

CITY OF RAYTOWN, MISSOURI

FINANCIAL STATEMENTS

Year Ended October 31, 2017

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CITY OF RAYTOWN, MISSOURI

Financial Statements
Year ending October 31, 2017

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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, 2017, 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. 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri, as of October 31, 2017, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the TIF fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of funding progress on page 51, the schedule of the changes in net pension liability and related ratios on pages 52 and 54, the schedule of pension contributions on pages 53 and 55 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 combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Mike Houser : Company PA

Certified Public Accountants
Lawrence, Kansas

April 5, 2018

CITY OF RAYTOWN, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ending October 31, 2017 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, 2017.

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 the 2016-2017 fiscal year by \$11,565,080 (net position).

The City's total net position increased \$118,014 when compared to 2015-2016.

Governmental activities net position decreased \$349,272 due to decreased value in aging assets and the use of current assets to cover insufficient revenue sources for operating costs.

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

Business-type activities realized an increase in net position of \$467,286 over year-end 2016. Similar to the Governmental activities, the City continues to decrease its Business-type long term obligations.

Overview of the Financial Statements

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

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

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

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

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

CITY OF RAYTOWN, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2017
Unaudited

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.

The 2017 fiscal year budget saw the addition of the Storm Water fund. The Board of Alderman approved the addition of this fund to the 2017 fiscal year budget on March 1st, 2016. The dedicated source of funding for this is provided by a 25% split of the one-eighth of one percent local parks/storm water control sales tax. All storm water related revenue and expenses will now be tracked in this fund. Until additional revenue sources can be identified for funding the necessary storm water improvements, the General fund will have budgeted transfers to provide additional funds.

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

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

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

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

Government-wide Financial Analysis

As indicated earlier, net position may serve as a useful indicator of the City's financial position. The largest portion of the City's net position, \$35,303,117, 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.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2017
Unaudited

The following table reflects the condensed Statement of Net Position as of October 31, 2017 and 2016:

City of Raytown
Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 18,790,452	\$ 19,777,084	\$ 4,466,163	\$ 4,684,090	\$ 23,256,615	\$ 24,461,174
Noncurrent assets	30,562,586	32,017,438	14,637,251	15,196,576	45,199,837	47,214,014
Deferred outflows of resources	<u>5,221,474</u>	<u>2,971,908</u>	<u>60,757</u>	<u>46,058</u>	<u>5,282,231</u>	<u>3,017,966</u>
 Total assets and deferred outflows of resources	 <u>\$ 54,574,512</u>	 <u>\$ 54,766,430</u>	 <u>\$ 19,164,171</u>	 <u>\$ 19,926,724</u>	 <u>\$ 73,738,683</u>	 <u>\$ 74,693,154</u>
 Current liabilities	 \$ 16,153,131	 \$ 14,499,147	 \$ 1,601,901	 \$ 1,959,433	 \$ 17,755,032	 \$ 16,458,580
Noncurrent liabilities	34,931,316	36,339,342	9,099,494	9,969,708	44,030,810	46,309,050
Deferred inflows of resources	<u>386,759</u>	<u>475,363</u>	<u>1,002</u>	<u>3,095</u>	<u>387,761</u>	<u>478,458</u>
 Total liabilities and deferred inflows of resources	 <u>\$ 51,471,206</u>	 <u>\$ 51,313,852</u>	 <u>\$ 10,702,397</u>	 <u>\$ 11,932,236</u>	 <u>\$ 62,173,603</u>	 <u>\$ 63,246,088</u>
 Net Position:						
Net investment in capital assets	\$ 30,562,586	\$ 31,971,602	\$ 4,740,531	\$ 4,497,009	\$ 35,303,117	\$ 36,468,611
Restricted	10,325,307	10,493,089	559,232	547,422	10,884,539	11,040,511
Unrestricted	<u>[37,784,587]</u>	<u>[39,012,113]</u>	<u>3,162,011</u>	<u>2,950,057</u>	<u>[34,622,576]</u>	<u>[36,062,056]</u>
 Total net position	 <u>\$ 3,103,306</u>	 <u>\$ 3,452,578</u>	 <u>\$ 8,461,774</u>	 <u>\$ 7,994,488</u>	 <u>\$ 11,565,080</u>	 <u>\$ 11,447,066</u>

Net position may serve as a useful indicator of the City's financial position. As of October 31, 2017, assets exceed liabilities by \$11,565,080

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 liability with no reportable capital asset. The City began paying principal payments on the bonds in 2012 and currently holds \$3,880,618 in a Debt Reserve Fund should pledged revenues fall short of debt service requirements.

The City's combined net position increased to \$11,565,080 from \$11,447,066 as a result of the year's revenues exceeding expenses.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2017
Unaudited

The following table reflects the revenues and expenses from the City's activities for the years ended October 31, 2017 and 2016:

City of Raytown Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,157,853	\$ 2,701,033	\$ 6,483,337	\$ 5,810,166	\$ 8,641,190	\$ 8,511,199
Operating grants and contributions	56,404	52,718	-	-	56,404	52,718
Capital grants and contributions	-	457,795	-	-	-	457,795
General revenues:						
Property tax	1,732,356	1,763,434	-	-	1,732,356	1,763,434
Sales tax	8,121,535	8,060,190	-	-	8,121,535	8,060,190
Motor vehicle tax	1,197,862	1,165,513	-	-	1,197,862	1,165,513
Franchise tax	3,728,574	3,700,552	-	-	3,728,574	3,700,552
Intergovernmental activity tax	1,229,216	1,354,258	-	-	1,229,216	1,354,258
Other taxes	68,286	67,188	-	-	68,286	67,188
Miscellaneous	89,091	171,804	-	-	89,091	171,804
Investment earnings	338,950	440,634	289,361	310,940	628,311	751,574
Transfers [net]	<u>1,186,107</u>	<u>1,177,862</u>	<u>[1,186,107]</u>	<u>[1,177,862]</u>	<u>-</u>	<u>-</u>
Total revenues	<u>19,906,234</u>	<u>21,112,981</u>	<u>5,586,591</u>	<u>4,943,244</u>	<u>25,492,825</u>	<u>26,056,225</u>
Program expenses:						
General government	2,150,696	2,304,821	-	-	2,150,696	2,304,821
Parks and recreation	993,331	1,413,745	-	-	993,331	1,413,745
Community development	786,266	803,314	-	-	786,266	803,314
Public safety	8,598,824	9,088,652	-	-	8,598,824	9,088,652
Public works	6,010,428	5,937,113	-	-	6,010,428	5,937,113
Interest on long term debt	1,715,961	1,780,865	-	-	1,715,961	1,780,865
Sewer	<u>-</u>	<u>-</u>	<u>5,119,305</u>	<u>5,159,966</u>	<u>5,119,305</u>	<u>5,159,966</u>
Total expenses	<u>20,255,506</u>	<u>21,328,510</u>	<u>5,119,305</u>	<u>5,159,966</u>	<u>25,374,811</u>	<u>26,488,476</u>
Increase [decrease] in net position	[349,272]	[215,529]	467,286	[216,722]	118,014	[432,251]
Net position, beginning	<u>3,452,578</u>	<u>3,668,107</u>	<u>7,994,488</u>	<u>8,211,210</u>	<u>11,447,066</u>	<u>11,879,317</u>
Net position, ending	<u>\$ 3,103,306</u>	<u>\$ 3,452,578</u>	<u>\$ 8,461,774</u>	<u>\$ 7,994,488</u>	<u>\$ 11,565,080</u>	<u>\$ 11,447,066</u>

Governmental Activities

Governmental activities decreased the City's net position by \$349,272. Revenues continue to decline even with a slight uptick of 1% in taxes collected. The largest single revenue category for the City of Raytown remains sales taxes, which totaled \$8,121,535 or 37% of total governmental revenue. Sales tax revenues increased \$61,344 or .8% compared to 2016. The City saw a 20% reduction in charges for services revenues, this decrease was due to the closure of the Super Splash (City Pool), elimination of Jackson County Tax collection services, and write-offs from uncollectible ambulance receivables. Overall governmental activities revenue finished the year \$1,206,747 below prior year.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2017
Unaudited

Governmental activities expenses decreased \$1,073,004 or about 5.1% for the fiscal year ended October 31, 2017, compared to the fiscal year ended October 31, 2016. This decrease was achieved through conscious efforts to streamline City expenditures. All programs, excluding Public Works, which saw a 1% increase, were able to reduce expenses while providing a 2% cost of living wage increase.

Revenues from governmental activities totaled \$18,720,127 or 73% of the total City revenues. This represents a decrease of \$1,214,992 compared to 2016. The main source of the decrease was due to sales tax revenues.

Business-type Activities

Total business-type activities are attributable to the sanitary sewer fund. In 2017, business-type revenues were up \$643,347 or 13%, while expenses decreased \$40,661 or .1% when compared to 2016. The increase in revenue is attributable to the 15% rate increase that took effect December 6, 2016. In total, the Business-type activities experienced an increase in net position of \$467,286. The City is continuing the Sanitary Sewer Evaluation Survey to determine the most efficient use of the sewer fund resources and will complete a sanitary sewer rate study in Spring of 2018 to provide to provide stability in funding the sewer treatment, infrastructure, and maintenance in current and future years.

Financial Analysis of the City's Funds

Governmental Funds

As of the end of the 2016-2017 fiscal year, the City's governmental funds have a combined fund balance of \$17,681,261, which represents a decrease of \$816,848 over 2015-2016.

