

CITY OF RAYTOWN, MISSOURI

Basic Financial Statements



**For Year Ended
October 31, 2015**

Prepared by:

Mark Loughry
Director of Finance

CITY OF RAYTOWN, MISSOURI

Basic Financial Statements

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report | 1-2 |
| Management's Discussion and Analysis | 3-11 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 14 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 16 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities | 17 |
| Statement of Net Position – Proprietary Funds | 18 |
| Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund | 19 |
| Statement of Cash Flows – Proprietary Fund | 20 |
| Statement of Fiduciary Net Position | 21 |
| Statement of Changes in Fiduciary Net Position | 22 |
| Notes to the Basic Financial Statements | 23-53 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund | 54 |
| Schedule of Changes in Net Pension Liability and Related Ratios – LAGERS | 55 |
| Schedule of Changes in Net Pension Liability and Related Ratios – Police Pension | 56 |
| Schedule of Employer Contributions – LAGERS | 57 |
| Schedule of Employer Contributions – Police Pension | 58 |
| Schedule of Funding Progress | 59 |
| Other Supplementary Information: | |
| Combining Statements and Individual Fund Schedules: | |
| Combining Balance Sheet – Non-major Governmental Funds | 60 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds | 61 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Budgeted Non-major Funds: | |
| Park Fund | 62 |
| Risk Management Fund | 63 |
| Transportation Sales Tax Fund | 64 |
| Capital Sales Tax Fund | 65 |
| Public Safety Sales Tax Fund | 66 |
| Capital Improvement Fund | 67 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual TIF Fund | 68 |
| Statement of Changes in Assets and Liabilities – Agency Funds | 69 |



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 Alderman
City of Raytown, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Raytown, Missouri (the City), as of and for the year ended October 31, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Other Offices

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

5700 Broadmoor Street, Suite 202
Mission, Kansas 66202
(913) 378-1100
(913) 378-1177 FAX

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of October 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Notes 11 and 12 to the financial statements, in 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 12, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Kansas City, Missouri
April 12, 2016

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis October 31, 2015

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, 2015.

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 and deferred outflows for the City of Raytown, Missouri (the City) exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$11,879,317 (net position).

The City's total net position decreased \$387,951 when compared to 2014.

Governmental activities net position decreased \$409,535 due primarily to recording depreciation expense related to the City's governmental capital assets.

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

Business-Type Activities realized an increase in net position of \$21,584 over 2014. Similar to the Governmental activities, the City continues to decrease its business-type long term obligations.

Overview of the Financial Statements

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

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

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

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

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

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2015

Fund financial statements. *Fund financial statements* focus on individual parts of the City's government. These statements report the City's operations in more detail than the government-wide financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, since the resources of those funds are not available to support the City's operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also contains certain *required supplementary information* that further explains and supports the information in the financial statements. This report also contains *other supplementary information* that provides certain combining and individual fund statements and schedules.

Government-wide Financial Analysis

As indicated earlier, net position may serve as a useful indicator of the City's financial position. The largest portion of the City's net position, \$36,972,374 reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure) net of related debt. The City uses capital assets to provide services to citizens; therefore these assets are not available for future spending.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis October 31, 2015

NET POSITION

The following table reflects the condensed Statement of Net Position as of October 31, 2015 and 2014.

| | City of Raytown Net Position | | | | | |
|--------------------------------------|-------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | Governmental | | Business-type | | Total | |
| | Activities | | Activities | | | |
| | 2015 | 2014* | 2015 | 2014* | 2015 | 2014* |
| Current and other assets | \$ 20,244,626 | \$ 20,340,000 | \$ 5,677,255 | \$ 5,192,860 | \$ 25,921,881 | \$ 25,532,860 |
| Capital assets | 32,904,277 | 34,750,041 | 15,635,118 | 15,983,004 | 48,539,395 | 50,733,045 |
| Total assets | <u>53,148,903</u> | <u>55,090,041</u> | <u>21,312,373</u> | <u>21,175,864</u> | <u>74,461,276</u> | <u>76,265,905</u> |
| Deferred charge on refunding | - | - | 21,228 | 22,997 | 21,228 | 22,997 |
| Deferred outflows - pension | 1,128,064 | 210,889 | 8,194 | 2,480 | 1,136,258 | 213,369 |
| Total deferred outflows of resources | <u>1,128,064</u> | <u>210,889</u> | <u>29,422</u> | <u>25,477</u> | <u>1,157,486</u> | <u>236,366</u> |
| Long-term debt | 47,915,327 | 48,881,379 | 11,534,424 | 12,279,721 | 59,449,751 | 61,161,100 |
| Other liabilities | 2,121,845 | 2,341,909 | 1,592,089 | 731,994 | 3,713,934 | 3,073,903 |
| Total liabilities | <u>50,037,172</u> | <u>51,223,288</u> | <u>13,126,513</u> | <u>13,011,715</u> | <u>63,163,685</u> | <u>64,235,003</u> |
| Deferred inflow - pension | 571,688 | - | 4,072 | - | 575,760 | - |
| Total deferred intflows of resources | <u>571,688</u> | <u>-</u> | <u>4,072</u> | <u>-</u> | <u>575,760</u> | <u>-</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 32,814,671 | 34,618,637 | 4,157,703 | 3,932,153 | 36,972,374 | 38,550,790 |
| Restricted | 10,019,017 | 9,398,670 | 524,240 | 514,023 | 10,543,257 | 9,912,693 |
| Unrestricted (deficit) | (39,165,581) | (39,939,665) | 3,529,267 | 3,743,450 | (35,636,314) | (36,196,215) |
| Total net position | <u>\$ 3,668,107</u> | <u>\$ 4,077,642</u> | <u>\$ 8,211,210</u> | <u>\$ 8,189,626</u> | <u>\$ 11,879,317</u> | <u>\$ 12,267,268</u> |

* as restated

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

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

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis October 31, 2015

The following table reflects the revenues and expenses from the City's activities for the years ended October 31, 2015 and 2014:

City of Raytown Changes in Net Position

| | Governmental | | Business-type | | Total | |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | 2015 | 2014* | 2015 | 2014* | 2015 | 2014* |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,927,485 | \$ 3,222,419 | \$ 5,490,908 | \$ 5,484,958 | \$ 8,418,393 | \$ 8,707,377 |
| Operating grants and contributions | 82,998 | 169,355 | - | - | 82,998 | 169,355 |
| Capital grants and contributions | 37,086 | 486,203 | - | - | 37,086 | 486,203 |
| General revenues: | | | | | | |
| Property taxes | 1,753,966 | 1,773,885 | - | - | 1,753,966 | 1,773,885 |
| Sales taxes | 8,058,970 | 7,478,161 | - | - | 8,058,970 | 7,478,161 |
| Motor vehicle taxes | 1,157,516 | 1,117,765 | - | - | 1,157,516 | 1,117,765 |
| Franchise taxes | 3,986,649 | 4,079,083 | - | - | 3,986,649 | 4,079,083 |
| Intergovernmental activity taxes | 1,337,166 | 1,373,633 | - | - | 1,337,166 | 1,373,633 |
| Other taxes | 64,200 | 76,744 | - | - | 64,200 | 76,744 |
| Other | 558,329 | 461,567 | 322,141 | 257,575 | 880,470 | 719,142 |
| Total revenues | <u>19,964,365</u> | <u>20,238,815</u> | <u>5,813,049</u> | <u>5,742,533</u> | <u>25,777,414</u> | <u>25,981,348</u> |
| Expenses: | | | | | | |
| General government | 2,478,072 | 2,391,787 | - | - | 2,478,072 | 2,391,787 |
| Parks and recreation | 1,397,884 | 1,391,877 | - | - | 1,397,884 | 1,391,877 |
| Development and public affairs | 949,070 | 994,528 | - | - | 949,070 | 994,528 |
| Public safety | 8,737,979 | 8,216,758 | - | - | 8,737,979 | 8,216,758 |
| Public works | 6,032,464 | 5,225,930 | - | - | 6,032,464 | 5,225,930 |
| Interest on long-term debt | 1,842,480 | 1,899,682 | - | - | 1,842,480 | 1,899,682 |
| Sanitary sewer | - | - | 4,727,416 | 4,002,910 | 4,727,416 | 4,002,910 |
| Total expenses | <u>21,437,949</u> | <u>20,120,562</u> | <u>4,727,416</u> | <u>4,002,910</u> | <u>26,165,365</u> | <u>24,123,472</u> |
| Change in net assets before transfers | (1,473,584) | 118,253 | 1,085,633 | 1,739,623 | (387,951) | 1,857,876 |
| Transfers | 1,064,049 | 1,159,824 | (1,064,049) | (1,159,824) | - | - |
| Change in net position after transfers | (409,535) | 1,278,077 | 21,584 | 579,799 | (387,951) | 1,857,876 |
| Net position, beginning | 4,077,642 | 2,799,565 | 8,189,626 | 7,609,827 | 12,267,268 | 10,409,392 |
| Net position, ending | <u>\$ 3,668,107</u> | <u>\$ 4,077,642</u> | <u>\$ 8,211,210</u> | <u>\$ 8,189,626</u> | <u>\$ 11,879,317</u> | <u>\$ 12,267,268</u> |

* as restated

Governmental Activities

The City saw an overall decrease in revenues and net position in 2015 compared to 2014. The decrease in net position is mostly attributable to the increase of expenses by \$1,317,387 or 7% compared to the 2014 levels. The increased expenses included a 4% cost of living wage increase for City employees and additional \$806,534 in Public Works and \$521,221 in Public Safety expenditures.

The largest single revenue category for Raytown remains sales taxes which totaled \$8,058,970 or 40% of total governmental revenue and was up \$580,809 or 8% compared to 2014. Revenues from governmental activities totaled \$19,964,365 or 77% of the total City revenues. This represents a decrease of \$274,450 compared to 2014. The main source of the decrease was due to the reduction of grant proceeds. The majority of grant funding was tied to the Neighborhood Stabilization Program (NSP) program.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis October 31, 2015

Business-type Activities

Total business-type activities are attributable to the sanitary sewer fund. In 2015 business-type revenues were up \$70,516 or 1%, while expenses increased \$724,506 or 18% when compared to 2014. The relatively small increase in revenue is attributable to collections, billing cycles and consumption variance by consumers from one year to the next. The increase in expenses is primarily due to treatment rate increases by Kansas City Water Services and Little Blue Valley Sewer District. In total the Business-type activities experienced an increase in net position of \$21,584.

Financial Analysis of the City's Funds

Governmental Funds

As of the end of the current fiscal year, the City's governmental funds have a combined fund balance of \$18,770,642 which represents an increase of \$209,507 over 2014 and marks the fifth straight year of increasing combined fund balances.

General Fund

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

The General Fund revenues and transfers in were \$12,977,290 compared to \$13,179,769 in 2014 which represents a decrease of \$202,479 or 2%.

General Fund expenditures including transfers out were \$13,062,228 compared to \$12,642,646 in 2014 which represents an increase of \$419,582 or 3.3%. Increased expenditures were largely due to the 4% across the board wage increase and the newly implemented Police Department Professional Development Plan, and an unbudgeted storm water project when compared to 2014.

The fund balance of the General Fund decreased \$84,938 during the fiscal year compared to a \$537,123 increase in 2014. Even with this year's decrease the fund balance still remains healthy.

Tax Increment Finance Fund

The TIF Fund revenues were \$3,177,708 compared to \$2,884,892 in 2014 which represents an increase of \$292,816. The increase of approximately 10% percent is attributable to increased sales tax revenue in the TIF districts.

The expenditures were \$3,010,073 compared to \$2,963,183 in 2014 which represents an increase of \$46,890 or 1.6%. This represents a relatively flat expenditure trend that is expected to increase with the scheduled increases in debt service payments associated with the 350 Highway Development.

The fund balance of the Tax Increment Finance (TIF) Fund increased \$167,635 during the fiscal year. As the debt payment schedule increases the fund balance will be spent down unless additional development occurs to offset the escalating debt payment.

Other governmental funds (Combined)

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

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis October 31, 2015

The other governmental funds combined revenues were \$5,023,765 compared to \$5,123,964 in 2014 which represent a decrease of \$100,199 or 2%. This decrease was due primarily to one time revenue received in 2014 associated with Grant Funding.

Combined expenditures and transfers out for other Governmental Funds were \$4,989,297 compared to \$8,279,260 in 2014. This decrease of \$3,289,963 is primarily related to a one time capital outlay expenditure in 2014 for the White Oak Sewer Line project.

The combined fund balance of the other governmental funds increased \$126,810 during the fiscal year. The primary reason for the increase is the completion of budgeted one time projects finalized in 2014.

