

CITY OF RAYTOWN, MISSOURI

FINANCIAL STATEMENTS

Year Ended October 31, 2018

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CITY OF RAYTOWN, MISSOURI

Financial Statements
Year ending October 31, 2018

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MIZE & HOUSER
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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
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 the City of Raytown, Missouri, as of and for the year ended October 31, 2018, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri, as of October 31, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the TIF Fund, and the Transportation Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note IV.L. to the financial statements, the City implemented GASB 75 during the current year. As a result of the implementation, a restatement was made to the net position at October 31, 2017. Our opinion is not modified with respect to this matter.

www.mizehouser.com ■ mhco@mizehouser.com

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f

534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f

7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f

211 E Eighth Suite A ■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

Prior Period Restatement

As described in Note IV.L to the financial statements, management determined that certain adjustments to beginning net position were necessary. Accordingly, these amounts have been restated in the October 31, 2018, financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

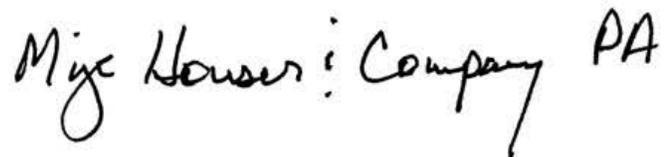
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the schedule of changes in the City's total OPEB liability and related ratios on page 52, the schedule of the changes in net pension liability and related ratios on pages 53 and 55, the schedule of pension contributions on pages 54 and 56 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 financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

A handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive style.

Certified Public Accountants
Lawrence, Kansas

March 27, 2019

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2018
Unaudited

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, 2018.

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 2018 fiscal year by \$13,899,882 (net position).

The City's total net position increased \$2,599,786 from 2017 with governmental activities totaling \$1,865,723 and business-type activities totaling \$734,063.

The City's General Fund balance increased \$1,153,484 to an ending fund balance of \$6,249,708 as of the fiscal year ended October 31, 2018.

The City's total long-term obligations decreased \$2,554,071 from 2017 with the governmental activities accounting for \$1,777,120 and business-type activities accounting for \$776,951 of the decrease as the City continues to reduce its 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
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Fund financial statements. Fund financial statements focus on individual parts of the City's government. These statements report the City's operations in more detail than the government-wide financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2018
Unaudited

Government-wide Financial Analysis

The following table reflects the condensed Statement of Net Position as of October 31, 2018 and 2017:

City of Raytown						
Condensed Statement of Net Position						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	\$ 20,250,727	\$ 18,790,452	\$ 5,352,650	\$ 4,466,163	\$ 25,603,377	\$ 23,256,615
Noncurrent assets	30,120,499	30,562,586	14,099,130	14,637,251	44,219,629	45,199,837
Deferred outflows of resources	<u>3,427,633</u>	<u>5,221,474</u>	<u>56,732</u>	<u>60,757</u>	<u>3,484,365</u>	<u>5,282,231</u>
Total assets and deferred outflows of resources	<u>\$ 53,798,859</u>	<u>\$ 54,574,512</u>	<u>\$ 19,508,512</u>	<u>\$ 19,164,171</u>	<u>\$ 73,307,371</u>	<u>\$ 73,738,683</u>
Current liabilities	\$ 14,091,871	\$ 16,153,131	\$ 2,055,933	\$ 1,601,901	\$ 16,147,804	\$ 17,755,032
Noncurrent liabilities	33,509,024	35,188,807	8,249,017	9,106,987	41,758,041	44,295,794
Deferred inflows of resources	<u>1,486,426</u>	<u>386,759</u>	<u>15,218</u>	<u>1,002</u>	<u>1,501,644</u>	<u>387,761</u>
Total liabilities and deferred inflows of resources	<u>\$ 49,087,321</u>	<u>\$ 51,728,697</u>	<u>\$ 10,320,168</u>	<u>\$ 10,709,890</u>	<u>\$ 59,407,489</u>	<u>\$ 62,438,587</u>
Net Position:						
Net investment in capital assets	\$ 30,120,499	\$ 30,562,586	\$ 5,030,257	\$ 4,740,531	\$ 35,150,756	\$ 35,303,117
Restricted	9,875,118	10,325,307	573,116	559,232	10,448,234	10,884,539
Unrestricted	<u>[35,284,079]</u>	<u>[38,042,078]</u>	<u>3,584,971</u>	<u>3,154,518</u>	<u>[31,699,108]</u>	<u>[34,887,560]</u>
Total net position	<u>\$ 4,711,538</u>	<u>\$ 2,845,815</u>	<u>\$ 9,188,344</u>	<u>\$ 8,454,281</u>	<u>\$ 13,899,882</u>	<u>\$ 11,300,096</u>

As indicated earlier, net position may serve as a useful indicator of the City's financial position. The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$4,711,538 for the City's governmental activities and \$9,188,344 for the City's business-type activities for a total of \$13,899,882 at the close of the 2018 fiscal year.

The largest portion of the City's net position, \$35,150,756, reflects its net 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.

The City currently has deficit unrestricted net position related to governmental activities due to the economic development project on 350 Highway. In 2007, 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 obligation with no reportable capital asset.

CITY OF RAYTOWN, MISSOURI
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The following table reflects the revenues and expenses from the City's activities for the years ended October 31, 2018 and 2017:

	City of Raytown Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,191,249	\$ 2,157,853	\$ 6,945,167	\$ 6,483,337	\$ 9,136,416	\$ 8,641,190
Operating grants and contributions	18,387	56,404	-	-	18,387	56,404
Capital grants and contributions	761,764	-	-	-	761,764	-
General revenues:						
Property tax	1,744,529	1,732,356	-	-	1,744,529	1,732,356
Sales tax	8,123,825	8,121,535	-	-	8,123,825	8,121,535
Motor vehicle tax	1,197,707	1,197,862	-	-	1,197,707	1,197,862
Franchise tax	3,812,717	3,728,574	-	-	3,812,717	3,728,574
Intergovernmental activity tax	1,347,392	1,229,216	-	-	1,347,392	1,229,216
Other taxes	66,715	68,286	-	-	66,715	68,286
Miscellaneous	201,108	89,091	-	-	201,108	89,091
Investment earnings	<u>475,748</u>	<u>338,950</u>	<u>309,901</u>	<u>289,361</u>	<u>785,649</u>	<u>628,311</u>
Total revenues	<u>19,941,141</u>	<u>18,720,127</u>	<u>7,255,068</u>	<u>6,772,698</u>	<u>27,196,209</u>	<u>25,492,825</u>
Program expenses:						
General government	2,024,656	2,150,696	-	-	2,024,656	2,150,696
Parks and recreation	1,062,475	993,331	-	-	1,062,475	993,331
Community development	887,204	786,266	-	-	887,204	786,266
Public safety	7,281,607	8,598,824	-	-	7,281,607	8,598,824
Public works	5,171,963	6,010,428	-	-	5,171,963	6,010,428
Interest on long term debt	1,647,513	1,715,961	-	-	1,647,513	1,715,961
Sewer	<u>-</u>	<u>-</u>	<u>6,521,005</u>	<u>5,119,305</u>	<u>6,521,005</u>	<u>5,119,305</u>
Total expenses	<u>18,075,418</u>	<u>20,255,506</u>	<u>6,521,005</u>	<u>5,119,305</u>	<u>24,596,423</u>	<u>25,374,811</u>
Transfers in [out]	<u>-</u>	<u>1,186,107</u>	<u>-</u>	<u>[1,186,107]</u>	<u>-</u>	<u>-</u>
Change in net position	1,865,723	[349,272]	734,063	467,286	2,599,786	118,014
Net position, beginning	<u>2,845,815</u>	<u>3,195,087</u>	<u>8,454,281</u>	<u>7,986,995</u>	<u>11,300,096</u>	<u>11,182,082</u>
Net position, ending	<u>\$ 4,711,538</u>	<u>\$ 2,845,815</u>	<u>\$ 9,188,344</u>	<u>\$ 8,454,281</u>	<u>\$ 13,899,882</u>	<u>\$ 11,300,096</u>

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

Governmental activities increased the City's net position by \$1,865,723. Governmental fund revenues increased \$1,221,014 over 2017. The increase is primarily attributable to capital grants and contributions related to the 83rd Street Bridge and 59th Street sidewalk projects. The largest single revenue category for the City of Raytown remains sales taxes, which totaled \$8,123,825 or 40.7% of total governmental revenue. Sales tax revenues increased slightly compared to 2017. In 2018, the City changed its methodology to allocate and record certain administrative and other costs directly to the Sewer Fund in lieu of receiving a transfer in to cover those costs previously recorded in the General Fund in 2017. Accordingly, transfers in decreased by \$1,186,107 from 2017.

Governmental activities expenses decreased \$2,180,088 for the fiscal year ended October 31, 2018, compared to the prior year. Public Safety expenses decreased \$1,317,217 from 2017 as the City management made the difficult decision to reduce the public safety budget during the 2018 budgeting process. Public works expenses decreased \$838,465 primarily due the change in the methodology of allocating and recording certain costs directly to the Sewer Fund in lieu of receiving a transfer in from the Sewer Fund to cover those costs previously recorded in the General Fund in 2017.

Business-type Activities

The Sanitary Sewer Fund is responsible for the total business-type activities for the City. In 2018, revenues were up \$461,830 due to a 5% increase in the sewer rate structure. Business-type expenses increased \$1,401,700 from 2017 mainly due to the change in the accounting methodology which is also the reason transfers out decreased \$1,186,107 as discussed above under Governmental Activities. When combining expenses and transfers out, the net increase over 2017 is \$215,593. Increases in sewer treatment costs incurred from Little Blue Valley Sewer District and Kansas City, Missouri Water Service and repair and maintenance costs contributed to the overall increase in expenses.

Financial Analysis of the City's Funds

Governmental Funds

As of the end of the 2018 fiscal year, the City's governmental funds have a combined fund balance of \$18,567,982, which represents an increase of \$886,721 over 2017.

General Fund

The fund balance of the General Fund increased \$1,153,484 during the fiscal year compared to a \$795,002 decrease in 2017 and a \$795,769 decrease in 2016. The General Fund unassigned ending fund balance was \$4,730,026 or 42.4% of current year revenues and 47.3% of current year expenditures and transfers out.

The General Fund revenues were \$11,153,021 compared to \$11,057,392 in 2017 which represents an increase of \$95,629 over 2017. The most significant variances occurred with Charges for Services which increased \$358,311 over 2017 as there was a one-time write-off of uncollectible ambulance receivables in 2017 and Fines which decreased \$269,861 due to less citations in 2018 than in 2017.

General Fund expenditures, including transfers out, were \$9,999,537 compared to \$13,038,501 in 2017 which represents a decrease of \$3,038,964 or 23.3%. Public Safety expenditures decreased \$2,088,277 and Public Works decreased \$815,883 from 2017 for the same reasons discussed above under Governmental Activities.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2018
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Tax Increment Finance Fund

The TIF Fund revenues were \$2,969,250 compared to \$3,149,408 in 2017, which represents a decrease of \$180,158 primarily due to less city sales taxes available for TIF and a decrease in payments in lieu of taxes resulting from a property tax protest.

The expenditures were \$3,271,933 compared to \$3,180,763 in 2017 which represents an increase of \$91,170. This increase was due to the increases in debt service payments related to the 350 Highway TIF bonds and developer obligations.

The ending fund balance of the Tax Increment Finance (TIF) Fund was \$6,782,325 at October 31, 2018, a decrease of \$302,683 from 2017. As the debt payment schedule increases, the fund balance will be spent down unless additional development occurs to offset the escalating debt payment.

