

CITY OF RAYTOWN, MISSOURI

Basic Financial Statements



**For Year Ended
October 31, 2012**

Prepared by:

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CITY OF RAYTOWN, MISSOURI
Basic Financial Statements
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	17
Statement of Net Assets – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Assets	21
Statement of Changes in Fiduciary Net Assets	22
Notes to the Basic Financial Statements	23-48
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	49
Schedules of Funding Progress	50
Other Supplementary Information:	
Combining Statements and Individual Fund Schedules:	
Combining Balance Sheet – Non-major Governmental Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	52
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Budgeted Non-major Funds:	
Park Fund	53
Risk Management	54
Transportation Sales Tax Fund	55
Capital Sales Tax Fund	56
Public Safety Sales Tax Fund	57
Capital Improvement Fund	58
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual TIF Fund	59
Statement of Changes in Assets and Liabilities – Agency Fund Jackson County Tax Fund	60



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri (the City) as of and for the year ended October 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri, as of October 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

May 24, 2013

Cochran Head V. Chas, P.C.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2012

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, 2012.

Finances for this City are multifaceted and quite complex. As such, management desires for this narrative to be informative beyond what is seen on the face of the statements and to discuss the financial activities of the City. We hope you find these comments helpful as you read through them.

Financial Highlights

The assets for the City of Raytown, Missouri (the City) exceeded its liabilities at the close of the most recent fiscal year by \$18,566,617 (net assets).

The City's total net assets decreased \$1,058,493. Of this amount, \$459,295 was due to an increase in long-term liabilities. This increase in long-term liabilities was due to an increase in developer obligations related to the Phase 2 of the 350 TIF plan. The final phase of the Ditzler project was successfully completed which initiated the third advance payout to the developer. The other major area of decrease was in restricted cash and investments which decreased \$554,499 primarily due to the payout of money being held in reserve for debt payment and ongoing planned projects. The increase in long-term liability and the decrease in restricted cash were both due to planned expenses.

The City's largest area of decrease in Governmental type net assets was in Capital Assets as depreciation of infrastructure and facilities was greater than investment into capital assets by \$1,041,114.

Business-Type Activities realized an increase in net assets of \$519,920 over 2011. This was due primarily to a decrease in expenses due to cost saving programs implemented by management.

Overview of the Financial Statements

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

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

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

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

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

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2012

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

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

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

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

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

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

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

Government-wide Financial Analysis

As indicated earlier, net assets may serve as a useful indicator of the City's financial position. The largest portion of the City's net assets, \$39,619,311, reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure) net of related debt. The City uses capital assets to provide services to citizens; therefore these assets are not available for future spending.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis
October 31, 2012

NET ASSETS

The following table reflects the condensed Statement of Net Assets as of October 31, 2012 and 2011.

	City of Raytown Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 19,432,440	\$ 19,478,192	\$ 8,054,168	\$ 8,200,715	\$ 27,486,608	\$ 27,678,907
Capital assets	36,763,020	37,425,948	13,052,295	13,113,096	49,815,315	50,539,044
Total assets	<u>56,195,460</u>	<u>56,904,140</u>	<u>21,106,463</u>	<u>21,313,811</u>	<u>77,301,923</u>	<u>78,217,951</u>
Long-term debt	42,343,159	41,356,568	13,296,622	13,823,390	55,639,781	55,179,958
Other liabilities	2,315,904	2,432,762	779,621	980,121	3,095,525	3,412,883
Total liabilities	<u>44,659,063</u>	<u>43,789,330</u>	<u>14,076,243</u>	<u>14,803,511</u>	<u>58,735,306</u>	<u>58,592,841</u>
Net assets:	-					
Investment in capital assets, net of related debt	36,553,584	37,180,113	3,065,727	2,601,912	39,619,311	39,782,025
Restricted	9,085,622	8,982,555	492,278	538,468	9,577,900	9,521,023
Unrestricted (deficit)	<u>(34,102,809)</u>	<u>(33,047,858)</u>	<u>3,472,215</u>	<u>3,369,920</u>	<u>(30,630,594)</u>	<u>(29,677,938)</u>
Total net assets	<u>\$ 11,536,397</u>	<u>\$ 13,114,810</u>	<u>\$ 7,030,220</u>	<u>\$ 6,510,300</u>	<u>\$ 18,566,617</u>	<u>\$ 19,625,110</u>

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

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

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis October 31, 2012

Change in Net Assets

The following table reflects the revenues and expenses from the City's activities for the years ended October 31, 2012 and 2011:

City of Raytown Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,056,660	\$ 2,862,481	\$ 5,602,173	\$ 5,576,731	\$ 8,658,833	\$ 8,439,212
Operating grants and contributions	1,179,839	242,906	-	-	1,179,839	242,906
Capital grants and contributions	161,331	477,587	-	-	161,331	477,587
General revenues:						
Property taxes	1,745,314	1,762,686	-	-	1,745,314	1,762,686
Sales taxes	7,172,193	6,811,644	-	-	7,172,193	6,811,644
Motor vehicle taxes	1,072,345	1,154,779	-	-	1,072,345	1,154,779
Franchise taxes	4,039,634	4,341,855	-	-	4,039,634	4,341,855
Intergovernmental activity taxes	1,285,626	1,271,027	-	-	1,285,626	1,271,027
Other taxes	75,938	72,876	-	-	75,938	72,876
Other	479,057	472,579	275,063	431,507	754,120	904,086
Total revenues	20,267,937	19,470,420	5,877,236	6,008,238	26,145,173	25,478,658
Expenses:						
General government	2,533,506	2,245,818	-	-	2,533,506	2,245,818
Parks and recreation	1,569,021	1,423,088	-	-	1,569,021	1,423,088
Community development	3,660,402	680,039	-	-	3,660,402	680,039
Public safety	8,629,165	8,449,162	-	-	8,629,165	8,449,162
Public works	3,738,333	4,149,591	-	-	3,738,333	4,149,591
Interest on long-term debt	1,998,848	2,033,191	-	-	1,998,848	2,033,191
Sanitary sewer	-	-	5,074,391	5,265,644	5,074,391	5,265,644
Total expenses	22,129,275	18,980,889	5,074,391	5,265,644	27,203,666	24,246,533
Change in net assets before transfers	(1,861,338)	489,531	802,845	742,594	(1,058,493)	1,232,125
Transfers	282,925	449,775	(282,925)	(449,775)	-	-
Change in net assets after transfers	(1,578,413)	939,306	519,920	292,819	(1,058,493)	1,232,125
Net assets, beginning	13,114,810	12,175,504	6,510,300	6,217,481	19,625,110	18,392,985
Net assets, ending	\$ 11,536,397	\$ 13,114,810	\$ 7,030,220	\$ 6,510,300	\$ 18,566,617	\$ 19,625,110

Governmental Activities

The City saw an overall increase in revenues in 2012 compared to 2011, however Governmental activities decreased the City's net assets by \$1,578,413 compared to 2011. The decrease in net assets is attributable to the increase of expenses by \$3,148,386 over 2011 levels. The majority of the increased expenses are directly related to activities associated with Community Development such as the Neighborhood Stabilization Program and the developer obligations related to Phase 2 of the 350 Highway TIF project.

The largest single revenue category for Raytown remains sales taxes which totaled \$7,172,193 or 35% of total governmental revenue and was up \$360,549 or 5.3% over 2011. Revenues from governmental activities totaled \$20,267,937 or 78% of the total City revenues. This represents an increase of \$797,517 from 2011. The main source of the increase was additional grant funding of \$936,933 over 2011 and the increased sales tax collections. The primary source of the grant funding in 2012 was the Neighborhood Stabilization Program administered by the City. There was a significant drop in franchise fees collected in 2012 due to a law suit settled in 2011 with a telecommunications company that had been paying their taxes under protest.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2012

Business-type Activities

Total business-type activities are attributable to the sanitary sewer fund. In 2012 business-type revenues were down \$131,002 or 2% while expenses decreased \$191,253 or 4% when compared to 2011. The relatively small decrease in revenue percentage wise is attributable to collections, billing cycles and reduced consumption by consumers from one year to the next. The decrease in expenses is primarily due to cost saving programs implemented by management. Savings in expenses would have been more significant if not for treatment rate increases by Kansas City Water and Little Blue Valley Sewer District during the same period. In total the Business-type activities experienced an increase in net assets of \$519,920.

Financial Analysis of the City's Funds

Governmental Funds

As of the end of the current fiscal year, the City's governmental funds have a combined fund balance of \$16,962,367 which represents an increase of \$141,045 over 2011 and marks the second straight year of increasing fund balances.