Proprietary Funds

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

The Sanitary Sewer fund operating revenues were \$5,490,908 in 2015 compared to operating revenues of \$5,484,958 in 2014. The increase of \$5,950 is directly related to a slight increase in consumption. The City sewer system is for the most part completely built out with very little opportunity for additional connections. Any variances in consumption and billing from one year to the next is for the most part related to how wet or dry the year is given that sewer billing is calculated off of water usage. It can be expected that without growth or new industry that the overall trend in consumption will be down as household appliances become more efficient.

The operating expenses were \$4,186,641 in 2015 compared to \$3,444,979 in 2014. The increase of \$741,662 in expenses is primarily due to treatment rate increases by Kansas City Water Services and Little Blue Valley Sewer District during the same period.

Transfers out include reimbursing the General Fund for its share of expenses directly related to the Sewer Fund but covered in the General Fund.

This fund has a significant amount of non-operating revenues and expenses. This activity is primarily related to the City debt issuance for infrastructure improvements as part of the SRF 2007A bonds. All of the projects associated with this debt issuance have now been completed.

The net position of the Sanitary Sewer fund at the end of the year increased \$21,584. Cost saving programs implemented allowed the City to hold rates level for 2015. However, due to significant treatment rate increases by Kansas City Water Services and Little Blue Valley Sewer District the City has budgeted rate increases for fiscal year 2016. Net position has increased in the sewer fund for six consecutive years primarily due to investment in infrastructure and cost saving programs. Other factors concerning the finances of this fund have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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

- The original revenue and transfers in budget of \$12,938,770 was amended by \$6,750 to account for additional grant funding. Any other un-budgeted revenue was simply receipted as miscellaneous revenue or assigned to the appropriate revenue stream.
- The original expenditure and transfer out budget of \$13,589,391 was increased by \$213,498 to \$13,802,889. \$70,000 of this increase was to reimburse the Park fund for improvements made at Super Slash. The other major adjustment was increase of \$114,748 for storm water sewer improvement project.

CITY OF RAYTOWN, MISSOURI

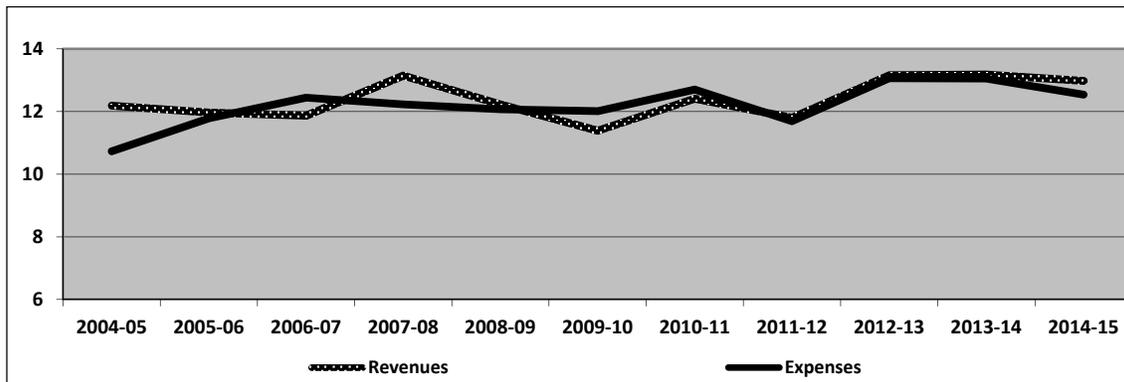
Management's Discussion and Analysis October 31, 2015

General Fund Actual to Budget Analysis

Actual revenues and transfers in were \$31,534 more than the final budget and \$38,284 more than the original budget. This increase represents a less than .3% percent variance from the original budget.

Actual expenditures and transfers out were \$1,255,476 less than the final budget. The reduction in expenditures was distributed among several line items that came in significantly below budget. The only area that exceeded the original budget was Emergency Medical Services, by \$12,637 or less than 1%, which was attributable to increase in overtime hours and & Professional Services.

The following graph illustrates the City's General Fund Revenues against Expenditures for fiscal years ended 2005 through 2015:



As this graph illustrates, the City has had revenues in excess of expenditures from FY 2004-05 through FY 2005-06. In FY 2006-07, the City had expenditures in excess of revenue that had to be made up from the fund balance. In FY 2009-10, the City again had expenditures in excess of revenues primarily due to a planned spend down of fund balance for one-time projects and a minor operating subsidy. In 2010-11 the City once again had expenditures in excess of revenues that were primarily due to a transfer for a loan to an Improvement District. In FY 2011-12, through the current fiscal year 2014-15, the City's revenue exceeded expenditures.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis
October 31, 2015

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of October 31, 2015, amounts to \$48,539,395 compared to \$50,733,045 in 2014 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, collections systems, machinery and equipment, and infrastructure. In 2015, the City purchased new equipment and completed numerous road projects and street maintenance programs.

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

| | Governmental | | Business-Type | | Total | |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land/ (Const. in Prog) | \$ 2,746,725 | \$ 3,288,680 | \$ 433,393 | \$ 4,264,929 | \$ 3,180,118 | \$ 7,553,609 |
| Buildings & Improvements | 2,544,986 | 2,568,995 | - | - | 2,544,986 | 2,568,995 |
| Equipment & Vehicles | 3,293,376 | 2,610,154 | 210,313 | 272,658 | 3,503,689 | 2,882,812 |
| Infrastructure | 24,319,190 | 26,282,212 | 14,991,412 | 11,445,417 | 39,310,602 | 37,727,629 |
| Total | <u>\$ 32,904,277</u> | <u>\$ 34,750,041</u> | <u>\$ 15,635,118</u> | <u>\$ 15,983,004</u> | <u>\$ 48,539,395</u> | <u>\$ 50,733,045</u> |

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

Debt Administration

At the end of fiscal year 2015, the City had a total of \$59,449,751 of outstanding debt compared to \$61,161,100 in 2014. This was an decrease of \$1,711,349 from the previous year.

City of Raytown Outstanding Debt

| | Activities | | Activities | | Total | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| TIF Bonds (plus premium) | \$ 36,625,508 | \$ 37,696,313 | \$ - | \$ - | \$ 36,625,508 | \$ 37,696,313 |
| Developer Obligations | 1,879,889 | 1,937,860 | - | - | 1,879,889 | 1,937,860 |
| Capital Leases | 89,606 | 131,404 | - | - | 89,606 | 131,404 |
| Net Pension Liability | 8,617,734 | 8,452,289 | 18,366 | 19,148 | 8,636,100 | 8,471,437 |
| Compensated Absences | 410,288 | 420,211 | 5,236 | 7,176 | 415,524 | 427,387 |
| Net OPEB Obligation | 292,302 | 243,302 | 12,179 | 10,138 | 304,481 | 253,440 |
| Revenue Bonds (plus premium) | - | - | 11,498,643 | 12,243,259 | 11,498,643 | 12,243,259 |
| Total | <u>\$ 47,915,327</u> | <u>\$ 48,881,379</u> | <u>\$ 11,534,424</u> | <u>\$ 12,279,721</u> | <u>\$ 59,449,751</u> | <u>\$ 61,161,100</u> |

The City had a rated refinancing in 2014 which it received an S&P rating of A+.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 which resulted in reporting a net pension liability. For additional information related to the City's pension plans, see Note 11 to the Basic Financial Statements.

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

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis October 31, 2015

Other Factors

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

Requests for Information

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

CITY OF RAYTOWN, MISSOURI
Statement of Net Position
October 31, 2015

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and investments | \$ 9,449,629 | \$ 3,981,190 | \$ 13,430,819 |
| Receivables (net of allowance for uncollectibles): | | | |
| Taxes | 1,666,126 | - | 1,666,126 |
| Accounts | 360,198 | 1,122,299 | 1,482,497 |
| Fines | 47,104 | - | 47,104 |
| Interest | - | - | - |
| Intergovernmental | 288,490 | - | 288,490 |
| Prepays | 677,481 | 49,526 | 727,007 |
| Inventories | - | - | - |
| Internal balances | - | - | - |
| Restricted cash and investments | 5,942,638 | 524,240 | 6,466,878 |
| Loan receivable | 778,528 | - | 778,528 |
| Land held for redevelopment | 1,034,432 | - | 1,034,432 |
| Net pension asset | - | - | - |
| Unamortized bond issuance costs | - | - | - |
| Capital assets: | | | |
| Land, other assets and construction in progress, non-depreciable | 2,746,725 | 433,393 | 3,180,118 |
| Other capital assets, net of depreciation | 30,157,552 | 15,201,725 | 45,359,277 |
| Total assets | <u>53,148,903</u> | <u>21,312,373</u> | <u>74,461,276</u> |
| Deferred Outflows of Resources | | | |
| Deferred charge on refunding | - | 21,228 | 21,228 |
| Deferred outflow - pension asset | 841,114 | 6,080 | 847,194 |
| Deferred outflow - employer contributions | 286,950 | 2,114 | 289,064 |
| Total deferred outflows of resources | <u>1,128,064</u> | <u>29,422</u> | <u>1,157,486</u> |
| Liabilities | | | |
| Accounts payable | 956,311 | 1,064,792 | 2,021,103 |
| Accrued liabilities | 303,092 | 3,182 | 306,274 |
| Customer deposits | - | 362,549 | 362,549 |
| Court bonds payable | 100,111 | - | 100,111 |
| Interest payable | 762,331 | 161,566 | 923,897 |
| Long-term obligations: | | | |
| Net pension liability | 8,617,734 | 18,366 | 8,636,100 |
| Other long-term liabilities: | | | |
| Due within one year | 1,620,300 | 784,852 | 2,405,152 |
| Due in more than one year | 37,677,293 | 10,731,206 | 48,408,499 |
| Total liabilities | <u>50,037,172</u> | <u>13,126,513</u> | <u>63,163,685</u> |
| Deferred Inflows of Resources | | | |
| Deferred Inflow - pension liability | 571,688 | 4,072 | 575,760 |
| Total deferred inflows of resources | <u>571,688</u> | <u>4,072</u> | <u>575,760</u> |
| Net Position | | | |
| Net investment in capital assets | 32,814,671 | 4,157,703 | 36,972,374 |
| Restricted for: | | | |
| General government | 122,187 | - | 122,187 |
| Development and Public Affairs | 339,666 | - | 339,666 |
| Public safety | 1,049,977 | - | 1,049,977 |
| Public works | 1,768,064 | - | 1,768,064 |
| Debt service | 6,739,123 | 524,240 | 7,263,363 |
| Unrestricted (deficit) | (39,165,581) | 3,529,267 | (35,636,314) |
| Total net position | <u>\$ 3,668,107</u> | <u>\$ 8,211,210</u> | <u>\$ 11,879,317</u> |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Activities
For the year ended October 31, 2015

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------------|-----------------------------|---|---|--|---------------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | | | | | |
| Government activities | | | | | | | |
| General government | \$ 2,478,072 | \$ 367,120 | \$ - | \$ - | \$ (2,110,952) | \$ - | \$ (2,110,952) |
| Parks and recreation | 1,397,884 | 381,654 | - | - | (1,016,230) | - | (1,016,230) |
| Development and Public Affairs | 949,070 | 107,627 | - | - | (841,443) | - | (841,443) |
| Public safety | 8,737,979 | 2,036,967 | 82,998 | - | (6,618,014) | - | (6,618,014) |
| Public works | 6,032,464 | 34,117 | - | 37,086 | (5,961,261) | - | (5,961,261) |
| Interest on long-term debt | 1,842,480 | - | - | - | (1,842,480) | - | (1,842,480) |
| Total governmental activities | 21,437,949 | 2,927,485 | 82,998 | 37,086 | (18,390,380) | - | (18,390,380) |
| Business-type activities | | | | | | | |
| Sewer | 4,727,416 | 5,490,908 | - | - | - | 763,492 | 763,492 |
| Total business-type activities | 4,727,416 | 5,490,908 | - | - | - | 763,492 | 763,492 |
| Total primary government | \$ 26,165,365 | \$ 8,418,393 | \$ 82,998 | \$ 37,086 | (18,390,380) | 763,492 | (17,626,888) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 1,178,433 | - | 1,178,433 |
| Property taxes, levied for parks and recreation | | | | | 575,533 | - | 575,533 |
| Sales taxes | | | | | 8,058,970 | - | 8,058,970 |
| Motor vehicle tax | | | | | 1,157,516 | - | 1,157,516 |
| Franchise taxes | | | | | 3,986,649 | - | 3,986,649 |
| Intergovernmental activity taxes | | | | | 1,337,166 | - | 1,337,166 |
| Other taxes | | | | | 64,200 | - | 64,200 |
| Unrestricted investment earnings | | | | | 274,941 | 322,141 | 597,082 |
| Gain on disposal of capital assets | | | | | 26,117 | - | 26,117 |
| Miscellaneous | | | | | 257,271 | - | 257,271 |
| Transfers | | | | | 1,064,049 | (1,064,049) | - |
| Total general revenues and transfers | | | | | 17,980,845 | (741,908) | 17,238,937 |
| Change in net position | | | | | (409,535) | 21,584 | (387,951) |
| Net position-beginning of year, as restated | | | | | 4,077,642 | 8,189,626 | 12,267,268 |
| Net position-end of year | | | | | \$ 3,668,107 | \$ 8,211,210 | \$ 11,879,317 |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI

**Balance Sheet
Governmental Funds
October 31, 2015**

| | General | TIF Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|---|---|
| Assets | | | | |
| Cash and investments | \$ 4,551,864 | \$ 903,008 | \$ 3,994,757 | \$ 9,449,629 |
| Receivables (net of allowance): | | | | |
| Taxes | 781,832 | 260,082 | 624,212 | 1,666,126 |
| Accounts | 360,198 | - | - | 360,198 |
| Fines | 47,104 | - | - | 47,104 |
| Intergovernmental | 140,912 | 147,428 | 150 | 288,490 |
| Prepays | 443,961 | - | 233,520 | 677,481 |
| Restricted cash and investments | 103,557 | 5,839,081 | - | 5,942,638 |
| Loan receivable | - | - | 778,528 | 778,528 |
| Land held for redevelopment | 1,034,432 | - | - | 1,034,432 |
| Total assets | \$ 7,463,860 | \$ 7,149,599 | \$ 5,631,167 | \$ 20,244,626 |
| Liabilities | | | | |
| Accounts payable | \$ 367,692 | \$ 7,444 | \$ 581,175 | \$ 956,311 |
| Accrued liabilities | 257,958 | - | 45,134 | 303,092 |
| Court bonds payable | 100,111 | - | - | 100,111 |
| Total liabilities | 725,761 | 7,444 | 626,309 | 1,359,514 |
| Deferred inflows of resources | | | | |
| Unavailable revenues | 51,104 | 63,366 | - | 114,470 |
| Total deferred inflows of resources | 51,104 | 63,366 | - | 114,470 |
| Fund balances | | | | |
| Nonspendable: | | | | |
| Prepays | 443,961 | - | 233,520 | 677,481 |
| Loan receivable | - | - | 778,528 | 778,528 |
| Land held for redevelopment | 1,034,432 | - | - | 1,034,432 |
| Restricted for: | | | | |
| Risk management | - | - | 122,187 | 122,187 |
| Development and Public Affairs | - | 339,666 | - | 339,666 |
| Public Safety | - | - | 1,049,977 | 1,049,977 |
| Public works | - | - | 1,768,064 | 1,768,064 |
| Debt service | - | 6,739,123 | - | 6,739,123 |
| Assigned for: | | | | |
| Parks and recreation | - | - | 621,042 | 621,042 |
| Development and Public Affairs | 9,400 | - | - | 9,400 |
| Public works | - | - | 431,540 | 431,540 |
| Unassigned | 5,199,202 | - | - | 5,199,202 |
| Total fund balances | 6,686,995 | 7,078,789 | 5,004,858 | 18,770,642 |
| Total liabilities, deferred inflows, and fund balances | \$ 7,463,860 | \$ 7,149,599 | \$ 5,631,167 | \$ 20,244,626 |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
October 31, 2015

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

| | | |
|--|----|-------------------------|
| Ending fund balances - total governmental funds | \$ | 18,770,642 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements. | | 32,904,277 |
| Deferred outflows and inflows related to pension activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position | | 556,376 |
| Long-term liabilities are not current obligations and, therefore, not recorded in the governmental fund statements. | | (39,297,593) |
| Certain revenues are not available to pay for current period expenditures and therefore are deferred inflows in the governmental funds. | | 114,470 |
| The net pension liability is not due and payable and therefore is not recorded in the governmental fund statements. | | (8,617,734) |
| 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. | | (762,331) |
| Total net position of governmental activities | \$ | <u><u>3,668,107</u></u> |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended October 31, 2015

| | General | TIF Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|---|---|
| Revenues: | | | | |
| Taxes | \$ 7,898,263 | \$ 1,527,891 | \$ 4,437,631 | \$ 13,863,785 |
| Intergovernmental activity taxes | - | 1,435,787 | - | 1,435,787 |
| Licenses and permits | 370,876 | - | - | 370,876 |
| Intergovernmental | 1,240,515 | - | 37,086 | 1,277,601 |
| Fines | 898,698 | - | - | 898,698 |
| Charges for services | 1,285,616 | - | 374,702 | 1,660,318 |
| Interest | 21,044 | 214,030 | 39,867 | 274,941 |
| Other | 129,482 | - | 134,479 | 263,961 |
| Total revenues | <u>11,844,494</u> | <u>3,177,708</u> | <u>5,023,765</u> | <u>20,045,967</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,311,348 | - | 104,619 | 2,415,967 |
| Parks and recreation | - | - | 1,390,144 | 1,390,144 |
| Development and Public Affairs | 716,926 | 22,115 | 233,941 | 972,982 |
| Public safety | 7,301,071 | - | 1,041,123 | 8,342,194 |
| Public works | 2,661,785 | - | - | 2,661,785 |
| Capital outlay | 6,457 | - | 2,171,472 | 2,177,929 |
| Debt service: | | | | |
| Principal | - | 1,112,971 | 41,798 | 1,154,769 |
| Interest and fiscal charges | - | 1,874,987 | 6,200 | 1,881,187 |
| Total expenditures | <u>12,997,587</u> | <u>3,010,073</u> | <u>4,989,297</u> | <u>20,996,957</u> |
| Excess of revenues over (under) expenditures | <u>(1,153,093)</u> | <u>167,635</u> | <u>34,468</u> | <u>(950,990)</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 236 | - | 27,701 | 27,937 |
| Transfers in | 1,132,560 | - | 64,641 | 1,197,201 |
| Transfers out | (64,641) | - | - | (64,641) |
| Total other financing sources (uses) | <u>1,068,155</u> | <u>-</u> | <u>92,342</u> | <u>1,160,497</u> |
| Net change in fund balances | (84,938) | 167,635 | 126,810 | 209,507 |
| Fund balances, beginning of year | <u>6,771,933</u> | <u>6,911,154</u> | <u>4,878,048</u> | <u>18,561,135</u> |
| Fund balances, end of year | <u>\$ 6,686,995</u> | <u>\$ 7,078,789</u> | <u>\$ 5,004,858</u> | <u>\$ 18,770,642</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, 2015

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

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 209,507 |
|--|----|---------|

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 | | 1,201,550 |
| Depreciation expense | | (3,174,995) |
| Capital asset disposals, net | | (1,820) |

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

| | | |
|----------------------|--|-----------|
| Deferred inflows | | (107,719) |
| Capital contribution | | 129,501 |

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

| | | |
|--------------------------------------|--|-----------|
| Principal payments on long-term debt | | 1,154,769 |
| 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 | | (39,077) |
| Change in interest payable | | 22,902 |
| Change in net pension obligation/asset | | 180,042 |

| | | |
|---|----|-------------------------|
| Total change in net position of governmental activities | \$ | <u><u>(409,535)</u></u> |
|---|----|-------------------------|

CITY OF RAYTOWN, MISSOURI
Statement of Net Position
Proprietary Fund
October 31, 2015

| | Sewer Fund |
|---|-----------------------|
| Assets | |
| Current Assets: | |
| Cash and investments | \$ 3,981,190 |
| Accounts receivable, net | 1,122,299 |
| Prepays | 49,526 |
| Restricted assets: | |
| Restricted cash and investments | 524,240 |
| Total current assets | 5,677,255 |
| Non-current assets: | |
| Capital assets: | |
| Land, construction in progress, and and other non-depreciable capital assets | 433,393 |
| Other capital assets, net of depreciation | 15,201,725 |
| Total non-current assets | 15,635,118 |
| Total assets | 21,312,373 |
| Deferred Outflows of Resources | |
| Deferred charge on refunding | 21,228 |
| Deferred outflow - pension asset | 6,080 |
| Deferred outflow - employer contributions | 2,114 |
| Total Deferred Outflows of Resources | 29,422 |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 1,064,792 |
| Accrued liabilities | 3,182 |
| Compensated absences | 5,236 |
| Liabilities payable from restricted assets: | |
| Interest payable | 161,566 |
| Customer deposits | 362,549 |
| Current portion of bonds payable | 779,616 |
| Total current liabilities | 2,376,941 |
| Non-current liabilities: | |
| Other post employment benefits | 12,179 |
| Bonds payable | 10,719,027 |
| Net pension liability | 18,366 |
| Total non-current liabilities | 10,749,572 |
| Total liabilities | 13,126,513 |
| Deferred Inflows of Resources | |
| Deferred inflow - pension liability | 4,072 |
| Total Deferred Inflows of Resources | 4,072 |
| Net position | |
| Net investment in capital assets | 4,157,703 |
| Restricted net position for: | |
| Debt service | 524,240 |
| Unrestricted | 3,529,267 |
| Total net position | \$ 8,211,210 |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Fund
For the Year Ended October 31, 2015

| | Sewer Fund |
|--|-----------------------|
| Operating revenues: | |
| Charges for services | \$ 5,455,783 |
| Other revenue | 35,125 |
| | <u>5,490,908</u> |
| Operating expenses: | |
| Personal services | 94,156 |
| Commodities and supplies | 209,708 |
| Contractual services | 202,257 |
| Sewer treatment charges | 3,120,556 |
| Depreciation and amortization | 559,964 |
| | <u>4,186,641</u> |
| Total operating expenses | 4,186,641 |
| Operating income | <u>1,304,267</u> |
| Nonoperating revenues (expenses) | |
| Interest income | 322,141 |
| Interest expense | (540,775) |
| | <u>(218,634)</u> |
| Total nonoperating revenues (expenses) | (218,634) |
| Income before capital contributions and transfers | 1,085,633 |
| Capital contributions | 68,511 |
| Transfers out | (1,132,560) |
| | <u>21,584</u> |
| Change in net position | 21,584 |
| Total net position, beginning of year, as restated | <u>8,189,626</u> |
| Total net position, end of year | <u>\$ 8,211,210</u> |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Cash Flows-
Proprietary Fund
For the Year Ended October 31, 2015

| | Sewer Fund |
|--|-----------------------|
| Cash flows from operating activities: | |
| Receipts from customers | \$ 5,495,409 |
| Payments to suppliers and service providers | (2,628,691) |
| Payments to employees | (95,382) |
| Net cash provided by operating activities | 2,771,336 |
| Cash flows from investment activities: | |
| Investments purchased | (4,644,061) |
| Maturity of investments | 4,803,255 |
| Interest received | 322,141 |
| Net cash provided by investment activities | 481,335 |
| Cash flows from noncapital financing activities: | |
| Transfers out | (1,132,560) |
| Net cash used by noncapital financing activities | (1,136,321) |
| Cash flows from capital and related financing activities: | |
| Acquisition of capital assets | (143,567) |
| Interest and fiscal charges | (562,828) |
| Principal payments on long-term debt | (730,000) |
| Net cash used by capital and related financing activities | (1,436,395) |
| Net increase in cash and cash equivalents | 679,955 |
| Cash and cash equivalents, beginning of year | 1,035,808 |
| Cash and cash equivalents, end of year | 1,715,763 |
| Certificates of deposits and investments | 2,789,667 |
| Total cash and investments, end of year | \$ 4,505,430 |
| Financial Statement Classification: | |
| Cash and investments | \$ 3,981,190 |
| Restricted cash and investments | 524,240 |
| | \$ 4,505,430 |
| Cash flows from operating activities: | |
| Operating income | \$ 1,304,267 |
| Adjustments to reconcile operating income to net cash provided by operating activities | |
| Depreciation and amortization | 559,964 |
| Changes in assets and liabilities: | |
| Accounts receivable | (50,106) |
| Intergovernmental | 109,239 |
| Prepays | (19,006) |
| Deferred outflows | (5,714) |
| Accounts payable | 813,597 |
| Accrued liabilities | 1,097 |
| Compensated absences | (1,940) |
| Customer deposits | 54,607 |
| Other post employment benefits | 2,041 |
| Net pension liability | (782) |
| Deferred Inflows | 4,072 |
| Net cash provided by operating activities | \$ 2,771,336 |
| Supplemental Cash Flow Information: | |
| Non-cash Capital and Related Finance Activities: | |
| Contributed capital assets | \$ 68,511 |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Fiduciary Net Position
October 31, 2015

| | Pension Trust | Agency |
|------------------------------------|--------------------------|---------------|
| Assets | Police Pension | |
| Cash and investments | \$ 10,175,809 | \$ 85,254 |
| Taxes receivable | - | 28,706 |
| Contribution receivable | 42,774 | - |
| Total assets | 10,218,583 | 113,960 |
| Liabilities | | |
| Due to others | - | \$ 113,960 |
| Net Position | | |
| Net position: | | |
| Held in trust for pension benefits | \$ 10,218,583 | |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Changes in Fiduciary Net Position
For the year ended October 31, 2015

| | Pension Trust |
|---|--------------------------|
| Additions: | |
| Employer contributions | \$ 513,291 |
| Investment earnings: | |
| Interest and dividends | 298,889 |
| Net appreciation in fair value of investments | (79,809) |
| Investment expenses | (70,964) |
| Total investment earnings | 148,116 |
| Total additions | 661,407 |
| Deductions: | |
| Benefits paid | 960,970 |
| Administrative expenses and other | 28,355 |
| Total deductions | 989,325 |
| Change in net position | (327,918) |
| Net position, beginning of year | 10,546,501 |
| Net position, end of year | \$ 10,218,583 |

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

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

B. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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, 2015

FIDUCIARY FUNDS

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

C. *Measurement Focus/Basis of Accounting*

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

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

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

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

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

D. Cash and Investments

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

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

E. Prepaid Items

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

F. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items, which arise under the accrual basis of accounting that qualifies for reporting in this category. The first two relate to the change in actual and projected earnings in calculating the pension asset and employer contributions made subsequent to the measurement date of June 30, 2015. The last is a deferred amount on refunding reported in the government-wide and proprietary fund statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and Police Pension Fund additions to/deductions from LAGERS and Police Pension Fund's fiduciary net position have been determined on the same basis as they are reported by each plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

G. Capital Assets

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

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

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

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

H. Compensated Absences

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

Vested or accumulated vacation leave is accounted for as follows:

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

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

I. Interfund Activity

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

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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 Position

The governmental funds report the following fund balance classifications:

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

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

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

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

Unassigned – All amounts not included in other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

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

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

Net Position Classifications

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

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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

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

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.

