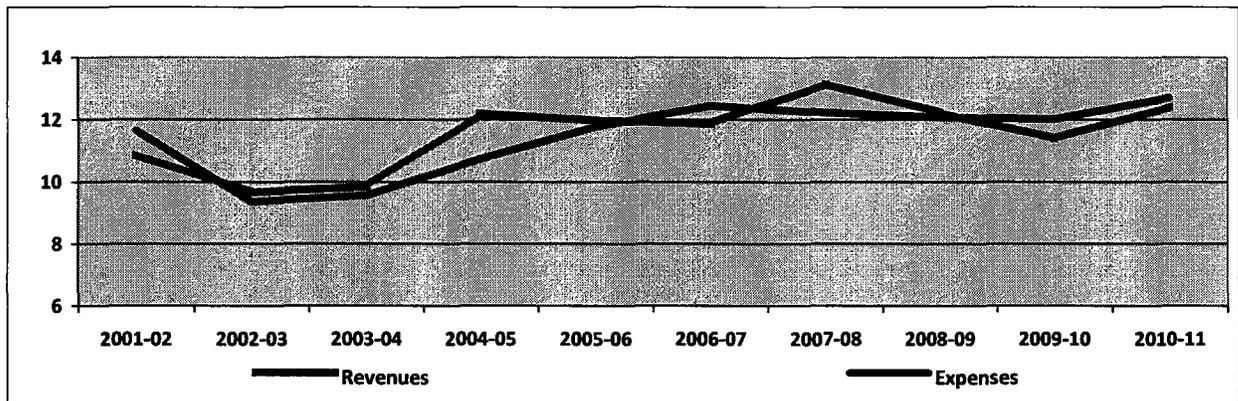
- The original revenue and transfers in budget of \$11,904,347 was amended by \$171,206 to account primarily for grant revenue the largest of which was \$150,354 for the Secure Our Schools pass-through grant.
- The original expenditure and transfer out budget of \$13,496,021 was increased by \$730,041 to \$14,226,062. The two main contributors were the increase in capital improvements related to grant spending and the increase of \$370,000 to transfers out for the Public Works building improvements.

General Fund Actual to Amended Budget Analysis

Actual revenues were \$330,283 more than the amended budget. This increase was due to the Franchise Fees coming in \$346,382 over budget. Much of this is related to recognizing the revenue received as part of the telecom settlement.

Actual expenditures and transfers out were \$1,398,814 less than budgeted. The single biggest reason was that the actual transfers were \$600,000 less than budgeted. The City originally budgeted to transfer a portion of the fund balance to an Economic Development Fund and instead decided to simply maintain a reserve in the General Fund. Other line items that came in significantly below budget were workers compensation premiums by \$95,680, health insurance premiums by \$104,500 and bad debt expense by \$200,000.

The following graph illustrates the City's General Fund Revenues against Expenditures for fiscal years ended 2002 through 2011:



As this graph illustrates, the City has had revenues in excess of expenditures from FY 2002-03 through FY 2005-06. In FY 2006-07, the City had expenditures in excess of revenue that had to be made up from the fund balance. In FY 2009-10, the City again had expenditures in excess of revenues primarily due to a planned spend down of fund balance for one-time projects and a minor operating subsidy. In 2010-11 the City once again had expenditures in excess of revenues that were primarily due to a transfer for a loan to an Improvement District. While the economy has begun to look up the City's management will continue to monitor fund balance closely.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

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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, 2011, amounts to \$50,539,044 compared to \$50,895,620 in 2010 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, collections systems, machinery and equipment, and infrastructure. In 2011 the city purchased new equipment and completed numerous road projects and street maintenance programs along with a major renovation to the public works building. These types of purchases and projects add to the City's total capital assets but were less than the total depreciation of \$3,446,515 in 2011.

City of Raytown Capital Assets (net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land/ (Const. in Prog)	\$ 1,763,054	\$ 1,796,725	\$ 485,329	\$ 386,743	\$ 2,248,383	\$ 2,183,468
Buildings & Improvements	2,883,703	2,196,700	-	-	2,883,703	2,196,700
Equipment & Vehicles	2,450,166	2,714,475	407,696	297,233	2,857,862	3,011,708
Infrastructure	30,329,025	30,968,926	12,220,071	12,534,818	42,549,096	43,503,744
Total	<u>\$ 37,425,948</u>	<u>\$ 37,676,826</u>	<u>\$ 13,113,096</u>	<u>\$ 13,218,794</u>	<u>\$ 50,539,044</u>	<u>\$ 50,895,620</u>

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

Debt Administration

At the end of fiscal year 2011, the City had a total of \$55,179,958 of outstanding debt compared to \$55,755,943 in 2010. This was a decrease of \$575,985 from the previous year which reflects principal payments made with no new debt issuance.

City of Raytown Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
TIF Bonds (plus premium)	\$ 40,308,728	\$ 40,324,533	\$ -	\$ -	\$ 40,308,728	\$ 40,324,533
Developer Obligations	310,375	350,000	-	-	310,375	350,000
Capital Leases	245,835	280,594	-	33,042	245,835	313,636
Compensated Absences	379,935	371,627	22,105	22,511	402,040	394,138
Net OPEB Obligation	111,695	74,139	4,178	2,773	115,873	76,912
Revenue Bonds (plus premium)	-	-	13,797,107	14,296,724	13,797,107	14,296,724
Total	<u>\$ 41,356,568</u>	<u>\$ 41,400,893</u>	<u>\$ 13,823,390</u>	<u>\$ 14,355,050</u>	<u>\$ 55,179,958</u>	<u>\$ 55,755,943</u>

The City had no change in its credit rating in 2011.

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

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October 31, 2011

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 Assets
October 31, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 7,509,374	\$ 3,100,421	\$ 10,609,795
Receivables (net of allowance for uncollectibles):			
Taxes	1,526,332	-	1,526,332
Accounts	311,846	1,082,830	1,394,676
Fines	34,697	-	34,697
Intergovernmental	680,214	-	680,214
Prepays	513,669	49,186	562,855
Inventories	131,936	-	131,936
Internal balances	63,166	(63,166)	-
Restricted cash and investments	6,351,172	3,824,391	10,175,563
Loan receivable	600,000		600,000
Land held for redevelopment	1,034,432	-	1,034,432
Unamortized bond issuance costs	721,354	207,053	928,407
Capital assets:			
Land, other assets and construction in progress, non-depreciable	1,763,054	485,329	2,248,383
Other capital assets, net of depreciation	35,662,894	12,627,767	48,290,661
Total assets	<u>56,904,140</u>	<u>21,313,811</u>	<u>78,217,951</u>
Liabilities			
Accounts payable	1,222,760	551,138	1,773,898
Accrued liabilities	211,595	14,965	226,560
Customer deposits	-	209,736	209,736
Court bonds payable	122,573	-	122,573
Interest payable	841,187	204,282	1,045,469
Long-term obligations:			
Net pension obligation	34,648	-	34,648
Other long-term liabilities:			
Due within one year	1,156,146	546,721	1,702,867
Due in more than one year	40,200,421	13,276,669	53,477,090
Total liabilities	<u>43,789,330</u>	<u>14,803,511</u>	<u>58,592,841</u>
Net Assets			
Invested in capital assets, net of related debt	37,180,113	2,601,912	39,782,025
Restricted for:			
General government	215,487		215,487
Community development	697,858	-	697,858
Public safety	951,176	-	951,176
Public works	989,959	-	989,959
Debt service	6,128,075	538,468	6,666,543
Unrestricted (deficit)	(33,047,858)	3,369,920	(29,677,938)
Total net assets	<u>\$ 13,114,810</u>	<u>\$ 6,510,300</u>	<u>\$ 19,625,110</u>