General Fund

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

The General Fund revenues and transfers in were \$11,808,439 compared to \$12,405,836 in 2011 which represents a decrease of \$597,397 or 5%. The main decreases in revenue for the City were franchise fees of \$376,975 paid in 2011 after a settlement and a decrease in gas franchise fees of \$309,026 due to a mild winter. The city also had two grants totaling \$198,898 in 2011 that were one time grants. Fines collected increased \$278,267 due to increased volume in Courts. City Sales Tax collections for the General Fund were up \$127,956 over 2011 which marks the second straight year of increase.

General Fund expenditures including transfers out were \$11,766,764 compared to \$12,700,852 in 2011 which represents a decrease of \$934,088 or 7%. The main reason for the decrease is related to transfers out to other funds in the amount of \$1,220,000 in 2011 for projects and loans that did not occur in 2012.

The fund balance of the General Fund increased \$41,675 during the fiscal year compared to a \$295,016 decrease in 2011 and marks the first increase in two years. While the increase was fairly small, given the over \$1,000,000 reduction in fund balance over the previous two years staff and management are pleased with this turn around.

Tax Increment Finance Fund

The TIF Fund revenues were \$3,032,381 compared to \$2,684,308 in 2011 which represents an increase of \$348,073 or 13%. The increase in revenue in 2012 can be attributed primarily to increased CID revenues and recognition of deferred revenues totaling \$276,300 over 2011.

The expenditures were \$2,792,573 compared to \$2,073,450 in 2011 which represents an increase of \$719,123 or 34%. This is attributed to the first scheduled principal payment in 2012 when only interest was paid in 2011.

The fund balance of the Tax Increment Finance (TIF) Fund increased \$239,808 during the fiscal year. The increase in fund balance is related to the increased CID taxes and total revenues over expenditures. However as the debt payment schedule increases these fund surpluses will be needed to offset additional debt payments.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2012

Other governmental funds (Combined)

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

The other governmental funds combined revenues were \$5,767,150 compared to \$4,643,249 in 2011 which represent an increase of \$1,123,901 or 24%. This increase was due primarily to the CDBG Neighborhood Stabilization Program (NSP) which received increased revenue of \$1,206,701 in 2012.

Combined expenditures and transfers out for other Governmental Fund were \$5,939,288 compared to \$5,339,559 in 2011. This increase of \$599,729 is directly related to the NSP program funded by a federal grant and program revenue.

The combined fund balance of the other governmental funds decreased \$140,438 during the fiscal year. The primary reason for the decrease is related to planned capital expenditures that the City has been setting aside funds for.

Proprietary Funds

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

The Sanitary Sewer fund operating revenues were \$5,602,173 in 2012 compared to operating revenues of \$5,576,731 in 2011. The increase of \$25,442.

The operating expenses were \$4,415,203 in 2012 compared to \$4,616,435 in 2011. The decrease in expenses is primarily due to cost saving programs implemented by management. Savings in expenses would have been more significant if not for treatment rate increases by Kansas City Water and Little Blue Valley Sewer District during the same period.

This fund has a significant amount of non-operating revenues and expenses. This activity is primarily related to the city debt issuance for infrastructure improvements as part of the SRF 2007A bonds. While much of the proceeds from this debt issuance have already been invested in improvements the City has \$3,285,323 in construction funds available.

The net assets of the Sanitary Sewer fund at the end of the year increased \$519,920. The City implemented cost saving programs. These cost saving programs also allowed the City to hold rates level for 2012. Net assets have increased in the sewer fund for three consecutive years.

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

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2012

General Fund Budgetary Highlights

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

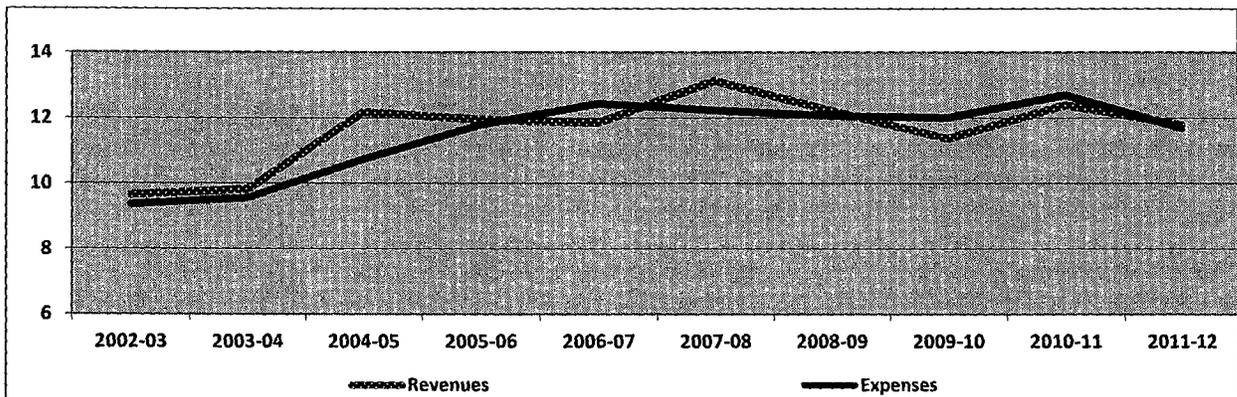
- The original revenue and transfers in budget of \$12,032,710 was amended by \$153,354 to account primarily for un-budgeted grant revenue.
- The original expenditure and transfer out budget of \$12,047,587 was increased by \$531,327 to \$12,578,914. The main contributors were the increase in capital outlay related to grant spending and to increase appropriation of unbudgeted cash balance for a planned radio project.