(2) Cash and Investments

At October 31, 2015, the carrying values of cash and investments are summarized as follows:

| | Governmental and Business-type Activities | Fiduciary funds | Total |
|--|--|------------------------|----------------------|
| Cash and cash equivalents: | | | |
| Deposits | \$ 7,471,840 | \$ 85,254 | \$ 7,557,094 |
| Petty cash | 4,065 | - | 4,065 |
| Total cash and cash equivalents | <u>7,475,905</u> | <u>85,254</u> | <u>7,561,159</u> |
| Investments: | | | |
| Certificates of deposit | 5,952,945 | - | 5,952,945 |
| Short term investments held in trust | 6,363,321 | - | 6,363,321 |
| Missouri securities investment program | 105,526 | - | 105,526 |
| Pension trust investments | - | 10,175,809 | 10,175,809 |
| Total investments | <u>12,421,792</u> | <u>10,175,809</u> | <u>22,597,601</u> |
| Total cash and investments | <u>\$ 19,897,697</u> | <u>\$ 10,261,063</u> | <u>\$ 30,158,760</u> |

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

| | Government-wide statement of net position | Fiduciary funds statement of net position | Total |
|---------------------------------|--|--|----------------------|
| Cash and investments | \$ 13,430,819 | \$ 10,261,063 | \$ 23,691,882 |
| Restricted cash and investments | 6,466,878 | - | 6,466,878 |
| Total cash and investments | <u>\$ 19,897,697</u> | <u>\$ 10,261,063</u> | <u>\$ 30,158,760</u> |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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

City-Wide Cash and Investments

Investment Policy

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

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

Credit Risk

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

| Investment Type | Fair Value | Rating As of Oct. 31, 2015 |
|---|------------|-------------------------------|
| Missouri Investment Securities Program - Money Market Series | \$ 105,526 | AAAm |
| Total | \$ 105,526 | |

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, 2015, 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.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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.

Concentration of Credit Risk

The City's investment policy does not specify maximum or minimum investment concentrations by investment type. As of October 31, 2015, 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:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Total Fair Value</u> | <u>Percentage</u> |
|--|------------------------|-------------------------|-------------------|
| Missouri Securities Investment Program | Money Market | \$ 105,526 | 100% |

Pension Trust Investments

Pension trust cash and investments at October 31, 2015 consisted of the following:

| | <u>Pension Plan</u> |
|-----------------------------------|----------------------|
| Money market mutual funds | \$ 543,616 |
| Corporate equity stocks | 7,252,054 |
| Corporate fixed income securities | 1,221,718 |
| U.S. treasury securities | 132,100 |
| U.S. government agency securities | 784,141 |
| Real estate mutual funds | 242,180 |
| | <u>\$ 10,175,809</u> |

Investment Policy

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

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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

Credit Risk

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

| | Fair Value | Investment Maturity (In Years) | | |
|---------------------------|----------------------|--------------------------------|---------------------|-------------------|
| | | AA | A | BBB |
| Investment type: | | | | |
| Money market funds | \$ 543,616 | \$ - | \$ 543,616 | \$ - |
| Corporate fixed income | 1,221,718 | - | 917,363 | 304,355 |
| U.S. government agency | 132,100 | 132,100 | - | - |
| | <u>1,897,434</u> | <u>\$ 132,100</u> | <u>\$ 1,460,979</u> | <u>\$ 304,355</u> |
| Other investments: | | | | |
| Corporate stocks | 7,252,054 | | | |
| Real estate mutual funds | 242,180 | | | |
| U.S. treasury securities | 784,141 | | | |
| | <u>7,252,054</u> | | | |
| Total | <u>\$ 10,175,809</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, 2015. Custodial credit risk also applies to investment securities. The Fund's investments are held by its investment custodian in the Fund's name.

Interest Rate Risk

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

| | Fair Value | Investment Maturity (In Years) | | | |
|---------------------------|----------------------|--------------------------------|-------------------|-------------------|-------------------|
| | | Less than 1 | 1-5 | 5-10 | 10-30 |
| Investment type: | | | | | |
| Money market funds | \$ 543,616 | \$ 543,616 | \$ - | \$ - | \$ - |
| Corporate fixed income | 1,221,718 | 164,000 | 832,917 | 224,801 | - |
| U.S. government agency | 784,141 | - | 111,752 | 672,389 | - |
| U.S. treasury securities | 132,100 | 117 | 532 | | 131,451 |
| Real Estate Mutual Funds | 242,180 | 242,180 | | | |
| | <u>2,923,755</u> | <u>\$ 949,913</u> | <u>\$ 945,201</u> | <u>\$ 897,190</u> | <u>\$ 131,451</u> |
| Other investments: | | | | | |
| Corporate stocks | <u>7,252,054</u> | | | | |
| Total | <u>\$ 10,175,809</u> | | | | |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

(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, 2015, are for the budget year ended October 31, 2016, 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, 2014, on which the fiscal year ended October 31, 2015, levy was based, was \$296,516,032. During the year ended October 31, 2015, the City collected approximately 96% of property taxes which were levied in the period.

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt, and an unlimited amount for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended October 31, 2015 were as follows:

| | Levy (Dollars) |
|--------------|---------------------------|
| General Fund | \$ 0.3681 |
| Park Fund | 0.1838 |
| | <u>\$ 0.5519</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, 2015 are as follows:

| | Property Taxes | Sales Taxes | Franchise Taxes | Total |
|---------------------------|---------------------------|------------------------|----------------------------|---------------------|
| Major governmental funds: | | | | |
| General | \$ 7,488 | \$ 427,302 | \$ 347,042 | \$ 781,832 |
| TIF Fund | - | 260,082 | - | 260,082 |
| Nonmajor funds | <u>3,740</u> | <u>620,472</u> | <u>-</u> | <u>624,212</u> |
| Total taxes receivable | <u>\$ 11,228</u> | <u>\$ 1,307,856</u> | <u>\$ 347,042</u> | <u>\$ 1,666,126</u> |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

Tax revenues for the year ended October 31, 2015 are as follows:

| | Property Taxes | Sales Taxes | Franchise Taxes | Other taxes | Total |
|---------------------------|---------------------------|------------------------|----------------------------|------------------------|----------------------|
| Major governmental funds: | | | | | |
| General Fund | \$ 1,178,433 | \$ 2,668,981 | \$ 3,986,649 | \$ 64,200 | \$ 7,898,263 |
| TIF Fund | - | 1,527,891 | - | - | 1,527,891 |
| Nonmajor funds | 575,533 | 3,862,098 | - | - | 4,437,631 |
| Total tax revenues | <u>\$ 1,753,966</u> | <u>\$ 8,058,970</u> | <u>\$ 3,986,649</u> | <u>\$ 64,200</u> | <u>\$ 13,863,785</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 \$2.1 million of the City's taxes, resulting in a collection charge of \$34,217 paid by the City to the County for the year ended October 31, 2015.

The City accounts for its collection of County taxes in the Jackson County Tax Fund (an Agency Fund). The City collected and remitted approximately \$13.5 million of County taxes resulting in collection fees of \$135,281 for the year ended October 31, 2015.

(5) Intergovernmental Revenue and Receivable

Amounts due from other governments were as follows:

| | General | TIF Fund | Nonmajor Funds | Total |
|----------------------------------|-------------------|-------------------|---------------------------|-------------------|
| Gasoline and motor vehicle taxes | \$ 92,204 | \$ - | \$ - | \$ 92,204 |
| Intergovernmental activity taxes | - | 147,428 | - | 147,428 |
| Grants and other | 48,708 | - | 150 | 48,858 |
| | <u>\$ 140,912</u> | <u>\$ 147,428</u> | <u>\$ 150</u> | <u>\$ 288,490</u> |

Intergovernmental revenues for the year were as follows:

| | General | TIF Fund | Nonmajor Funds | Total |
|----------------------------------|---------------------|---------------------|---------------------------|---------------------|
| Gasoline and motor vehicle taxes | \$ 1,157,516 | \$ - | \$ - | \$ 1,157,516 |
| Intergovernmental activity taxes | - | 1,435,787 | - | 1,435,787 |
| Grants and other | 82,999 | - | 37,086 | 120,085 |
| | <u>\$ 1,240,515</u> | <u>\$ 1,435,787</u> | <u>\$ 37,086</u> | <u>\$ 2,713,388</u> |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

(6) Land Held For Redevelopment

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

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

(7) Interfund Activity

Interfund transfers for the year were as follows:

| Transfers From | Transfers To | | |
|----------------|---------------------|--------------------------|---------------------|
| | General Fund | Nonmajor Governmental | Total |
| General Fund | \$ - | \$ 64,641 | \$ 64,641 |
| Sewer Fund | 1,132,560 | - | 1,132,560 |
| Total | \$ 1,132,560 | \$ 64,641 | \$ 1,197,201 |

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

In the government-wide statement of activities, capital contributions totaling \$68,511 from governmental activities to business-type activities has been reclassified as transfers in and transfers out. Accordingly, transfers between governmental activities and business-type activities totaled \$1,064,049.

There were no interfund receivables or payables year-end.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

(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 | \$ 1,574,522 | \$ - | \$ - | \$ 1,574,522 |
| Construction in progress | 1,714,158 | 795,818 | 1,337,773 | 1,172,203 |
| Total capital assets, not being depreciated | <u>3,288,680</u> | <u>795,818</u> | <u>1,337,773</u> | <u>2,746,725</u> |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 6,417,576 | 184,239 | 591,821 | 6,009,994 |
| Equipment and vehicles | 8,622,627 | 1,554,265 | 933,808 | 9,243,084 |
| Infrastructure | 61,220,132 | 134,504 | 45,226 | 61,309,410 |
| Total capital assets being depreciated | <u>76,260,335</u> | <u>1,873,008</u> | <u>1,570,855</u> | <u>76,562,488</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 3,848,581 | 208,248 | 591,821 | 3,465,008 |
| Equipment and vehicles | 6,012,473 | 869,221 | 931,986 | 5,949,708 |
| Infrastructure | 34,937,920 | 2,097,526 | 45,226 | 36,990,220 |
| Total accumulated depreciation | <u>44,798,974</u> | <u>\$ 3,174,995</u> | <u>\$ 1,569,033</u> | <u>46,404,936</u> |
| Total capital assets being depreciated, net | <u>31,461,361</u> | | | <u>30,157,552</u> |
| Governmental activities capital assets, net | <u>\$ 34,750,041</u> | | | <u>\$ 32,904,277</u> |
| | | | | |
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Business-type Activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 433,393 | \$ - | \$ - | \$ 433,393 |
| Construction in progress | 3,831,536 | 106,231 | 3,937,767 | - |
| Total capital assets, not being depreciated | <u>4,264,929</u> | <u>106,231</u> | <u>3,937,767</u> | <u>433,393</u> |
| Capital assets, being depreciated | | | | |
| Equipment and vehicles | 707,618 | - | 34,074 | 673,544 |
| Infrastructure | 21,313,285 | 4,043,614 | - | 25,356,899 |
| Total capital assets being depreciated | <u>22,020,903</u> | <u>4,043,614</u> | <u>34,074</u> | <u>26,030,443</u> |
| Less accumulated depreciation for: | | | | |
| Equipment and vehicles | 434,961 | 62,344 | 34,074 | 463,231 |
| Infrastructure | 9,867,867 | 497,620 | - | 10,365,487 |
| Total accumulated depreciation | <u>10,302,828</u> | <u>\$ 559,964</u> | <u>\$ 34,074</u> | <u>10,828,718</u> |
| Total capital assets being depreciated, net | <u>11,718,075</u> | | | <u>15,201,725</u> |
| Business-type activities capital assets, net | <u>\$ 15,983,004</u> | | | <u>\$ 15,635,118</u> |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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

| | |
|--|----------------------------|
| Governmental activities: | |
| General government | \$ 106,831 |
| Parks and recreation | 187,565 |
| Development and public affairs | 2,088 |
| Public safety | 294,358 |
| Public works | <u>2,584,153</u> |
| Total depreciation expense for governmental activities | <u><u>\$ 3,174,995</u></u> |
| Business-type activities: | |
| Sewer | <u>\$ 559,964</u> |
| Total depreciation expense for business-type activities | <u><u>\$ 559,964</u></u> |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