General Fund

The City met its City Resolution 2039-08 requiring a contingency reserve equal to 17% of total operating revenues. However, the City's new leadership took notice of the deficit in the current and prior audit and diligently worked to align services with resources for the 2017-2018 budget. Three revenue initiatives are being brought forward to the Board of Alderman and Citizens in 2018 to secure the City's financial resolve and bolster Citizen services.

The General Fund revenues and transfers in were \$12,243,499 compared to \$12,357,019 in 2016 which represents a decrease of \$113,520 or .9%. The decrease in revenues was due to elimination of Jackson County Tax collection services, and write-off of uncollectible ambulance receivables bringing ambulance fees down 21%. The City switched ambulance billing companies in September 2017 and is currently evaluating new collection agencies to improve recovery of outstanding ambulance fees going forward.

General Fund expenditures, including transfers out, were \$13,038,501 compared to \$13,152,788 in 2016 which represents a decrease of \$114,287 or .9%. A conscience effort of a reduction in expenditures were made as General Government reductions were \$234,918 or 10.6%, and Public Works reductions were \$271,253 or 9.3%. However, cost in Public Safety and Community Development rose a modest, 2.6% and 1.5% respectively. These overall reductions were achieved even with an authorized 2% cost of living increase.

The fund balance of the General Fund decreased \$795,002 during the fiscal year compared to an \$795,769 decrease in 2016. The ending fund balance of \$5,096,224 well exceeds the City required reserve of 17%. However, utilizing the fund balance to support general operating costs is not feasible for the future of the City. Community service level decisions or additional revenue decisions are on the horizon.

CITY OF RAYTOWN, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Tax Increment Finance Fund

The TIF Fund revenues were \$3,149,408 compared to \$3,097,109 in 2016, which represents an increase of \$52,299. The increase of approximately 2% percent is attributable to increased sales tax revenue in the TIF districts.

The expenditures were \$3,180,763 compared to \$3,059,535 in 2016 which represents an increase of \$121,228 or 4%. This increase was due to the scheduled increases in debt service payments associated with the 350 Highway Development and increased legal fees because of a dispute with the Raytown Fire District that was resolved in December 2017.

The fund balance of the Tax Increment Finance (TIF) Fund decreased \$31,355 during the fiscal year. As the debt payment schedule increases, the fund balance will be spent down unless additional development occurs to offset the escalating debt payment.

Other Governmental Funds (Combined)

Other Governmental funds represent multiple combined funds which include Park, Risk Management, Capital Improvements, Transportation Sales Tax, 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 were \$5,022,593 compared to \$5,510,574 in 2016 which represents a decrease of \$487,981 or 9%. This decrease was due primarily the closing of the Super Splash water park.

Combined expenditures and transfers out for other Governmental Funds were \$5,013,084 compared to \$5,024,912 in 2016. This decrease of \$11,829 or .2%. It is important to note that Parks and recreation expenditures decreased \$379,618 or 30.2% due to the closing of Super Splash water park. The addition of the Storm Water fund increased Capital Outlay expenditures by \$192,505 that previously were accounted in the general fund. Public Safety also saw a \$155,393 increase or 13.7%. These increase off set the dramatic decrease in Parks and recreation expenditures.

The combined fund balance of the other governmental funds increased \$9,509 during the fiscal year. The primary reason for the increase is the delay of transportation projects and the 83rd Street Bridge replacement that will begin construction in Spring 2018.

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 \$6,483,337 in 2017 compared to operating revenues of \$5,810,166 in 2016. The increase of \$673,171 is directly related to a 15% rate increase. The City sewer system is, for the most part, completely built out with very little opportunity for additional connections. Any variances in consumption and billing from one year to the next is related to how wet or dry the year is given that sewer billing is calculated off water usage. It can be expected that without growth or new industry that the overall trend in consumption will be down as household appliances become more efficient.

The operating expenses were \$4,643,122 in 2017 compared to \$4,650,056 in 2016. The decrease of \$6,934 in expenses is part cost saving measure through bringing all payment processing in house, the delay of the second phase of the sanitary sewer evaluation survey.

CITY OF RAYTOWN, MISSOURI
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ending October 31, 2017
 Unaudited

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

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

The net position of the Sanitary Sewer fund at the end of the year increased \$467,286. Due to the delay of the second phase of the sanitary sewer evaluation survey and a cost savings saving measure of processing all sewer payments in house. A rate study is occurring in the Spring of 2018 to provide stability in funding the sewer treatment, infrastructure, and maintenance in current and future years.

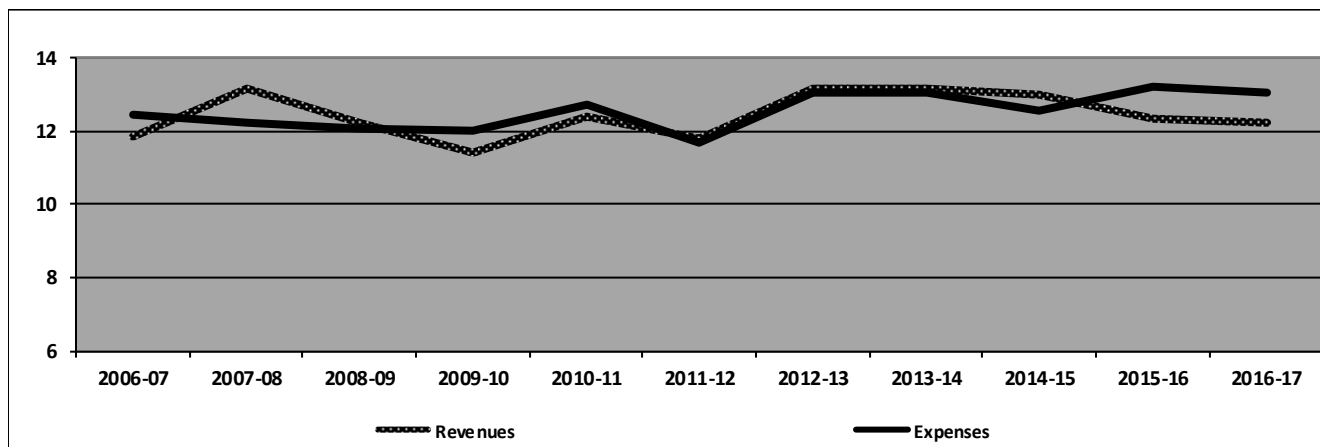
General Fund Actual to Budget Analysis

Actual revenues and transfers in were \$720,388 less than the final budget. Actual expenditures and transfers out were \$1,349,853 less than the final budget. The reduction in expenditures was distributed among several line items that came in significantly below budget. The following areas exceeded budgeted amounts for the year:

- Governing Body exceeded budget by \$36,420 or 32%

These increases were attributable to reclassification of the general liability insurance for elected officials in the Governing Body versus City Wide.

The following graph illustrates the City's General Fund Revenues against Expenditures for fiscal years ended 2007 through 2017:



As this graph illustrates, the City has had expenditures in excess of revenues in FY 2006-07 that had to be made up from the fund balance. In FY 2009-10, the City again had expenditures in excess of revenues primarily due to a planned spend down of fund balance for one-time projects and a minor operating subsidy. In 2010-11 the City once again had expenditures in excess of revenues that were primarily due to a transfer for a loan to an Improvement District. In FY 2011-12, through the fiscal year 2014-15, the City's revenue exceeded expenditures. In FY 2015-16 and FY2016-17, expenditures exceeded revenues.

CITY OF RAYTOWN, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2017
Unaudited

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of October 31, 2017, amounts to \$45,199,837 compared to \$47,214,014 in 2016 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, collections systems, machinery and equipment, and infrastructure. In 2017, the City purchased new equipment and completed various Storm Drain Improvements.

The following table reflects the capital asset activity for the years ended October 31, 2017 and 2016:

City of Raytown Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1,573,340	\$ 1,573,392	\$ 433,393	\$ 433,393	\$ 2,006,733	\$ 2,006,785
Construction in progress	2,076,515	1,843,726	-	-	2,076,515	1,843,726
Buildings and improvements	3,332,560	2,870,815	-	-	3,332,560	2,870,815
Equipment and vehicles	2,870,894	3,110,873	92,860	147,967	2,963,754	3,258,840
Infrastructure	<u>20,709,277</u>	<u>22,618,632</u>	<u>14,110,998</u>	<u>14,615,216</u>	<u>34,820,275</u>	<u>37,233,848</u>
Total	<u>\$ 30,562,586</u>	<u>\$ 32,017,438</u>	<u>\$ 14,637,251</u>	<u>\$ 15,196,576</u>	<u>\$ 45,199,837</u>	<u>\$ 47,214,014</u>

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

Debt Administration

At the end of fiscal year 2017, the City had a total of \$46,707,720 of outstanding debt compared to \$48,857,460 in 2016. This was a decrease of \$2,149,740 from the previous year.