General Fund Actual to Amended Budget Analysis

Actual revenues were \$410,774 less than the amended budget. This decrease was due primarily to the gas franchise fees coming in significantly under budget due to a mild winter.

Actual expenditures and transfers out were \$889,236 less than budgeted. The reduction in expenditures was distributed among several line items that came in significantly below budget such as workers compensation premiums, health insurance premiums and bad debt expense over time.

The following graph illustrates the City's General Fund Revenues against Expenditures for fiscal years ended 2003 through 2012:



As this graph illustrates, the City has had revenues in excess of expenditures from FY 2002-03 through FY 2005-06. In FY 2006-07, the City had expenditures in excess of revenue that had to be made up from the fund balance. In FY 2009-10, the City again had expenditures in excess of revenues primarily due to a planned spend down of fund balance for one-time projects and a minor operating subsidy. In 2010-11 the City once again had expenditures in excess of revenues that were primarily due to a transfer for a loan to an Improvement District. In FY 2011-12 the City's revenue exceeded expenditures reversing the previous two years trend. While the economy has begun to look up the City's management will continue to monitor fund balance closely.

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis October 31, 2012

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of October 31, 2012, amounts to \$49,815,315 compared to \$50,539,044 in 2011 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, collections systems, machinery and equipment, and infrastructure. In 2012 the city purchased new equipment and completed numerous road projects and street maintenance programs.

City of Raytown Capital Assets (net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land/ (Const. in Prog)	\$ 2,141,240	\$ 1,763,054	\$ 836,102	\$ 485,329	\$ 2,977,342	\$ 2,248,383
Buildings & Improvements	2,726,505	2,883,703	-	-	2,726,505	2,883,703
Equipment & Vehicles	2,654,634	2,450,166	352,956	407,696	3,007,590	2,857,862
Infrastructure	29,240,641	30,329,025	11,863,237	12,220,071	41,103,878	42,549,096
Total	\$ 36,763,020	\$ 37,425,948	\$ 13,052,295	\$ 13,113,096	\$ 49,815,315	\$ 50,539,044

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

Debt Administration

At the end of fiscal year 2012, the City had a total of \$55,639,781 of outstanding debt compared to \$55,179,958 in 2011. This was an increase of \$459,823 from the previous year which reflects an increase in reimbursable expenses allowable to the developer but not yet paid.

City of Raytown Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
TIF Bonds (plus premium)	\$ 39,552,923	\$ 40,308,728	-	-	\$ 39,552,923	\$ 40,308,728
Developer Obligations	2,069,172	310,375	-	-	2,069,172	310,375
Capital Leases	209,436	245,835	-	-	209,436	245,835
Compensated Absences	358,828	379,935	18,416	22,105	377,244	402,040
Net OPEB Obligation	152,800	111,695	5,715	4,178	158,515	115,873
Revenue Bonds (plus premium)	-	-	13,272,491	13,797,107	13,272,491	13,797,107
Total	\$ 42,343,159	\$ 41,356,568	\$ 13,296,622	\$ 13,823,390	\$ 55,639,781	\$ 55,179,958

The City had no change in its credit rating in 2012.