Transportation Sales Tax Fund

The fund balance of the Transportation Sales Tax Fund decreased \$818,692 during the fiscal year as the City incurred significant capital outlay expenditures related to the 83rd Street Bridge and 59th Street sidewalk projects. Portions of these projects were federally funded.

Other Governmental Funds (Combined)

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

The other governmental funds combined revenues and transfers in 2018 were \$4,000,884 compared to \$3,811,753 in 2017 which represents an increase of \$189,131. This increase is mostly due to the change in Park and Public Safety sales tax TIF allocations.

Combined expenditures and transfers out for other Governmental Funds were \$3,146,272 compared to \$3,988,430 in 2017 which represents a decrease of \$842,158. The decrease is mainly due to a decrease in capital outlay of \$754,869 from 2017.

The combined fund balance of the other governmental funds increased \$854,612 to an ending balance of \$5,198,505 as of October 31, 2018. Of the total combined fund balance, \$822,294 is nonspendable, \$2,755,349 is restricted, and \$1,620,862 is assigned.

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 \$6,945,167 in 2018 compared to operating revenues of \$6,483,337 in 2017. The increase of \$461,830 is related to a 5% rate increase. Expenses increased \$1,401,700 while transfers out decreased \$1,186,107 from 2017. When combining expenses and transfers out, the net increase over 2017 is \$215,593. As discussed above, additional sewer treatment costs, repair and maintenance and a change in the method of cost allocation were the primary reasons for the variances.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2018
Unaudited

The net position of the Sanitary Sewer fund at the end of the year increased \$734,063 to an ending balance of \$9,188,344. Of the ending net position \$5,030,257 is the City's investment in capital assets net of related debt, \$573,116 is restricted for debt service and \$3,584,971 is unrestricted. The City is attempting to build unrestricted net position to provide stability in funding for needed infrastructure and maintenance in future years.

A comprehensive rate study of the sanitary sewer fund was completed focusing on long term sewer treatment, infrastructure, and maintenance. This provided a strategic plan for replacement, upgrades, and funding for our sanitary sewer projects.

General Fund Actual to Budget Analysis

Actual revenues and transfers in were \$285,531 greater than the final budget primarily attributable to taxes and charges for services exceeding budgeted amounts which offset the negative variance related to fines, forfeitures, and penalties resulting from less citations being issued. Actual expenditures and transfers out were \$862,923 less than the final budget. The positive variance occurred across most departments and functions primarily related to personnel costs due to some vacancies including 2 key management personnel and reductions in supplies, services and charges expenditures.

The City far exceeded City Resolution 2039-08 requiring a contingency reserve equal to 17% of the prior year expenditures.

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of October 31, 2018, amounts to \$44,219,629 compared to \$45,199,837 in 2017 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, collection systems, machinery and equipment, and infrastructure. In 2018, the City completed three major capital improvement projects including complete replacement of the 83rd Street Bridge, Downtown enhancement project, School zone sidewalk installment project.

The following table reflects the capital asset activity for the years ended October 31, 2018 and 2017:

City of Raytown Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 1,573,340	\$ 1,573,340	\$ 433,393	\$ 433,393	\$ 2,006,733	\$ 2,006,733
Construction in progress	426,607	2,076,515	-	-	426,607	2,076,515
Buildings and improvements	3,235,221	3,332,560	-	-	3,235,221	3,332,560
Equipment and vehicles	2,402,820	2,870,894	57,662	92,860	2,460,482	2,963,754
Infrastructure	<u>22,482,511</u>	<u>20,709,277</u>	<u>13,608,075</u>	<u>14,110,998</u>	<u>36,090,586</u>	<u>34,820,275</u>
Total	<u>\$30,120,499</u>	<u>\$30,562,586</u>	<u>\$14,099,130</u>	<u>\$14,637,251</u>	<u>\$44,219,629</u>	<u>\$45,199,837</u>

For additional information on capital assets, see Note III.F. to the basic financial statements.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2018
Unaudited

Debt Administration

At the end of fiscal year 2018, the City had a total of \$44,418,660 of outstanding debt compared to \$46,972,731 in 2017. This was a decrease of \$2,554,071 from the previous year.

The following table reflects changes in the City's long-term debt for the years ended October 31, 2018 and 2017:

City of Raytown Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Tax increment and sales tax						
revenue bonds (including premium)	\$ 32,803,094	\$ 34,173,901	\$ -	\$ -	\$ 32,803,094	\$ 34,173,901
Revenue bonds (including premium)	-	-	9,084,794	9,914,410	9,084,794	9,914,410
Developer obligations	1,622,431	1,771,022	-	-	1,622,431	1,771,022
Compensated absences	463,202	553,140	46,429	5,409	509,631	558,549
Net OPEB obligation	<u>364,871</u>	<u>532,655</u>	<u>33,839</u>	<u>22,194</u>	<u>398,710</u>	<u>554,849</u>
Total	<u>\$ 35,253,598</u>	<u>\$ 37,030,718</u>	<u>\$ 9,165,062</u>	<u>\$ 9,942,013</u>	<u>\$ 44,418,660</u>	<u>\$ 46,972,731</u>

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 Finance Director, Finance Department, City of Raytown, 10000 E 59th Street, Raytown, MO 64133.

CITY OF RAYTOWN, MISSOURI

STATEMENT OF NET POSITION
October 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	\$ 8,981,277	\$ 3,447,847	\$ 12,429,124
Receivables (net of allowance for uncollectibles):			
Taxes	1,658,969	-	1,658,969
Accounts	609,491	1,270,085	1,879,576
Fines	47,036	-	47,036
Intergovernmental	263,961	-	263,961
Loan	633,609	-	633,609
Interest	33,415	13,197	46,612
Inventory	14,769	-	14,769
Prepaid expenses	659,166	48,405	707,571
Restricted cash and cash equivalents	6,314,602	573,116	6,887,718
Land held for future use	1,034,432	-	1,034,432
Total current assets	<u>20,250,727</u>	<u>5,352,650</u>	<u>25,603,377</u>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	1,573,340	433,393	2,006,733
Construction in progress	426,607	-	426,607
Capital assets being depreciated	82,904,122	26,158,145	109,062,267
Less: accumulated depreciation	<u>[54,783,570]</u>	<u>[12,492,408]</u>	<u>[67,275,978]</u>
Total noncurrent assets	<u>30,120,499</u>	<u>14,099,130</u>	<u>44,219,629</u>
Total assets	<u>50,371,226</u>	<u>19,451,780</u>	<u>69,823,006</u>
Deferred outflow of resources			
Deferred charge on refunding	-	15,921	15,921
Pension liability	3,427,633	40,811	3,468,444
Total deferred outflow of resources	<u>3,427,633</u>	<u>56,732</u>	<u>3,484,365</u>
Total assets and deferred outflow of resources	<u>\$ 53,798,859</u>	<u>\$ 19,508,512</u>	<u>\$ 73,307,371</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Accounts payable	\$ 878,024	\$ 423,835	\$ 1,301,859
Court bonds payable	28,543	-	28,543
Accrued liabilities	375,727	47,690	423,417
Interest payable	681,830	129,651	811,481
Customer deposits payable	-	473,841	473,841
Net pension liability	10,383,173	64,871	10,448,044
Other-long term liabilities:			
Due within one year	1,744,574	916,045	2,660,619
Due in more than one year	33,509,024	8,249,017	41,758,041
Total liabilities	<u>47,600,895</u>	<u>10,304,950</u>	<u>57,905,845</u>
Deferred inflows of resources			
OPEB liability	16,702	1,550	18,252
Pension liability	1,469,724	13,668	1,483,392
Total deferred inflows of resources	<u>1,486,426</u>	<u>15,218</u>	<u>1,501,644</u>
Total liabilities and deferred inflows of resources	<u>\$ 49,087,321</u>	<u>\$ 10,320,168</u>	<u>\$ 59,407,489</u>
NET POSITION:			
Net investment in capital assets	\$ 30,120,499	\$ 5,030,257	\$ 35,150,756
Restricted:			
Debt service	6,438,072	573,116	7,011,188
General government	44,760	-	44,760
Community development	344,253	-	344,253
Public safety	1,215,774	-	1,215,774
Public works	1,832,259	-	1,832,259
Unrestricted	<u>[35,284,079]</u>	<u>3,584,971</u>	<u>[31,699,108]</u>
Total net position	<u>\$ 4,711,538</u>	<u>\$ 9,188,344</u>	<u>\$ 13,899,882</u>

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI
STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2018

	Program Revenues				Net [Expenses] Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 2,024,656	\$ 282,154	\$ -	\$ -	\$ [1,742,502]	\$ -	\$ [1,742,502]
Parks and recreation	1,062,475	99,164	-	-	[963,311]	-	[963,311]
Community development	887,204	239,892	-	-	[647,312]	-	[647,312]
Public safety	7,281,607	1,542,607	18,387	-	[5,720,613]	-	[5,720,613]
Public works	5,171,963	27,432	-	761,764	[4,382,767]	-	[4,382,767]
Interest on long-term debt	1,647,513	-	-	-	[1,647,513]	-	[1,647,513]
Total governmental activities	<u>18,075,418</u>	<u>2,191,249</u>	<u>18,387</u>	<u>761,764</u>	<u>[15,104,018]</u>	<u>-</u>	<u>[15,104,018]</u>
Business-type activities:							
Sewer	<u>6,521,005</u>	<u>6,945,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,162</u>	<u>424,162</u>
Total business-type activities	<u>6,521,005</u>	<u>6,945,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,162</u>	<u>424,162</u>
Total primary government	<u>\$ 24,596,423</u>	<u>\$ 9,136,416</u>	<u>\$ 18,387</u>	<u>\$ 761,764</u>	<u>[15,104,018]</u>	<u>424,162</u>	<u>[14,679,856]</u>
General Revenues:							
Property taxes levied for:							
General purposes					1,163,479	-	1,163,479
Parks and recreation					581,050	-	581,050
Franchise tax					3,812,717	-	3,812,717
Sales tax					8,123,825	-	8,123,825
Motor vehicle tax					1,197,707	-	1,197,707
Intergovernmental activity tax					1,347,392	-	1,347,392
Other taxes					66,715	-	66,715
Investments earnings					475,748	309,901	785,649
Miscellaneous					201,108	-	201,108
Total general revenues					<u>16,969,741</u>	<u>309,901</u>	<u>17,279,642</u>
Change in net position					<u>1,865,723</u>	<u>734,063</u>	<u>2,599,786</u>
Net position - beginning					3,103,306	8,461,774	11,565,080
Prior period adjustment					<u>[257,491]</u>	<u>[7,493]</u>	<u>[264,984]</u>
Net position - beginning, restated					<u>2,845,815</u>	<u>8,454,281</u>	<u>11,300,096</u>
Net position - ending					<u>\$ 4,711,538</u>	<u>\$ 9,188,344</u>	<u>\$ 13,899,882</u>