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Activities
For the year ended October 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets 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	\$ 2,245,818	\$ 390,746	\$ -	\$ -	\$ (1,855,072)	\$ -	\$ (1,855,072)
Parks and recreation	1,423,088	462,164	-	-	(960,924)	-	(960,924)
Community development	680,039	92,321	-	-	(587,718)	-	(587,718)
Public safety	8,449,162	1,897,724	242,906	-	(6,308,532)	-	(6,308,532)
Public works	4,149,591	19,526	-	477,587	(3,652,478)	-	(3,652,478)
Interest on long-term debt	2,033,191	-	-	-	(2,033,191)	-	(2,033,191)
Total governmental activities	18,980,889	2,862,481	242,906	477,587	(15,397,915)	-	(15,397,915)
Business-type activities							
Sewer	5,265,644	5,576,731	-	-	-	311,087	311,087
Total business-type activities	5,265,644	5,576,731	-	-	-	311,087	311,087
Total primary government	\$ 24,246,533	\$ 8,439,212	\$ 242,906	\$ 477,587	(15,397,915)	311,087	(15,086,828)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,178,627	-	1,178,627
Property taxes, levied for parks and recreation					584,059	-	584,059
Sales taxes					6,811,644	-	6,811,644
Motor vehicle tax					1,154,779	-	1,154,779
Franchise taxes					4,341,855	-	4,341,855
Intergovernmental activity tax					1,271,027	-	1,271,027
Other taxes					72,876	-	72,876
Unrestricted investment earnings					260,908	431,507	692,415
Gain on disposal of capital assets					23,885	-	23,885
Miscellaneous					187,786	-	187,786
Transfers					449,775	(449,775)	-
Total general revenues and transfers					16,337,221	(18,268)	16,318,953
Change in net assets					939,306	292,819	1,232,125
Net assets-beginning of year					12,175,504	6,217,481	18,392,985
Net assets-end of year					\$ 13,114,810	\$ 6,510,300	\$ 19,625,110

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Balance Sheet
Governmental Funds
October 31, 2011

	General	TIF Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 3,790,631	\$ 65,521	\$ 3,653,222	\$ 7,509,374
Receivables (net of allowance for uncollectibles):				
Taxes	675,999	332,970	517,363	1,526,332
Accounts	277,958	-	33,888	311,846
Fines	34,697	-	-	34,697
Intergovernmental	134,262	220,614	325,338	680,214
Interfund receivables	218,684	-	-	218,684
Prepays	370,224	-	143,445	513,669
Inventories	131,936	-	-	131,936
Restricted cash and investments	132,746	6,206,827	11,599	6,351,172
Loan receivable	-	-	600,000	600,000
Land held for redevelopment	1,034,432	-	-	1,034,432
Total assets	\$ 6,801,569	\$ 6,825,932	\$ 5,284,855	\$ 18,912,356
Liabilities				
Accounts payable	\$ 365,419	\$ -	\$ 857,341	\$ 1,222,760
Accrued liabilities	181,517	-	30,078	211,595
Interfund payables	-	-	155,518	155,518
Deferred revenues	38,697	148,596	191,295	378,588
Court bonds payable	122,573	-	-	122,573
Total liabilities	708,206	148,596	1,234,232	2,091,034
Fund balances				
Nonspendable:				
Prepays and inventory	502,160	-	143,445	645,605
Loan receivable	-	-	600,000	600,000
Land held for redevelopment	1,034,432	-	-	1,034,432
Restricted for:				
General government	-	-	215,487	215,487
Community development	-	697,858	-	697,858
Public Safety	3,522	-	951,176	954,698
Public works	-	-	815,083	815,083
Debt service	-	5,979,478	-	5,979,478
Committed for:				
Public works	126,396	-	38,124	164,520
Assigned for:				
Parks and recreation	-	-	1,110,484	1,110,484
Public works	-	-	193,243	193,243
Unassigned (deficit)	4,426,853	-	(16,419)	4,410,434
Total fund balances	6,093,363	6,677,336	4,050,623	16,821,322
Total liabilities and fund balance	\$ 6,801,569	\$ 6,825,932	\$ 5,284,855	\$ 18,912,356

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
October 31, 2011

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

Ending fund balances - total governmental funds	\$	16,821,322
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.		37,425,948
Long-term liabilities are not current obligations and, therefore, not recorded in the governmental fund statements.		(41,356,567)
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		378,588
The net pension obligation does not represent current obligations and therefore is not reported in the governmental fund statements.		(34,648)
Unamortized bond issuance costs are capitalized in the government-wide financial statements but do not represent assets available for current obligations and therefore are not reported in the governmental fund statements.		721,354
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>(841,187)</u>
Total net assets of governmental activities	\$	<u><u>13,114,810</u></u>

CITY OF RAYTOWN, MISSOURI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended October 31, 2011

	General	TIF Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 8,224,674	\$ 1,328,137	\$ 3,813,226	\$ 13,366,037
Intergovernmental activity taxes	-	1,122,430	-	1,122,430
Licenses and permits	356,417	-	-	356,417
Intergovernmental	1,397,684	-	286,292	1,683,976
Fines	916,584	-	-	916,584
Charges for services	1,127,316	-	453,749	1,581,065
Interest	21,835	233,741	5,411	260,987
Other	111,551	-	84,571	196,122
Total revenues	<u>12,156,061</u>	<u>2,684,308</u>	<u>4,643,249</u>	<u>19,483,618</u>
Expenditures:				
Current:				
General government	2,150,219	-	51,043	2,201,262
Parks and recreation	-	-	1,219,861	1,219,861
Community development	658,517	10,111	-	668,628
Public safety	7,185,595	-	781,348	7,966,943
Public works	1,453,784	-	92,291	1,546,075
Capital outlay	32,737	-	3,042,018	3,074,755
Debt service:				
Principal	-	39,625	34,759	74,384
Interest and fiscal charges	-	2,023,714	13,239	2,036,953
Total expenditures	<u>11,480,852</u>	<u>2,073,450</u>	<u>5,234,559</u>	<u>18,788,861</u>
Excess of revenues over (under) expenditures	<u>675,209</u>	<u>610,858</u>	<u>(591,310)</u>	<u>694,757</u>
Other financing sources (uses):				
Sale of capital assets	-	-	67,821	67,821
Transfers in	249,775	-	1,525,000	1,774,775
Transfers out	(1,220,000)	-	(105,000)	(1,325,000)
Total other financing sources (uses)	<u>(970,225)</u>	<u>-</u>	<u>1,487,821</u>	<u>517,596</u>
Net change in fund balances	(295,016)	610,858	896,511	1,212,353
Fund balances, beginning of year	<u>6,388,379</u>	<u>6,066,478</u>	<u>3,154,112</u>	<u>15,608,969</u>
Fund balances, end of year	<u>\$ 6,093,363</u>	<u>\$ 6,677,336</u>	<u>\$ 4,050,623</u>	<u>\$ 16,821,322</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, 2011

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

Net changes in fund balances - total governmental funds	\$	1,212,353
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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		2,830,423
Depreciation expense		(3,037,365)
Book value of capital asset disposals		(43,936)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(37,083)
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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 assets. Also, governmental funds report the effect of issuance costs, 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		74,384
Bond issuance costs amortization, net		(35,769)
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		(45,863)
Change in accrued interest payable		23,726
Change in net pension obligation		(17,369)

Total changes in net assets of governmental activities	\$	<u>939,306</u>
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CITY OF RAYTOWN, MISSOURI
Statement of Net Assets
Proprietary Fund
October 31, 2011