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

CITY OF RAYTOWN, MISSOURI

Management's Discussion and Analysis

October 31, 2012

Other Factors

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

Requests for Information

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

CITY OF RAYTOWN, MISSOURI
Statement of Net Assets
October 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 7,972,993	\$ 3,062,369	\$ 11,035,362
Receivables (net of allowance for uncollectibles):			
Taxes	1,446,776	-	1,446,776
Accounts	312,321	1,000,594	1,312,915
Fines	34,697	-	34,697
Intergovernmental	612,783	-	612,783
Prepays	608,861	52,637	661,498
Internal balances	33,150	(33,150)	-
Restricted cash and investments	5,842,863	3,778,201	9,621,064
Loan receivable	847,979	-	847,979
Land held for redevelopment	1,034,432	-	1,034,432
Unamortized bond issuance costs	685,585	193,517	879,102
Capital assets:			
Land, other assets and construction in progress, non-depreciable	2,141,240	836,102	2,977,342
Other capital assets, net of depreciation	34,621,780	12,216,193	46,837,973
Total assets	<u>56,195,460</u>	<u>21,106,463</u>	<u>77,301,923</u>
Liabilities			
Accounts payable	1,091,122	338,049	1,429,171
Accrued liabilities	249,779	27,801	277,580
Customer deposits	-	218,183	218,183
Court bonds payable	144,097	-	144,097
Interest payable	824,976	195,588	1,020,564
Long-term obligations:			
Net pension obligation	5,930	-	5,930
Other long-term liabilities:			
Due within one year	1,254,094	568,032	1,822,126
Due in more than one year	41,089,065	12,728,590	53,817,655
Total liabilities	<u>44,659,063</u>	<u>14,076,243</u>	<u>58,735,306</u>
Net Assets			
Invested in capital assets, net of related debt	36,553,584	3,065,727	39,619,311
Restricted for:			
General government	198,067	-	198,067
Community development	689,983	-	689,983
Public safety	968,165	-	968,165
Public works	1,002,246	-	1,002,246
Debt service	6,227,161	492,278	6,719,439
Unrestricted (deficit)	(34,102,809)	3,472,215	(30,630,594)
Total net assets	<u>\$ 11,536,397</u>	<u>\$ 7,030,220</u>	<u>\$ 18,566,617</u>

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Activities
For the year ended October 31, 2012

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:							
Government activities							
General government	\$ 2,533,506	\$ 370,300	\$ -	\$ -	\$ (2,163,206)	\$ -	\$ (2,163,206)
Parks and recreation	1,569,021	432,070	-	-	(1,136,951)	-	(1,136,951)
Community development	3,660,402	80,413	1,113,062	-	(2,466,927)	-	(2,466,927)
Public safety	8,629,165	2,152,382	66,777	21,990	(6,388,016)	-	(6,388,016)
Public works	3,738,333	21,495	-	139,341	(3,577,497)	-	(3,577,497)
Interest on long-term debt	1,998,848	-	-	-	(1,998,848)	-	(1,998,848)
Total governmental activities	22,129,275	3,056,660	1,179,839	161,331	(17,731,445)	-	(17,731,445)
Business-type activities							
Sewer	5,074,391	5,602,173	-	-	-	527,782	527,782
Total business-type activities	5,074,391	5,602,173	-	-	-	527,782	527,782
Total primary government	\$ 27,203,666	\$ 8,658,833	\$ 1,179,839	\$ 161,331	(17,731,445)	527,782	(17,203,663)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,166,283	-	1,166,283
Property taxes, levied for parks and recreation					579,031	-	579,031
Sales taxes					7,172,193	-	7,172,193
Motor vehicle tax					1,072,345	-	1,072,345
Franchise taxes					4,039,634	-	4,039,634
Intergovernmental activity tax					1,285,626	-	1,285,626
Other taxes					75,938	-	75,938
Unrestricted investment earnings					227,372	275,063	502,435
Miscellaneous					251,685	-	251,685
Transfers					282,925	(282,925)	-
Total general revenues and transfers					16,153,032	(7,862)	16,145,170
Change in net assets					(1,578,413)	519,920	(1,058,493)
Net assets-beginning of year					13,114,810	6,510,300	19,625,110
Net assets-end of year					\$ 11,536,397	\$ 7,030,220	\$ 18,566,617

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Balance Sheet
Governmental Funds
October 31, 2012