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI

BALANCE SHEET
GOVERNMENTAL FUNDS
October 31, 2018

	<u>General</u>	<u>TIF</u>	<u>Transportation Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 4,143,915	\$ 197,708	\$ 250,583	\$ 4,389,070	\$ 8,981,276
Receivables:					
Taxes	735,705	253,894	194,205	475,165	1,658,969
Accounts	252,093	-	357,398	-	609,491
Fines	47,036	-	-	-	47,036
Intergovernmental	97,042	166,919	-	-	263,961
Loan	-	-	-	633,609	633,609
Interest	14,721	2,240	581	15,873	33,415
Inventory	14,769	-	-	-	14,769
Prepaid expenses	470,481	-	-	188,685	659,166
Restricted cash and investments	-	6,314,602	-	-	6,314,602
Land held for future use	1,034,432	-	-	-	1,034,432
Total assets	<u>\$ 6,810,194</u>	<u>\$ 6,935,363</u>	<u>\$ 802,767</u>	<u>\$ 5,702,402</u>	<u>\$ 20,250,726</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 184,367	\$ 109,010	\$ 155,936	\$ 428,710	\$ 878,023
Court bonds payable	28,543	-	-	-	28,543
Accrued liabilities	300,540	-	-	75,187	375,727
Total liabilities	<u>513,450</u>	<u>109,010</u>	<u>155,936</u>	<u>503,897</u>	<u>1,282,293</u>
Deferred inflows of resources:					
Unavailable revenue - other	47,036	-	-	-	47,036
Unavailable revenue - intergovernmental revenues	-	44,028	309,387	-	353,415
Total deferred inflows of resources	<u>47,036</u>	<u>44,028</u>	<u>309,387</u>	<u>-</u>	<u>400,451</u>
Total liabilities and deferred inflows of resources	<u>560,486</u>	<u>153,038</u>	<u>465,323</u>	<u>503,897</u>	<u>1,682,744</u>
Fund balance:					
Nonspendable	1,519,682	-	-	822,294	2,341,976
Restricted:					
Debt service	-	6,438,072	-	-	6,438,072
General government	-	-	-	44,760	44,760
Community development	-	344,253	-	-	344,253
Public safety	-	-	-	1,215,774	1,215,774
Public works	-	-	337,444	1,494,815	1,832,259
Assigned:					
Parks and recreation	-	-	-	921,172	921,172
Public works	-	-	-	699,690	699,690
Unassigned	4,730,026	-	-	-	4,730,026
Total fund balance [deficit]	<u>6,249,708</u>	<u>6,782,325</u>	<u>337,444</u>	<u>5,198,505</u>	<u>18,567,982</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,810,194</u>	<u>\$ 6,935,363</u>	<u>\$ 802,767</u>	<u>\$ 5,702,402</u>	<u>\$ 20,250,726</u>

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI

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

For the Year Ended October 31, 2018

Total Governmental Fund Balances \$ 18,567,982

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

The cost of capital assets is	84,904,069	
Accumulated depreciation is	<u>[54,783,570]</u>	30,120,499

Pension contributions are reported as an expense in the funds as a
deferred outflow of resources in the governmental activities in the
statement of net position 3,427,633

Pension fundings are reported as a revenue in the funds and as a
deferred inflow of resources in the governmental activities in the
statement of net position [1,469,724]

Other post-employment benefit fundings are reported as a revenue
in the funds and as a deferred inflow of resources in the governmental
activities in the statement of net position [16,701]

Other long-term assets are not available to pay for current-period and,
therefore, are reported as unavailable revenue in the funds 400,451

Long-term liabilities, including bonds payable, are not due and payable in
the current period and therefore are not reported as liabilities in the funds.
Long term liabilities at year end consist of:

Revenue bonds payable	32,803,094	
Net pension liability	10,383,173	
Net other post employment benefit obligation	364,871	
Developer obligations payable	1,622,431	
Interest payable	681,830	
Compensated absences payable	<u>463,203</u>	<u>[46,318,602]</u>

Net Position of Governmental Activities \$ 4,711,538

CITY OF RAYTOWN, MISSOURI

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended October 31, 2018

	General	TIF	Transportation Sales Tax	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 7,702,356	\$ 1,412,050	\$ 1,171,590	\$ 3,461,790	\$ 13,747,786
Intergovernmental activity taxes	-	1,303,364	-	-	1,303,364
Licenses and permits	413,067	-	-	-	413,067
Intergovernmental	1,216,094	-	452,377	-	1,668,471
Fines, forfeitures and penalties	364,763	-	-	-	364,763
Charges for services	1,317,364	-	-	99,164	1,416,528
Use of money and property	68,413	253,836	8,892	144,608	475,749
Miscellaneous	70,964	-	1,656	145,322	217,942
Total revenues	11,153,021	2,969,250	1,634,515	3,850,884	19,607,670
EXPENDITURES:					
Current:					
General government	1,858,021	-	-	39,824	1,897,845
Parks and recreation	-	-	-	887,187	887,187
Community development	737,318	241,283	-	-	978,601
Public safety	5,434,955	-	-	1,327,180	6,762,135
Public works	1,819,243	-	-	191,785	2,011,028
Capital outlay	-	-	2,453,207	700,296	3,153,503
Debt service					
Principal	-	1,355,000	-	-	1,355,000
Interest and other charges	-	1,675,650	-	-	1,675,650
Total expenditures	9,849,537	3,271,933	2,453,207	3,146,272	18,720,949
Excess [deficiency] of revenues over [under] expenditures	1,303,484	[302,683]	[818,692]	704,612	886,721
OTHER FINANCING SOURCES [USES]					
Transfers in	-	-	-	150,000	150,000
Transfers [out]	[150,000]	-	-	-	[150,000]
Total other financing sources [uses]	[150,000]	-	-	150,000	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	1,153,484	[302,683]	[818,692]	854,612	886,721
Fund balance - Beginning of year	5,096,224	7,085,008	1,156,136	4,343,893	17,681,261
Fund balance - End of year	\$ 6,249,708	\$ 6,782,325	\$ 337,444	\$ 5,198,505	\$ 18,567,982

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2018

Total Net Change In Fund Balances - Governmental Funds	\$ 886,721
Amounts reported for governmental activities in the statement of activities are different because	
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.	
Capital outlays	2,502,181
Loss on sale of assets	[32,644]
Depreciation expense	<u>[3,052,665]</u> [583,128]
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	[400,451]
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.	28,137
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	12,310
Net other post employment benefits	167,784
Repayment of developer obligations is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	148,591
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	1,370,807
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities	<u>234,952</u>
Changes In Net position of Governmental Activities	<u>\$ 1,865,723</u>

CITY OF RAYTOWN, MISSOURI

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive [Negative]
	Original	Final		
Revenues:				
Taxes	\$ 7,505,855	\$ 7,505,855	\$ 7,702,356	\$ 196,501
Licenses and permits	350,950	350,950	413,067	62,117
Intergovernmental	1,192,500	1,199,500	1,216,094	16,594
Fines, forfeitures and penalties	629,200	629,200	364,763	[264,437]
Charges for services	1,089,700	1,089,700	1,317,364	227,664
Use of money and property	31,000	31,000	68,413	37,413
Miscellaneous	61,285	61,285	70,964	9,679
Total Revenues	<u>10,860,490</u>	<u>10,867,490</u>	<u>11,153,021</u>	<u>285,531</u>
Expenditures:				
General government:				
Governing body	259,313	259,313	247,606	11,707
Administration	758,906	755,906	633,860	122,046
Finance	501,165	501,165	453,736	47,429
Courts	365,321	365,322	317,569	47,753
Legal	115,240	118,240	121,780	[3,540]
City wide	136,067	136,067	83,470	52,597
Total general government	<u>2,136,012</u>	<u>2,136,013</u>	<u>1,858,021</u>	<u>277,992</u>
Community development	<u>821,628</u>	<u>821,628</u>	<u>737,318</u>	<u>84,310</u>
Public safety:				
EMS	1,242,283	1,246,783	1,171,376	75,407
Police	4,351,245	4,363,437	4,263,579	99,858
Total public safety	<u>5,593,528</u>	<u>5,610,220</u>	<u>5,434,955</u>	<u>175,265</u>
Public works	<u>2,149,099</u>	<u>2,144,599</u>	<u>1,819,243</u>	<u>325,356</u>
Total Expenditures	<u>10,700,267</u>	<u>10,712,460</u>	<u>9,849,537</u>	<u>862,923</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>160,223</u>	<u>155,030</u>	<u>1,303,484</u>	<u>1,148,454</u>
Other Financing Sources [Uses]:				
Transfers [out]	<u>[150,000]</u>	<u>[150,000]</u>	<u>[150,000]</u>	<u>-</u>
Total Other Financing Sources [Uses]	<u>[150,000]</u>	<u>[150,000]</u>	<u>[150,000]</u>	<u>-</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>\$ 10,223</u>	<u>\$ 5,030</u>	<u>1,153,484</u>	<u>\$ 1,148,454</u>
Fund Balance, November 1			<u>5,096,224</u>	
Fund Balance, October 31			<u>\$ 6,249,708</u>	

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI

TIF FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET

For the Year Ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>[Negative]</u>
Revenues:				
Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,412,050	\$ [87,950]
Intergovernmental activity taxes	1,251,505	1,251,505	1,303,364	51,859
Use of money and property	<u>217,500</u>	<u>217,500</u>	<u>253,836</u>	<u>36,336</u>
Total Revenues	<u>2,969,005</u>	<u>2,969,005</u>	<u>2,969,250</u>	<u>245</u>
Expenditures:				
Community development	168,500	219,000	241,283	[22,283]
Debt service				
Principal	1,355,000	1,355,000	1,355,000	-
Interest and other charges	<u>1,675,650</u>	<u>1,675,650</u>	<u>1,675,650</u>	<u>-</u>
Total Expenditures	<u>3,199,150</u>	<u>3,249,650</u>	<u>3,271,933</u>	<u>[22,283]</u>
Excess [Deficiency] of Revenues				
Over [Under] Expenditures	<u>\$ [230,145]</u>	<u>\$ [280,645]</u>	[302,683]	<u>\$ [22,038]</u>
Fund Balance, November 1			<u>7,085,008</u>	
Fund Balance, October 31			<u>\$ 6,782,325</u>	

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI

TRANSPORTATION SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET

For the Year Ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>[Negative]</u>
Revenues:				
Taxes	\$ 1,215,000	\$ 1,215,000	\$ 1,171,590	\$ [43,410]
Intergovernmental	1,237,500	1,237,500	452,377	[785,123]
Miscellaneous	-	-	1,656	1,656
Use of money and property	<u>4,000</u>	<u>4,000</u>	<u>8,892</u>	<u>4,892</u>
Total Revenues	<u>2,456,500</u>	<u>2,456,500</u>	<u>1,634,515</u>	<u>[821,985]</u>
Expenditures:				
Contractual services	763,000	258,000	220,240	37,760
Capital outlay	<u>5,015,000</u>	<u>3,804,294</u>	<u>1,680,533</u>	<u>2,123,761</u>
Total Expenditures	<u>5,778,000</u>	<u>4,062,294</u>	<u>1,900,773</u>	<u>2,161,521</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[3,321,500]</u>	<u>[1,605,794]</u>	<u>[266,258]</u>	<u>1,339,536</u>
OTHER FINANCING SOURCES [USES]				
Bond proceeds	<u>4,000,000</u>	-	-	-
Total other financing sources [uses]	<u>4,000,000</u>	-	-	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>\$ 678,500</u>	<u>\$ [1,605,794]</u>	<u>[266,258]</u>	<u>\$ 1,339,536</u>
Fund Balance, November 1			<u>565,943</u>	
Fund Balance, October 31			299,685	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>37,759</u>	
GAAP Basis, October 31			<u>\$ 337,444</u>	