Assets	Sewer Fund
Current Assets:	
Cash and investments	\$ 3,100,421
Accounts receivable, net	1,082,830
Prepays	49,186
Restricted assets:	
Restricted cash and investments	3,824,391
Total current assets	8,056,828
Non-current assets:	
Unamortized bond issuance costs	207,053
Capital assets:	
Land, construction in progress, and and other non-depreciable capital assets	485,329
Other capital assets, net of depreciation	12,627,767
Total non-current assets	13,320,149
Total assets	21,376,977
Liabilities	
Current liabilities:	
Accounts payable	551,138
Accrued liabilities	14,965
Compensated absences	22,105
Due to other funds	63,166
Liabilities payable from restricted assets:	
Interest payable	204,282
Customer deposits	209,736
Current portion of bonds payable	524,616
Total current liabilities	1,590,008
Non-current liabilities:	
Other post employment benefits	4,178
Bonds payable	13,272,491
Total non-current liabilities	13,276,669
Total liabilities	14,866,677
Net asset	
Invested in capital assets, net of related debt	2,601,912
Restricted net assets for:	
Debt service	538,468
Unrestricted	3,369,920
Total net assets	\$ 6,510,300

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Revenues, Expenses and Changes in
Net Assets - Proprietary Funds
For the Year Ended October 31, 2011

	Sewer Fund
Operating revenues:	
Charges for services	\$ 5,554,291
Other revenue	22,440
	<hr/>
Total operating revenues	5,576,731
	<hr/>
Operating expenses:	
Personal services	920,923
Commodities and supplies	68,832
Contractual services	501,024
Sewer treatment charges	2,702,970
Depreciation and amortization	422,686
	<hr/>
Total operating expenses	4,616,435
	<hr/>
Operating income	960,296
	<hr/>
Nonoperating revenues (expenses)	
Interest income	431,507
Interest expense	(649,209)
	<hr/>
Total nonoperating revenues (expenses)	(217,702)
	<hr/>
Income before transfers	742,594
	<hr/>
Transfers out	(449,775)
	<hr/>
Change in net assets	292,819
	<hr/>
Total net assets, beginning of year	6,217,481
	<hr/>
Total net assets, end of year	\$ 6,510,300
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See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Cash Flows-
Proprietary Funds
For the Year Ended October 31, 2011

	Sewer Fund
Cash flows from operating activities:	
Receipts from customers	\$ 5,516,881
Payments to suppliers and service providers	(2,999,928)
Payments to employees	(924,171)
Net cash provided by operating activities	1,592,782
Cash flows from investment activities:	
Interest received	432,276
Net cash used by investment activities	432,276
Cash flows from noncapital financing activities:	
Interfund advances and payments	63,166
Transfers out	(449,775)
Net cash used by noncapital financing activities	(386,609)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(316,988)
Interest and fiscal charges	(636,734)
Principal payments on long-term debt	(532,659)
Net cash used by capital and related financing activities	(1,486,381)
Net decrease in cash and cash equivalents	152,068
Cash and cash equivalents, beginning of year	5,261,458
Cash and cash equivalents, end of year	5,413,526
Certificates of deposits and investments	1,511,286
Total cash and investments, end of year	\$ 6,924,812
Financial Statement Classification:	
Cash and investments	\$ 3,100,421
Restricted cash and investments	3,824,391
	\$ 6,924,812
Cash flows from operating activities:	
Operating income	\$ 960,296
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	422,686
Changes in assets and liabilities:	
Accounts receivable	(70,046)
Prepays	235
Accounts payable	272,663
Accrued liabilities	(4,247)
Compensated absences	(406)
Customer deposits	10,196
Other post employment benefits	1,405
Net cash provided by operating activities	\$ 1,592,782

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Fiduciary Net Assets
October 31, 2011

	Pension Trust	Agency
	Police Pension	
Assets		
Cash and investments	\$ 8,874,500	\$ 267,410
Taxes receivable	-	5,115
Interest receivable	36,193	-
Total assets	8,910,693	\$ 272,525
Liabilities		
Due to others	-	\$ 272,525
Net Assets		
Net assets:		
Held in trust for pension benefits	\$ 8,910,693	

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Changes in Fiduciary Net Assets
For the year ended October 31, 2011

	Pension Trust
Additions:	
Employer contributions	\$ 637,728
Investment earnings:	
Interest and dividends	233,923
Net appreciation in fair value of investments	196,057
Investment expenses	(145,810)
Total investment earnings	284,170
Total additions	921,898
 Deductions:	
Benefits paid	698,083
Administrative expenses and other	25,314
Total deductions	723,397
 Change in net assets	 198,501
Net assets, beginning of year	8,712,192
Net assets, end of year	\$ 8,910,693

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

(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 28,600 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 assets 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, 2011

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.

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, 2011

FIDUCIARY FUNDS

The City maintains three 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; and the Raytown Highway 350 Transportation Development District (TDD), which accounts for taxes collected on behalf to the TDD. 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 assets. 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.

Governmental activities, business-type activities and all enterprise funds of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins unless those pronouncements conflict with GASB pronouncements.

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 assets 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 amortized cost, which approximates fair value. Pension trust investments are recorded at fair value.

E. Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market (net realizable value). Inventory quantities are determined by physical count at each year-end. Inventory in the General Fund consists primarily of fuel, office supplies, public safety equipment, and vehicle maintenance supplies. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. 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 funds 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.

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

G. Unamortized Bond Issue Costs

Bond issue costs arising from the issuance of debt are capitalized and are amortized over the period the related debt is outstanding using the straight-line method.

CITY OF RAYTOWN, MISSOURI
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For the Year Ended October 31, 2011

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 assets.

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.

J. Fund Balances/Net Assets

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the year ended October 31, 2011. This statement changed the fund balance classifications for the governmental funds. In the fund financial statements, governmental funds now 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.

CITY OF RAYTOWN, MISSOURI
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Committed – Specific purpose imposed by formal action 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. 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 Asset Classifications

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

- (1) Invested in capital assets, net of related debt – 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.
- (2) Restricted net assets – consisting of net assets 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.
- (3) Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

K. 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.

CITY OF RAYTOWN, MISSOURI
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For the Year Ended October 31, 2011

(2) **Cash and Investments**

At October 31, 2011, the carrying values of cash and investments are summarized as follows:

	Governmental and Business-type Activities	Fiduciary funds	Total
Cash and cash equivalents:			
Deposits	\$ 1,741,807	\$ 267,410	\$ 2,009,217
Petty cash	3,932	-	3,932
Total cash and cash equivalents	<u>1,745,739</u>	<u>267,410</u>	<u>2,013,149</u>
Investments:			
Certificates of deposit	3,976,000	-	3,976,000
Short term investments held in trust	10,031,218	-	10,031,218
U.S. government agency securities	2,010,842	-	2,010,842
Missouri securities investment program	3,021,559	-	3,021,559
Pension trust investments	-	8,874,500	8,874,500
Total investments	<u>19,039,619</u>	<u>8,874,500</u>	<u>27,914,119</u>
Total cash and investments	<u>\$ 20,785,358</u>	<u>\$ 9,141,910</u>	<u>\$ 29,927,268</u>

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

	Government-wide statement of net assets	Fiduciary funds statement of net assets	Total
Cash and investments	\$ 10,609,795	\$ 9,141,910	\$ 19,751,705
Restricted cash and investments	10,175,563	-	10,175,563
Total cash and investments	<u>\$ 20,785,358</u>	<u>\$ 9,141,910</u>	<u>\$ 29,927,268</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.