	General	TIF Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 4,191,779	\$ 691,849	\$ 3,089,365	\$ 7,972,993
Receivables (net of allowance for uncollectibles):				
Taxes	609,853	379,936	456,987	1,446,776
Accounts	278,433	-	33,888	312,321
Fines	34,697	-	-	34,697
Intergovernmental	128,065	205,946	278,772	612,783
Interfund receivables	122,415	-	-	122,415
Prepays	385,060	-	223,801	608,861
Restricted cash and investments	158,498	5,676,411	7,954	5,842,863
Loan receivable	-	-	847,979	847,979
Land held for redevelopment	1,034,432	-	-	1,034,432
Total assets	\$ 6,943,232	\$ 6,954,142	\$ 4,938,746	\$ 18,836,120
Liabilities				
Accounts payable	\$ 413,105	\$ 4,500	\$ 673,517	\$ 1,091,122
Accrued liabilities	212,295	-	37,484	249,779
Interfund payables	-	-	89,265	89,265
Deferred revenues	38,697	32,498	228,295	299,490
Court bonds payable	144,097	-	-	144,097
Total liabilities	808,194	36,998	1,028,561	1,873,753
Fund balances				
Nonspendable:				
Prepays	385,060	-	223,801	608,861
Loan receivable	-	-	847,979	847,979
Land held for redevelopment	1,034,432	-	-	1,034,432
Restricted for:				
Risk management	-	-	198,067	198,067
Community development	-	689,983	-	689,983
Public Safety	-	-	968,165	968,165
Programs	14,401	-	-	14,401
Public works	-	-	998,060	998,060
Debt service	-	6,227,161	-	6,227,161
Committed for:				
Capital outlay	48,437	-	-	48,437
Assigned for:				
Parks and recreation	-	-	975,017	975,017
Unassigned (deficit)	4,652,708	-	(300,904)	4,351,804
Total fund balances	6,135,038	6,917,144	3,910,185	16,962,367
Total liabilities and fund balance	\$ 6,943,232	\$ 6,954,142	\$ 4,938,746	\$ 18,836,120

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
October 31, 2012

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

Ending fund balances - total governmental funds	\$	16,962,367
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.		36,763,020
Long-term liabilities are not current obligations and, therefore, not recorded in the governmental fund statements.		(42,343,159)
Certain revenues are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		299,490
The net pension obligation does not represent current obligations and therefore is not reported in the governmental fund statements.		(5,930)
Unamortized bond issuance costs are capitalized in the government-wide financial statements but do not represent assets available for current obligations and therefore are not reported in the governmental fund statements.		685,585
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.		<u>(824,976)</u>
Total net assets of governmental activities	\$	<u><u>11,536,397</u></u>

CITY OF RAYTOWN, MISSOURI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended October 31, 2012

	General	TIF Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,626,993	\$ 1,421,028	\$ 3,985,058	\$ 13,033,079
Intergovernmental activity taxes	-	1,401,724	-	1,401,724
Licenses and permits	330,666	-	-	330,666
Intergovernmental	1,140,415	-	1,214,110	2,354,525
Fines	1,199,747	-	-	1,199,747
Charges for services	1,094,177	-	425,117	1,519,294
Interest	12,145	209,629	5,599	227,373
Other	121,371	-	137,266	258,637
Total revenues	<u>11,525,514</u>	<u>3,032,381</u>	<u>5,767,150</u>	<u>20,325,045</u>
Expenditures:				
Current:				
General government	2,263,048	-	36,332	2,299,380
Parks and recreation	-	-	1,363,592	1,363,592
Community development	614,858	7,875	1,215,298	1,838,031
Public safety	7,227,440	-	1,066,216	8,293,656
Public works	1,560,051	-	-	1,560,051
Capital outlay	101,367	-	2,209,852	2,311,219
Debt service:				
Principal	-	791,673	36,399	828,072
Interest and fiscal charges	-	1,993,025	11,599	2,004,624
Total expenditures	<u>11,766,764</u>	<u>2,792,573</u>	<u>5,939,288</u>	<u>20,498,625</u>
Excess of revenues over (under) expenditures	<u>(241,250)</u>	<u>239,808</u>	<u>(172,138)</u>	<u>(173,580)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	31,700	31,700
Transfers in	282,925	-	-	282,925
Total other financing sources (uses)	<u>282,925</u>	<u>-</u>	<u>31,700</u>	<u>314,625</u>
Net change in fund balances	41,675	239,808	(140,438)	141,045
Fund balances, beginning of year	<u>6,093,363</u>	<u>6,677,336</u>	<u>4,050,623</u>	<u>16,821,322</u>
Fund balances, end of year	<u>\$ 6,135,038</u>	<u>\$ 6,917,144</u>	<u>\$ 3,910,185</u>	<u>\$ 16,962,367</u>

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds to the Statement of Activities
For the year ended October 31, 2012

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

Net changes in fund balances - total governmental funds	\$	141,045
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		2,387,180
Depreciation expense		(3,017,099)
Book value of capital asset disposals		(54,999)

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

Deferred revenue		(79,098)
Capital contribution		21,990

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

Principal payments on long-term debt		837,601
Bond issuance costs amortization, net		(35,769)
Bond premium amortization, net		15,805

Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.