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 October 31, 2018

	<u>Sewer Utility</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Current assets:	
Cash and investments	\$ 3,447,847
Receivables:	
Accounts (net of allowance)	1,270,085
Interest	13,197
Restricted cash and investments	573,116
Prepaid expenses	<u>48,405</u>
Total current assets	<u>5,352,650</u>
Noncurrent assets:	
Capital assets not being depreciated:	
Land	433,393
Capital assets being depreciated	26,158,145
Less: accumulated depreciation	<u>[12,492,408]</u>
Total noncurrent assets	<u>14,099,130</u>
Total assets	<u>19,451,780</u>
Deferred outflows of resources:	
Deferred charge on refunding	15,921
Pension liability	<u>40,811</u>
Total deferred outflows of resources	<u>56,732</u>
Total assets and deferred outflows of resources	<u>\$ 19,508,512</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	
Current liabilities (payable from current assets):	
Accounts payable	\$ 423,835
Accrued liabilities	47,690
Compensated absences	46,429
Interest payable	129,651
Customer deposits payable	473,841
Current portion of bonds payable	<u>869,616</u>
Total current liabilities (payable from current assets):	<u>1,991,062</u>
Noncurrent liabilities:	
Net other post employment benefit obligation	33,839
Bonds payable	8,215,178
Net pension liability	<u>64,871</u>
Total noncurrent liabilities:	<u>8,313,888</u>
Total liabilities	<u>10,304,950</u>
Deferred inflows of resources:	
OPEB liability	1,550
Pension liability	<u>13,668</u>
Total deferred inflows of resources	<u>15,218</u>
Total liabilities and deferred inflows of resources	<u>\$ 10,320,168</u>
NET POSITION:	
Net investment in capital assets	\$ 5,030,257
Restricted for:	
Debt service	573,116
Unrestricted	<u>3,584,971</u>
Total Net Position	<u>\$ 9,188,344</u>

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended October 31, 2018

	<u>Sewer Utility</u>
Operating revenues:	
Charges for services	\$ 6,875,494
Other	<u>69,673</u>
Total operating revenues	<u>6,945,167</u>
Operating expenses:	
Personal services	866,814
Contractual	4,377,632
Commodities	94,193
Capital outlay	204,498
Depreciation	<u>538,121</u>
Total operating expenses	<u>6,081,258</u>
Operating income [loss]	<u>863,909</u>
Nonoperating revenues [expenses]:	
Interest on long term debt	[439,747]
Interest income	<u>309,901</u>
Total nonoperating revenues [expenses]	<u>[129,846]</u>
Change in net position	<u>734,063</u>
Net position, November 1	8,461,774
Prior period adjustment	<u>[7,493]</u>
Net position, November 1, restated	<u>8,454,281</u>
Net position, October 31	<u>\$ 9,188,344</u>

CITY OF RAYTOWN, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended October 31, 2018

	Sewer Utility
Cash flows from operating activities	
Cash received from customers	\$ 6,971,449
Cash paid to suppliers and employees	[5,142,474]
Net cash provided by [used in] operating activities	1,828,975
Cash flows from capital and related financing activities	
Principal paid on bonds, notes and loans	[829,616]
Interest expense and fiscal charges	[449,390]
Net cash provided by [used in] capital and related financing activities	[1,279,006]
Cash flows from investing activities	
Interest income	304,560
Net cash provided by [used in] investing activities	304,560
Net increase [decrease] in cash and investments	854,529
Cash and investments and restricted cash, November 1	3,166,434
Cash and investments and restricted cash, October 1	\$ 4,020,963
Cash and investments	\$ 3,447,847
Restricted cash and investments	573,116
Cash and investments and restricted cash, October 1	\$ 4,020,963

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the Year Ended October 31, 2018

	<u>Sewer Utility</u>
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:	
Operating income [loss]	\$ <u>863,909</u>
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities:	
Depreciation	538,121
Change in assets and liabilities:	
[Increase] decrease in accounts receivable	[22,486]
[Increase] decrease in prepaid expenses	[4,131]
[Increase] decrease in pension liability deferred outflows	2,256
Increase [decrease] in accounts payable	284,210
Increase [decrease] in accrued liabilities	41,163
Increase [decrease] in compensated absences	41,046
Increase [decrease] in customer deposit payable	48,768
Increase [decrease] in net other post employment benefit obligation	11,646
Increase [decrease] in net pension liability	10,257
Increase [decrease] in pension liability deferred inflows	<u>14,216</u>
Total Adjustments	<u>965,066</u>
Net Cash Provided by [Used in] Operating Activities	<u>\$ 1,828,975</u>

CITY OF RAYTOWN, MISSOURI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
For the Year Ended October 31, 2018

	Police Pension Trust	Agency Funds
ASSETS		
Cash and investments	\$ 10,193,388	\$ 74,570
Accounts receivable	-	33,884
Total assets	\$ 10,193,388	\$ 108,454
LIABILITIES		
Due to others	\$ -	\$ 108,454
Total liabilities	\$ -	\$ 108,454
NET POSITION		
Held in trust for pension benefits	\$ 10,193,388	\$ -
Total Net Position	\$ 10,193,388	\$ -

The notes to the financial statements are an integral part of this statement

CITY OF RAYTOWN, MISSOURI
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended October 31, 2018

	Police Pension Trust
Additions:	
Employer contributions	\$ 595,905
Investment earnings:	
Interest and dividends	321,212
Net appreciation in fair value of investments	[187,369]
Investment expenses	[56,888]
Total additions	672,860
Deductions:	
Benefits paid	1,234,435
Administrative and other expenses	44,896
Total deductions	1,279,331
Change in net position	[606,471]
Net position, beginning of year	10,799,859
Net position, end of year	\$ 10,193,388

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

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 government 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 (GAAP).

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. Six members are appointed by the City's Board of Aldermen and the remaining five members are appointed by the respective taxing districts' boards. Although the Commission is legally separate, the Commission is reported as a blended component unit because its sole function is to use TIF as a method to finance economic development through payments in lieu of taxes (PILOT) and economic activity taxes (EATs). The Commission does not issue separate financial statements.

B. *Government-wide and Fund Financial Statements*

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

C. *Measurement Focus, Basis of Accounting and Basis of Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following are the City's major governmental funds:

The 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.

The Tax Increment Financing (TIF) Fund is used to account for resources and activities of the City's tax increment financing plans.

The Transportation Sales Tax Fund is used to account for resources and activities of the City's transportation sales tax.

The City reports the following major proprietary fund:

The Sewer Utility 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.

The following are the City's fiduciary funds:

The Police Pension Trust Fund accounts for the activity of the Policemen's Retirement Plan.

The Raytown Highway 350 Transportation Development District (TDD) Fund accounts for taxes collected on behalf of the TDD.

The Ditzler CID Fund which accounts for taxes collected on behalf of the CID.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

Since 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 fiduciary funds are not incorporated into the government-wide statements.

D. *Assets, Liabilities, Fund Balance and Equity*

1. Deposits and Investments

The City maintains a cash pool that is available for use by all funds managed by the City. Each fund type's portion of the pool is displayed in the financial statements as "Cash and Investments." The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of three months or less from the date of acquisition.

Investments, including pension trust investments, are stated at fair market value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles, if any.

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, 2018 are for the budget year ended October 31, 2019, 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, 2017, on which the fiscal year ended October 31, 2018, levy was based, totaled \$323,903,371. During the year ended October 31, 2018, the City collected approximately 96.7% of the property taxes levied for that 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 of assessed valuation for the year ended October 31, 2018, were:

	Levy in Dollars
General Fund	\$0.3373
Park Fund	<u>0.1685</u>
Total Levy	<u>\$0.5058</u>

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities, Fund Balance and Equity (Continued)*

3. Prepaid Items

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

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the City, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25 - 50
Office equipment and furniture	7 - 10
Computer equipment	3 - 5
Machinery and other equipment	7 - 15
Vehicles	5 - 10
Infrastructure	20 - 50

5. 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 280 hours. Employees with a minimum of five (5) years of service, will be paid up to 40 hours of sick leave upon termination if in good standing.

On an annual basis, employees with a minimum of 360 accrued sick leave hours will have the option to be paid up to 96 hours of sick leave at their current rate of pay and based on the longevity chart below.

<u>Months of Service</u>	<u>Sellback Ratio</u>
60 - 119	15%
120 - 179	30%
180 - 239	45%
240+	60%

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities, Fund Balance and Equity (Continued)*

5. Compensated Absences (Continued)

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. Vested or accumulated vacation and sick leave of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

The General Fund and Sewer Utility Fund have been used in prior years to liquidate the liability for compensated absences.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

9. 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 reports deferred charge on refunding, pension contributions made after the measurement date, pension changes in assumptions, pension net

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities, Fund Balance and Equity (Continued)*

9. Deferred Outflows/Inflows of Resources (Continued)

differences between projected and actual investment earnings and pension differences between expected and actual experience as deferred outflows of resources.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from one source: property taxes. Pension differences between expected and actual experience are reported as deferred inflows. OPEB differences between expected and actual experience and changes in assumptions are reported as deferred inflows.

10. Fund Balances

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts are considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The General Fund balance policy (Resolution 2039-08) 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 budgeting process.

CITY OF RAYTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 Year ending October 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities, Fund Balance and Equity (Continued)*

10. Fund Balances

The following is the detail for governmental fund balance classifications in the financial statements:

	Major Governmental Funds				
	General Fund	TIF Fund	Transportation Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Fund balance:					
Nonspendable	\$ 1,519,682	\$ -	\$ -	\$ 822,294	\$ 2,341,976
Restricted:					
Debt service	-	6,438,072	-	-	6,438,072
General government	-	-	-	44,760	44,760
Community development	-	344,253	-	-	344,253
Public safety	-	-	-	1,215,774	1,215,774
Public works	-	-	337,444	1,494,815	1,832,259
Assigned:					
Parks and recreation	-	-	-	921,172	921,172
Public works	-	-	-	699,690	699,690
Unassigned	<u>4,730,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,730,026</u>
Total fund balance	<u>\$ 6,249,708</u>	<u>\$ 6,782,325</u>	<u>\$ 337,444</u>	<u>\$ 5,198,505</u>	<u>\$ 18,567,982</u>

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City prepares an annual operating budget on a basis consistent with GAAP. The City conducts public hearings on the proposed budget and the budget is adopted by the City pursuant to state law. The appropriated budget is prepared by fund and program. The legal level of budgetary requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City's Board of Aldermen.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At October 31, 2018, the carrying values of cash and investments are summarized as follows:

	Primary Government	Fiduciary Funds	Total
Cash and cash equivalents:			
Deposits	\$ 6,211,204	\$ 180,790	\$ 6,391,994
Certificates of deposit	3,177,000	-	3,177,000
Petty cash	3,535	-	3,535
Total cash and cash equivalents	<u>9,391,739</u>	<u>180,790</u>	<u>9,572,529</u>
Investments:			
Short-term investments held in trust	6,887,718	-	6,887,718
Missouri securities investment program (MOSIP)	3,037,385	-	3,037,385
Pension trust investments	-	10,087,168	10,087,168
Total investments	<u>9,925,103</u>	<u>10,087,168</u>	<u>20,012,271</u>
Total cash and investments	<u>\$ 19,316,842</u>	<u>\$ 10,267,958</u>	<u>\$ 29,584,800</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	\$ 12,429,124	\$ 10,267,958	\$ 22,697,082
Restricted cash and investments	<u>6,887,718</u>	<u>-</u>	<u>6,887,718</u>
Total cash and investments	<u>\$ 19,316,842</u>	<u>\$ 10,267,958</u>	<u>\$ 29,584,800</u>

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 Federal Deposit Insurance Corporation (FDIC) amounts. Collateral securities must be held by the City or a third-party and must meet certain requirements listed in Missouri statutes.

The City maintains a cash and investment pool. Interest earned is allocated to the funds based on the average monthly cash and investment balances. Certain restricted assets, related to bond issuances, are held in escrow by a financial institution's trust department.