The following table reflects changes in the City's long-term debt for the years ended October 31, 2017 and 2016:

City of Raytown Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Tax increment and sales tax						
revenue bonds (including premium)	\$ 34,173,901	\$ 35,454,706	\$ -	\$ -	\$ 34,173,901	\$ 35,454,706
Revenue bonds (including premium)	-	-	9,914,410	10,719,026	9,914,410	10,719,026
Developer obligations	1,771,022	1,834,657	-	-	1,771,022	1,834,657
Capital leases	-	45,836	-	-	-	45,836
Compensated absences	475,513	460,266	5,383	4,751	480,896	465,017
Net OPEB obligation	<u>352,791</u>	<u>324,689</u>	<u>14,700</u>	<u>13,529</u>	<u>367,491</u>	<u>338,218</u>
Total	<u>\$ 36,773,227</u>	<u>\$ 38,120,154</u>	<u>\$ 9,934,493</u>	<u>\$ 10,737,306</u>	<u>\$ 46,707,720</u>	<u>\$ 48,857,460</u>

The City received an S&P rating of A+ during its bond refinancing in 2014.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2017
Unaudited

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

CITY OF RAYTOWN, MISSOURI

STATEMENT OF NET POSITION

October 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	\$ 7,864,763	\$ 2,607,202	\$ 10,471,965
Receivables (net of allowance for uncollectibles):			
Taxes	1,768,549	-	1,768,549
Accounts	196,068	1,247,599	1,443,667
Fines	50,145	-	50,145
Intergovernmental	305,095	-	305,095
Loan	686,837	-	686,837
Interest	29,934	7,856	37,790
Inventory	32,467	-	32,467
Prepaid expenses	634,315	44,274	678,589
Restricted cash and cash equivalents	6,187,847	559,232	6,747,079
Land held for future use	1,034,432	-	1,034,432
Total current assets	<u>18,790,452</u>	<u>4,466,163</u>	<u>23,256,615</u>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	1,573,340	433,393	2,006,733
Construction in progress	2,076,515	-	2,076,515
Capital assets being depreciated	78,752,033	26,158,145	104,910,178
Less: accumulated depreciation	<u>[51,839,302]</u>	<u>[11,954,287]</u>	<u>[63,793,589]</u>
Total noncurrent assets	<u>30,562,586</u>	<u>14,637,251</u>	<u>45,199,837</u>
Total assets	<u>49,353,038</u>	<u>19,103,414</u>	<u>68,456,452</u>
Deferred outflow of resources			
Deferred charge on refunding	-	17,690	17,690
Pension liability	5,221,474	43,067	5,264,541
Total deferred outflow of resources	<u>5,221,474</u>	<u>60,757</u>	<u>5,282,231</u>
Total assets and deferred outflow of resources	<u>\$ 54,574,512</u>	<u>\$ 19,164,171</u>	<u>\$ 73,738,683</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Accounts payable	\$ 494,538	\$ 139,625	\$ 634,163
Court bonds payable	92,266	-	92,266
Accrued liabilities	472,243	6,527	478,770
Interest payable	709,967	141,063	851,030
Customer deposits payable	-	425,073	425,073
Net pension liability	12,542,206	54,614	12,596,820
Other-long term liabilities:			
Due within one year	1,841,911	834,999	2,676,910
Due in more than one year	34,931,316	9,099,494	44,030,810
Total liabilities	<u>51,084,447</u>	<u>10,701,395</u>	<u>61,785,842</u>
Deferred inflows of resources			
Pension liability	386,759	1,002	387,761
Total deferred inflows of resources	<u>386,759</u>	<u>1,002</u>	<u>387,761</u>
Total liabilities and deferred inflows of resources	<u>\$ 51,471,206</u>	<u>\$ 10,702,397</u>	<u>\$ 62,173,603</u>
NET POSITION:			
Net investment in capital assets	\$ 30,562,586	\$ 4,740,531	\$ 35,303,117
Restricted:			
Debt service	6,744,255	559,232	7,303,487
General government	26,941	-	26,941
Community development	340,753	-	340,753
Public safety	981,925	-	981,925
Public works	2,231,433	-	2,231,433
Unrestricted	<u>[37,784,587]</u>	<u>3,162,011</u>	<u>[34,622,576]</u>
Total net position	<u>\$ 3,103,306</u>	<u>\$ 8,461,774</u>	<u>\$ 11,565,080</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, 2017

	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	\$ 2,150,696	\$ 395,778	\$ -	\$ -	\$ [1,754,918]	\$ -	\$ [1,754,918]
Parks and recreation	993,331	109,146	-	-	[884,185]	-	[884,185]
Community development	786,266	101,569	-	-	[684,697]	-	[684,697]
Public safety	8,598,824	1,520,630	56,404	-	[7,021,790]	-	[7,021,790]
Public works	6,010,428	30,730	-	-	[5,979,698]	-	[5,979,698]
Interest on long-term debt	1,715,961	-	-	-	[1,715,961]	-	[1,715,961]
Total governmental activities	<u>20,255,506</u>	<u>2,157,853</u>	<u>56,404</u>	<u>-</u>	<u>[18,041,249]</u>	<u>-</u>	<u>[18,041,249]</u>
Business-type activities:							
Sewer	<u>5,119,305</u>	<u>6,483,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,364,032</u>	<u>1,364,032</u>
Total business-type activities	<u>5,119,305</u>	<u>6,483,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,364,032</u>	<u>1,364,032</u>
Total primary government	<u>\$ 25,374,811</u>	<u>\$ 8,641,190</u>	<u>\$ 56,404</u>	<u>\$ -</u>	<u>[18,041,249]</u>	<u>1,364,032</u>	<u>[16,677,217]</u>
General Revenues:							
Property taxes levied for:							
General purposes					1,156,354	-	1,156,354
Parks and recreation					576,002	-	576,002
Franchise tax					3,728,574	-	3,728,574
Sales tax					8,121,535	-	8,121,535
Motor vehicle tax					1,197,862	-	1,197,862
Intergovernmental activity tax					1,229,216	-	1,229,216
Other taxes					68,286	-	68,286
Investments earnings					338,950	289,361	628,311
Miscellaneous					89,091	-	89,091
Transfers, net					<u>1,186,107</u>	<u>[1,186,107]</u>	<u>-</u>
Total general revenues					<u>17,691,977</u>	<u>[896,746]</u>	<u>16,795,231</u>
Change in net position					[349,272]	467,286	118,014
Net position - beginning					<u>3,452,578</u>	<u>7,994,488</u>	<u>11,447,066</u>
Net position - ending					<u>\$ 3,103,306</u>	<u>\$ 8,461,774</u>	<u>\$ 11,565,080</u>

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

CITY OF RAYTOWN, MISSOURI

BALANCE SHEET
GOVERNMENTAL FUNDS
October 31, 2017

	<u>General</u>	<u>TIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,259,176	\$ 394,788	\$ 4,210,800	\$ 7,864,764
Receivables:				
Taxes	811,817	330,571	626,161	1,768,549
Accounts	146,068	-	50,000	196,068
Fines	50,145	-	-	50,145
Intergovernmental	99,336	205,759	-	305,095
Loan	-	-	686,837	686,837
Interest	11,743	1,224	16,967	29,934
Inventory	32,467	-	-	32,467
Prepaid expenses	438,855	-	195,460	634,315
Restricted cash and cash equivalents	-	6,187,847	-	6,187,847
Land held for future use	1,034,432	-	-	1,034,432
Total assets	<u>\$ 5,884,039</u>	<u>\$ 7,120,189</u>	<u>\$ 5,786,225</u>	<u>\$ 18,790,453</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 236,089	\$ 35,181	\$ 223,268	\$ 494,538
Court bonds payable	92,266	-	-	92,266
Accrued liabilities	409,315	-	62,928	472,243
Total liabilities	<u>737,670</u>	<u>35,181</u>	<u>286,196</u>	<u>1,059,047</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	50,145	-	-	50,145
Total deferred inflows of resources	<u>50,145</u>	<u>-</u>	<u>-</u>	<u>50,145</u>
Total liabilities and deferred inflows of resources	<u>787,815</u>	<u>35,181</u>	<u>286,196</u>	<u>1,109,192</u>
 Fund balance:				
Nonspendable	1,505,754	-	882,297	2,388,051
Restricted:				
Debt service	-	6,744,255	-	6,744,255
General government	-	-	26,941	26,941
Community development	-	340,753	-	340,753
Public safety	-	-	981,925	981,925
Public works	-	-	2,231,433	2,231,433
Assigned:				
General government	-	-	-	-
Parks and recreation	-	-	779,380	779,380
Public works	-	-	598,053	598,053
Unassigned	3,590,470	-	-	3,590,470
Total fund balance [deficit]	<u>5,096,224</u>	<u>7,085,008</u>	<u>5,500,029</u>	<u>17,681,261</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,884,039</u>	<u>\$ 7,120,189</u>	<u>\$ 5,786,225</u>	<u>\$ 18,790,453</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, 2017

Total Governmental Fund Balances		\$ 17,681,261
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	82,401,888	
Accumulated depreciation is	<u>[51,839,302]</u>	30,562,586
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		
		5,221,474
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		
		[386,759]
Other long-term assets are not available to pay for current-period and, therefore, are reported as unavailable revenue in the funds		
		50,145
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	34,173,902	
Net pension liability	12,542,206	
Net other post employment benefit obligation	352,791	
Developer obligations payable	1,771,022	
Interest payable	709,967	
Compensated absences payable	<u>475,513</u>	<u>[50,025,401]</u>
Net Position of Governmental Activities		<u>\$ 3,103,306</u>