Change in compensated absences and other post employment benefit obligations		(19,998)
Change in accrued interest payable		16,211
Change in net pension obligation		28,718

Total changes in net assets of governmental activities	\$	<u>(1,578,413)</u>
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CITY OF RAYTOWN, MISSOURI
Statement of Net Assets
Proprietary Fund
October 31, 2012

Assets	Sewer Fund
Current Assets:	
Cash and investments	\$ 3,062,369
Accounts receivable, net	1,000,594
Prepays	52,637
Restricted assets:	
Restricted cash and investments	3,778,201
Total current assets	7,893,801
Non-current assets:	
Unamortized bond issuance costs	193,517
Capital assets:	
Land, construction in progress, and and other non-depreciable capital assets	836,102
Other capital assets, net of depreciation	12,216,193
Total non-current assets	13,245,812
Total assets	21,139,613
Liabilities	
Current liabilities:	
Accounts payable	338,049
Accrued liabilities	27,801
Compensated absences	18,416
Due to other funds	33,150
Liabilities payable from restricted assets:	
Interest payable	195,588
Customer deposits	218,183
Current portion of bonds payable	549,616
Total current liabilities	1,380,803
Non-current liabilities:	
Other post employment benefits	5,715
Bonds payable	12,722,875
Total non-current liabilities	12,728,590
Total liabilities	14,109,393
Net asset	
Invested in capital assets, net of related debt	3,065,727
Restricted net assets for:	
Debt service	492,278
Unrestricted	3,472,215
Total net assets	\$ 7,030,220

CITY OF RAYTOWN, MISSOURI
Statement of Revenues, Expenses and Changes in
Net Assets - Proprietary Funds
For the Year Ended October 31, 2012

	Sewer Fund
Operating revenues:	
Charges for services	\$ 5,557,813
Other revenue	44,360
	<u>5,602,173</u>
Operating expenses:	
Personal services	907,899
Commodities and supplies	89,739
Contractual services	300,927
Sewer treatment charges	2,682,859
Depreciation and amortization	433,779
	<u>4,415,203</u>
Total operating expenses	4,415,203
Operating income	<u>1,186,970</u>
Nonoperating revenues (expenses)	
Interest income	275,063
Interest expense	(659,188)
	<u>(384,125)</u>
Total nonoperating revenues (expenses)	(384,125)
Income before transfers	802,845
Transfers out	<u>(282,925)</u>
Change in net assets	519,920
Total net assets, beginning of year	<u>6,510,300</u>
Total net assets, end of year	<u>\$ 7,030,220</u>

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Cash Flows-
Proprietary Funds
For the Year Ended October 31, 2012

	Sewer Fund
Cash flows from operating activities:	
Receipts from customers	\$ 5,692,856
Payments to suppliers and service providers	(3,290,065)
Payments to employees	(897,215)
Net cash provided by operating activities	1,505,576
Cash flows from investment activities:	
Investments, net	434,748
Interest received	275,063
Net cash used by investment activities	709,811
Cash flows from noncapital financing activities:	
Interfund advances and payments	(30,016)
Transfers out	(282,925)
Net cash used by noncapital financing activities	(312,941)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(372,978)
Interest and fiscal charges	(654,346)
Principal payments on long-term debt	(524,616)
Net cash used by capital and related financing activities	(1,551,940)
Net decrease in cash and cash equivalents	350,506
Cash and cash equivalents, beginning of year	452,362
Cash and cash equivalents, end of year	802,868
Certificates of deposits and investments	6,037,702
Total cash and investments, end of year	\$ 6,840,570
Financial Statement Classification:	
Cash and investments	\$ 3,062,369
Restricted cash and investments	3,778,201
	\$ 6,840,570
Cash flows from operating activities:	
Operating income	\$ 1,186,970
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	433,779
Changes in assets and liabilities:	
Accounts receivable	82,236
Prepays	(3,451)
Accounts payable	(213,089)
Accrued liabilities	12,836
Compensated absences	(3,689)
Customer deposits	8,447
Other post employment benefits	1,537
Net cash provided by operating activities	\$ 1,505,576

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Statement of Fiduciary Net Assets
October 31, 2012

	Pension Trust	Agency
	Police Pension	
Assets		
Cash and investments	\$ 9,133,232	\$ 109,824
Taxes receivable	-	22,548
Total assets	9,133,232	\$ 132,372
Liabilities		
Due to others	-	\$ 132,372
Net Assets		
Net assets:		
Held in trust for pension benefits	\$ 9,133,232	