The investments of the Police Officer's Retirement Fund Pension Plan are held separately from the City's other funds and are restricted to any investment not prohibited under the laws of the State of Missouri. The Board of Trustees, the plan custodian and investment managers 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 RSMo 86.590 and 105.588 regarding constraints on the deposit and investment of the plan assets. The value of the investments is recorded at fair value.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following summarizes the City's and the Police Officer's Retirement Fund Pension Plan investments at October 31, 2018:

<u>Investments by fair value level</u>	<u>10/31/2018</u>	<u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Rating</u>	<u>Maturity</u>
U.S. Treasuries	\$ 285,031	\$ 285,031	Moody's Aaa	11/30/18 to 2/15/27
Federal Agency Issues:				
Federal Home Loan Bank	3,880,188	3,880,188	Moody's Aaa	11/30/17 to 11/30/18
Federal National Mortgage Association	43,385	43,385	Moody's Aaa	3/30/26 to 4/1/36
Federal Home Loan Mortgage Corporation	37,101	37,101	Moody's Aaa	2/1/37 to 1/1/2048
Corporate bonds, stocks and notes	<u>6,343,760</u>	<u>6,343,760</u>		
Total investments by fair value level	<u>10,589,465</u>	<u>\$ 10,589,465</u>		
 <u>Investments measured by the net asset value (NAV)</u>				
Missouri Securities Investment				
Program (MOSIP) Liquid Series	3,037,385			
Fidelity Treasury Fund Class III	3,007,530			
Midcap SPDR Trust Series I	498,226			
Schwab US Large-Cap Index ETF	318,720			
Eaton Vance Floating Rate Institutional	194,715			
Palmer Square Income Plus	114,789			
Guggenheim Investments Macro Opportunities Inst	202,515			
Vanguard Group High Yield Corp Admiral	149,208			
Northern Funds Institutional Government	69,070			
DFA Funds US Small Cap Fund	519,692			
Lazard Funds US Corp Income Portfolio Instl	7,797			
T. Rowe Price Mutual Funds Mid Cap Growth	206,962			
MFS International Value R6	46,592			
DFA Funds Emerging Mkts Core Equity	215,979			
DFA Funds Intl Small Cap Value	276,769			
Oppenheimer Mutual Funds Developing Markets CL Y	313,757			
Vanguard Group REIT Index Fund	<u>243,100</u>			
Total investments measured by the net asset value (NAV)	<u>9,422,806</u>			
Total investments	<u>\$ 20,012,271</u>			

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

Several of the above investments are measured at the net asset value, have an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

Credit risk. The credit risk for deposits and investments is the possibility that the issuer to an investment will be unable to fulfill its obligations. It is the City's policy to limit its investments to certificates of deposits and bonds or other obligations of the U.S. government.

Credit risk is associated with the credit quality or rating of debt instrument investments. The Police Officer's Retirement Fund Pension 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.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits or investments may not be returned to it. The City's deposit policy for custodial credit risk requires that depository banks will maintain 100% security in the form of Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral. At October 31, 2018, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name.

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

B. *Receivables*

Receivables at year end are as follows:

	Governmental Activities			Business-type Activities	
	General Fund	TIF Fund	Transportation Sales Tax Fund	Nonmajor Funds	Sewer Fund
Receivables:					
Taxes	\$ 735,705	\$ 253,894	\$ 194,205	\$ 475,165	\$ -
Accounts	252,093	-	357,398	-	1,270,085
Fines	47,036	-	-	-	-
Intergovernmental	97,042	166,919	-	-	-
Loan	-	-	-	633,609	-
Interest	14,721	2,240	581	15,873	13,197
Total receivables	<u>\$ 1,146,597</u>	<u>\$ 423,053</u>	<u>\$ 552,184</u>	<u>\$ 1,124,647</u>	<u>\$ 1,283,282</u>

The City 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 the \$850,000 in funding over a period not to exceed

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. *Receivables (Continued)*

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 \$633,609 as of October 31, 2018.

C. *Land Held for Redevelopment*

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. At October 31, 2018, the valuation of the land was \$1,034,432.

D. *Restricted Assets*

The City's bond indentures require the City to establish certain special trust funds in the City's name. Assets of these special funds consist of cash and investments stated at fair value and are reported as Restricted Cash and Investments for the year ended October 31, 2018 as follows:

	<u>TIF Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Project/Construction funds	\$ 344,253	\$ -	\$ 344,253
Rebate funds	-	169,053	169,053
Debt service and debt service reserve funds	<u>5,970,349</u>	<u>404,063</u>	<u>6,374,412</u>
	<u>\$ 6,314,602</u>	<u>\$ 573,116</u>	<u>\$ 6,887,718</u>

E. *Interfund Transactions*

Interfund transfers for the year ended October 31, 2018, are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Storm Water Fund	<u>\$ 150,000</u>

Transfers were used to provide additional funding for stormwater repairs and maintenance.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. *Capital Assets*

Capital asset activity for the year ended October 31, 2018, was as follows:

	<u>Balance</u> <u>10/31/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>10/31/18</u>
City governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,573,340	\$ -	\$ -	\$ 1,573,340
Construction in progress	2,076,515	2,313,504	3,963,412	426,607
Capital assets, being depreciated				
Buildings and improvements	7,211,398	149,142	-	7,360,540
Vehicles and equipment	9,714,257	258,146	141,041	9,831,362
Infrastructure	<u>61,826,378</u>	<u>3,885,842</u>	<u>-</u>	<u>65,712,220</u>
Total capital assets	<u>82,401,888</u>	<u>6,606,634</u>	<u>4,104,453</u>	<u>84,904,069</u>
Less accumulated depreciation for:				
Buildings and improvements	3,878,838	246,481	-	4,125,319
Vehicles and equipment	6,843,363	693,603	108,424	7,428,542
Infrastructure	<u>41,117,101</u>	<u>2,112,608</u>	<u>-</u>	<u>43,229,709</u>
Total accumulated depreciation	<u>51,839,302</u>	<u>3,052,692</u>	<u>108,424</u>	<u>54,783,570</u>
Governmental activities capital assets, net	<u>\$ 30,562,586</u>	<u>\$ 3,553,942</u>	<u>\$ 3,996,029</u>	<u>\$ 30,120,499</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 433,393	\$ -	\$ -	\$ 433,393
Capital assets, being depreciated				
Vehicles and equipment	672,249	-	-	672,249
Infrastructure	<u>25,485,896</u>	<u>-</u>	<u>-</u>	<u>25,485,896</u>
Total capital assets	<u>26,591,538</u>	<u>-</u>	<u>-</u>	<u>26,591,538</u>
Less accumulated depreciation for:				
Vehicles and equipment	579,389	35,198	-	614,587
Infrastructure	<u>11,374,898</u>	<u>502,923</u>	<u>-</u>	<u>11,877,821</u>
Total accumulated depreciation	<u>11,954,287</u>	<u>538,121</u>	<u>-</u>	<u>12,492,408</u>
Business-type activities capital assets, net	<u>\$ 14,637,251</u>	<u>\$ [538,121]</u>	<u>\$ -</u>	<u>\$ 14,099,130</u>

CITY OF RAYTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. *Capital Assets (Continued)*

The City's depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 48,923
Parks and recreation	146,097
Community development	15,651
Public safety	261,521
Public works	<u>2,580,500</u>
Total depreciation expense	<u>\$ 3,052,692</u>
Business-type activities:	
Sewer utility	<u>\$ 538,121</u>
Total depreciation expense	<u>\$ 538,121</u>

G. *Long-term Debt*

During the year ended December 31, 2018, the following changes occurred in long term liabilities:

	Balance November 1, 2017	Additions	Retirements	Balance October 31, 2018	Current Portion
City governmental activities:					
Revenue bonds	\$ 33,950,000	\$ -	\$ 1,355,000	\$ 32,595,000	\$ 1,355,000
Bond premiums	<u>223,901</u>	<u>-</u>	<u>15,807</u>	<u>208,094</u>	<u>15,805</u>
Revenue bonds, net	34,173,901	-	1,370,807	32,803,094	1,370,805
Developer obligations	1,771,022	-	148,591	1,622,431	38,069
Compensated absences	553,140	623,602	713,540	463,202	335,700
Net OPEB obligation	<u>532,655</u>	<u>-</u>	<u>167,784</u>	<u>364,871</u>	<u>-</u>
	<u>\$ 37,030,718</u>	<u>\$ 623,602</u>	<u>\$ 2,400,722</u>	<u>\$ 35,253,598</u>	<u>\$ 1,744,574</u>
Business-type activities:					
Revenue bonds	\$ 9,785,000	\$ -	\$ 815,000	\$ 8,970,000	\$ 855,000
Bond premiums	<u>129,410</u>	<u>-</u>	<u>14,616</u>	<u>114,794</u>	<u>14,616</u>
Revenue bonds, net	9,914,410	-	829,616	9,084,794	869,616
Compensated absences	5,409	89,391	48,371	46,429	46,429
Net OPEB obligation	<u>22,194</u>	<u>11,645</u>	<u>-</u>	<u>33,839</u>	<u>-</u>
	<u>\$ 9,942,013</u>	<u>\$ 101,036</u>	<u>\$ 877,987</u>	<u>\$ 9,165,062</u>	<u>\$ 916,045</u>

Compensated absences and the Net OPEB obligation are primarily liquidated in the General, Park and Sewer funds.

Revenue bonds. The City issues revenue bonds to provide funds for the acquisition and construction of major capital facilities. Revenue bonds have been issued for both governmental and business-type activities.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. *Long-term Debt (Continued)*

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. 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 \$3,030,650. The incremental tax revenues generated by the 350 Highway TIF plan began in October 2009. For the year ended October 31, 2018, the City's incremental tax revenues totaled \$1,412,050. 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 \$1,557,200.

The City has entered into a developer agreement whereby the developer financed project costs that have been certified by the City are eligible to be reimbursed from payments in lieu of taxes (PILOTs) attributable to the project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount including interest from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. PILOTs were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of PILOTs 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 \$50,488 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 remaining balance at October 31, 2018 is \$38,069.

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 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 \$105,786 in principal payments. The remaining balance as of October 31, 2018 is \$1,584,362.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term Debt (Continued)

Revenue bonds payable at October 31, 2018 are comprised of the following:

	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Current Amount</u>
City governmental activities:					
Series 2007 tax increment and sales tax revenue bonds	6/12/2007	12/1/2031	4.75 to 5.125%	\$ 39,990,000	\$ 32,595,000
				<u>39,990,000</u>	<u>32,595,000</u>
Business-type activities:					
Series 2006-A refunding and improvement revenue bonds	4/27/2006	7/1/2026	4.00 to 5.25%	7,590,000	3,985,000
Series 2007-A refunding and improvement revenue bonds	1/1/2008	1/1/2028	4.00 to 4.375%	5,495,000	3,310,000
Series 2013 refunding revenue bonds	8/27/2013	7/1/2027	.85 to 4.15%	<u>2,310,000</u>	<u>1,675,000</u>
				<u>15,395,000</u>	<u>8,970,000</u>
				<u>\$ 55,385,000</u>	<u>\$ 41,565,000</u>

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending <u>October 31,</u>	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,355,000	\$ 1,607,900	\$ 855,000	\$ 385,677	\$ 4,203,577
2020	1,425,000	1,538,400	895,000	348,575	4,206,975
2021	1,555,000	1,463,900	935,000	310,437	4,264,337
2022	1,675,000	1,383,150	960,000	272,485	4,290,635
2023	1,815,000	1,295,900	1,010,000	229,859	4,350,759
2024 - 2028	11,375,000	4,898,384	4,315,000	452,180	21,040,564
2029 - 2032	<u>13,395,000</u>	<u>1,533,272</u>	-	-	<u>14,928,272</u>
	<u>\$ 32,595,000</u>	<u>\$ 13,720,906</u>	<u>\$ 8,970,000</u>	<u>\$ 1,999,213</u>	<u>\$ 57,285,119</u>

On November 2, 2004, City of Raytown voters approved the issuance of up to \$18,500,000 for sanitary sewer revenue bonds and to appropriately raise the sewer rates to retire this debt. The City subsequently issued bonds in the amount of \$7,590,000 in 2006, \$5,495,000 in 2008 and \$2,310,000 in 2013. The City is authorized to issue debt for the remaining \$3,105,000; however, the City does not intend to issue any additional bonds in the upcoming fiscal year.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

IV. OTHER INFORMATION

A. *Risk Management*

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of loss including related lost revenue. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

B. *Contingent Liabilities*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. *Defined Benefit Pension Plan*

Pensions. 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 additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. 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.