CITY OF RAYTOWN, MISSOURI
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For the Year Ended October 31, 2011

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 actual rating by Standard and Poor's Investor Service as of year end for each investment type:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating As of Oct. 31, 2011</u>
Missouri Investment Securities Program		
- Money Market Series	\$ 3,021,559	AAAm
Federal National Mortgage Association	1,503,522	AA+
Federal Home Loan Mortgage Corp.	507,320	AA+
Total	\$ 5,032,401	

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, 2011, 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, 2011, the City's investments had the following maturities:

CITY OF RAYTOWN, MISSOURI
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Investment type:	Investment Maturities (in years)		
	Fair	Less	1 - 5
	Value	Than 1	
U.S. agencies	\$ 2,010,842	\$ 503,522	\$ 1,507,320

Concentration of Credit Risk

The City's investment policy does not specify maximum or minimum investment concentrations by investment type. As of October 31, 2011, 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	\$ 3,021,559	60%
Federal National Mortgage Assoc.	US Government Agencies	1,503,522	30%
Federal Home Loan Mortgage Corp.	US Government Agencies	507,320	10%
		\$ 5,032,401	

Pension Trust Cash and Investments

Pension trust cash and investments at October 31, 2011 consisted of the following:

	Police Pension Plan
Money market mutual funds	\$ 352,284
Corporate equity stocks	5,406,250
Corporate fixed income securities	1,846,475
U.S. treasury securities	1,036,522
U.S. government agency securities	232,969
	\$ 8,874,500

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.

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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 specifies that the pension 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:

	Fair Value	Quality Ratings			
		AAA	AA	A	BBB
Investment type:					
Money market funds	\$ 352,284	\$ 352,284	\$ -	\$ -	\$ -
Corporate fixed income	1,846,475	-	372,366	1,032,192	441,917
U.S. government agency	232,969	-	232,969	-	-
	<u>2,431,728</u>	<u>\$ 352,284</u>	<u>\$ 605,335</u>	<u>\$ 1,032,192</u>	<u>\$ 441,917</u>
Other investments:					
Corporate stocks	5,406,250				
U.S. treasury securities	<u>1,036,522</u>				
Total	<u>\$ 8,874,500</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, 2011. 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	10-20	20-30
Investment type:						
Money market funds	\$ 352,284	\$ 352,284	\$ -	\$ -	\$ -	\$ -
Corporate fixed income	1,846,475	282,884	1,297,198	82,599	72,607	111,187
U.S. government agency	232,969	98,401	134,568	-	-	-
U.S. treasury securities	1,036,522	-	723,040	257,794	55,688	-
	<u>3,468,250</u>	<u>\$ 733,569</u>	<u>\$ 2,154,806</u>	<u>\$ 340,393</u>	<u>\$ 128,295</u>	<u>\$ 111,187</u>
Other investments:						
Corporate stocks	<u>5,406,250</u>					
Total	<u>\$ 8,874,500</u>					

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
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(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, 2011, are for the budget year ended October 31, 2012, 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, 2010, on which the fiscal year ended October 31, 2011, levy was based, was \$299,573,342. During the year ended October 31, 2011, the City collected approximately 95% 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, 2011 were as follows:

	Levy (Dollars)
General Fund	\$ 0.3662
Park Fund	0.1829
	<u>\$ 0.5491</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, 2011 are as follows:

	Property Taxes	Sales Taxes	Franchise Taxes	Total
Major governmental funds:				
General	\$ 9,247	\$ 362,212	\$ 304,540	\$ 675,999
TIF Fund	-	332,970	-	332,970
Nonmajor funds	4,618	512,745	-	517,363
Total tax revenue	\$ 13,865	\$ 1,207,927	\$ 304,540	\$ 1,526,332

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Tax revenues for the year ended October 31, 2011 are as follows:

	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Other taxes</u>	<u>Total</u>
Major governmental funds:					
General Fund	\$ 1,178,627	\$ 2,254,340	\$ 4,718,831	\$ 72,876	\$ 8,224,674
TIF Fund	-	1,328,137	-	-	1,328,137
Nonmajor funds	584,059	3,229,167	-	-	3,813,226
Total tax revenue	<u>\$ 1,762,686</u>	<u>\$ 6,811,644</u>	<u>\$ 4,718,831</u>	<u>\$ 72,876</u>	<u>\$ 13,366,037</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 \$2.9 million of the City's taxes, resulting in a collection charge of \$29,039 paid by the City to the County for the year ended October 31, 2011.

The City accounts for its collection of County taxes in the Jackson County Tax Fund (an Agency Fund). The City collected and remitted approximately \$14.7 million of County taxes resulting in collection fees of \$146,043 for the year ended October 31, 2011.

(5) Intergovernmental Revenue and Receivable

Amounts due from other governments were as follows:

	<u>General</u>	<u>TIF Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Gasoline and motor vehicle taxes	\$ 91,562	\$ -	\$ -	\$ 91,562
Intergovernmental activity taxes	18,229	220,614	-	238,843
Grants - federal, state, and local	24,471	-	325,338	349,809
	<u>\$ 134,262</u>	<u>\$ 220,614</u>	<u>\$ 325,338</u>	<u>\$ 680,214</u>

Intergovernmental revenues for the year were as follows:

	<u>General</u>	<u>TIF Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Gasoline and motor vehicle taxes	\$ 1,021,596	\$ -	\$ -	\$ 1,021,596
Vehicle registration fees	132,336	-	-	132,336
Other taxes and fees	846	-	-	846
Intergovernmental activity taxes	-	1,122,430	-	1,122,430
Grants - federal, state, and local	242,906	-	286,292	529,198
	<u>\$ 1,397,684</u>	<u>\$ 1,122,430</u>	<u>\$ 286,292</u>	<u>\$ 2,806,406</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

(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:

<u>Transfers From</u>	<u>Transfers To</u>		
	General	Nonmajor Governmental	Total
General Fund	\$ -	\$ 1,220,000	\$ 1,220,000
Sewer Fund	249,775	200,000	449,775
Nonmajor Governmental	-	105,000	105,000
Total	\$ 249,775	\$ 1,525,000	\$ 1,774,775

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) reimbursement of expenditures, (3) providing funds for the local grant matching requirements, and (4) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

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

<u>Interfund Receivable</u>	<u>Interfund Payable</u>		
	Nonmajor Governmental	Sewer	Total
General Fund	\$ 155,518	\$ 63,166	\$ 218,684

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, 2011

(8) **Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,699,685	\$ -	\$ -	\$ 1,699,685
Construction in progress	97,040	710,944	744,615	63,369
Total capital assets, not being depreciated	<u>1,796,725</u>	<u>710,944</u>	<u>744,615</u>	<u>1,763,054</u>
Capital assets, being depreciated				
Buildings and improvements	5,234,265	887,845	-	6,122,110
Equipment and vehicles	7,663,378	561,521	660,668	7,564,231
Infrastructure	57,608,918	1,414,728	-	59,023,646
Total capital assets being depreciated	<u>70,506,561</u>	<u>2,864,094</u>	<u>660,668</u>	<u>72,709,987</u>
Less accumulated depreciation for:				
Buildings and improvements	3,037,565	200,842	-	3,238,407
Equipment and vehicles	4,948,903	781,894	616,732	5,114,065
Infrastructure	26,639,992	2,054,629	-	28,694,621
Total accumulated depreciation	<u>34,626,460</u>	<u>\$ 3,037,365</u>	<u>\$ 616,732</u>	<u>37,047,093</u>
Total capital assets being depreciated, net	<u>35,880,101</u>			<u>35,662,894</u>
Governmental activities capital assets, net	<u>\$ 37,676,826</u>			<u>\$ 37,425,948</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 386,743	\$ 46,650	\$ -	\$ 433,393
Construction in progress	-	51,936	-	51,936
Total capital assets, not being depreciated	<u>386,743</u>	<u>98,586</u>	<u>-</u>	<u>485,329</u>
Capital assets, being depreciated				
Equipment and vehicles	490,506	161,932	-	652,438
Infrastructure	21,002,165	42,934	-	21,045,099
Total capital assets being depreciated	<u>21,492,671</u>	<u>204,866</u>	<u>-</u>	<u>21,697,537</u>
Less accumulated depreciation for:				
Equipment and vehicles	193,273	51,469	-	244,742
Infrastructure	8,467,347	357,681	-	8,825,028
Total accumulated depreciation	<u>8,660,620</u>	<u>\$ 409,150</u>	<u>\$ -</u>	<u>9,069,770</u>
Total capital assets being depreciated, net	<u>12,832,051</u>			<u>12,627,767</u>
Business-type activities capital assets, net	<u>\$ 13,218,794</u>			<u>\$ 13,113,096</u>