(9) Long-term Debt and other Obligations

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|--|
| Governmental Activities: | | | | | |
| Tax increment and sales tax revenue bonds | \$ 37,425,000 | \$ - | \$ 1,055,000 | \$ 36,370,000 | \$ 1,155,000 |
| Premium on issuance | 271,313 | - | 15,805 | 255,508 | 15,805 |
| | <u>37,696,313</u> | <u>-</u> | <u>1,070,805</u> | <u>36,625,508</u> | <u>1,170,805</u> |
| Developer obligations | 1,937,860 | - | 57,971 | 1,879,889 | 36,467 |
| Capital lease obligations | 131,404 | - | 41,798 | 89,606 | 43,770 |
| Net pension liability | 8,452,289 | 165,445 | - | 8,617,734 | - |
| Compensated absences* | 420,211 | - | 9,923 | 410,288 | 369,258 |
| Net OPEB obligation * | <u>243,302</u> | <u>49,000</u> | <u>-</u> | <u>292,302</u> | <u>-</u> |
| Total governmental activities | <u>48,881,379</u> | <u>214,445</u> | <u>1,180,497</u> | <u>47,915,327</u> | <u>1,620,300</u> |
| Business-type Activities: | | | | | |
| Revenue bonds | 12,070,000 | - | 730,000 | 11,340,000 | 765,000 |
| Premium on issuance | 173,259 | - | 14,616 | 158,643 | 14,616 |
| | <u>12,243,259</u> | <u>-</u> | <u>744,616</u> | <u>11,498,643</u> | <u>779,616</u> |
| Net pension liability | 19,148 | - | 782 | 18,366 | - |
| Compensated absences* | 7,176 | - | 1,940 | 5,236 | 5,236 |
| Net OPEB obligation * | <u>10,138</u> | <u>2,041</u> | <u>-</u> | <u>12,179</u> | <u>-</u> |
| Total business-type activities | <u>12,279,721</u> | <u>2,041</u> | <u>747,338</u> | <u>11,534,424</u> | <u>784,852</u> |
| Total primary government | <u>\$ 61,161,100</u> | <u>\$ 216,486</u> | <u>\$ 1,927,835</u> | <u>\$ 59,449,751</u> | <u>\$ 2,405,152</u> |

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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

| | |
|---|--------------------------|
| Tax increment and sales tax revenue bonds | |
| \$38,385,000 - 2007 Annual Appropriation Supported Tax Increment and Sales Tax Revenue Bonds due in annual installments of \$740,000 to \$5,005,000 through December 1, 2031; interest at 4.75% to 5.125%. | \$ 36,370,000 |
| Premium on Issuance | 255,508 |
| | <u>36,625,508</u> |
| Developer obligations | <u>1,879,889</u> |
| Capital lease obligation | <u>89,606</u> |
| Compensated absences | <u>410,288</u> |
| Net other post employment obligations | <u>292,302</u> |
| Net pension liability | <u>8,617,734</u> |
| Total governmental activities long-term obligations | 47,915,327 |
| Less: amounts due within one year | <u>(1,620,300)</u> |
| Total governmental activities long-term obligations due in more than one year | <u>\$ 46,295,027</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 \$55.3 million. Should the normal TIF revenues (50% of incremental activity taxes) including those of other taxing districts and governmental entities not be sufficient to meet the required debt service obligations, the City, subject to annual appropriation, further covenants to appropriate the City's remaining 50% portion (effectively 100%) of the economic activity taxes generated by the project and other legally available funds of the City in an amount equal to the principal and interest of the bonds due in the next fiscal year. Incremental taxes are pledged to make payments on these obligations for a period not to exceed 23 years.

For the current year, the City made debt service payments on the tax increment and sales tax revenue bonds totaling \$2,987,958. The incremental tax revenues generated by the 350 Highway TIF plan began in October 2009. For the year ended October 31, 2015, the City's incremental tax revenues totaled \$1,527,891. The remaining funds necessary to meet the current year debt service requirements were derived from incremental activity tax revenues from other taxing districts and governmental entities, and interest income totaling \$1,649,817.

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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 \$51,732 in interest and principal payments. These payments were funded by PILOTS attributable to the City as well as from other taxing districts and governmental entities.

The City has entered into a developer agreement whereby the developer financed project costs that have been certified by the City as eligible to be reimbursed are \$1,773,001 related to Phase 2 of the 350 Highway TIF Project. These obligations are to be paid from Phase 2 Economic Activity Taxes (EATS) revenues in excess of 125% of the debt service payments of the related tax increment and sales tax revenue bonds. For the current year, debt service on the obligation totaled \$24,327 in principal payments.

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

Revenue Bonds

| | |
|--|--------------|
| \$7,590,000 - 2006A Sewage System Refunding and Improvements Revenue Bonds (State Revolving Loan (SRF)), due in annual installments of \$35,000 to \$580,000 through July 1, 2026; interest at 4% to 5.25% | \$ 5,125,000 |
|--|--------------|

| | |
|---|-----------|
| \$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%. | 4,060,000 |
|---|-----------|

| | |
|--|------------|
| \$2,310,000 - 2013 Sewage System Refunding Revenue Bonds due in annual installments of \$155,000 to \$210,000 beginning July 1, 2015 through July 1, 2027; interest at .85% to 4.15% | 2,155,000 |
| | 11,340,000 |
| 2006A - SRF Bond Premium | 158,643 |

| | |
|---------------------|------------|
| Total revenue bonds | 11,498,643 |
|---------------------|------------|

| | |
|-----------------------------|-------|
| Compensated absences | 5,236 |
|-----------------------------|-------|

| | |
|--|--------|
| Net other post employment benefit obligations | 12,179 |
|--|--------|

| | |
|------------------------------|--------|
| Net pension liability | 18,366 |
|------------------------------|--------|

| | |
|--|------------|
| Total business-type activities long-term obligations | 11,534,424 |
| Less: amounts due within one year | (784,852) |

| | |
|--|---------------|
| Total business-type activities long-term obligations in more than one year | \$ 10,749,572 |
|--|---------------|

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

Future Debt Service Requirements

The annual debt service requirements to amortize all outstanding bonds as of October 31, 2015 are as follows:

| Year Ending October 31, | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | | |
|-------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|---------------------|---------------------|
| | Tax Increment and Sales Tax | | Revenue Bonds 2006A | | Revenue Bonds 2007A | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016 | \$ 1,155,000 | \$ 1,801,650 | \$ 360,000 | \$ 246,562 | \$ 240,000 | \$ 171,625 |
| 2017 | 1,265,000 | 1,741,150 | 380,000 | 228,562 | 250,000 | 161,825 |
| 2018 | 1,355,000 | 1,675,650 | 400,000 | 208,612 | 260,000 | 151,625 |
| 2019 | 1,355,000 | 1,607,900 | 420,000 | 187,612 | 270,000 | 141,025 |
| 2020 | 1,425,000 | 1,538,400 | 445,000 | 165,562 | 280,000 | 129,850 |
| 2021-2025 | 9,105,000 | 6,440,025 | 2,540,000 | 500,812 | 1,600,000 | 448,869 |
| 2026-2030 | 13,095,000 | 3,682,941 | 580,000 | 26,100 | 1,160,000 | 78,350 |
| 2031-2032 | 7,615,000 | 451,641 | - | - | - | - |
| | <u>\$ 36,370,000</u> | <u>\$ 18,939,357</u> | <u>\$ 5,125,000</u> | <u>\$ 1,563,822</u> | <u>\$ 4,060,000</u> | <u>\$ 1,283,169</u> |

| Year Ending October 31, | <u>Business-type Activities</u> | | <u>Total Business-type Activities</u> | | <u>Total Primary Government</u> | |
|-------------------------------|---------------------------------|-------------------|---|---------------------|-------------------------------------|----------------------|
| | Revenue Bonds 2013 | | Principal | Interest | Principal | Interest |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016 | \$ 165,000 | \$ 64,360 | \$ 765,000 | \$ 482,547 | \$ 1,920,000 | \$ 2,284,197 |
| 2017 | 160,000 | 62,463 | 790,000 | 452,850 | 2,055,000 | 2,194,000 |
| 2018 | 155,000 | 60,063 | 815,000 | 420,300 | 2,170,000 | 2,095,950 |
| 2019 | 165,000 | 57,040 | 855,000 | 385,677 | 2,210,000 | 1,993,577 |
| 2020 | 170,000 | 53,163 | 895,000 | 348,575 | 2,320,000 | 1,886,975 |
| 2021-2025 | 925,000 | 185,200 | 5,065,000 | 1,134,881 | 14,170,000 | 7,574,906 |
| 2026-2030 | 415,000 | 25,630 | 2,155,000 | 130,080 | 15,250,000 | 3,813,021 |
| 2031-2032 | - | - | - | - | 7,615,000 | 451,641 |
| | <u>\$ 2,155,000</u> | <u>\$ 507,919</u> | <u>\$ 11,340,000</u> | <u>\$ 3,354,910</u> | <u>\$ 47,710,000</u> | <u>\$ 22,294,267</u> |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

Capital Lease Obligations

The City has entered into a capital leasing agreement for various equipment. The cumulative amount of assets acquired under the capital lease amounted to \$374,278 with related accumulated depreciation of \$93,570 as of October 31, 2015.

The future minimum lease obligation and the net present value of these minimum lease payments as of October 31, 2015 were as follows:

| | | | |
|---|----|---------|--|
| Governmental Activities: | | | |
| Year ending October 31: | | | |
| 2016 | \$ | 47,998 | |
| 2017 | | 47,999 | |
| | | 95,997 | |
| Less imputed interest | | (6,391) | |
| Present value of minimum lease payments | \$ | 89,606 | |

Restricted Assets

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

| <u>Account</u> | <u>TIF Fund</u> | <u>Sewer Fund</u> | <u>Total</u> |
|--|-----------------|-------------------|--------------|
| Project/construction funds | \$ 339,666 | \$ - | \$ 339,666 |
| Rebate funds | - | 156,153 | 156,153 |
| Debt service and debt service reserve funds | 5,499,415 | 368,087 | 5,867,502 |
| | \$ 5,839,081 | \$ 524,240 | \$ 6,363,321 |

(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, 2015, amounts recorded under these agreements were \$1,104,393 (Kansas City, Missouri) and \$1,981,958 (Little Blue Valley Sewer District).