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, state-wide 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 Missouri 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 City, 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 (55 for police and fire) 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 (50 for police and fire) and receive a reduced allowance.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (Continued)*

	<u>2018 Valuation</u>
Benefit Multiplier	1.25% for life, plus .75% to age 65
Final Average Salary	5 years
Member Contributions	Noncontributory for employees

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, 2018, the following employees were covered by the benefit terms:

	<u>LAGERS</u>
Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	102
Active employees	<u>107</u>
Total	<u>246</u>

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 City do not contribute to the pension plan. Employer contribution rates are 13.7% (General) and 9.7% (Police) of annual covered payroll.

Net pension liability. The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

Actuarial assumptions. The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality tables for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2018, valuation was based on the results of an actuarial experience study for the period of March 1, 2012 through February 28, 2017.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (Continued)*

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

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 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.

	<u>Increase [Decrease]</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at 10/31/2017	<u>\$ 17,706,141</u>	<u>\$ 12,762,541</u>	<u>\$ 4,943,600</u>
Changes for the year:			
Service cost	656,159	-	656,159
Interest	1,289,245	-	1,289,245
Difference between expected and actual experience	[460,643]	-	[460,643]
Contributions - employer	-	727,010	[727,010]
Contributions - employee	-	258,512	[258,512]
Net investment income	-	1,627,298	[1,627,298]
Benefit payments, including refunds	[500,347]	[500,347]	-
Administrative expense	-	[17,249]	17,249
Other changes	-	6,240	[6,240]
Net changes	<u>984,414</u>	<u>2,101,464</u>	<u>[1,117,050]</u>
Balances at 10/31/2018	<u>\$ 18,690,555</u>	<u>\$ 14,864,005</u>	<u>\$ 3,826,550</u>

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (Continued)*

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 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 21,827,205	\$ 18,690,555	\$ 16,128,695
Plan Fiduciary Net Position	14,864,005	14,864,005	14,864,005
Net Pension Liability/(Asset) (NPL)	<u>\$ 6,963,200</u>	<u>\$ 3,826,550</u>	<u>\$ 1,264,690</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended October 31, 2018, the City recognized pension expense of \$1,343,217. 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 between expected and actual experience	\$ 2,660,131	\$ [651,642]
Changes in assumptions	306,966	-
Net difference between projected and actual earnings on investment plan investments	-	[462,757]
Total	<u>\$ 2,967,097</u>	<u>\$ [1,114,399]</u>

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

Year Ending October 31,	
2019	\$ 587,489
2020	483,302
2021	314,441
2022	139,224
2022	76,295
Thereafter	251,947
Total	<u>\$1,852,698</u>

\$213,586 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended October 31, 2019.

Payable to the pension plan. At October 31, 2018, the City reported a payable of \$53,467 for the outstanding amount of contributions to the pension plan.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

D. *Deferred Compensation Plan*

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 the Internal Revenue Code Section 401(a). Under the plan, the City matches 50% of employee contributions, up to 2% of the employee's annual salary deferrals to the plan. The payroll for the employees covered by the plan was \$3,747,361 during the year. Total gross payroll was \$6,873,895. For the year ended October 31, 2018, the City contributed \$66,928 to the plan.

E. *Police Officers' Retirement Plan (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 is a single-employer plan administered by the City. Benefit Trust Company Inc. acts as the investment advisor and custodian for the plan. The financial statements of this plan are included in the Pension Trust Fund in the accompanying basic financial statements of the City.

The plan was amended and restated effective December 31, 2013. Under the amendment and restated plan, benefits were frozen as of December 31, 2013, no new participants are allowed to enter the plan, and all active participants as of December 31, 2013 are 100% vested. The plan does not issue a separate financial statement.

Benefits provided. The City's Police Officer's Retirement Fund Pension Plan provides retirement, disability and death benefits to plan members and beneficiaries. Officers who retire at age 55 with 20 or more years of service are entitled to an allowance for life based on the benefit program information provided below.

	<u>2018 Valuation</u>
Benefit Multiplier	2.5% up to 20 years of service plus 1% of next 10 years
Final Average Salary	5 highest calendar years of compensation of last 10 years
Member Contributions	Noncontributory for employees

Employees covered by benefit terms. At January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	22
Active employees	<u>25</u>
Total	<u>86</u>

Contributions. The City's contributions are determined by the City's Board of Aldermen, as recommended by the plan's actuaries. 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. Employees do not contribute to the pension plan.

Net pension liability. The City's net pension liability was measured as of January 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

CITY OF RAYTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

E. *Police Officers' Retirement Plan (Frozen) (Continued)*

Actuarial assumptions. The total pension liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods including the measurement:

Salary increase	4.0% (plan is frozen, scale is for death benefits only)
Investment rate of return	7.5%, net of investment expenses, 2.5% inflation component

Mortality rates were based on the RP-2014 Blue Collar tables with generational projections.

The actuarial assumptions used in the January 1, 2018, valuation were based on past experience of the plan.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
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.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

E. Police Officers' Retirement Plan (Frozen) (Continued)

Changes in the net pension liability.

	Increase [Decrease]		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	\$ 17,763,413	\$ 10,110,193	\$ 7,653,220
Changes for the year:			
Service cost	15,509	-	15,509
Interest	1,291,090	-	1,291,090
Difference between expected and actual experience	[100,898]	-	(100,898)
Contributions - employer	-	608,134	[608,134]
Net investment income	-	1,373,429	[1,373,429]
Benefit payments, including refunds	[1,107,281]	[1,107,281]	-
Changes of assumptions	[277,355]	-	[277,355]
Administrative expense	-	[21,491]	21,491
Net changes	[178,935]	852,791	[1,031,726]
Balances at end of year	\$ 17,584,478	\$ 10,962,984	\$ 6,621,494

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.

	Current Single Discount		
	1% Decrease 6.50%	Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability (TPL)	\$ 19,395,949	\$ 17,584,478	\$ 16,061,573
Plan Fiduciary Net Position	10,962,984	10,962,984	10,962,984
Net Pension Liability/(Asset) (NPL)	\$ 8,432,965	\$ 6,621,494	\$ 5,098,589

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended October 31, 2018, the City recognized pension expense of \$718,204. 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 between expected and actual experience	\$ 209,822	\$ 117,500
Changes in assumptions	77,939	213,740
Net difference between projected and actual earnings on investment plan investments	-	37,753
Total	\$ 287,761	\$ 368,993

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

E. *Police Officers' Retirement Plan (Frozen) (Continued)*

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

Year Ending <u>October 31,</u>	
2019	\$ 128,853
2020	98,526
2021	[150,446]
2022	[158,165]
2022	-
Thereafter	-
Total	<u>\$ [81,232]</u>

Payable to the pension plan. At October 31, 2018, the City reported a payable of \$49,455 for the outstanding amount of contributions to the pension plan for the year ended October 31, 2018.

F. *Frozen Pension Plan*

Prior to participating in LAGERS and the Police Officers' Retirement Fund, the City offered two defined benefit pension plans for its employees. Upon entering into LAGERS and the Police Officers' Retirement Fund, the City transferred the obligation for all future benefit payments under the plans to an outside insurance company. The City has no future obligation to contribute any additional amounts to these plans, and no amounts were paid during the year ended October 31, 2018. Accordingly, no provisions for the related assets have been made in the accompanying financial statements. Benefits paid from these plans during the year ended October 31, 2018, totaled \$53,641.

G. *Tax Abatements*

Tax abatements are granted under the Urban Redevelopment program described under Chapter 353 of the RSMo, Tax Increment Financing program described under Section 99.800 RSMo, the Industrial Development program described under Chapter 100 of RSMo, and the Enhanced Enterprise Zone program described under Sections 135.950 to 135.973 of RSMo. For each of these programs, property taxes are abated by reducing the assessed valuation of the associated properties. For the fiscal year ended October 31, 2018, taxes abated for the City in connection with the Chapter 353, and Tax Increment Financing program were estimated at \$11,862, and \$25,935, respectively.

H. *Postemployment Healthcare Plan*

Plan description. The City provides for a continuation of medical, pharmacy, dental and vision insurance benefits to eligible early retirees and their spouses. The plan is administered by Midwest Public Risk (MPR) and is an agent multiple-employer plan. No separate financial report is issued for the plan.

Funding policy. The City requires the retirees to pay 125% of the premiums charged to active employees. Retirees and spouses have the same benefits as active employees. Effective July 1, 2018, retirees are charged 135% of plan premiums. However, all retiree coverage terminates upon Medicare entitlement or if payment is not received on a timely basis. The City contributed \$26,000 to the plan during fiscal year 2018.

CITY OF RAYTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

H. *Postemployment Healthcare Plan (Continued)*

At October 31, 2018, the following employees were covered by the benefit terms:

Active employees	216
Retirees and covered spouses	<u>20</u>
Total	<u>236</u>

Actuarial Assumptions. The City's total OPEB liability of \$398,710 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

The total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Actuarial cost method	Entry age normal as a level percentage of payroll
Inflation	2.50%
Salary increases	3.00%
Discount rate	3.93%
Healthcare cost trend rates	Medical & Pharmacy: 7.5% for 2018, decreasing 0.50% per year to an ultimate rate of 5.0% for 2025 and later years

The discount rate was based on an index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality Tables with Scale MP-2017 Full Generational Improvement.

Changes in the total OPEB liability are as follows:

	Total OPEB
	<u>Liability</u>
Balance 11/1/2017	\$ 554,849
Service cost	29,277
Interest	19,533
Changes in benefit terms	[158,872]
Changes in assumptions and inputs	[20,077]
Benefit paid	<u>[26,000]</u>
Balance 10/31/2018	<u>\$ 398,710</u>

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

H. *Postemployment Healthcare Plan (Continued)*

Sensitivity of the City's OPEB liability to changes in the discount rates. The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point lower than the current discount rate:

	1% Decrease <u>(2.93%)</u>	Discount Rate <u>3.93%</u>	1% increase <u>(4.93%)</u>
Net OPEB Liability	\$ 443,349	\$ 398,710	\$ 359,721

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease <u>348,085</u>	Healthcare Cost Trend Rates <u>398,710</u>	1% increase <u>459,775</u>
Net OPEB Liability	\$ 348,085	\$ 398,710	\$ 459,775

OPEB. For the year ended October 31, 2018, the City recognized OPEB expense/(income) of (\$111,887).

Deferred Outflows of Resources and Deferred Inflows of Resources. At October 31, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred inflows of resources
Changes in assumptions	\$ <u>18,252</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended October 31,	Deferred Inflows Amount
2019	\$ [1,825]
2020	[1,825]
2021	[1,825]
2022	[1,825]
2023	[1,825]
2024 & After	<u>[9,127]</u>
Total	\$ <u>[18,252]</u>

At October 31, 2018, the City did not report deferred outflows of resources related to OPEB.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2018

IV. OTHER INFORMATION (Continued)

I. *Contingencies*

The City is involved in lawsuits arising in the ordinary course of activities. While these cases may have future financial effect, management, based on the advice of legal counsel, believes that their ultimate outcome will not be material to the basic financial statements.