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

CITY OF RAYTOWN, MISSOURI

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended October 31, 2017

	<u>General</u>	<u>TIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 7,648,866	\$ 1,522,037	\$ 4,479,846	\$ 13,650,749
Intergovernmental activity taxes	-	1,443,622	-	1,443,622
Licenses and permits	456,668	-	-	456,668
Intergovernmental	1,254,266	-	-	1,254,266
Fines, forfeitures and penalties	634,624	-	-	634,624
Charges for services	959,053	-	99,501	1,058,554
Use of money and property	36,324	183,749	118,876	338,949
Miscellaneous	67,591	-	134,370	201,961
Total revenues	<u>11,057,392</u>	<u>3,149,408</u>	<u>4,832,593</u>	<u>19,039,393</u>
EXPENDITURES:				
Current:				
General government	1,987,726	-	154,915	2,142,641
Parks and recreation	-	-	878,243	878,243
Community development	702,417	174,613	-	877,030
Public safety	7,523,232	-	1,287,875	8,811,107
Public works	2,635,126	-	-	2,635,126
Capital outlay	-	-	2,644,053	2,644,053
Debt service				
Principal	-	1,265,000	45,835	1,310,835
Interest and other charges	-	1,741,150	2,163	1,743,313
Total expenditures	<u>12,848,501</u>	<u>3,180,763</u>	<u>5,013,084</u>	<u>21,042,348</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,791,109]</u>	<u>[31,355]</u>	<u>[180,491]</u>	<u>[2,002,955]</u>
OTHER FINANCING SOURCES [USES]				
Transfers in	1,186,107	-	190,000	1,376,107
Transfers [out]	<u>[190,000]</u>	<u>-</u>	<u>-</u>	<u>[190,000]</u>
Total other financing sources [uses]	<u>996,107</u>	<u>-</u>	<u>190,000</u>	<u>1,186,107</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[795,002]	[31,355]	9,509	[816,848]
Fund balance - Beginning of year	<u>5,891,226</u>	<u>7,116,363</u>	<u>5,490,520</u>	<u>18,498,109</u>
Fund balance - End of year	<u>\$ 5,096,224</u>	<u>\$ 7,085,008</u>	<u>\$ 5,500,029</u>	<u>\$ 17,681,261</u>

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, 2017

Total Net Change In Fund Balances - Governmental Funds	\$ [816,848]
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	1,751,892
Loss on sale of assets	[202,151]
Depreciation expense	<u>[3,004,595]</u> [1,454,854]
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	[214,405]
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.	27,352
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	[15,247]
Net other post employment benefits	[28,102]
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.	63,636
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.	1,280,806
Repayment of capital leases 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.	45,836
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities	<u>762,554</u>
Changes In Net position of Governmental Activities	<u>\$ [349,272]</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive [Negative]
Revenues:				
Taxes	\$ 8,096,900	\$ 8,096,900	\$ 7,648,866	\$ [448,034]
Licenses and permits	314,700	314,700	456,668	141,968
Intergovernmental	1,159,600	1,160,100	1,254,266	94,166
Fines, forfeitures and penalties	802,000	802,000	634,624	[167,376]
Charges for services	1,194,000	1,194,000	959,053	[234,947]
Use of money and property	22,500	22,500	36,324	13,824
Miscellaneous	187,580	187,580	67,591	[119,989]
Total Revenues	<u>11,777,280</u>	<u>11,777,780</u>	<u>11,057,392</u>	<u>[720,388]</u>
Expenditures:				
General government:				
Governing body	112,194	112,194	148,614	[36,420]
Administration	807,776	820,792	684,896	135,896
Finance	753,912	766,214	627,087	139,127
Courts	355,561	355,645	329,092	26,553
Legal	113,258	118,639	72,524	46,115
City wide	254,120	180,125	93,726	86,399
Total general government	<u>2,396,821</u>	<u>2,353,609</u>	<u>1,955,939</u>	<u>397,670</u>
Community development	<u>851,668</u>	<u>852,730</u>	<u>701,355</u>	<u>151,375</u>
Public safety:				
EMS	1,140,186	1,216,239	1,142,606	73,633
Police	6,599,690	6,731,138	6,347,297	383,841
Total public safety	<u>7,739,876</u>	<u>7,947,377</u>	<u>7,489,903</u>	<u>457,474</u>
Public works	<u>2,943,464</u>	<u>2,960,962</u>	<u>2,617,628</u>	<u>343,334</u>
Total Expenditures	<u>13,931,829</u>	<u>14,114,678</u>	<u>12,764,825</u>	<u>1,349,853</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[2,154,549]</u>	<u>[2,336,898]</u>	<u>[1,707,433]</u>	<u>629,465</u>
Other Financing Sources [Uses]:				
Transfers in	1,186,107	1,186,107	1,186,107	-
Transfers [out]	[190,000]	[190,000]	[190,000]	-
Total Other Financing Sources [Uses]	<u>996,107</u>	<u>996,107</u>	<u>996,107</u>	<u>-</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>\$ [1,158,442]</u>	<u>\$ [1,340,791]</u>	<u>[711,326]</u>	<u>\$ 629,465</u>
Fund Balance, November 1			<u>5,807,550</u>	
Fund Balance, October 31			5,096,224	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>-</u>	
GAAP Fund Balance, October 31			<u>\$ 5,096,224</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, 2017

	<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	\$ 1,522,037	\$ 22,037
Intergovernmental activity taxes	1,428,000	1,428,000	1,443,622	15,622
Use of money and property	<u>210,000</u>	<u>210,000</u>	<u>183,749</u>	<u>[26,251]</u>
Total Revenues	<u>3,138,000</u>	<u>3,138,000</u>	<u>3,149,408</u>	<u>11,408</u>
Expenditures:				
Community development	124,800	251,900	174,613	77,287
Debt service				
Principal	1,265,000	1,265,000	1,265,000	-
Interest and other charges	<u>1,741,150</u>	<u>1,741,150</u>	<u>1,741,150</u>	<u>-</u>
Total Expenditures	<u>3,130,950</u>	<u>3,258,050</u>	<u>3,180,763</u>	<u>77,287</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ 7,050</u>	<u>\$ [120,050]</u>	<u>[31,355]</u>	<u>\$ 88,695</u>
Fund Balance, November 1			<u>7,116,363</u>	
Fund Balance, October 31			<u>\$ 7,085,008</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, 2017

	<u>Sewer Utility</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Current assets:	
Cash and cash equivalents	\$ 2,607,202
Receivables:	
Accounts (net of allowance)	1,247,599
Interest	7,856
Restricted cash and cash equivalents	559,232
Prepaid expenses	44,274
Total current assets	<u>4,466,163</u>
Noncurrent assets:	
Capital assets not being depreciated:	
Land	433,393
Capital assets being depreciated	26,158,145
Less: accumulated depreciation	<u>[11,954,287]</u>
Total noncurrent assets	<u>14,637,251</u>
Total assets	<u>19,103,414</u>
Deferred outflows of resources:	
Deferred charge on refunding	17,690
Pension liability	43,067
Total deferred outflows of resources	<u>60,757</u>
Total assets and deferred outflows of resources	<u>\$ 19,164,171</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	
Current liabilities (payable from current assets):	
Accounts payable	\$ 139,625
Accrued liabilities	6,527
Compensated absences	5,383
Interest payable	141,063
Customer deposits payable	425,073
Current portion of bonds payable	829,616
Total current liabilities (payable from current assets):	<u>1,547,287</u>
Noncurrent liabilities:	
Net other post employment benefit obligation	14,700
Bonds payable	9,084,794
Net pension liability	54,614
Total noncurrent liabilities:	<u>9,154,108</u>
Total liabilities	<u>10,701,395</u>
Deferred inflows of resources:	
Pension liability	1,002
Total deferred inflows of resources	<u>1,002</u>
Total liabilities and deferred inflows of resources	<u>\$ 10,702,397</u>
NET POSITION:	
Net investment in capital assets	\$ 4,740,531
Restricted for:	
Debt service	559,232
Unrestricted	<u>3,162,011</u>
Total Net Position	<u>\$ 8,461,774</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, 2017

	Sewer Utility
Operating revenues:	
Charges for services	\$ 6,460,207
Other	23,130
Total operating revenues	6,483,337
Operating expenses:	
Personal services	110,645
Contractual	304,760
Commodities	96,996
Sewer treatment charges	3,571,397
Depreciation	559,324
Total operating expenses	4,643,122
Operating income [loss]	1,840,215
Nonoperating revenues [expenses]:	
Interest on long term debt	[476,183]
Interest income	289,361
Total nonoperating revenues [expenses]	[186,822]
Income [loss] before transfers	1,653,393
Transfers from [to] other funds	
Transfers out	[1,186,107]
Total transfers	[1,186,107]
Change in net position	467,286
Net position, November 1	7,994,488
Net position, October 31	\$ 8,461,774

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

CITY OF RAYTOWN, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended October 31, 2017

	<u>Sewer Utility</u>
Cash flows from operating activities	
Cash received from customers	\$ 6,398,072
Cash paid to suppliers and employees	<u>[4,514,765]</u>
Net cash provided by [used in] operating activities	<u>1,883,307</u>
 Cash flows from non-capital financing activities	
Transfers [in] out	<u>[1,186,107]</u>
Net cash provided by [used in] non-capital financing activities	<u>[1,186,107]</u>
 Cash flows from capital and related financing activities	
Principal paid on bonds, notes and loans	[804,616]
Interest expense and fiscal charges	<u>[485,137]</u>
Net cash provided by [used in] capital and related financing activities	<u>[1,289,753]</u>
 Cash flows from investing activities	
Interest income	<u>288,804</u>
Net cash provided by [used in] investing activities	<u>288,804</u>
 Net increase [decrease] in cash and cash equivalents	[303,749]
 Cash and cash equivalents and restricted cash, November 1	<u>3,470,183</u>
 Cash and cash equivalents and restricted cash, October 1	<u>\$ 3,166,434</u>
 Cash and cash equivalents	\$ 2,607,202
Restricted cash and cash equivalents	<u>559,232</u>
Cash and cash equivalents and restricted cash, October 1	<u>\$ 3,166,434</u>