CITY OF RAYTOWN, MISSOURI
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For the Year Ended October 31, 2011

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

Governmental activities:	
General government	\$ 38,260
Parks and recreation	205,240
Community development	7,550
Public safety	431,941
Public works	<u>2,354,374</u>
Total depreciation expense for governmental activities	<u><u>\$ 3,037,365</u></u>
 Business-type activities:	
Sewer	<u>\$ 409,150</u>
Total depreciation expense for business-type activities	<u><u>\$ 409,150</u></u>

(9) Long-term Debt and other Obligations

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

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Tax increment and sales tax revenue bonds	\$ 39,990,000	\$ -	\$ -	\$ 39,990,000	\$ 740,000
Premium on issuance	334,533	-	15,805	318,728	15,805
	<u>40,324,533</u>	<u>-</u>	<u>15,805</u>	<u>40,308,728</u>	<u>755,805</u>
Developer obligations	350,000	-	39,625	310,375	22,000
Capital lease obligations	280,594	-	34,759	245,835	36,399
Compensated absences*	371,627	415,806	407,498	379,935	341,942
Net OPEB obligation *	<u>74,139</u>	<u>37,556</u>	<u>-</u>	<u>111,695</u>	<u>-</u>
Total governmental activities	<u>41,400,893</u>	<u>453,362</u>	<u>497,687</u>	<u>41,356,568</u>	<u>1,156,146</u>
 Business-type Activities:					
Revenue bonds	14,065,000	-	485,000	13,580,000	510,000
Premium on issuance	231,724	-	14,617	217,107	14,616
	<u>14,296,724</u>	<u>-</u>	<u>499,617</u>	<u>13,797,107</u>	<u>524,616</u>
Capital lease obligations	33,042	-	33,042	-	-
Compensated absences*	22,511	35,493	35,899	22,105	22,105
Net OPEB obligation *	<u>2,773</u>	<u>1,405</u>	<u>-</u>	<u>4,178</u>	<u>-</u>
Total business-type activities	<u>14,355,050</u>	<u>36,898</u>	<u>568,558</u>	<u>13,823,390</u>	<u>546,721</u>
Total primary government	<u><u>\$ 55,755,943</u></u>	<u><u>\$ 490,260</u></u>	<u><u>\$ 1,066,245</u></u>	<u><u>\$ 55,179,958</u></u>	<u><u>\$ 1,702,867</u></u>

* Primarily liquidated by the General fund, Park fund, and Sewer fund in prior years.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

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

Tax increment and sales tax revenue bonds	
\$39,990,000 - 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%.	\$ 39,990,000
Premium on Issuance	318,728
	<u>40,308,728</u>
 Developer obligation	 <u>310,375</u>
 Capital lease obligation	 <u>245,835</u>
 Compensated absences	 <u>379,935</u>
 Net other post employment obligations	 <u>111,695</u>
 Total governmental activities long-term obligations	 41,356,568
Less: amounts due within one year	<u>(1,156,146)</u>
 Total governmental activities long-term obligations due in more than one year	 <u>\$ 40,200,422</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 \$66.6 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 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 interest payments on the tax increment and sales tax revenue bonds totaling \$2,011,525. Principal payments are scheduled to begin in the fiscal year ending October 31, 2012. The incremental tax revenues generated by the 350 Highway TIF plan began in October 2009. For the year ended October 31, 2011, the City's incremental tax revenues totaled \$1,328,137. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues from other taxing districts and governmental entities and from capitalized interest funds that were placed in a trust fund when the bonds were originally issued.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

Additionally, 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 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 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 \$51,814 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.

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

Revenue Bonds

\$2,225,000 - 2005B Sewage System Revenue Bonds due in annual installments of \$130,000 to \$220,000 beginning July 1, 2015 through July 1, 2027; interest at 4.25.% to 4/8%.	\$ 2,225,000
\$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%	6,425,000
\$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%.	4,930,000
2006A - SRF Bond Premium	217,107
Total revenue bonds	<u>13,797,107</u>
Compensated absences	<u>22,105</u>
Net other post employment benefit obligations	<u>4,178</u>
Total business-type activities long-term obligations	13,823,390
Less: amounts due within one year	<u>(546,721)</u>
Total business-type activities long-term obligations in more than one year	<u>\$ 13,276,669</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

Future Debt Service Requirements

The annual debt service requirements to amortize all outstanding bonds as of October 31, 2011 are as follows:

Year Ending October 31,	<u>Governmental Activities</u>		<u>Business-type Activities</u>			
	Tax Increment and Sales Tax Revenue Bonds		Revenue Bonds 2005B		Revenue Bonds 2006A	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 740,000	\$ 1,993,025	\$ -	\$ 101,434	\$ 305,000	\$ 303,538
2013	865,000	1,952,900	-	101,434	320,000	289,813
2014	960,000	1,907,275	-	101,434	330,000	277,013
2015	1,055,000	1,856,900	130,000	101,434	345,000	263,813
2016	1,155,000	1,801,650	145,000	95,909	360,000	246,562
2017-2021	6,955,000	8,027,000	765,000	383,876	2,110,000	934,774
2022-2026	9,815,000	5,960,534	965,000	190,913	2,655,000	382,486
2027-2031	13,440,000	3,021,919	220,000	10,340	-	-
2032	5,005,000	128,253	-	-	-	-
	\$ 39,990,000	\$ 26,649,456	\$ 2,225,000	\$ 1,086,774	\$ 6,425,000	\$ 2,697,999

Year Ending October 31,	<u>Business-type Activities</u>		<u>Total Business-type Activities</u>		<u>Total Primary Government</u>	
	Revenue Bonds 2007A		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 205,000	\$ 207,125	\$ 510,000	\$ 612,097	\$ 1,250,000	\$ 2,605,122
2013	215,000	198,725	535,000	589,972	1,400,000	2,542,872
2014	220,000	190,025	550,000	568,472	1,510,000	2,475,747
2015	230,000	181,025	705,000	546,272	1,760,000	2,403,172
2016	240,000	171,625	745,000	514,096	1,900,000	2,315,746
2017-2021	1,355,000	701,763	4,230,000	2,020,413	11,185,000	10,047,413
2022-2026	1,675,000	374,781	5,295,000	948,180	15,110,000	6,908,714
2027-2031	790,000	35,000	1,010,000	45,340	14,450,000	3,067,259
2032	-	-	-	-	5,005,000	128,253
	\$ 4,930,000	\$ 2,060,069	\$ 13,580,000	\$ 5,844,842	\$ 53,570,000	\$ 32,494,298

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

Capital Lease Obligations

The City has entered into capital leasing agreements (one lease as of October 31, 2011) for various buildings and equipment. The cumulative amount of assets acquired under the capital leases described above amounted to \$624,320 with related accumulated depreciation of \$190,850 as of October 31, 2011.