J. *Material Contractual Agreements*

On September 25, 2018, the City entered into an agreement with the Raytown Fire Protection District. This agreement calls for the City to transfer emergency medical services (EMS) responsibilities to the District as of November 17, 2018. The agreement transfers all assets of the City's EMS department to the Fire District and calls for the City to pay the District \$1,350,000 in equal bi-monthly payments. The agreement runs through October 31, 2019.

K. *Encumbrances*

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At October 31, 2018, the City's recorded encumbrances in governmental funds were as follows:

<u>Fund</u>	Encumbrance <u>Amount</u>
Transportation Sales Tax Fund	\$ 37,759
Capital Improvement Sales Tax	402,307
Capital Improvements Fund	392,292
Sanitary Sewer Fund	<u>672</u>
	<u>\$ 833,030</u>

L. *Prior Period Adjustment*

The City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended October 31, 2018. In addition, management determined that certain adjustments to beginning net position related to changes in the City's sick leave policies were necessary. The effects of these two items caused a restatement of net position as follows:

	Governmental <u>Activities</u>	Sewer Utility <u>Fund</u>
Net position - beginning	\$ 3,103,306	\$ 8,461,774
Prior period adjustment		
Implementation of GASB 75	[179,864]	[7,493]
Compensated absence adjustment	<u>[77,627]</u>	<u>-</u>
Net position - beginning, restated	<u>\$ 2,845,815</u>	<u>\$ 8,454,281</u>

CITY OF RAYTOWN, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 Year ending October 31, 2018

OTHER POST-EMPLOYMENT BENEFITS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years*

Total OPEB liability	<u>2018</u>
Service cost	\$ 29,277
Interest	19,533
Benefit paid	[26,000]
Changes in benefit terms	[158,872]
Changes in assumptions and inputs	<u>[20,077]</u>
Net change in total OPEB liability	[156,139]
Total OPEB liability - beginning	<u>554,849</u>
Total OPEB liability - ending	<u>\$ 398,710</u>
Covered-employee payroll	<u>\$ 6,804,388</u>
Total OPEB liability as a percentage of covered-employee payroll	5.86%
Actuarially determined contribution	<u>\$ 26,000</u>
Actual contribution	<u>\$ 26,000</u>
Contributions as a percentage of covered payroll	0.38%

* - Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2018

LAGERS PENSION PLAN

Schedule of Changes in Net Pension Liability and Related Ratios, Last Ten Fiscal Years* - LAGERS

	For the Year Ended			
	October 31,			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service cost	\$ 656,159	\$ 558,483	\$ 533,362	\$ 560,833
Interest on the total pension liability	1,289,245	1,057,979	922,257	877,580
Differences between expected and actual experience	[460,643]	3,722,090	152,189	[505,106]
Changes of assumptions	-	-	591,243	-
Changes of benefit terms	-	[1,773,928]	-	-
Benefit payments and refunds	[500,347]	[347,807]	[331,216]	[276,894]
Net change in total pension liability	<u>984,414</u>	<u>3,216,817</u>	<u>1,867,835</u>	<u>656,413</u>
Total pension liability, beginning	<u>17,706,141</u>	<u>14,489,324</u>	<u>12,621,489</u>	<u>11,965,076</u>
Total pension liability, ending	<u>\$ 18,690,555</u>	<u>\$ 17,706,141</u>	<u>\$ 14,489,324</u>	<u>\$ 12,621,489</u>
Plan fiduciary net position				
Contributions - employer	\$ 727,010	\$ 800,985	\$ 822,633	\$ 823,197
Contributions - employee	258,512	181,359	-	-
Pension plan net investment income	1,627,298	1,364,033	[27,096]	188,721
Benefit payments and refunds	[500,347]	[347,807]	[331,216]	[276,894]
Pension plan administrative expenses	[17,249]	[17,199]	[17,003]	[18,549]
Other changes	6,240	[1,977]	[1,534]	180,399
Net change in plan fiduciary net position	<u>2,101,464</u>	<u>1,979,394</u>	<u>445,784</u>	<u>896,874</u>
Plan fiduciary net position, beginning	<u>12,762,541</u>	<u>10,783,147</u>	<u>10,337,363</u>	<u>9,440,489</u>
Plan fiduciary net position, ending	<u>\$ 14,864,005</u>	<u>\$ 12,762,541</u>	<u>\$ 10,783,147</u>	<u>\$ 10,337,363</u>
Employer net pension liability/(asset)	<u>\$ 3,826,550</u>	<u>\$ 4,943,600</u>	<u>\$ 3,706,177</u>	<u>\$ 2,284,126</u>
Plan fiduciary net position as a percentage of the total pension liability/asset	79.53%	72.08%	74.42%	81.90%
Covered employee payroll	\$ 6,106,704	\$ 6,973,652	\$ 7,456,923	\$ 6,988,224
Employer's net pension liability/asset as a percentage of covered employee payroll	62.66%	70.89%	49.70%	32.69%

*Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2018

Schedule of Pension Contributions, Last Ten Fiscal Years - LAGERS

Year Ended June 30,	Actuarially Determined Pension Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2018	\$ 711,445	\$ 711,445	\$ -	\$ 6,080,862	11.70%
2017	758,396	758,396	-	7,306,482	10.38%
2016	806,116	806,116	-	7,437,737	10.84%
2015	1,108,659	1,108,659	-	9,964,066	11.13%
2014	485,224	485,224	-	4,219,336	11.50%
2013	508,424	508,424	-	4,236,865	12.00%
2012	501,652	501,652	-	4,215,565	11.90%
2011	523,449	523,449	-	4,326,023	12.10%
2010	489,302	489,302	-	4,292,123	11.40%
2009	473,388	473,388	-	4,152,526	11.40%

Notes to the Schedule - LAGERS

Actuarially determined contribution rates are calculated as of February 28, 2018.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal and Modified Terminal Funding
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	Multiple bases from 12 to 18 years
Asset valuation method	5 year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2018

Schedule of Changes in Net Pension Liability and Related Ratios, Last Ten Fiscal Years* - Police Pension

	For the Year Ended October 31,			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 15,509	\$ 15,526	\$ 12,633	\$ 12,663
Interest on the total pension liability	1,291,090	1,255,628	1,211,255	1,193,469
Differences between expected and actual experience	[100,898]	263,758	148,107	[167,956]
Changes of assumptions	[277,355]	-	207,116	-
Benefit payments, including refunds	[1,107,281]	[1,008,095]	[974,294]	[960,970]
Net change in total pension liability	[178,935]	526,817	604,817	77,206
Total pension liability, beginning	17,763,413	17,236,596	16,631,779	16,493,351
Total pension liability, ending	\$ 17,584,478	\$ 17,763,413	\$ 17,236,596	\$ 16,570,557
Plan fiduciary net position				
Contributions - employer	\$ 608,134	\$ 562,862	\$ 510,320	\$ 513,291
Pension plan net investment income	1,373,429	633,761	[157,302]	219,080
Benefit payments, including refunds	[1,107,281]	[1,008,095]	[974,294]	[960,970]
Pension plan administrative expenses	[21,491]	[12,748]	[14,400]	[99,319]
Net change in plan fiduciary net position	852,791	175,780	[635,676]	[327,918]
Plan fiduciary net position, beginning	10,110,193	9,934,413	10,570,089	10,546,501
Plan fiduciary net position, ending	\$ 10,962,984	\$ 10,110,193	\$ 9,934,413	\$ 10,218,583
Employer net pension liability/(asset)	\$ 6,621,494	\$ 7,653,220	\$ 7,302,183	\$ 6,351,974
Plan fiduciary net position as a percentage of the total pension liability/asset	62.34%	56.92%	57.64%	61.67%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Employer's net pension liability/asset as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

*Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2018

Schedule of Pension Contributions, Last Ten Fiscal Years - Police Pension

Year Ended October 31,	Actuarially Determined Pension Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2018	\$ 608,134	\$ 608,134	\$ -	\$ -	0.00%
2017	562,862	562,862	-	-	0.00%
2016	513,291	510,320	2,971	-	0.00%
2015	508,285	509,880	[1,595]	-	0.00%
2014	660,842	660,842	-	3,122,522	21.16%
2013	678,787	686,270	[7,483]	3,065,002	22.39%
2012	616,618	645,818	[29,200]	2,978,208	21.68%
2011	865,591	721,033	144,558	2,987,634	24.13%
2010	685,030	278,854	406,176	2,780,497	10.03%
2009	501,472	1,115,415	[613,943]	2,686,169	41.52%

Notes to the Schedule - Police Pension

Actuarially determined contribution rates are calculated as of January 1, 2018.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Unit Credit
Amortization method	Closed
Remaining amortization period	26 years
Asset valuation method	5 year smoothing
Inflation	4.0%
Salary increases	4.0% prior to plan freeze
Investment rate of return	7.5%
Retirement age	Age 55
Mortality	RP-2014 Blue Collar generational tables

CITY OF RAYTOWN, MISSOURI
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 October 31, 2018

	Park	Risk Management	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	Storm Water	Total Other Governmental Funds
ASSETS							
Cash and investments	\$ 928,098	\$ 49,113	\$ 1,472,077	\$ 1,021,533	\$ 728,511	\$ 189,738	\$ 4,389,070
Receivables:							
Taxes	50,562	-	164,687	246,192	-	13,724	475,165
Loan	-	-	-	-	633,609	-	633,609
Interest	3,553	178	5,339	3,546	2,583	674	15,873
Prepaid expenses	21,615	167,070	-	-	-	-	188,685
Total assets	\$ 1,003,828	\$ 216,361	\$ 1,642,103	\$ 1,271,271	\$ 1,364,703	\$ 204,136	\$ 5,702,402
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 39,455	\$ 4,531	\$ 298,915	\$ 1,896	\$ 31,404	\$ 52,509	\$ 428,710
Accrued liabilities	21,586	-	-	53,601	-	-	75,187
Total liabilities	61,041	4,531	298,915	55,497	31,404	52,509	503,897
Fund balance:							
Nonspendable	21,615	167,070	-	-	633,609	-	822,294
Restricted:							
General government	-	44,760	-	-	-	-	44,760
Public safety	-	-	-	1,215,774	-	-	1,215,774
Public works	-	-	1,343,188	-	-	151,627	1,494,815
Assigned:							
Parks and recreation	921,172	-	-	-	-	-	921,172
Public works	-	-	-	-	699,690	-	699,690
Total fund balance [deficit]	942,787	211,830	1,343,188	1,215,774	1,333,299	151,627	5,198,505
Total liabilities and fund balances	\$ 1,003,828	\$ 216,361	\$ 1,642,103	\$ 1,271,271	\$ 1,364,703	\$ 204,136	\$ 5,702,402

CITY OF RAYTOWN, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended October 31, 2018