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

(11) Commitments and Contingencies

A. Employees Retirement System

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS' issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

| | 2015 Valuation |
|-----------------------|-------------------------------------|
| Benefit Multiplier: | 1.25% for life, plus .75% to age 65 |
| Final Average Salary: | 5 Years |
| Member Contributions: | 0% |

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

| | LAGERS |
|--|--------|
| Inactive employees or beneficiaries currently receiving benefits | 24 |
| Inactive employees entitled to but no yet receiving benefits | 66 |
| Active employees | 134 |
| | 224 |

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. City contribution rates are 11.5% (General) and 10.0% (Police) of annual covered payroll.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

Net Pension Liability

The City's net pension liability was measured as of October 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 3.5% wage inflation; 3.0% price inflation |
| Salary Increase | 3.5% to 6.8% including wage inflation |
| Investment rate of return | 7.25%, net of investment and administrative expenses |

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------|----------------------|---|
| Equity | 48.50% | 5.50% |
| Fixed Income | 25.00% | 2.25% |
| Real Assets | 20.00% | 4.50% |
| Strategic Assets | 6.50% | 7.50% |

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that City and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| | (a) | (b) | (a) - (b) |
| Balances at beginning of year | \$ 11,965,076 | \$ 9,440,489 | \$ 2,524,587 |
| Changes for the year: | | | |
| Service Cost | 560,833 | - | 560,833 |
| Interest | 877,580 | - | 877,580 |
| Difference between expected and actual experience | (505,106) | - | (505,106) |
| Contributions - employer | - | 823,197 | (823,197) |
| Net investment income | - | 188,721 | (188,721) |
| Benefit payments, including refunds | (276,894) | (276,894) | - |
| Administrative expense | - | (18,549) | 18,549 |
| Other changes (net transfer) | - | 180,399 | (180,399) |
| Net changes | 656,413 | 896,874 | (240,461) |
| Balances at end of year | <u>\$ 12,621,489</u> | <u>\$ 10,337,363</u> | <u>\$ 2,284,126</u> |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the City's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

| | 1% Decrease | Current Single Discount Rate | 1% Increase |
|-------------------------------|---------------------|---------------------------------|-------------------|
| | 6.25% | Assumption 7.25% | 8.25% |
| Total Pension Liability (TPL) | \$ 14,524,152 | \$ 12,621,489 | \$ 11,022,155 |
| Plan Fiduciary Net Position | 10,337,363 | 10,337,363 | 10,337,363 |
| Net Pension Liability (NPL) | <u>\$ 4,186,789</u> | <u>\$ 2,284,126</u> | <u>\$ 684,792</u> |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended October 31, 2015, the City recognized pension expense of \$306,396 (General) and \$299,498 (Police). The City reported deferred outflows and inflows of resources related to pensions from the following sources:

| | LAGERS | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences in Experience | \$ - | \$ 439,857 |
| Excess (Deficit) Investment Returns | 416,749 | - |
| Employer Contributions Subsequent to the Measurement Date | 289,064 | |
| Total | \$ 705,813 | \$ 439,857 |

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

| Year ending October 31: | LAGERS |
|-------------------------|------------|
| 2015-2016 | \$ 328,002 |
| 2016-2017 | 38,938 |
| 2017-2018 | 38,938 |
| 2018-2019 | 38,939 |
| 2019-2020 | (65,249) |
| Thereafter | (113,612) |
| Total | \$ 265,956 |

Payable to the Pension Plan

At October 31, 2015, the City reported a payable of \$63,485 for the outstanding amount of contributions to the pension plan.

Supplemental Retirement Programs

Beginning on January 1, 2013 the City offers all employees not governed by a collective bargaining agreement, a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a). Under the 401(a) plan, the City will match .50 cents on the dollar up to a maximum of 2.0% of the employee's annual salary deferrals in the 457(b) plan. Contributions to the plan by the City for 2015 were \$90,934.

B. Police Officers' Retirement Fund (Frozen)

Plan Description

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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

The Plan does not issue separate financial statements.

Benefits Provided

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

Employees Covered by Benefit Terms

At October 31, 2015, the following employees were covered by the benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 33 |
| Inactive employees entitled to but no yet receiving benefits | 7 |
| Active employees | 47 |
| | 87 |
| | 87 |

Contributions

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. The City's contribution rates are 17.21% of annual covered payroll.

Net Pension Liability

The City's net pension liability was measured as of October 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Salary Increase | 4.0% (plan is frozen, scale is for death benefits only) |
| Investment rate of return | 7.5%, net of investment and administrative expenses |

Mortality rates were based on RP 2000 Blue Collar Mortality Table with generational improvements.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These are

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages as shown in the following table, and then adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------|-------------------|--|
| Equity | 65.00% | 9.00% |
| Fixed Income | 35.00% | 3.50% |

Discount Rate

The discount rate used to measure the total pension liability is 7.5%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| | (a) | (b) | (a) - (b) |
| Balances at beginning of year | \$ 16,493,351 | \$ 10,546,501 | \$ 5,946,850 |
| Changes for the year: | | | |
| Service Cost | 12,663 | - | 12,663 |
| Interest | 1,193,469 | - | 1,193,469 |
| Difference between expected and actual experience | (167,956) | - | (167,956) |
| Contributions - employer | - | 513,291 | (513,291) |
| Net investment income | - | 219,080 | (219,080) |
| Benefit payments, including refunds | (960,970) | (960,970) | - |
| Administrative expense | - | (99,319) | 99,319 |
| Net changes | 77,206 | (327,918) | 405,124 |
| Balances at end of year | \$ 16,570,557 | \$ 10,218,583 | \$ 6,351,974 |

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.5%, as well as what the City's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

| | 1% Decrease 6.50% | Current Single Discount Rate Assumption 7.50% | 1% Increase 8.50% |
|-------------------------------|----------------------|--|----------------------|
| Total Pension Liability (TPL) | \$ 18,395,710 | \$ 16,570,557 | \$ 15,047,462 |
| Plan Fiduciary Net Position | 10,218,583 | 10,218,583 | 10,218,583 |
| Net Pension Liability (NPL) | <u>\$ 8,177,127</u> | <u>\$ 6,351,974</u> | <u>\$ 4,828,879</u> |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended October 31, 2015, the City recognized pension expense of \$623,874. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------|--------------------------------------|-------------------------------------|
| Differences in Experience | \$ - | \$ 135,903 |
| Excess (Deficit) Investment Returns | 430,445 | - |
| Total | <u>\$ 430,445</u> | <u>\$ 135,903</u> |

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

Year ending October 31:

| | |
|-----------|-------------------|
| 2015-2016 | \$ 75,559 |
| 2016-2017 | 75,559 |
| 2017-2018 | 75,559 |
| 2018-2019 | 75,558 |
| 2019-2020 | (7,693) |
| Total | <u>\$ 294,542</u> |

Payable to the Pension Plan

At October 31, 2015, the City reported a payable of \$42,774 for the outstanding amount of contributions to the pension plan.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

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 2015. Benefits paid from these plans to participants during 2015 totaled \$78,250.

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 City, 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, 2015

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

| | Total |
|---|------------|
| Annual required contribution | \$ 59,526 |
| Interest on net OPEB obligation | 11,405 |
| Adjustment to annual required contribution | (14,890) |
| Annual OPEB cost (expense) | 56,041 |
| Less: Net employer contributions | 5,000 |
| Increase in net OPEB obligation | 51,041 |
| Net OPEB obligation - November 1, 2014 | 253,440 |
| Net OPEB obligation - October 31, 2015 | \$ 304,481 |
| | |
| Net OPEB obligation reported with the City's: | |
| Governmental activities | \$ 292,302 |
| Business-type activities | 12,179 |
| | \$ 304,481 |

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, 2015 is as follows:

| Fiscal Year | Annual Costs | Percentage of Annual OPEB | Net OPEB |
|----------------|-----------------|------------------------------|------------|
| 10/31/2013 | \$ 48,681 | 6.16% | \$ 204,196 |
| 10/31/2014 | 59,526 | 5.04% | 253,440 |
| 10/31/2015 | 56,041 | 8.92% | 304,481 |

Funded Status and Funding Progress

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City 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, 2015

Actuarial Methods and Assumptions

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

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

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

E. Bond Issuance Authorization

On November 2, 2004, the voters approved issuance of up to \$18,500,000 for sanitary sewer revenue bonds and to appropriately raise the sewer rates to retire this debt. The funds will be used to upgrade or replace existing sewer lines. The City issued \$2,225,000 in 2005 through conventional bonding instruments, \$7,590,000 in 2006 and \$5,495,000 in 2007 through the State Revolving Fund. The remaining \$3,190,000 is authorized but unissued as of October 31, 2015. The City does not intend to issue any additional bonds in the upcoming fiscal year.

F. Litigation

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

G. Federal Assistance

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

H. Loan Receivable - Ditzler Community Improvement District

The City of Raytown has entered into a development agreement with Gregory Square Partners, LLC. and the Ditzler Community Improvement District (CID). Under the agreement, the City provided funding totaling \$850,000 to be used to finance a portion of the development cost of the project and development of certain real property located at the intersection of Gregory Boulevard and Ditzler Avenue. Under the terms of the agreement, the City is scheduled to be reimbursed for such advances over a period not to exceed 20 years including interest at 6.5% from CID sales taxes generated from taxable sales within the CID district. The outstanding balance under the agreement is \$778,528 at October 31, 2015.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2015

I. Encumbrances

Outstanding encumbrances at October 31, 2015 were as follows: General Fund \$9,400, Capital Sales Tax Fund \$282,035 and Capital Improvements Fund \$14,165.

(12) Change in Accounting Principle

The beginning net position of the City's governmental and business-type activities was restated due to the implementation of the GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

| | Governmental Activities | Bussiness-Type Activities | Total |
|---|----------------------------|------------------------------|---------------|
| Net Position, beginning of year as previously reported | \$ 12,320,533 | \$ 8,206,294 | \$ 20,526,827 |
| Changes in accounting and reporting related to the City's pension plans | (8,242,891) | (16,668) | (8,259,559) |
| Net Position, beginning of year as restated | \$ 4,077,642 | \$ 8,189,626 | \$ 12,267,268 |

(13) Subsequent Events

The City evaluated subsequent events through April 12, 2016, the date the financial statements were available to be issued. No subsequent events were identified that required disclosure in the financial statements.

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the year ended October 31, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues: | | | | |
| Taxes | \$ 7,931,780 | \$ 7,931,780 | \$ 7,898,263 | \$ (33,517) |
| Licenses and permits | 347,500 | 347,500 | 370,876 | 23,376 |
| Intergovernmental | 1,097,200 | 1,103,950 | 1,240,515 | 136,565 |
| Fines | 1,201,050 | 1,201,050 | 898,698 | (302,352) |
| Charges for services | 1,120,000 | 1,120,000 | 1,285,616 | 165,616 |
| Interest | 12,100 | 12,100 | 21,044 | 8,944 |
| Miscellaneous | 96,580 | 96,580 | 129,482 | 32,902 |
| Total revenues | <u>11,806,210</u> | <u>11,812,960</u> | <u>11,844,494</u> | <u>31,534</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Mayor/Board of Alderman | 92,180 | 108,180 | 99,028 | 9,152 |
| Administration | 1,129,299 | 1,129,299 | 1,072,872 | 56,427 |
| Finance | 733,290 | 733,290 | 727,381 | 5,909 |
| Municipal court | 350,530 | 350,530 | 319,330 | 31,200 |
| Legal | 113,027 | 113,027 | 81,719 | 31,308 |
| General government | <u>2,418,326</u> | <u>2,434,326</u> | <u>2,300,330</u> | <u>133,996</u> |
| Development and Public Affairs | <u>801,247</u> | <u>801,247</u> | <u>712,424</u> | <u>88,823</u> |
| Police | 6,358,564 | 6,368,314 | 6,059,349 | 308,965 |
| Emergency medical services | 1,033,075 | 1,036,075 | 1,048,712 | (12,637) |
| Public safety | <u>7,391,639</u> | <u>7,404,389</u> | <u>7,108,061</u> | <u>296,328</u> |
| Public works | <u>2,978,179</u> | <u>3,092,927</u> | <u>2,344,782</u> | <u>748,145</u> |
| Total expenditures | <u>13,589,391</u> | <u>13,732,889</u> | <u>12,472,054</u> | <u>1,260,835</u> |
| Excess of revenues over (under) expenditures | <u>(1,783,181)</u> | <u>(1,919,929)</u> | <u>(627,560)</u> | <u>1,292,369</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | - | - | 236 | 236 |
| Transfers in | 1,132,560 | 1,132,560 | 1,132,560 | - |
| Transfers out | - | (70,000) | (64,641) | 5,359 |
| Total other financing sources (uses) | <u>1,132,560</u> | <u>1,062,560</u> | <u>1,068,155</u> | <u>5,595</u> |
| Net change in fund balances | <u>\$ (650,621)</u> | <u>\$ (857,369)</u> | 440,595 | <u>\$ 1,297,964</u> |
| Fund balances, beginning of year - budget basis | | | <u>6,237,000</u> | |
| Fund balance - end of year - budget basis | | | 6,677,595 | |
| Adjustments: | | | | |
| Encumbrances | | | 9,400 | |
| Fund balance - end of year - GAAP basis | | | <u>\$ 6,686,995</u> | |
| Net change in fund balance - budget basis | | | \$ 440,595 | |
| Adjustments: | | | | |
| Encumbrances - beginning of year | | | (534,933) | |
| Encumbrances - end of year | | | 9,400 | |
| Net change in fund balance - GAAP basis | | | <u>\$ (84,938)</u> | |