The future minimum lease obligations and the net present value of these minimum lease payments as of October 31, 2011 were as follows:

Governmental Activities:

Year ending October 31:

2012	\$		47,998
2013			47,998
2014			47,998
2015			47,998
2016			47,998
2017			47,999
			287,989
Less imputed interest			(42,154)
Present value of minimum lease payments	\$		245,835

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 assets as restricted cash and investments as follows:

<u>Account</u>	<u>TIF Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Project/construction funds	\$ 697,858	\$ 3,285,923	\$ 3,983,781
Rebate funds	-	168,890	168,890
Debt service funds	-	369,578	369,578
Debt service reserve funds	5,508,969	-	5,508,969
	\$ 6,206,827	\$ 3,824,391	\$ 10,031,218

(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, 2011, amounts recorded under these agreements were \$924,306 (Kansas City, Missouri) and \$1,778,663 (Little Blue Valley Sewer District).

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

(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 12.1% (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 2011, the City's annual pension cost of \$505,811 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2008 and/or February 29, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions 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 at February 29, 2008 was 25 years. The amortization period at February 28, 2009 was 24 years.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2009	\$ 459,027	100 %	\$ -
6/30/2010	493,677	100 %	-
6/30/2011	505,811	100 %	-

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

As of February 28, 2011, the most recent actuarial valuation date, the plan was 52 percent funded. The actuarial accrued liability for benefits was \$6,537,540 and the actuarial value of assets was \$3,381,673, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,155,867. The covered payroll (annual payroll of active employees covered by the plan) was \$4,336,047, and the ratio of the UAAL to the covered payroll was 73 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.

B. Police Officer's Retirement Fund

Plan Description

Commissioned Officers of the Police Department 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.

Plan benefits for members and beneficiaries 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% of for each year of credited service for up to the next 10 years, 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).

All full-time commissioned officers who have completed two years of service and have attained the age of 25 are allowed to participate in the Policemen's Plan. Plan participants are fully vested after ten years of service.

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, 2011

Annual Pension Cost and Net Pension Asset

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

Annual required contribution	** \$ 865,591
Interest on net pension asset	(8,130)
Adjustment to annual required contribution	<u>6,623</u>
Annual pension cost	864,084
Change in plan year adjustment	(125,682)
Contributions made	<u>721,033</u>
Change in net pension obligation	17,369
Net pension obligation, October 31, 2010	<u>17,279</u>
Net pension obligation, October 31, 2011	<u><u>\$ 34,648</u></u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
10/31/2009	\$ 677,971	41%	\$ (108,404)
10/31/2010	740,428	83%	17,279
10/31/2011	865,591	83%	34,648

** Includes 14 months as the plan year changed

As of January 1, 2011, the most recent actuarial valuation date, the plan was 57 percent funded. The actuarial accrued liability for benefits was \$15,759,311 and the actuarial value of assets was \$8,998,016, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,761,295. The covered payroll (annual payroll of active employees covered by the plan) was \$2,978,208, and the ratio of the UAAL to the covered payroll was 227 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 December 31, 2011, 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 on a rolling 30 year period. The remaining amortization as of the January 1, 2011 valuation was thirty years.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

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 2011. Benefits paid from these plans to participants during 2011 totaled \$93,899.

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, 2011

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	\$ 42,682
Interest on net OPEB obligation	4,422
Adjustment to annual required contribution	(5,143)
Annual OPEB cost (expense)	41,961
Less: Net employer contributions	3,000
Increase in net OPEB obligation	38,961
Net OPEB obligation - November 1, 2010	76,912
Net OPEB obligation - October 31, 2011	\$ 115,873
Net OPEB obligation reported with the City's:	
Governmental activities	\$ 111,695
Business-type activities	4,178
	\$ 115,873

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, 2011 is as follows:

Fiscal Year	Annual	Percentage of Annual OPEB	Net OPEB
10/31/2009	\$ 38,723	2.9%	\$ 37,582
10/31/2010	42,330	7.1%	76,912
10/31/2011	41,961	7.1%	115,873

Funded Status and Funding Progress

As of July 1, 2009, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$319,274. 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 \$6,811,646, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 4.7 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, 2011

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, 2009 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 5.75 percent investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 10.0 percent for the initial year and then declining by 0.5 percent per year until 5.5 percent is reached. The 5.5 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, 2011. 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.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2011

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 of \$600,000 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. In addition, the City will make available an additional \$250,000 once a certificate of occupancy permit is issued by the City. 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 \$600,000 at October 31, 2011.

I. Encumbrances

Outstanding encumbrances at October 31, 2011 were as follows: General Fund \$126,396, Transportation Sales Tax Fund \$23,854, Capital Improvements Fund \$38,124 and Sewer Fund \$228,002.

(12) Deficits

The accumulated deficit of \$16,419 in the Transportation Sales Tax Fund will be eliminated by future revenues or transfers.

(13) Subsequent Events

The City evaluated subsequent events through May 4, 2012, the date the financial statements were available to be issued.

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the year ended October 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 7,908,367	\$ 7,908,367	\$ 8,224,674	\$ 316,307
Licenses and permits	330,320	330,320	356,417	26,097
Intergovernmental	1,221,500	1,384,946	1,397,684	12,738
Fines	759,100	759,100	916,584	157,484
Charges for services	1,401,120	1,401,120	1,127,316	(273,804)
Interest	12,500	12,500	21,835	9,335
Miscellaneous	21,665	29,425	111,551	82,126
Total revenues	<u>11,654,572</u>	<u>11,825,778</u>	<u>12,156,061</u>	<u>330,283</u>
Expenditures:				
Current:				
Mayor/Board of Alderman	73,400	73,400	72,976	424
Administration	1,295,562	1,329,577	1,078,962	250,615
Finance	630,623	630,623	591,414	39,209
Municipal court	280,162	280,162	255,718	24,444
Legal	149,440	149,440	151,149	(1,709)
General government	<u>2,429,187</u>	<u>2,463,202</u>	<u>2,150,219</u>	<u>312,983</u>
Community development	<u>740,015</u>	<u>736,000</u>	<u>658,517</u>	<u>77,483</u>
Police	5,961,514	6,132,220	6,025,156	107,064
Emergency medical services	1,424,097	1,424,597	1,160,439	264,158
Public safety	<u>7,385,611</u>	<u>7,556,817</u>	<u>7,185,595</u>	<u>371,222</u>
Public works	<u>1,491,208</u>	<u>1,493,943</u>	<u>1,453,784</u>	<u>40,159</u>
Capital outlay	<u>-</u>	<u>156,100</u>	<u>159,133</u>	<u>(3,033)</u>
Total expenditures	<u>12,046,021</u>	<u>12,406,062</u>	<u>11,607,248</u>	<u>798,814</u>
Excess of revenues over (under) expenditures	<u>(391,449)</u>	<u>(580,284)</u>	<u>548,813</u>	<u>1,129,097</u>
Other financing sources (uses):				
Transfers in	249,775	249,775	249,775	-
Transfers out	(1,450,000)	(1,820,000)	(1,220,000)	600,000
Total other financing sources (uses)	<u>(1,200,225)</u>	<u>(1,570,225)</u>	<u>(970,225)</u>	<u>600,000</u>
Net change in fund balances	<u>\$ (1,591,674)</u>	<u>\$ (2,150,509)</u>	<u>(421,412)</u>	<u>\$ 1,729,097</u>
Fund balances, beginning of year			<u>6,388,379</u>	
Fund balance - end of year - budget basis			5,966,967	
Adjustments:				
Encumbrances			<u>126,396</u>	
Fund balance - end of year - GAAP basis			<u>\$ 6,093,363</u>	
Net change in fund balance - budget basis			\$ (421,412)	
Adjustments:				
Encumbrances - beginning of year			-	
Encumbrances - end of year			<u>126,396</u>	
Net change in fund balance - GAAP basis			<u>\$ (295,016)</u>	