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, 2017

	<u>Sewer Utility</u>
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:	
Operating income [loss]	\$ <u>1,840,215</u>
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities:	
Depreciation	559,324
Change in assets and liabilities:	
[Increase] decrease in accounts receivable	[74,790]
[Increase] decrease in prepaid expenses	[10,475]
[Increase] decrease in pension liability deferred outflows	[16,468]
Increase [decrease] in accounts payable	[471,271]
Increase [decrease] in accrued liabilities	2,836
Increase [decrease] in compensated absences	632
Increase [decrease] in customer deposit payable	41,381
Increase [decrease] in net other post employment benefit obligation	1,171
Increase [decrease] in net pension liability	12,845
Increase [decrease] in pension liability deferred inflows	<u>[2,093]</u>
Total Adjustments	<u>43,092</u>
Net Cash Provided by [Used in] Operating Activities	<u>\$ <u>1,883,307</u></u>

CITY OF RAYTOWN, MISSOURI
 STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 For the Year Ended October 31, 2017

	Police Pension Trust	Agency Funds
ASSETS		
Cash and investments	\$ 10,799,859	\$ 74,290
Accounts receivable	-	31,366
Total assets	\$ 10,799,859	\$ 105,656
LIABILITIES		
Due to others	\$ -	\$ 105,656
Total liabilities	\$ -	\$ 105,656
NET POSITION		
Held in trust for pension benefits	\$ 10,799,859	\$ -
Total Net Position	\$ 10,799,859	\$ -

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, 2017

	Police Pension Trust
Additions:	
Employer contributions	\$ 600,589
Investment earnings:	
Interest and dividends	302,346
Net appreciation in fair value of investments	1,195,376
Investment expenses	<u>[96,819]</u>
Total additions	<u>2,001,492</u>
Deductions:	
Benefits paid	1,082,327
Administrative and other expenses	<u>31,098</u>
Total deductions	<u>1,113,425</u>
Change in net position	888,067
Net position, beginning of year	<u>9,911,792</u>
Net position, end of year	<u>\$ 10,799,859</u>

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

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, 2017

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 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 Jackson County Tax Agency Fund accounts for taxes collected on behalf of Jackson County, Missouri.

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, 2017

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, 2017 are for the budget year ended October 31, 2018, 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, 2016, on which the fiscal year ended October 31, 2017, levy was based, totaled \$310,097,901. During the year ended October 31, 2017, the City collected approximately 95% 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, 2017, were:

	Levy
	<u>in Dollars</u>
General Fund	\$0.3530
Park Fund	<u>0.1763</u>
Total Levy	<u>\$0.5293</u>

CITY OF RAYTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 Year ending October 31, 2017

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 240 hours. Employees are not paid for accumulated sick leave upon termination.

Vested or accumulated paid time off 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 paid time off 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.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest 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 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 for governmental activities.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

	<u>Major Governmental Funds</u>		Other	Total
	<u>General</u>	<u>TIF</u>	Governmental	Governmental
			<u>Funds</u>	<u>Funds</u>
Fund balance:				
Nonspendable	\$ 1,505,754	\$ -	\$ 882,297	\$ 2,388,051
Restricted:				
Debt service	-	6,744,255	-	6,744,255
General government	-	-	26,941	26,941
Community development	-	340,753	-	340,753
Public safety	-	-	981,925	981,925
Public works	-	-	2,231,433	2,231,433
Assigned:				
Parks and recreation			779,380	779,380
Public works	-	-	598,053	598,053
Unassigned	<u>3,590,470</u>	<u>-</u>	<u>-</u>	<u>3,590,470</u>
Total fund balance [deficit]	<u>\$ 5,096,224</u>	<u>\$ 7,085,008</u>	<u>\$ 5,500,029</u>	<u>\$ 17,681,261</u>

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

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.

III. DETAILED NOTES ON ALL FUNDS

A. *Deposits and Investments*

At October 31, 2017, the carrying values of cash and investments are summarized as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents:			
Deposits	\$ 4,348,136	\$ 174,172	\$ 4,522,308
Certificates of deposit	5,408,000	-	5,408,000
Petty cash	3,495	-	3,495
Total cash and cash equivalents	<u>9,759,631</u>	<u>174,172</u>	<u>9,933,803</u>
Investments:			
Short-term investments held in trust	6,747,079	-	6,747,079
Missouri securities investment program (MOSIP)	712,334	-	712,334
Pension trust investments	-	10,699,977	10,699,977
Total investments	<u>7,459,413</u>	<u>10,699,977</u>	<u>18,159,390</u>
Total cash and investments	<u>\$ 17,219,044</u>	<u>\$ 10,874,149</u>	<u>\$ 28,093,193</u>

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

	<u>Government Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Cash and investments	\$ 10,471,965	\$ 10,874,149	\$ 21,346,114
Restricted cash and investments	<u>6,747,079</u>	<u>-</u>	<u>6,747,079</u>
Total cash and investments	<u>\$ 17,219,044</u>	<u>\$ 10,874,149</u>	<u>\$ 28,093,193</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.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

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.

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 trade 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.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The following summarizes the City's and the Police Officer's Retirement Fund Pension Plan investments at October 31, 2017:

<u>Investments by fair value level</u>	<u>10/31/2017</u>	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Rating	Maturity
U.S. Treasuries	\$ 496,297	\$ 496,297	Moody's Aaa	11/30/18 to 2/15/27
Federal Agency Issues:				
Federal Home Loan Bank	3,880,618	3,880,618	Moody's Aaa	11/30/16 to 11/30/17
Federal National Mortgage Association	45,981	45,981	Moody's Aaa	3/30/26 to 4/1/36
Federal Home Loan Mortgage Corporation	5,409	5,409	Moody's Aaa	4/20/17 to 2/1/37
Corporate bonds, stocks and notes	<u>6,337,896</u>	<u>6,337,896</u>		
Total investments by fair value level	<u>10,766,201</u>	<u>\$ 10,766,201</u>		
 <u>Investments measured by the net asset value (NAV)</u>				
Missouri Securities Investment				
Program (MOSIP) Liquid Series	712,334			
Fidelity Treasury Fund Class III	2,866,462			
Midcap SPDR Trust Series I	600,515			
Schwab US Large-Cap Index ETF	316,260			
Eaton Vance Floating Rate Institutional	185,773			
Palmer Square Income Plus	111,987			
Northern Funds Institutional Government	288,915			
DFA Funds US Small Cap Fund	542,022			
Lazard Funds US Corp Income Portfolio Instl	159,680			
T. Rowe Price Mutual Funds Mid Cap Growth	194,142			
Salient MLP & Infrastructure II Institutional	248,871			
DFA Funds Emerging Mkts Core Equity	249,631			
DFA Funds Intl Small Cap Value	319,472			
Oppenheimer Mutual Funds Developing Markets CL Y	353,797			
Vanguard Group REIT Index Fund	<u>243,328</u>			
Total investments measured by the net asset value (NAV)	<u>7,393,189</u>			
Total investments	<u>\$ 18,159,390</u>			

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.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

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, 2017, 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	Nonmajor Funds	Sewer Fund
Receivables:				
Taxes	\$ 811,817	\$ 330,571	\$ 626,161	\$ -
Accounts	146,068	-	50,000	1,247,599
Fines	50,145	-	-	-
Intergovernmental	99,336	205,759	-	-
Loan	-	-	686,837	-
Interest	11,743	1,224	16,967	7,856
Total receivables	<u>\$ 1,119,109</u>	<u>\$ 537,554</u>	<u>\$ 1,379,965</u>	<u>\$ 1,255,455</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 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 \$686,837 as of October 31, 2017.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Tax Collection Services*

Jackson County, Missouri prepares and mails the City's property tax bills. Until January 17, 2017, the County and the City had an agreement in place to collect property and other taxes on behalf of each other. The County and City receive a fee equal to 1% of the gross amount of current taxes collected.

The County collected approximately \$2.1 million of the City's taxes during the year ended October 31, 2017. This resulted in a collection charge of \$21,426 paid by the City to Jackson County.

The City collected approximately \$7.2 million of the County's taxes during the year ended October 31, 2017, in the Jackson County Tax Fund (an Agency Fund). This resulted in a collection charge of \$72,620 paid by Jackson County to the City.

D. *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, 2017, the valuation of the land was \$1,034,432.

E. *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, 2017 as follows:

	<u>TIF Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Project/Construction funds	\$ 340,753	\$ -	\$ 340,753
Rebate funds	-	167,466	167,466
Debt service and debt service reserve funds	5,847,094	391,767	6,238,861
	<u>\$ 6,187,847</u>	<u>\$ 559,232</u>	<u>\$ 6,747,079</u>

F. *Interfund Transactions*

Interfund transfers for the year ended October 31, 2017, are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ 1,186,107
General Fund	Storm Water Fund	<u>190,000</u>
		<u>\$ 1,376,107</u>

Transfers were used for the reimbursement of salaries, wages, benefits and other administrative fees between the two funds.