CITY OF RAYTOWN, MISSOURI
Schedule of Changes in Net Pension Liability-
and Related Ratios - LAGERS
For the year ended October 31, 2015

| | LAGERS |
|---|---------------|
| | 2015 |
| Total Pension Liability | |
| Service costs | \$ 560,833 |
| Interest on total pension liability | 877,580 |
| Difference between expected and actual experience of the total pension liability | (505,106) |
| Benefit payments and refunds | (276,894) |
| Net change in total pension liability | 656,413 |
| Total pension liability - beginning of year | 11,965,076 |
| Total pension liability - end of year (a) | \$ 12,621,489 |
| Plan Fiduciary Net Position | |
| Contributions - employer | 823,197 |
| Net investment income | 188,721 |
| Benefit payments and refunds | (276,894) |
| Administrative expenses | (18,549) |
| Other (net transfer) | 180,399 |
| Net change in plan fiduciary net position | 896,874 |
| Plan fiduciary net position - beginning of year | 9,440,489 |
| Plan fiduciary net position - end of year (b) | \$ 10,337,363 |
| Net pension liability/(asset) (a) - (b) | \$ 2,284,126 |
| Plan net position as a percentage of the total pension liability | 81.90% |
| Covered employee payroll | \$ 6,988,224 |
| Net pension liability/(asset) as a percentage of covered payroll | 32.69% |

CITY OF RAYTOWN, MISSOURI
Schedule of Changes in Net Pension Liability-
and Related Ratios - Police Pension
For the year ended October 31, 2015

| | Police 2015 |
|---|------------------------|
| Total Pension Liability | |
| Service costs | \$ 12,663 |
| Interest on total pension liability | 1,193,469 |
| Difference between expected and actual experience of the total pension liability | (167,956) |
| Benefit payments and refunds | (960,970) |
| Net change in total pension liability | 77,206 |
| Total pension liability - beginning of year | 16,493,351 |
| Total pension liability - end of year (a) | \$ 16,570,557 |
| Plan Fiduciary Net Position | |
| Contributions - employer | \$ 513,291 |
| Net investment income | 219,080 |
| Benefit payments and refunds | (960,970) |
| Administrative expenses | (99,319) |
| Net change in plan fiduciary net position | (327,918) |
| Plan fiduciary net position - beginning of year | 10,546,501 |
| Plan fiduciary net position - end of year (b) | \$ 10,218,583 |
| Net pension liability/(asset) (a) - (b) | \$ 6,351,974 |
| Plan net position as a percentage of the total pension liability | 61.67% |
| Covered employee payroll | \$ 2,962,341 |
| Net pension liability/(asset) as a percentage of covered payroll | 214.42% |

CITY OF RAYTOWN, MISSOURI
Required Supplementary Information
Schedule of Employer Contributions - LAGERS
For the year ended October 31, 2015

LAGERS

| Fiscal Year | Actuarially Determined Contribution | Contribution in Relation | Contribution Deficiency | Covered Employee Payroll | Contribution as Percentage |
|--------------------|--|---------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| 2006 | \$ 445,913 | \$ 445,913 | \$ - | \$ 3,625,306 | 12.30% |
| 2007 | 463,202 | 463,202 | - | 3,958,992 | 11.70% |
| 2008 | 466,421 | 466,421 | - | 4,055,832 | 11.50% |
| 2009 | 473,388 | 473,388 | - | 4,152,526 | 11.40% |
| 2010 | 489,302 | 489,302 | - | 4,292,123 | 11.40% |
| 2011 | 523,449 | 523,449 | - | 4,326,023 | 12.10% |
| 2012 | 501,652 | 501,652 | - | 4,215,565 | 11.90% |
| 2013 | 508,424 | 508,424 | - | 4,236,865 | 12.00% |
| 2014 | 485,224 | 485,224 | - | 4,219,336 | 11.50% |
| 2015 | 499,458 | 499,458 | - | 4,162,150 | 12.00% |

Notes to Schedule of Employer Contributions

Valuation Date February 28, 2015

Notes: The roll-forward of total pension liability from February 28, 2015 to October 31, 2015 reflects expected service cost and interest reduced by actual benefit payments and administrative costs

Methods and assumptions used to determine contributions rates:

| | |
|--------------------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | Multiple bases from 14 to 15 years |
| Asset valuation method | 5-year smoothed market; 20% corridor |
| Inflation assumption | 3.5% wage inflation; 3% price inflation |
| Salary increases | 3.5% to 6.8% including wage inflation |
| Investment rate of return | 7.25%, net of investment and administrative expenses |
| Retirement age | Experienced-based table of rates that are specific to the type of eligibility condition |
| Mortality | 105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement. |

CITY OF RAYTOWN, MISSOURI
Required Supplementary Information
Schedule of Employer Contributions - Police Pension
For the year ended October 31, 2015

Police Pension

| Fiscal Year | Actuarially Determined Contribution | Contribution in Relation | Contribution Deficiency | Covered Employee Payroll | Contribution as Percentage |
|--------------------|--|---------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| 2006 | \$ 419,985 | \$ 282,579 | \$ 137,406 | \$ 1,918,348 | 14.73% |
| 2007 | 525,837 | 560,191 | (34,354) | 2,366,472 | 23.67% |
| 2008 | 501,472 | 1,115,415 | (613,943) | 2,770,595 | 40.26% |
| 2009 | 685,030 | 278,854 | 406,176 | 2,686,169 | 10.38% |
| 2010 | 865,591 | 721,033 | 144,558 | 2,780,497 | 25.93% |
| 2011 | 616,618 | 645,818 | (29,200) | 2,987,634 | 21.62% |
| 2012 | 678,787 | 686,270 | (7,483) | 2,978,208 | 23.04% |
| 2013 | 660,842 | 660,842 | - | 3,065,002 | 21.56% |
| 2014 | 508,285 | 509,880 | (1,595) | 3,122,522 | 16.33% |
| 2015 | 513,291 | 513,291 | - | 2,962,341 | 17.33% |

Notes to Schedule of Employer Contributions

Valuation Date January 1, 2015

Notes: The roll-forward of total pension liability from January 1, 2015 to October 31, 2015 reflects expected service cost and interest reduced by actual benefit payments and administrative costs

Methods and assumptions used to determine contributions rates:

| | |
|--------------------------------------|--|
| Actuarial cost method | Unit credit |
| Amortization method | Closed |
| Remaining amortization period | 29 years |
| Asset valuation method | Market value |
| Inflation assumption | 4.0% |
| Salary increases | 4.0% prior to plan freeze |
| Investment rate of return | 7.5% |
| Retirement age | Retirement benefits are assumed at age 55. |
| Mortality | RP 2000 Blue Collar Mortality Table with generational improvements |
| Termination of employment | T-5 table |

CITY OF RAYTOWN, MISSOURI
Required Supplementary Information
Schedule of Funding Progress

Other Post Employment Health Benefits

| 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 |
|--------------------------------|--|---|--|--------------------------|-------------------------------------|--|
| 7/1/2009 | \$ - | \$ 319,274 | \$ 319,274 | 0% | \$ 6,811,646 | 5% |
| 7/1/2011 | - | 264,530 | 264,530 | 0% | 6,957,357 | 4% |
| 7/1/2013 | - | 431,305 | 431,305 | 0% | 6,821,324 | 6% |

CITY OF RAYTOWN, MISSOURI
Combining Balance Sheet
Non-major Governmental Funds
October 31, 2015

| | Park | Risk Management | Transportation Sales Tax | Capital Sales Tax | Public Safety Sales Tax | Capital Improvements | Total Other Governmental Funds |
|---|-------------------|----------------------------|-------------------------------------|------------------------------|--|---------------------------------|---|
| Assets | | | | | | | |
| Cash and investments | \$ 633,033 | \$ 132,958 | \$ 934,705 | \$ 962,099 | \$ 881,846 | \$ 450,116 | \$ 3,994,757 |
| Receivables (net of allowance for uncollectibles): | | | | | | | |
| Taxes | 57,153 | - | 193,337 | 160,166 | 213,556 | - | 624,212 |
| Intergovernmental | 150 | - | - | - | - | - | 150 |
| Loan receivable | - | - | - | - | - | 778,528 | 778,528 |
| Prepays | 43,188 | 175,289 | - | - | 15,043 | - | 233,520 |
| Total assets | \$ 733,524 | \$ 308,247 | \$ 1,128,042 | \$ 1,122,265 | \$ 1,110,445 | \$ 1,228,644 | \$ 5,631,167 |
| Liabilities | | | | | | | |
| Accounts payable | \$ 51,243 | \$ 10,771 | \$ 333,589 | \$ 148,654 | \$ 18,342 | \$ 18,576 | \$ 581,175 |
| Accrued liabilities | 18,051 | - | - | - | 27,083 | - | 45,134 |
| Total liabilities | 69,294 | 10,771 | 333,589 | 148,654 | 45,425 | 18,576 | 626,309 |
| Fund balances | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepays | 43,188 | 175,289 | - | - | 15,043 | - | 233,520 |
| Loan receivable | - | - | - | - | - | 778,528 | 778,528 |
| Restricted for: | | | | | | | |
| Risk management | - | 122,187 | - | - | - | - | 122,187 |
| Public Safety | - | - | - | - | 1,049,977 | - | 1,049,977 |
| Public works | - | - | 794,453 | 973,611 | - | - | 1,768,064 |
| Assigned for: | | | | | | | |
| Parks and recreation | 621,042 | - | - | - | - | - | 621,042 |
| Public works | - | - | - | - | - | 431,540 | 431,540 |
| Total fund balances | 664,230 | 297,476 | 794,453 | 973,611 | 1,065,020 | 1,210,068 | 5,004,858 |
| Total liabilities and fund balance | \$ 733,524 | \$ 308,247 | \$ 1,128,042 | \$ 1,122,265 | \$ 1,110,445 | \$ 1,228,644 | \$ 5,631,167 |

CITY OF RAYTOWN, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the year ended October 31, 2015