CITY OF RAYTOWN, MISSOURI

Schedules of Funding Progress

Employees Retirement System

Fiscal Year	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL as a Percentage of covered Payroll
10/31/2009	2/28/2009	\$ 2,213,202	\$ 5,428,472	\$ 3,215,270	41%	\$ 3,927,426	82%
10/31/2010	2/28/2010	2,836,421	6,096,411	3,259,990	47%	4,426,069	74%
10/31/2011	2/28/2011	3,381,673	6,537,540	3,155,867	52%	4,336,047	73%

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, 2006, 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

Fiscal Year	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Projected Unit Credit Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL as a Percentage of covered Payroll
10/31/2005	11/1/2004	\$ 6,719,000	\$ 8,616,000	\$ 1,897,000	78%	\$ 1,918,000	99%
10/31/2006	11/1/2005	6,964,000	10,266,000	3,302,000	68%	2,366,000	140%
10/31/2007	11/1/2006	7,447,000	11,884,000	4,437,000	63%	2,771,000	160%
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%

Other Post Employment Health Benefits

Fiscal Year	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL as a Percentage of covered Payroll
10/31/2009	7/1/2007	\$ -	\$ 222,757	\$ 222,757	0%	\$ 6,571,362	3%
10/31/2010	7/1/2009	-	319,274	319,274	0%	6,811,646	5%
10/31/2011	7/1/2009	-	319,274	319,274	0%	6,811,646	5%

CITY OF RAYTOWN, MISSOURI
Combining Balance Sheet
Non-major Governmental Funds
October 31, 2011

	Special Revenue					Capital Project	Total Other Governmental Funds
	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	
Assets							
Cash and investments	\$ 1,111,386	\$ 189,731	\$ 576,900	\$ 698,433	\$ 860,665	\$ 216,107	\$ 3,653,222
Receivables (net of allowance for uncollectibles):							
Taxes	49,166	-	156,378	133,636	178,183	-	517,363
Accounts	-	33,888	-	-	-	-	33,888
Intergovernmental	-	-	-	-	-	325,338	325,338
Loan receivable	-	-	-	-	-	600,000	600,000
Prepays	-	143,445	-	-	-	-	143,445
Restricted cash and investments	4,307	-	-	-	-	7,292	11,599
Total assets	\$ 1,164,859	\$ 367,064	\$ 733,278	\$ 832,069	\$ 1,038,848	\$ 1,148,737	\$ 5,284,855
Liabilities							
Accounts payable	\$ 12,476	\$ 3,065	\$ 724,218	\$ 8,783	\$ 4,684	\$ 104,115	\$ 857,341
Accrued liabilities	14,402	-	-	-	15,676	-	30,078
Interfund payables	27,497	5,067	25,479	8,203	67,312	21,960	155,518
Deferred revenues	-	-	-	-	-	191,295	191,295
Total liabilities	54,375	8,132	749,697	16,986	87,672	317,370	1,234,232
Fund balances							
Nonspendable:							
Prepays	-	143,445	-	-	-	-	143,445
Loan receivable	-	-	-	-	-	600,000	600,000
Restricted for:							
General government	-	215,487	-	-	-	-	215,487
Public Safety	-	-	-	-	951,176	-	951,176
Public works	-	-	-	815,083	-	-	815,083
Committed for:							
Public works	-	-	-	-	-	38,124	38,124
Assigned for:							
Parks and recreation	1,110,484	-	-	-	-	-	1,110,484
Public works	-	-	-	-	-	193,243	193,243
Unassigned (deficit)	-	-	(16,419)	-	-	-	(16,419)
Total fund balances	1,110,484	358,932	(16,419)	815,083	951,176	831,367	4,050,623
Total liabilities and fund balance	\$ 1,164,859	\$ 367,064	\$ 733,278	\$ 832,069	\$ 1,038,848	\$ 1,148,737	\$ 5,284,855

CITY OF RAYTOWN, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the year ended October 31, 2011

	Special Revenue					Capital Project	Total Other Governmental Funds
	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	
Revenues:							
Taxes	\$ 850,513	\$ -	\$ 989,700	\$ 845,126	\$ 1,127,887	\$ -	\$ 3,813,226
Intergovernmental	-	-	-	-	-	286,292	286,292
Charges for services	453,749	-	-	-	-	-	453,749
Interest	-	164	1,635	1,805	1,689	118	5,411
Other	16,139	67,073	-	-	1,359	-	84,571
Total revenues	<u>1,320,401</u>	<u>67,237</u>	<u>991,335</u>	<u>846,931</u>	<u>1,130,935</u>	<u>286,410</u>	<u>4,643,249</u>
Expenditures:							
Current:							
General government	-	51,043	-	-	-	-	51,043
Parks and recreation	1,219,861	-	-	-	-	-	1,219,861
Public safety	-	-	-	-	781,348	-	781,348
Public works	-	-	-	-	-	92,291	92,291
Capital outlay	245,397	-	1,083,876	609,909	5,618	1,097,218	3,042,018
Debt service:							
Principal	-	-	-	34,759	-	-	34,759
Interest and fiscal charges	-	-	-	13,239	-	-	13,239
Total expenditures	<u>1,465,258</u>	<u>51,043</u>	<u>1,083,876</u>	<u>657,907</u>	<u>786,966</u>	<u>1,189,509</u>	<u>5,234,559</u>
Excess of revenues over (under) expenditures	<u>(144,857)</u>	<u>16,194</u>	<u>(92,541)</u>	<u>189,024</u>	<u>343,969</u>	<u>(903,099)</u>	<u>(591,310)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	67,821	-	-	67,821
Transfers in	-	-	-	-	-	1,525,000	1,525,000
Transfers out	-	-	-	(105,000)	-	-	(105,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,179)</u>	<u>-</u>	<u>1,525,000</u>	<u>1,487,821</u>
Net change in fund balances	<u>(144,857)</u>	<u>16,194</u>	<u>(92,541)</u>	<u>151,845</u>	<u>343,969</u>	<u>621,901</u>	<u>896,511</u>
Fund balances, beginning of year	<u>1,255,341</u>	<u>342,738</u>	<u>76,122</u>	<u>663,238</u>	<u>607,207</u>	<u>209,466</u>	<u>3,154,112</u>
Fund balances (deficit), end of year	<u>\$ 1,110,484</u>	<u>\$ 358,932</u>	<u>\$ (16,419)</u>	<u>\$ 815,083</u>	<u>\$ 951,176</u>	<u>\$ 831,367</u>	<u>\$ 4,050,623</u>