CITY OF RAYTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. *Capital Assets*

Capital asset activity for the year ended October 31, 2017, was as follows:

	<u>Balance</u> <u>10/31/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>10/31/17</u>
City governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,573,392	\$ -	\$ 52	\$ 1,573,340
Construction in progress	1,843,726	353,455	120,666	2,076,515
Capital assets, being depreciated				
Buildings and improvements	6,523,008	688,390	-	7,211,398
Vehicles and equipment	9,435,331	481,077	202,151	9,714,257
Infrastructure	<u>61,678,839</u>	<u>147,539</u>	<u>-</u>	<u>61,826,378</u>
Total capital assets	<u>81,054,296</u>	<u>1,670,461</u>	<u>322,869</u>	<u>82,401,888</u>
Less accumulated depreciation for:				
Buildings and improvements	3,652,193	226,645	-	3,878,838
Vehicles and equipment	6,324,458	721,056	202,151	6,843,363
Infrastructure	<u>39,060,207</u>	<u>2,056,894</u>	<u>-</u>	<u>41,117,101</u>
Total accumulated depreciation	<u>49,036,858</u>	<u>3,004,595</u>	<u>202,151</u>	<u>51,839,302</u>
Governmental activities capital assets, net	<u>\$ 32,017,438</u>	<u>\$ [1,334,134]</u>	<u>\$ 120,718</u>	<u>\$ 30,562,586</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	524,282	55,107	-	579,389
Infrastructure	<u>10,870,680</u>	<u>504,218</u>	<u>-</u>	<u>11,374,898</u>
Total accumulated depreciation	<u>11,394,962</u>	<u>559,325</u>	<u>-</u>	<u>11,954,287</u>
Business-type activities capital assets, net	<u>\$ 15,196,576</u>	<u>\$ [559,325]</u>	<u>\$ -</u>	<u>\$ 14,637,251</u>

CITY OF RAYTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Capital Assets (Continued)

The City's depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 54,983
Parks and recreation	163,788
Community development	4,767
Public safety	267,360
Public works	<u>2,513,697</u>
Total depreciation expense	<u>\$ 3,004,595</u>
Business-type activities:	
Sewer utility	<u>\$ 559,325</u>
Total depreciation expense	<u>\$ 559,325</u>

H. Long-term Debt

During the year ended December 31, 2017, the following changes occurred in long term liabilities:

	Balance November 1, 2016	Additions	Retirements	Balance October 31, 2017	Current Portion
City governmental activities:					
Revenue bonds	\$ 35,215,000	\$ -	\$ 1,265,000	\$ 33,950,000	\$ 1,355,000
Bond premiums	239,706	-	15,805	223,901	15,805
Revenue bonds, net	35,454,706	-	1,280,805	34,173,901	1,370,805
Developer obligations	1,834,657	-	63,635	1,771,022	43,144
Capital lease payable	45,836	-	45,836	-	-
Compensated absences	460,266	504,056	488,809	475,513	427,962
Net OPEB obligation	324,689	28,102	-	352,791	-
	<u>\$ 38,120,154</u>	<u>\$ 532,158</u>	<u>\$ 1,879,085</u>	<u>\$ 36,773,227</u>	<u>\$ 1,841,911</u>
Business-type activities:					
Revenue bonds	\$ 10,575,000	\$ -	\$ 790,000	\$ 9,785,000	\$ 815,000
Bond premiums	144,026	-	14,616	129,410	14,616
Revenue bonds, net	10,719,026	-	804,616	9,914,410	829,616
Compensated absences	4,751	5,381	4,749	5,383	5,383
Net OPEB obligation	13,529	1,171	-	14,700	-
	<u>\$ 10,737,306</u>	<u>\$ 6,552</u>	<u>\$ 809,365</u>	<u>\$ 9,934,493</u>	<u>\$ 834,999</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, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. 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 \$3,006,150. The incremental tax revenues generated by the 350 Highway TIF plan began in October 2009. For the year ended October 31, 2017, the City's incremental tax revenues totaled \$1,522,037. 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 \$1,627,371.

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 \$50,827 in interest and principal payments. These payments were funded by PILOTs attributable to the City as well as from other taxing districts and governmental entities.

The City has entered into a developer agreement whereby the developer financed project costs that have been certified by the City as eligible to be reimbursed are \$1,773,001 related to Phase 2 of the 350 Highway TIF Project. These obligations are to be paid from Phase 2 Economic Activity Taxes (EATs) revenues in excess of 125% of the debt service payments of the related tax increment and sales tax revenue bonds. For the current year, debt service on the obligation totaled \$24,234 in principal payments.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

Revenue bonds payable at October 31, 2017 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	\$ 33,950,000
				<u>39,990,000</u>	<u>33,950,000</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	4,385,000
Series 2007-A refunding and improvement revenue bonds	1/1/2008	1/1/2028	4.00 to 4.375%	5,495,000	3,570,000
Series 2013 refunding revenue bonds	8/27/2013	7/1/2027	.85 to 4.15%	<u>2,310,000</u>	<u>1,830,000</u>
				<u>15,395,000</u>	<u>9,785,000</u>
				<u>\$ 55,385,000</u>	<u>\$ 43,735,000</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>	
2018	\$ 1,355,000	\$ 1,675,650	\$ 815,000	\$ 420,300	\$ 4,265,950
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 - 2027	10,580,000	5,445,803	4,920,000	673,181	21,618,984
2028 - 2032	<u>16,005,000</u>	<u>2,281,753</u>	<u>405,000</u>	<u>8,859</u>	<u>18,700,612</u>
	<u>\$ 33,950,000</u>	<u>\$ 15,396,556</u>	<u>\$ 9,785,000</u>	<u>\$ 2,419,514</u>	<u>\$ 61,551,070</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, 2017

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

Capital leases. On December 4, 2007, the City entered into a capital lease agreement for property and buildings in the amount of \$384,439. The lease carries an interest rate 4.715%. The cumulative amount of assets acquired under the capital lease amounted to \$374,278 with related accumulated depreciation of \$118,522 as of October 31, 2017. The lease was fully paid during the year-ended October 31, 2017.

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.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (Continued)*

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.

	<u>2017 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, 2017, the following employees were covered by the benefit terms:

	<u>LAGERS</u>
Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	83
Active employees	<u>127</u>
Total	<u>241</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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (Continued)*

Actuarial assumptions. The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% 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 Health 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, 2017, valuation was based on the results of an actuarial experience study for the period of March 1, 2011 through February 28, 2016.

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%	5.29%
Fixed Income	26.00%	2.93%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

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.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (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 10/31/2016	\$ 14,489,324	\$ 10,783,147	\$ 3,706,177
Changes for the year:			
Service cost	558,483	-	558,483
Interest	1,057,979	-	1,057,979
Changes of benefit terms	[1,773,928]	-	[1,773,928]
Difference between expected and actual experience	3,722,090	-	3,722,090
Contributions - employer	-	800,985	[800,985]
Contributions - employee	-	181,359	[181,359]
Net investment income	-	1,364,033	[1,364,033]
Benefit payments, including refunds	[347,807]	[347,807]	-
Administrative expense	-	[17,199]	17,199
Other changes	-	[1,977]	1,977
Net changes	<u>3,216,817</u>	<u>1,979,394</u>	<u>1,237,423</u>
Balances at 10/31/2017	<u>\$ 17,706,141</u>	<u>\$ 12,762,541</u>	<u>\$ 4,943,600</u>

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

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 17,497,273	\$ 17,706,140	\$ 15,198,639
Plan Fiduciary Net Position	<u>12,762,540</u>	<u>12,762,540</u>	<u>12,762,540</u>
Net Pension Liability/(Asset) (NPL)	<u>\$ 4,734,733</u>	<u>\$ 4,943,600</u>	<u>\$ 2,436,099</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended October 31, 2017, the City recognized pension expense of \$[345,718]. 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	\$ 3,257,447	\$ 309,359
Changes in assumptions	401,725	-
Net difference between projected and actual earnings on investment plan investments	<u>242,747</u>	<u>6,605</u>
Total	<u>\$ 3,901,919</u>	<u>\$ 315,964</u>

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (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>	
2018	\$ 777,625
2019	777,626
2020	673,439
2021	504,578
2022	325,471
Thereafter	<u>527,216</u>
Total	<u>\$3,585,955</u>

\$230,262 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, 2018.

Payable to the pension plan. At October 31, 2017, the City reported a payable of \$61,597 for the outstanding amount of contributions to the pension plan.

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 \$4,648,179 during the year. Total gross payroll was \$8,236,023. For the year ended October 31, 2017, the City contributed \$85,909 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.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

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

	<u>2017 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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>42</u>
Total	<u>87</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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

Actuarial assumptions. The total pension liability in the January 1, 2017, 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-2015 Blue Collar tables with generational projections.

The actuarial assumptions used in the January 1, 2017, valuation was 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%

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

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

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

Changes in the net pension liability.

	Increase [Decrease]		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	\$ 17,236,595	\$ 9,934,413	\$ 7,302,182
Changes for the year:			
Service cost	15,527	-	15,527
Interest	1,255,628	-	1,255,628
Difference between expected and actual experience	263,758	-	263,758
Contributions - employer	-	562,862	[562,862]
Net investment income	-	633,761	[633,761]
Benefit payments, including refunds	[1,008,095]	[1,008,095]	-
Administrative expense	-	[12,748]	12,748
Net changes	<u>526,818</u>	<u>175,780</u>	<u>351,038</u>
Balances at end of year	<u>\$ 17,763,413</u>	<u>\$ 10,110,193</u>	<u>\$ 7,653,220</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.5%, 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)	\$ 19,667,586	\$ 17,763,413	\$ 16,170,691
Plan Fiduciary Net Position	10,110,193	10,110,193	10,110,193
Net Pension Liability/(Asset) (NPL)	<u>\$ 9,557,393</u>	<u>\$ 7,653,220</u>	<u>\$ 6,060,498</u>

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

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

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended October 31, 2017, the City recognized pension expense of \$898,544. 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	\$ 295,448	\$ 71,797
Changes in assumptions	120,998	-
Net difference between projected and actual earnings on investment plan investments	<u>715,914</u>	<u>-</u>
Total	<u>\$ 1,132,360</u>	<u>\$ 71,797</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,	
2018	\$ 342,548
2019	342,547
2020	312,220
2021	63,248
2022	-
Thereafter	-
Total	<u>\$ 1,060,563</u>

Payable to the pension plan. At October 31, 2017, the City reported a payable of \$50,678 for the outstanding amount of contributions to the pension plan for the year ended October 31, 2017.