| | Park | Risk Management | Transportation Sales Tax | Capital Sales Tax | Public Safety Sales Tax | Capital Improvements | Total Other Governmental Funds |
|---|-------------------|--------------------|-----------------------------|----------------------|-------------------------------|-------------------------|--------------------------------------|
| Revenues: | | | | | | | |
| Taxes | \$ 909,155 | \$ - | \$ 1,193,371 | \$ 1,000,794 | \$ 1,334,311 | \$ - | \$ 4,437,631 |
| Intergovernmental | - | - | - | - | - | 37,086 | 37,086 |
| Charges for services | 374,702 | - | - | - | - | - | 374,702 |
| Interest | - | - | 1,454 | 2,519 | 1,911 | 33,983 | 39,867 |
| Other | 28,253 | 106,226 | - | - | - | - | 134,479 |
| Total revenues | <u>1,312,110</u> | <u>106,226</u> | <u>1,194,825</u> | <u>1,003,313</u> | <u>1,336,222</u> | <u>71,069</u> | <u>5,023,765</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | 104,619 | - | - | - | - | 104,619 |
| Parks and recreation | 1,390,144 | - | - | - | - | - | 1,390,144 |
| Development and Public Affairs | - | - | - | - | - | 233,941 | 233,941 |
| Public safety | - | - | - | - | 1,041,123 | - | 1,041,123 |
| Capital outlay | - | - | 1,007,110 | 1,015,350 | 68,422 | 80,590 | 2,171,472 |
| Debt service: | | | | | | | |
| Principal | - | - | - | 41,798 | - | - | 41,798 |
| Interest and fiscal charges | - | - | - | 6,200 | - | - | 6,200 |
| Total expenditures | <u>1,390,144</u> | <u>104,619</u> | <u>1,007,110</u> | <u>1,063,348</u> | <u>1,109,545</u> | <u>314,531</u> | <u>4,989,297</u> |
| Excess of revenues over (under) expenditures | <u>(78,034)</u> | <u>1,607</u> | <u>187,715</u> | <u>(60,035)</u> | <u>226,677</u> | <u>(243,462)</u> | <u>34,468</u> |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | - | - | - | 27,701 | - | - | 27,701 |
| Transfers in | 64,641 | - | - | - | - | - | 64,641 |
| Total other financing sources (uses) | <u>64,641</u> | <u>-</u> | <u>-</u> | <u>27,701</u> | <u>-</u> | <u>-</u> | <u>92,342</u> |
| Net change in fund balances | (13,393) | 1,607 | 187,715 | (32,334) | 226,677 | (243,462) | 126,810 |
| Fund balances, beginning of year | <u>677,623</u> | <u>295,869</u> | <u>606,738</u> | <u>1,005,945</u> | <u>838,343</u> | <u>1,453,530</u> | <u>4,878,048</u> |
| Fund balances, end of year | <u>\$ 664,230</u> | <u>\$ 297,476</u> | <u>\$ 794,453</u> | <u>\$ 973,611</u> | <u>\$ 1,065,020</u> | <u>\$ 1,210,068</u> | <u>\$ 5,004,858</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|--------------------|---|
| Revenues: | | | | |
| Taxes | \$ 906,500 | \$ 906,500 | \$ 909,155 | \$ 2,655 |
| Charges for services | 364,600 | 364,600 | 374,702 | 10,102 |
| Interest | - | - | - | - |
| Other | 10,300 | 10,300 | 28,253 | 17,953 |
| Total revenues | <u>1,281,400</u> | <u>1,281,400</u> | <u>1,312,110</u> | <u>30,710</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Parks and recreation | 1,512,358 | 1,671,288 | 1,367,440 | 303,848 |
| Total expenditures | <u>1,512,358</u> | <u>1,671,288</u> | <u>1,367,440</u> | <u>303,848</u> |
| Excess of revenues over (under) expenditures | <u>(230,958)</u> | <u>(389,888)</u> | <u>(55,330)</u> | <u>334,558</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 64,641 | 64,641 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>64,641</u> | <u>64,641</u> |
| Net change in fund balances | <u>\$ (230,958)</u> | <u>\$ (389,888)</u> | 9,311 | <u>\$ 399,199</u> |
| Fund balances, beginning of year - budget basis | | | <u>654,919</u> | |
| Fund balance - end of year - budget basis | | | \$ 664,230 | |
| Adjustments: | | | | |
| Encumbrances | | | - | |
| Fund balance - end of year - GAAP basis | | | <u>\$ 664,230</u> | |
| Net change in fund balance - budget basis | | | \$ 9,311 | |
| Adjustments: | | | | |
| Encumbrances - beginning of year | | | (22,704) | |
| Encumbrances - end of year | | | - | |
| Net change in fund balance - GAAP basis | | | <u>\$ (13,393)</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| Revenues: | | | | |
| Interest | \$ 140 | \$ 140 | \$ - | \$ (140) |
| Other | 52,000 | 52,000 | 106,226 | 54,226 |
| Total revenues | <u>52,140</u> | <u>52,140</u> | <u>106,226</u> | <u>54,086</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 50,000 | 120,000 | 103,730 | 16,270 |
| Total expenditures | <u>50,000</u> | <u>120,000</u> | <u>103,730</u> | <u>16,270</u> |
| Excess of revenues over (under) expenditures | <u>2,140</u> | <u>(67,860)</u> | <u>2,496</u> | <u>70,356</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | 70,000 | - | (70,000) |
| Total other financing sources (uses) | <u>-</u> | <u>70,000</u> | <u>-</u> | <u>(70,000)</u> |
| Net change in fund balances | <u>\$ 2,140</u> | <u>\$ 2,140</u> | 2,496 | <u>\$ 356</u> |
| Fund balances, beginning of year - budget basis | | | <u>294,980</u> | |
| Fund balance - end of year - budget basis | | | 297,476 | |
| Adjustments: | | | | |
| Encumbrances | | | <u>-</u> | |
| Fund balance - end of year - GAAP basis | | | <u>\$ 297,476</u> | |
| Net change in fund balance - budget basis | | | \$ 2,496 | |
| Adjustments: | | | | |
| Encumbrances - beginning of year | | | (889) | |
| Encumbrances - end of year | | | <u>-</u> | |
| Net change in fund balance - GAAP basis | | | <u>\$ 1,607</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------------|-------------------|---|
| Revenues: | | | | |
| Taxes | \$ 1,005,000 | \$ 1,005,000 | \$ 1,193,371 | \$ 188,371 |
| Interest | 900 | 900 | 1,454 | 554 |
| Total revenues | <u>1,005,900</u> | <u>1,005,900</u> | <u>1,194,825</u> | <u>188,925</u> |
| Expenditures: | | | | |
| Capital Outlay | 975,250 | 1,065,250 | 552,516 | 512,734 |
| Total expenditures | <u>975,250</u> | <u>1,065,250</u> | <u>552,516</u> | <u>512,734</u> |
| Excess of revenues over (under) expenditures | <u>30,650</u> | <u>(59,350)</u> | <u>642,309</u> | <u>701,659</u> |
| Net change in fund balances | <u>\$ 30,650</u> | <u>\$ (59,350)</u> | <u>642,309</u> | <u>\$ 701,659</u> |
| Fund balances, beginning of year - budget basis | | | <u>152,144</u> | |
| Fund balance - end of year - budget basis | | | 794,453 | |
| Adjustments: | | | | |
| Encumbrances | | | <u>-</u> | |
| Fund balance - end of year - GAAP basis | | | <u>\$ 794,453</u> | |
| Net change in fund balance - budget basis | | | \$ 642,309 | |
| Adjustments: | | | | |
| Encumbrances - beginning of year | | | (454,594) | |
| Encumbrances - end of year | | | <u>-</u> | |
| Net change in fund balance - GAAP basis | | | <u>\$ 187,715</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|--------------------|---|
| Revenues: | | | | |
| Taxes | \$ 875,000 | \$ 875,000 | \$ 1,000,794 | \$ 125,794 |
| Interest | 100 | 100 | 2,519 | 2,419 |
| Total revenues | <u>875,100</u> | <u>875,100</u> | <u>1,003,313</u> | <u>128,213</u> |
| Expenditures: | | | | |
| Capital outlay | 1,441,342 | 1,475,164 | 873,806 | 601,358 |
| Debt service: | | | | |
| Principal | 41,798 | 41,798 | 41,798 | - |
| Interest and fiscal charges | 6,200 | 6,200 | 6,200 | - |
| Total expenditures | <u>1,489,340</u> | <u>1,523,162</u> | <u>921,804</u> | <u>601,358</u> |
| Excess of revenues over (under) expenditures | <u>(614,240)</u> | <u>(648,062)</u> | <u>81,509</u> | <u>729,571</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 9,000 | 9,000 | 27,701 | 18,701 |
| Total other financing sources (uses) | <u>9,000</u> | <u>9,000</u> | <u>27,701</u> | <u>18,701</u> |
| Net change in fund balances | <u>\$ (605,240)</u> | <u>\$ (639,062)</u> | <u>109,210</u> | <u>\$ 748,272</u> |
| Fund balances, beginning of year - budget basis | | | <u>582,366</u> | |
| Fund balance - end of year - budget basis | | | 691,576 | |
| Adjustments: | | | | |
| Encumbrances | | | <u>282,035</u> | |
| Fund balance - end of year - GAAP basis | | | <u>\$ 973,611</u> | |
| Net change in fund balance - budget basis | | | 109,210 | |
| Adjustments: | | | | |
| Encumbrances - beginning of year | | | (423,579) | |
| Encumbrances - end of year | | | <u>282,035</u> | |
| Net change in fund balance - GAAP basis | | | <u>\$ (32,334)</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues: | | | | |
| Taxes | \$ 1,175,000 | \$ 1,175,000 | \$ 1,334,311 | \$ 159,311 |
| Interest | 800 | 800 | 1,911 | 1,111 |
| Total revenues | <u>1,175,800</u> | <u>1,175,800</u> | <u>1,336,222</u> | <u>160,422</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 1,481,099 | 1,481,099 | 967,662 | 513,437 |
| Capital outlay | - | - | 68,422 | (68,422) |
| Total expenditures | <u>1,481,099</u> | <u>1,481,099</u> | <u>1,036,084</u> | <u>445,015</u> |
| Net change in fund balances | <u>\$ (305,299)</u> | <u>\$ (305,299)</u> | 300,138 | <u>\$ 605,437</u> |
| Fund balances, beginning of year - budget basis | | | <u>764,882</u> | |
| Fund balance - end of year - budget basis | | | 1,065,020 | |
| Adjustments: | | | | |
| Encumbrances | | | - | |
| Fund balance - end of year - GAAP basis | | | <u>\$ 1,065,020</u> | |
| Net change in fund balance - budget basis | | | 300,138 | |
| Adjustments: | | | | |
| Encumbrances - beginning of year | | | (73,461) | |
| Encumbrances - end of year | | | - | |
| Net change in fund balance - GAAP basis | | | <u>\$ 226,677</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues: | | | | |
| Intergovernmental | \$ 434,545 | \$ 434,545 | \$ 37,086 | \$ (397,459) |
| Interest | 60,140 | 60,140 | 33,983 | (26,157) |
| Total revenues | <u>494,685</u> | <u>494,685</u> | <u>71,069</u> | <u>(423,616)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Development and public affairs | 400,000 | 400,000 | 233,941 | 166,059 |
| Capital outlay | 1,079,375 | 1,079,375 | 77,145 | 1,002,230 |
| Total expenditures | <u>1,479,375</u> | <u>1,479,375</u> | <u>311,086</u> | <u>1,168,289</u> |
| Excess of revenues over (under) expenditures | <u>(984,690)</u> | <u>(984,690)</u> | <u>(240,017)</u> | <u>744,673</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 150,000 | 150,000 | - | (150,000) |
| Total other financing sources (uses) | <u>150,000</u> | <u>150,000</u> | <u>-</u> | <u>(150,000)</u> |
| Net change in fund balances | <u>\$ (834,690)</u> | <u>\$ (834,690)</u> | <u>(240,017)</u> | <u>\$ 594,673</u> |
| Fund balances, beginning of year - budget basis | | | <u>1,435,921</u> | |
| Fund balance - end of year - budget basis | | | 1,195,904 | |
| Adjustments: | | | | |
| Encumbrances | | | <u>14,164</u> | |
| Fund balance - end of year - GAAP basis | | | <u>\$ 1,210,068</u> | |
| Net change in fund balance - budget basis | | | \$ (240,017) | |
| Adjustments: | | | | |
| Encumbrances - beginning of year | | | (244,746) | |
| Encumbrances closed during the year | | | 227,137 | |
| Encumbrances - end of year | | | <u>14,164</u> | |
| Net change in fund balance - GAAP basis | | | <u>\$ (243,462)</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues: | | | | |
| Taxes | \$ 1,420,000 | \$ 1,420,000 | \$ 1,527,891 | \$ 107,891 |
| Intergovernmental activity taxes | 1,189,000 | 1,189,000 | 1,435,787 | 246,787 |
| Interest and other | 210,000 | 210,000 | 214,030 | 4,030 |
| Total revenues | <u>2,819,000</u> | <u>2,819,000</u> | <u>3,177,708</u> | <u>358,708</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Development and public affairs | 23,939 | 23,939 | 22,115 | 1,824 |
| Debt service: | | | | |
| Principal, interest and fiscal charges | <u>3,063,500</u> | <u>3,063,500</u> | <u>2,987,958</u> | <u>75,542</u> |
| Total expenditures | <u>3,087,439</u> | <u>3,087,439</u> | <u>3,010,073</u> | <u>77,366</u> |
| Excess of revenues over (under) expenditures | <u>(268,439)</u> | <u>(268,439)</u> | <u>167,635</u> | <u>436,074</u> |
| Net change in fund balances | <u>\$ (268,439)</u> | <u>\$ (268,439)</u> | <u>167,635</u> | <u>\$ 436,074</u> |
| Fund balances, beginning of year | | | <u>6,911,154</u> | |
| Fund balances, end of year | | | <u>\$ 7,078,789</u> | |

CITY OF RAYTOWN, MISSOURI
Statement of Changes in Assets and Liabilities -
Agency Funds
For the year ended October 31, 2015

| | <u>Balance October 31, 2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance October 31, 2015</u> |
|------------------------------------|---|----------------------|----------------------|---|
| Jackson County Tax Fund | | | | |
| Assets: | | | | |
| Cash | \$ - | \$ 13,536,378 | \$ 13,536,378 | \$ - |
| Liabilities: | | | | |
| Due to others | \$ - | \$ 13,536,378 | \$ 13,536,378 | \$ - |
| Raytown Highway 350 TDD | | | | |
| Assets: | | | | |
| Cash | \$ 152,887 | \$ 73,206 | \$ 140,839 | \$ 85,254 |
| Taxes receivable | 11,922 | 73,021 | 73,206 | 11,737 |
| Total assets | <u>\$ 164,809</u> | <u>\$ 146,227</u> | <u>\$ 214,045</u> | <u>\$ 96,991</u> |
| Liabilities: | | | | |
| Due to others | <u>\$ 164,809</u> | <u>\$ 146,227</u> | <u>\$ 214,045</u> | <u>\$ 96,991</u> |
| Ditzler CID | | | | |
| Assets: | | | | |
| Cash | \$ - | \$ 102,962 | \$ 102,962 | \$ - |
| Taxes receivable | 15,097 | 104,834 | 102,962 | 16,969 |
| Total assets | <u>\$ 15,097</u> | <u>\$ 207,796</u> | <u>\$ 205,924</u> | <u>\$ 16,969</u> |
| Liabilities: | | | | |
| Due to others | <u>\$ 15,097</u> | <u>\$ 207,796</u> | <u>\$ 205,924</u> | <u>\$ 16,969</u> |
| Total | | | | |
| Assets: | | | | |
| Cash | \$ 152,887 | \$ 13,712,546 | \$ 13,780,179 | \$ 85,254 |
| Taxes receivable | 27,019 | 177,855 | 176,168 | 28,706 |
| | <u>\$ 179,906</u> | <u>\$ 13,890,401</u> | <u>\$ 13,956,347</u> | <u>\$ 113,960</u> |
| Liabilities: | | | | |
| Due to others | <u>\$ 179,906</u> | <u>\$ 13,890,401</u> | <u>\$ 13,956,347</u> | <u>\$ 113,960</u> |