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Park Fund
For the year ended October 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 724,000	\$ 724,000	\$ 850,513	\$ 126,513
Charges for services	478,050	478,050	453,749	(24,301)
Interest	2,500	2,500	-	(2,500)
Other	10,450	10,531	16,139	5,608
Total revenues	<u>1,215,000</u>	<u>1,215,081</u>	<u>1,320,401</u>	<u>105,320</u>
Expenditures:				
Current:				
Parks and recreation	1,206,676	1,206,676	1,219,861	(13,185)
Capital outlay	<u>1,311,411</u>	<u>1,326,858</u>	245,397	1,081,461
Total expenditures	<u>2,518,087</u>	<u>2,533,534</u>	<u>1,465,258</u>	<u>1,068,276</u>
Excess of revenues over (under) expenditures	<u>(1,303,087)</u>	<u>(1,318,453)</u>	<u>(144,857)</u>	<u>1,173,596</u>
Net change in fund balances	<u>\$ (1,303,087)</u>	<u>\$ (1,318,453)</u>	<u>(144,857)</u>	<u>\$ 1,173,596</u>
Fund balances, beginning of year			<u>1,255,341</u>	
Fund balances, end of year			<u>\$ 1,110,484</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest	\$ -	\$ -	\$ 164	\$ 164
Other	95,000	95,000	67,073	(27,927)
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>67,237</u>	<u>(27,763)</u>
Expenditures:				
Current:				
General government	65,000	65,000	51,043	13,957
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>51,043</u>	<u>13,957</u>
Excess of revenues over (under) expenditures	<u>30,000</u>	<u>30,000</u>	<u>16,194</u>	<u>(13,806)</u>
Net change in fund balances	<u>\$ 30,000</u>	<u>\$ 30,000</u>	16,194	<u>\$ (13,806)</u>
Fund balances, beginning of year			<u>342,738</u>	
Fund balances, end of year			<u>\$ 358,932</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,013,155	\$ 1,013,155	\$ 989,700	\$ (23,455)
Interest	500	500	1,635	1,135
Total revenues	<u>1,013,655</u>	<u>1,013,655</u>	<u>991,335</u>	<u>(22,320)</u>
Expenditures:				
Public Works	1,020,514	1,133,101	1,107,730	25,371
Total expenditures	<u>1,020,514</u>	<u>1,133,101</u>	<u>1,107,730</u>	<u>25,371</u>
Net change in fund balances	<u>\$ (6,859)</u>	<u>\$ (119,446)</u>	(116,395)	<u>\$ 3,051</u>
Fund balances, beginning of year			<u>76,122</u>	
Fund balance (deficit) - end of year - budget basis			(40,273)	
Adjustments:				
Encumbrances			<u>23,854</u>	
Fund balance (deficit) - end of year - GAAP basis			<u>\$ (16,419)</u>	
Net change in fund balance - budget basis			\$ (116,395)	
Adjustments:				
Encumbrances - beginning of year			-	
Encumbrances - end of year			<u>23,854</u>	
Net change in fund balance - GAAP basis			<u>\$ (92,541)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 934,525	\$ 934,525	\$ 845,126	\$ (89,399)
Interest	500	500	1,805	1,305
Total revenues	<u>935,025</u>	<u>935,025</u>	<u>846,931</u>	<u>(88,094)</u>
Expenditures:				
Capital outlay	893,063	977,045	609,909	367,136
Debt service:				
Principal	34,759	34,759	34,759	-
Interest and fiscal charges	13,239	13,239	13,239	-
Total expenditures	<u>941,061</u>	<u>1,025,043</u>	<u>657,907</u>	<u>367,136</u>
Excess of revenues over (under) expenditures	<u>(6,036)</u>	<u>(90,018)</u>	<u>189,024</u>	<u>279,042</u>
Other financing sources (uses):				
Sale of capital assets	-	-	67,821	67,821
Transfers out	-	(105,000)	(105,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(105,000)</u>	<u>(37,179)</u>	<u>67,821</u>
Net change in fund balances	<u>\$ (6,036)</u>	<u>\$ (195,018)</u>	151,845	<u>\$ 346,863</u>
Fund balances, beginning of year			<u>663,238</u>	
Fund balances, end of year			<u>\$ 815,083</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,013,155	\$ 1,013,155	\$ 1,127,887	\$ 114,732
Interest	500	500	1,689	1,189
Other	-	-	1,359	1,359
Total revenues	<u>1,013,655</u>	<u>1,013,655</u>	<u>1,130,935</u>	<u>117,280</u>
Expenditures:				
Current:				
Public safety	884,460	890,118	781,348	108,770
Capital outlay	-	-	5,618	(5,618)
Total expenditures	<u>884,460</u>	<u>890,118</u>	<u>786,966</u>	<u>103,152</u>
Net change in fund balances	<u>\$ 129,195</u>	<u>\$ 123,537</u>	343,969	<u>\$ 220,432</u>
Fund balances, beginning of year			<u>607,207</u>	
Fund balances, end of year			<u>\$ 951,176</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 720,000	\$ 2,484,488	\$ 286,292	\$ (2,198,196)
Interest	500	500	118	(382)
Total revenues	<u>720,500</u>	<u>2,484,988</u>	<u>286,410</u>	<u>(2,198,578)</u>
Expenditures:				
Current:				
Public works	89,713	90,013	92,291	(2,278)
Capital outlay	1,650,000	4,110,625	1,135,342	3,013,407
Total expenditures	<u>1,739,713</u>	<u>4,200,638</u>	<u>1,227,633</u>	<u>3,011,129</u>
Excess of revenues over (under) expenditures	<u>(1,019,213)</u>	<u>(1,715,650)</u>	<u>(941,223)</u>	<u>812,551</u>
Other financing sources (uses):				
Transfers in	850,000	1,525,000	1,525,000	-
Total other financing sources (uses)	<u>850,000</u>	<u>1,525,000</u>	<u>1,525,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (169,213)</u>	<u>\$ (190,650)</u>	583,777	<u>\$ 812,551</u>
Fund balances, beginning of year			<u>209,466</u>	
Fund balance - end of year - budget basis			793,243	
Adjustments:				
Encumbrances			<u>38,124</u>	
Fund balance - end of year - GAAP basis			<u>\$ 831,367</u>	
Net change in fund balance - budget basis			\$ 583,777	
Adjustments:				
Encumbrances - beginning of year			-	
Encumbrances - end of year			<u>38,124</u>	
Net change in fund balance - GAAP basis			<u>\$ 621,901</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 911,042	\$ 911,042	\$ 1,328,137	\$ 417,095
Intergovernmental activity taxes	1,155,483	1,155,483	1,122,430	(33,053)
Interest and other	-	-	233,741	233,741
Total revenues	<u>2,066,525</u>	<u>2,066,525</u>	<u>2,684,308</u>	<u>617,783</u>
Expenditures:				
Current:				
Community Development	1,084,080	1,084,080	10,111	1,073,969
Debt service:				
Principal	55,000	55,000	39,625	15,375
Interest and fiscal charges	2,011,525	2,011,525	2,023,714	(12,189)
Total expenditures	<u>3,150,605</u>	<u>3,150,605</u>	<u>2,073,450</u>	<u>1,077,155</u>
Excess of revenues over (under) expenditures	<u>(1,084,080)</u>	<u>(1,084,080)</u>	<u>610,858</u>	<u>1,694,938</u>
Net change in fund balances	<u>\$ (1,084,080)</u>	<u>\$ (1,084,080)</u>	<u>610,858</u>	<u>\$ 1,694,938</u>
Fund balances, beginning of year			<u>6,066,478</u>	
Fund balances, end of year			<u>\$ 6,677,336</u>	

CITY OF RAYTOWN, MISSOURI
Statement of Changes in Assets and Liabilities -
Agency Funds
For the year ended October 31, 2011

	<u>Balance October 31, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance October 31, 2011</u>
Jackson County Tax Fund				
Assets:				
Cash	\$ 214,300	\$ 14,738,795	\$ 14,725,009	\$ 228,086
Liabilities:				
Due to others	\$ 214,300	\$ 14,738,795	\$ 14,725,009	\$ 228,086
Raytown Highway 350 TDD				
Assets:				
Cash	\$ 15,476	\$ 66,112	\$ 42,264	\$ 39,324
Taxes receivable	5,233	65,994	66,112	5,115
Total assets	<u>\$ 20,709</u>	<u>\$ 132,106</u>	<u>\$ 108,376</u>	<u>\$ 44,439</u>
Liabilities:				
Due to others	<u>\$ 20,709</u>	<u>\$ 132,106</u>	<u>\$ 108,376</u>	<u>\$ 44,439</u>
Total				
Assets:				
Cash	\$ 229,776	\$ 14,804,907	\$ 14,767,273	\$ 267,410
Taxes receivable	5,233	65,994	66,112	5,115
	<u>\$ 235,009</u>	<u>\$ 14,870,901</u>	<u>\$ 14,833,385</u>	<u>\$ 272,525</u>
Liabilities:				
Due to others	<u>\$ 235,009</u>	<u>\$ 14,870,901</u>	<u>\$ 14,833,385</u>	<u>\$ 272,525</u>