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, 2017. Accordingly, no provisions for the related assets have been made in the accompanying financial statements. The City was unable to determine the benefits paid from these plans during the year ended October 31, 2017.

G. *Tax Abatements*

Tax abatements are granted under the Urban Redevelopment program described under Chapter 353 of the RSMo, Tax Increment Financing program describe 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, 2017, taxes abated for the City in connection with the Chapter 353, and Tax Increment Financing program were estimated at \$6,543, and \$24,279, respectively.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

H. *Postemployment Healthcare Plan (Continued)*

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. However, all retiree coverage terminates upon Medicare entitlement or if payment is not received on a timely basis.

Annual OPEB cost and net OPEB obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual Required contribution	\$ 48,923
Interest on Net OPEB obligation	15,220
Adjustment to annual required contribution	<u>[19,870]</u>
Annual OPEB cost	44,273
Contributions made	[15,000]
Change in Net OPEB Obligation	29,273
Net OPEB Obligation - beginning of year	<u>338,218</u>
Net OPEB Obligation - end of year	<u>\$ 367,491</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended October 31, 2017, was as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of ARC <u>Contributed</u>	OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
October 31, 2015	\$ 56,041	8.92%	\$ 5,000	\$ 304,481
October 31, 2016	44,737	22.48%	11,000	338,218
October 31, 2017	44,273	30.66%	15,000	367,491

Funding status and funding progress. As of July 1, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$369,931 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$369,931. The covered payroll (annual payroll of active employees covered by the plan) was \$6,893,180 and the ratio of the UAAL to the covered payroll was 5.4%.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2017

IV. OTHER INFORMATION (Continued)

H. *Postemployment Healthcare Plan (Continued)*

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

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

As of July 1, 2015, the most recent actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 7% initially, reduced by decrements to an ultimate rate of 5% after six years. The UAAL is being amortized as a level dollar over an open thirty-year period.

I. *Contingencies*

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

J. *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, 2017, the City's recorded encumbrances in governmental funds were as follows:

<u>Fund</u>	<u>Encumbrance Amount</u>
Park Fund	\$ 32,344
Transportation Sales Tax Fund	590,193
Capital Improvements Fund	62,720
Storm Water Fund	30,106
	<u>\$ 715,363</u>

CITY OF RAYTOWN, MISSOURI

OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 Year ending October 31, 2017

Schedule of Funding Progress - Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as Percent of Payroll (b)-(a)/(c)
July 1, 2011	\$ -	\$ 264,530	\$ 264,530	-	\$ 6,957,357	3.8%
July 1, 2013	-	431,305	431,305	-	6,821,324	6.3%
July 1, 2015	-	369,931	369,931	-	6,893,180	5.4%

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2017

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

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

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2017

Schedule of Pension Contributions, Last Ten Fiscal Years - LAGERS

Year Ended <u>June 30,</u>	Actuarially Determined Pension <u>Contribution</u>	Contribution in <u>Relation</u>	Contribution <u>Deficiency</u>	Covered Employee <u>Payroll</u>	Contribution as <u>Percentage</u>
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%
2008	466,421	466,421	-	4,055,832	11.50%

Notes to the Schedule - LAGERS

Actuarially determined contribution rates are calculated as of February 28, 2017.

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 13 to 19 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, 2017

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

	For the Year Ended		
	October 31,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service cost	\$ 15,526	\$ 12,633	\$ 12,663
Interest on the total pension liability	1,255,628	1,211,255	1,193,469
Differences between expected and actual experience	263,758	148,107	[167,956]
Changes of assumptions	-	207,116	-
Benefit payments, including refunds	<u>[1,008,095]</u>	<u>[974,294]</u>	<u>[960,970]</u>
Net change in total pension liability	<u>526,817</u>	<u>604,817</u>	<u>77,206</u>
Total pension liability, beginning	<u>17,236,596</u>	<u>16,631,779</u>	<u>16,493,351</u>
Total pension liability, ending	<u>\$ 17,763,413</u>	<u>\$ 17,236,596</u>	<u>\$ 16,570,557</u>
Plan fiduciary net position			
Contributions - employer	\$ 562,862	\$ 510,320	\$ 513,291
Pension plan net investment income	633,761	[157,302]	219,080
Benefit payments, including refunds	[1,008,095]	[974,294]	[960,970]
Pension plan administrative expenses	<u>[12,748]</u>	<u>[14,400]</u>	<u>[99,319]</u>
Net change in plan fiduciary net position	<u>175,780</u>	<u>[635,676]</u>	<u>[327,918]</u>
Plan fiduciary net position, beginning	<u>9,934,413</u>	<u>10,570,089</u>	<u>10,546,501</u>
Plan fiduciary net position, ending	<u>\$ 10,110,193</u>	<u>\$ 9,934,413</u>	<u>\$ 10,218,583</u>
Employer net pension liability/(asset)	<u>\$ 7,653,220</u>	<u>\$ 7,302,183</u>	<u>\$ 6,351,974</u>
Plan fiduciary net position as a percentage of the total pension liability/asset	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%

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2017

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
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%
2008	525,837	560,191	[34,354]	2,770,595	20.22%

Notes to the Schedule - Police Pension

Actuarially determined contribution rates are calculated as of January 1, 2017.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Unit Credit
Amortization method	Closed
Remaining amortization period	27 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-2015 Blue Collar generational tables

CITY OF RAYTOWN, MISSOURI

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
October 31, 2017

	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	Storm Water	Total Other Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 759,578	\$ 35,347	\$ 1,076,236	\$ 773,672	\$ 821,784	\$ 620,101	\$ 124,082	\$ 4,210,800
Receivables:								
Taxes	44,269	-	181,163	172,320	214,973	-	13,436	626,161
Accounts	-	-	-	-	-	-	50,000	50,000
Loan	-	-	-	-	-	686,837	-	686,837
Interest	2,782	369	5,096	2,870	3,048	1,991	811	16,967
Prepaid expenses	21,593	146,271	-	-	27,596	-	-	195,460
Total assets	<u>\$ 828,222</u>	<u>\$ 181,987</u>	<u>\$ 1,262,495</u>	<u>\$ 948,862</u>	<u>\$ 1,067,401</u>	<u>\$ 1,308,929</u>	<u>\$ 188,329</u>	<u>\$ 5,786,225</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 8,174	\$ 8,775	\$ 106,359	\$ -	\$ 14,027	\$ 24,039	\$ 61,894	\$ 223,268
Accrued liabilities	19,075	-	-	-	43,853	-	-	62,928
Total liabilities	<u>27,249</u>	<u>8,775</u>	<u>106,359</u>	<u>-</u>	<u>57,880</u>	<u>24,039</u>	<u>61,894</u>	<u>286,196</u>
Fund balance:								
Nonspendable	21,593	146,271	-	-	27,596	686,837	-	882,297
Restricted:								
General government	-	26,941	-	-	-	-	-	26,941
Public safety	-	-	-	-	981,925	-	-	981,925
Public works	-	-	1,156,136	948,862	-	-	126,435	2,231,433
Assigned:								
Parks and recreation	779,380	-	-	-	-	-	-	779,380
Public works	-	-	-	-	-	598,053	-	598,053
Total fund balance [deficit]	<u>800,973</u>	<u>173,212</u>	<u>1,156,136</u>	<u>948,862</u>	<u>1,009,521</u>	<u>1,284,890</u>	<u>126,435</u>	<u>5,500,029</u>
Total liabilities and fund balances	<u>\$ 828,222</u>	<u>\$ 181,987</u>	<u>\$ 1,262,495</u>	<u>\$ 948,862</u>	<u>\$ 1,067,401</u>	<u>\$ 1,308,929</u>	<u>\$ 188,329</u>	<u>\$ 5,786,225</u>

CITY OF RAYTOWN, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended October 31, 2017

	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	Storm Water	Total Other Governmental Funds
REVENUES:								
Taxes	\$ 816,081	\$ -	\$ 1,197,101	\$ 1,021,964	\$ 1,347,821	\$ -	\$ 96,879	\$ 4,479,846
Charges for services	99,501	-	-	-	-	-	-	99,501
Miscellaneous	14,799	104,721	-	14,850	-	-	-	134,370
Use of money and property	8,871	1,190	13,739	9,822	8,778	74,521	1,955	118,876
Total revenues	939,252	105,911	1,210,840	1,046,636	1,356,599	74,521	98,834	4,832,593
EXPENDITURES:								
Current:								
General government	-	154,915	-	-	-	-	-	154,915
Parks and recreation	878,243	-	-	-	-	-	-	878,243
Public safety	-	-	-	-	1,287,875	-	-	1,287,875
Capital outlay	-	-	1,024,654	1,280,683	149,372	26,945	162,399	2,644,053
Debt service:								
Principal	-	-	-	45,835	-	-	-	45,835
Interest and other charges	-	-	-	2,163	-	-	-	2,163
Total expenditures	878,243	154,915	1,024,654	1,328,681	1,437,247	26,945	162,399	5,013,084
Excess [deficiency] of revenues over [under] expenditures	61,009	[49,004]	186,186	[282,045]	[80,648]	47,576	[63,565]	[180,491]
OTHER FINANCING SOURCES [USES]								
Transfers in	-	-	-	-	-	-	190,000	190,000
Fund balance - Beginning of year	739,964	222,216	969,950	1,230,907	1,090,169	1,237,314	-	5,490,520
Fund balance - End of year	\$ 800,973	\$ 173,212	\$ 1,156,136	\$ 948,862	\$ 1,009,521	\$ 1,284,890	\$ 126,435	\$ 5,500,029