	Park	Risk Management	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	Storm Water	Total Other Governmental Funds
REVENUES:							
Taxes	\$ 865,500	\$ -	\$ 996,106	\$ 1,517,076	\$ -	\$ 83,108	\$ 3,461,790
Charges for services	99,164	-	-	-	-	-	99,164
Miscellaneous	46,052	77,970	21,300	-	-	-	145,322
Use of money and property	18,285	472	22,875	16,357	83,170	3,449	144,608
Total revenues	1,029,001	78,442	1,040,281	1,533,433	83,170	86,557	3,850,884
EXPENDITURES:							
Current:							
General government	-	39,824	-	-	-	-	39,824
Parks and recreation	887,187	-	-	-	-	-	887,187
Public safety	-	-	-	1,327,180	-	-	1,327,180
Public works	-	-	-	-	-	191,785	191,785
Capital outlay	-	-	645,955	-	34,761	19,580	700,296
Total expenditures	887,187	39,824	645,955	1,327,180	34,761	211,365	3,146,272
Excess [deficiency] of revenues over [under] expenditures	141,814	38,618	394,326	206,253	48,409	[124,808]	704,612
OTHER FINANCING SOURCES [USES]							
Transfers in	-	-	-	-	-	150,000	150,000
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	141,814	38,618	394,326	206,253	48,409	25,192	854,612
Fund balance - Beginning of year	800,973	173,212	948,862	1,009,521	1,284,890	126,435	4,343,893
Fund balance - End of year	\$ 942,787	\$ 211,830	\$ 1,343,188	\$ 1,215,774	\$ 1,333,299	\$ 151,627	\$ 5,198,505

CITY OF RAYTOWN, MISSOURI

PARK FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive [Negative]
Revenues:				
Taxes	\$ 824,000	\$ 824,000	\$ 865,500	\$ 41,500
Charges for services	115,250	105,250	99,164	[6,086]
Miscellaneous	7,600	45,600	46,052	452
Use of money and property	<u>7,000</u>	<u>7,000</u>	<u>18,285</u>	<u>11,285</u>
Total Revenues	<u>953,850</u>	<u>981,850</u>	<u>1,029,001</u>	<u>47,151</u>
Expenditures:				
Parks and recreation	<u>1,049,159</u>	<u>1,109,503</u>	<u>854,843</u>	<u>254,660</u>
Total Expenditures	<u>1,049,159</u>	<u>1,109,503</u>	<u>854,843</u>	<u>254,660</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [95,309]</u>	<u>\$ [127,653]</u>	174,158	<u>\$ 301,811</u>
Fund Balance, November 1			<u>768,629</u>	
Fund Balance, October 31			<u>\$ 942,787</u>	

CITY OF RAYTOWN, MISSOURI

RISK MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>[Negative]</u>
Revenues:				
Miscellaneous	\$ 65,000	\$ 65,000	\$ 77,970	\$ 12,970
Use of money and property	<u>800</u>	<u>800</u>	<u>472</u>	<u>[328]</u>
Total Revenues	<u>65,800</u>	<u>65,800</u>	<u>78,442</u>	<u>12,642</u>
Expenditures:				
General government	<u>113,300</u>	<u>113,300</u>	<u>39,824</u>	<u>73,476</u>
Total Expenditures	<u>113,300</u>	<u>113,300</u>	<u>39,824</u>	<u>73,476</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [47,500]</u>	<u>\$ [47,500]</u>	38,618	<u>\$ 86,118</u>
Fund Balance, November 1			<u>173,212</u>	
Fund Balance, October 31			<u>\$ 211,830</u>	

CITY OF RAYTOWN, MISSOURI

CAPITAL SALES TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET

For the Year Ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 997,000	\$ 997,000	\$ 996,106	\$ [894]
Miscellaneous	15,000	15,000	21,300	6,300
Use of money and property	<u>7,500</u>	<u>7,500</u>	<u>22,875</u>	<u>15,375</u>
Total Revenues	<u>1,019,500</u>	<u>1,019,500</u>	<u>1,040,281</u>	<u>20,781</u>
Expenditures:				
Contractual services	2,700	2,700	2,220	480
Capital outlay	<u>1,100,424</u>	<u>1,922,821</u>	<u>983,322</u>	<u>939,499</u>
Total Expenditures	<u>1,103,124</u>	<u>1,925,521</u>	<u>985,542</u>	<u>939,979</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [83,624]</u>	<u>\$ [906,021]</u>	54,739	<u>\$ 960,760</u>
Fund Balance, November 1			<u>886,142</u>	
Fund Balance, October 31			940,881	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>402,307</u>	
GAAP Basis, October 31			<u>\$ 1,343,188</u>	

CITY OF RAYTOWN, MISSOURI

PUBLIC SAFETY SALES TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET

For the Year Ended October 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 1,354,380	\$ 1,354,380	\$ 1,517,076	\$ 162,696
Use of money and property	6,800	6,800	16,357	9,557
Total Revenues	<u>1,361,180</u>	<u>1,361,180</u>	<u>1,533,433</u>	<u>172,253</u>
Expenditures:				
Public safety	1,344,886	1,344,886	1,327,180	17,706
Total Expenditures	<u>1,344,886</u>	<u>1,344,886</u>	<u>1,327,180</u>	<u>17,706</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ 16,294</u>	<u>\$ 16,294</u>	206,253	<u>\$ 189,959</u>
Fund Balance, November 1			<u>1,009,521</u>	
Fund Balance, October 31			<u>\$ 1,215,774</u>	

CITY OF RAYTOWN, MISSOURI

CAPITAL IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET

For the Year Ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive [Negative]
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 74,800	\$ 88,415	\$ 83,170	\$ [5,245]
Total Revenues	<u>74,800</u>	<u>88,415</u>	<u>83,170</u>	<u>[5,245]</u>
Expenditures:				
Capital outlay	<u>24,000</u>	<u>429,907</u>	<u>427,053</u>	<u>2,854</u>
Total Expenditures	<u>24,000</u>	<u>429,907</u>	<u>427,053</u>	<u>2,854</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ 50,800</u>	<u>\$ [341,492]</u>	<u>[343,883]</u>	<u>\$ [2,391]</u>
Fund Balance, November 1			<u>1,284,890</u>	
Fund Balance, October 31			941,007	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>392,292</u>	
GAAP Basis, October 31			<u>\$ 1,333,299</u>	

CITY OF RAYTOWN, MISSOURI

STORM WATER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive [Negative]
	Original	Final		
Revenues:				
Taxes	\$ 88,375	\$ 88,375	\$ 83,108	\$ [5,267]
Use of money and property	-	-	3,449	3,449
Total Revenues	<u>88,375</u>	<u>88,375</u>	<u>86,557</u>	<u>[1,818]</u>
Expenditures:				
Public works	232,100	232,100	161,679	70,421
Capital outlay	-	30,106	19,580	10,526
Total Expenditures	<u>232,100</u>	<u>262,206</u>	<u>181,259</u>	<u>80,947</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[143,725]</u>	<u>[173,831]</u>	<u>[94,702]</u>	<u>79,129</u>
Other Financing Sources [Uses]:				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total Other Financing Sources [Uses]	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>\$ 6,275</u>	<u>\$ [23,831]</u>	<u>55,298</u>	<u>\$ 79,129</u>
Fund Balance, November 1			<u>96,329</u>	
Fund Balance, October 31			<u>\$ 151,627</u>	

CITY OF RAYTOWN, MISSOURI

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 October 31, 2018

<u>JACKSON COUNTY TAX FUND</u>		Balance			Balance
ASSETS		October 31,	<u>Additions</u>	<u>Deductions</u>	October 31,
		2017			2018
Cash and investments		\$ 10	\$ -	\$ 10	\$ -
Total assets		<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>
LIABILITIES					
Due to others		\$ 10	\$ -	\$ 10	\$ -
Total liabilities		<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>
<u>RAYTOWN HIGHWAY 350 TDD</u>		Balance			Balance
ASSETS		October 31,	<u>Additions</u>	<u>Deductions</u>	October 31,
		2017			2018
Cash and investments		\$ 74,280	\$ 80,639	\$ 80,349	\$ 74,570
Taxes receivable		14,683	79,142	80,639	13,186
Total assets		<u>\$ 88,963</u>	<u>\$ 159,781</u>	<u>\$ 160,988</u>	<u>\$ 87,756</u>
LIABILITIES					
Due to others		\$ 88,963	\$ 159,781	\$ 160,988	\$ 87,756
Total liabilities		<u>\$ 88,963</u>	<u>\$ 159,781</u>	<u>\$ 160,988</u>	<u>\$ 87,756</u>
<u>DITZLER CID</u>		Balance			Balance
ASSETS		October 31,	<u>Additions</u>	<u>Deductions</u>	October 31,
		2017			2018
Cash and investments		\$ -	\$ 124,330	\$ 124,330	\$ -
Taxes receivable		16,683	128,345	124,330	20,698
Total assets		<u>\$ 16,683</u>	<u>\$ 252,675</u>	<u>\$ 248,660</u>	<u>\$ 20,698</u>
LIABILITIES					
Due to others		\$ 16,683	\$ 252,675	\$ 248,660	\$ 20,698
Total liabilities		<u>\$ 16,683</u>	<u>\$ 252,675</u>	<u>\$ 248,660</u>	<u>\$ 20,698</u>
<u>TOTAL</u>		Balance			Balance
ASSETS		October 31,	<u>Additions</u>	<u>Deductions</u>	October 31,
		2017			2018
Cash and investments		\$ 74,290	\$ 204,969	\$ 204,689	\$ 74,570
Taxes receivable		31,366	207,487	204,969	33,884
Total assets		<u>\$ 105,656</u>	<u>\$ 412,456</u>	<u>\$ 409,658</u>	<u>\$ 108,454</u>
LIABILITIES					
Due to others		\$ 105,656	\$ 412,456	\$ 409,658	\$ 108,454
Total liabilities		<u>\$ 105,656</u>	<u>\$ 412,456</u>	<u>\$ 409,658</u>	<u>\$ 108,454</u>

See independent auditor's report on the financial statements

CITY OF RAYTOWN, MISSOURI

Schedule of Expenditures of Federal Awards
For the Year Ended October 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Transportation</u>		
Passed Through State Department of Transportation:		
Highway Planning and Construction Cluster:		
Highway Planning and Construction	20.205	\$ 760,000
Total Highway Planning and Construction Cluster:		<u>760,000</u>
Highway Safety Cluster:		
State and Community Highway Safety	20.600	2,225
National Priority Safety Programs	20.616	<u>1,591</u>
Total Highway Safety Cluster:		<u>3,816</u>
Alcohol Open Container Requirements	20.607	<u>778</u>
Total U.S. Department of Transportation		<u>764,594</u>
<u>U.S. Department of Homeland Security</u>		
Emergency Management Performance Grants	97.042	<u>11,523</u>
Total U.S. Department of Homeland Security		<u>11,523</u>
Total Expenditures of Federal Awards		<u>\$ 776,117</u>

See independent auditor's report on the financial statements and notes to the schedule of expenditures of federal awards.

CITY OF RAYTOWN, MISSOURI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended October 31, 2018

1. Organization

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of the City and is presented using the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from those amounts presented in, or used in the presentation of, the financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in disallowed costs that would be material to the City's financial position at October 31, 2018.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants at October 31, 2018.

6. Pass Through Entity Numbers

Pass Through Grantors have not assigned passthrough numbers to the passthrough grants noted in the schedule of expenditures of federal awards.

CITY OF RAYTOWN, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year Ended October 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major programs:

CFDA Number(s)

20.205

Name of Federal Program or Cluster

Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF RAYTOWN, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
October 31, 2018

Section II – Financial Statement Findings

None Noted

Section III – Federal Award Findings and Questioned Costs

None Noted



MIZE & HOUSER
COMPANY P.A.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Mayor and Board of Aldermen
City of Raytown, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri, (the City) as of and for the year ended October 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mike Houser: Company PA

Certified Public Accountants
Lawrence, Kansas

March 27, 2019



MIZE & HOUSER
COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and Board of Aldermen
City of Raytown, Missouri

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Raytown, Missouri, (the City) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended October 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Mike Houser: Company PA

Certified Public Accountants
Lawrence, Kansas

March 27, 2019