CITY OF RAYTOWN, MISSOURI

PARK FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 855,250	\$ 855,250	\$ 816,081	\$ [39,169]
Charges for services	112,600	112,600	99,501	[13,099]
Miscellaneous	7,600	7,600	14,799	7,199
Use of money and property	-	-	8,871	8,871
Total Revenues	<u>975,450</u>	<u>975,450</u>	<u>939,252</u>	<u>[36,198]</u>
Expenditures:				
Parks and recreation	<u>1,108,181</u>	<u>1,119,352</u>	<u>908,416</u>	<u>210,936</u>
Total Expenditures	<u>1,108,181</u>	<u>1,119,352</u>	<u>908,416</u>	<u>210,936</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [132,731]</u>	<u>\$ [143,902]</u>	30,836	<u>\$ 174,738</u>
Fund Balance, November 1			<u>737,793</u>	
Fund Balance, October 31			768,629	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>32,344</u>	
GAAP Fund Balance, October 31			<u>\$ 800,973</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive [Negative]
Revenues:				
Miscellaneous	\$ 115,000	\$ 115,000	\$ 104,721	\$ [10,279]
Use of money and property	-	-	1,190	1,190
Total Revenues	<u>115,000</u>	<u>115,000</u>	<u>105,911</u>	<u>[9,089]</u>
Expenditures:				
General government	<u>220,000</u>	<u>220,000</u>	<u>154,534</u>	<u>65,466</u>
Total Expenditures	<u>220,000</u>	<u>220,000</u>	<u>154,534</u>	<u>65,466</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [105,000]</u>	<u>\$ [105,000]</u>	[48,623]	<u>\$ 56,377</u>
Fund Balance, November 1			<u>221,835</u>	
Fund Balance, October 31			<u>\$ 173,212</u>	

CITY OF RAYTOWN, MISSOURI

TRANSPORTATION SALES TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive [Negative]
	Original	Final		
Revenues:				
Taxes	\$ 1,190,000	\$ 1,190,000	\$ 1,197,101	\$ 7,101
Use of money and property	<u>1,500</u>	<u>1,500</u>	<u>13,739</u>	<u>12,239</u>
Total Revenues	<u>1,191,500</u>	<u>1,191,500</u>	<u>1,210,840</u>	<u>19,340</u>
Expenditures:				
Capital outlay	<u>645,250</u>	<u>1,724,568</u>	<u>1,312,342</u>	<u>412,226</u>
Total Expenditures	<u>645,250</u>	<u>1,724,568</u>	<u>1,312,342</u>	<u>412,226</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ 546,250</u>	<u>\$ [533,068]</u>	<u>[101,502]</u>	<u>\$ 431,566</u>
Fund Balance, November 1			<u>667,445</u>	
Fund Balance, October 31			565,943	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>590,193</u>	
GAAP Basis, October 31			<u>\$ 1,156,136</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 975,000	\$ 975,000	\$ 1,021,964	\$ 46,964
Miscellaneous	15,000	15,000	14,850	[150]
Use of money and property	4,000	4,000	9,822	5,822
Total Revenues	<u>994,000</u>	<u>994,000</u>	<u>1,046,636</u>	<u>52,636</u>
Expenditures:				
Capital outlay	1,214,959	1,973,522	1,011,840	961,682
Debt service:				
Principal	-	45,835	45,835	-
Interest and other charges	-	2,163	2,163	-
Total Expenditures	<u>1,214,959</u>	<u>2,021,520</u>	<u>1,059,838</u>	<u>961,682</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [220,959]</u>	<u>\$ [1,027,520]</u>	[13,202]	<u>\$ 1,014,318</u>
Fund Balance, November 1			<u>899,344</u>	
Fund Balance, October 31			886,142	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>62,720</u>	
GAAP Basis, October 31			<u>\$ 948,862</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 1,334,000	\$ 1,334,000	\$ 1,347,821	\$ 13,821
Use of money and property	2,200	2,200	8,778	6,578
Total Revenues	<u>1,336,200</u>	<u>1,336,200</u>	<u>1,356,599</u>	<u>20,399</u>
Expenditures:				
Public safety	1,550,277	1,604,329	1,287,875	316,454
Capital outlay	<u>159,750</u>	<u>151,838</u>	<u>149,271</u>	<u>2,567</u>
Total Expenditures	<u>1,710,027</u>	<u>1,756,167</u>	<u>1,437,146</u>	<u>319,021</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [373,827]</u>	<u>\$ [419,967]</u>	[80,547]	<u>\$ 339,420</u>
Fund Balance, November 1			<u>1,090,068</u>	
Fund Balance, October 31			<u>\$ 1,009,521</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, 2017

	<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	\$ -	\$ 74,600	\$ 74,521	\$ [79]
Total Revenues	<u>-</u>	<u>74,600</u>	<u>74,521</u>	<u>[79]</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>4,000</u>	<u>26,945</u>	<u>[22,945]</u>
Total Expenditures	<u>-</u>	<u>4,000</u>	<u>26,945</u>	<u>[22,945]</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ -</u>	<u>\$ 70,600</u>	47,576	<u>\$ [23,024]</u>
Fund Balance, November 1			<u>1,237,314</u>	
Fund Balance, October 31			<u>\$ 1,284,890</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive [Negative]
	Original	Final		
Revenues:				
Taxes	\$ 83,250	\$ 83,250	\$ 96,879	\$ 13,629
Use of money and property	-	-	1,955	1,955
Total Revenues	<u>83,250</u>	<u>83,250</u>	<u>98,834</u>	<u>15,584</u>
Expenditures:				
Capital outlay	<u>242,000</u>	<u>242,000</u>	<u>192,505</u>	<u>49,495</u>
Total Expenditures	<u>242,000</u>	<u>242,000</u>	<u>192,505</u>	<u>49,495</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[158,750]</u>	<u>[158,750]</u>	<u>[93,671]</u>	<u>65,079</u>
Other Financing Sources [Uses]:				
Transfers in	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Total Other Financing Sources [Uses]	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>\$ 31,250</u>	<u>\$ 31,250</u>	<u>96,329</u>	<u>\$ 65,079</u>
Fund Balance, November 1			<u>-</u>	
Fund Balance, October 31			96,329	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>30,106</u>	
GAAP Fund Balance, October 31			<u>\$ 126,435</u>	

CITY OF RAYTOWN, MISSOURI

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 October 31, 2017

<u>JACKSON COUNTY TAX FUND</u>		Balance			Balance
ASSETS		October 31,	<u>Additions</u>	<u>Deductions</u>	October 31,
		2016			2017
Cash and cash equivalents		\$ 10	\$ 7,222,425	\$ 7,222,425	\$ 10
Total assets		<u>\$ 10</u>	<u>\$ 7,222,425</u>	<u>\$ 7,222,425</u>	<u>\$ 10</u>
LIABILITIES					
Due to others		\$ 10	\$ 7,222,425	\$ 7,222,425	\$ 10
Total liabilities		<u>\$ 10</u>	<u>\$ 7,222,425</u>	<u>\$ 7,222,425</u>	<u>\$ 10</u>
<u>RAYTOWN HIGHWAY 350 TDD</u>		Balance			Balance
ASSETS		October 31,	<u>Additions</u>	<u>Deductions</u>	October 31,
		2016			2017
Cash and cash equivalents		\$ 102,940	\$ 74,203	\$ 102,863	\$ 74,280
Taxes receivable		12,131	76,755	74,203	14,683
Total assets		<u>\$ 115,071</u>	<u>\$ 150,958</u>	<u>\$ 177,066</u>	<u>\$ 88,963</u>
LIABILITIES					
Due to others		\$ 115,071	\$ 150,958	\$ 177,066	\$ 88,963
Total liabilities		<u>\$ 115,071</u>	<u>\$ 150,958</u>	<u>\$ 177,066</u>	<u>\$ 88,963</u>
<u>DITZLER CID</u>		Balance			Balance
ASSETS		October 31,	<u>Additions</u>	<u>Deductions</u>	October 31,
		2016			2017
Cash and cash equivalents		\$ -	\$ 118,044	\$ 118,044	\$ -
Taxes receivable		16,683	118,044	118,044	16,683
Total assets		<u>\$ 16,683</u>	<u>\$ 236,088</u>	<u>\$ 236,088</u>	<u>\$ 16,683</u>
LIABILITIES					
Due to others		\$ 16,683	\$ 236,088	\$ 236,088	\$ 16,683
Total liabilities		<u>\$ 16,683</u>	<u>\$ 236,088</u>	<u>\$ 236,088</u>	<u>\$ 16,683</u>
<u>TOTAL</u>		Balance			Balance
ASSETS		October 31,	<u>Additions</u>	<u>Deductions</u>	October 31,
		2016			2017
Cash and cash equivalents		\$ 102,950	\$ 7,414,672	\$ 7,443,332	\$ 74,290
Taxes receivable		28,814	194,799	192,247	31,366
Total assets		<u>\$ 131,764</u>	<u>\$ 7,609,471</u>	<u>\$ 7,635,579</u>	<u>\$ 105,656</u>
LIABILITIES					
Due to others		\$ 131,764	\$ 7,609,471	\$ 7,635,579	\$ 105,656
Total liabilities		<u>\$ 131,764</u>	<u>\$ 7,609,471</u>	<u>\$ 7,635,579</u>	<u>\$ 105,656</u>

See independent auditor's report on the financial statements