CITY OF RAYTOWN, MISSOURI
Statement of Changes in Fiduciary Net Assets
For the year ended October 31, 2012

	Pension Trust
Additions:	
Employer contributions	\$ 686,270
Investment earnings:	
Interest and dividends	307,214
Net appreciation in fair value of investments	186,310
Investment expenses	(91,548)
Total investment earnings	401,976
Total additions	1,088,246
 Deductions:	
Benefits paid	840,757
Administrative expenses and other	24,950
Total deductions	865,707
 Change in net assets	 222,539
 Net assets, beginning of year	 8,910,693
 Net assets, end of year	 \$ 9,133,232

See accompanying notes to the basic financial statements

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

(1) Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

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

B. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, each of the governmental fund financial statements includes a reconciliation with brief explanations to better identify the relationship between the governmental fund statements and the government-wide statements.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds.

The following are the City's major governmental funds:

General Fund - is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. For financial reporting purposes, the City's grant fund activities are included in the General Fund. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

Tax Increment Financing (TIF) Fund - accounts for resources and activities of the City's tax increment financing plans.

PROPRIETARY FUNDS

Proprietary funds are used to account for the City's ongoing activities that are similar to those often found in the private sector.

The following is the City's major proprietary fund:

Sewer Fund accounts for the provision of sewer services to residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

FIDUCIARY FUNDS

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

C. *Measurement Focus/Basis of Accounting*

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

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

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

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

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

Governmental activities, business-type activities and all enterprise funds of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins unless those pronouncements conflict with GASB pronouncements.

D. Cash and Investments

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

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

E. Prepaid Items

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

F. Capital Assets

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

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

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

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

G. Unamortized Bond Issue Costs

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

H. Compensated Absences

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

Vested or accumulated vacation leave is accounted for as follows:

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

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

I. Interfund Activity

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

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

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

J. Fund Balances/Net Assets

The governmental funds report the following fund balance classifications:

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

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

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

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

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

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

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

Net Asset Classifications

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

- (1) Invested in capital assets, net of related debt – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net assets – consisting of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

K. Expenditures in Excess of Budgeted Appropriations

In violation of the budget ordinance, actual expenditures exceeded budgeted appropriations in the Capital Improvement Fund by \$260,390.

L. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

(2) Cash and Investments

At October 31, 2012, the carrying values of cash and investments are summarized as follows:

	Governmental and Business-type Activities	Fiduciary funds	Total
Cash and cash equivalents:			
Deposits	\$ 3,388,988	\$ 109,824	\$ 3,498,812
Petty cash	3,487	-	3,487
Total cash and cash equivalents	<u>3,392,475</u>	<u>109,824</u>	<u>3,502,299</u>
Investments:			
Certificates of deposit	2,784,000	-	2,784,000
Short term investments held in trust	9,454,612	-	9,454,612
U.S. government agency securities	1,000,000	-	1,000,000
Missouri securities investment program	4,025,339	-	4,025,339
Pension trust investments	-	9,133,232	9,133,232
Total investments	<u>17,263,951</u>	<u>9,133,232</u>	<u>26,397,183</u>
Total cash and investments	<u>\$ 20,656,426</u>	<u>\$ 9,243,056</u>	<u>\$ 29,899,482</u>

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

	Government-wide statement of net assets	Fiduciary funds statement of net assets	Total
Cash and investments	\$ 11,035,362	\$ 9,243,056	\$ 20,278,418
Restricted cash and investments	9,621,064	-	9,621,064
Total cash and investments	<u>\$ 20,656,426</u>	<u>\$ 9,243,056</u>	<u>\$ 29,899,482</u>

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

City-Wide Cash and Investments

Investment Policy

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

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

Credit Risk

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

Investment Type	Fair Value	Rating As of Oct. 31, 2012
Missouri Investment Securities Program		
- Money Market Series	\$ 4,025,339	AAAm
Federal National Mortgage Association	1,026,460	AA+
Total	<u>\$ 5,051,799</u>	

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize all demand deposits with securities held by the financial institution's agent and in the City's name.

At October 31, 2012, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of October 31, 2012, the City's investments had the following maturities:

	Investment Maturities (in years)		
	Fair Value	Less Than 1	1 - 5
Investment type:			
U.S. agencies	\$ 1,026,460	\$ -	\$ 1,026,460

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

Concentration of Credit Risk

The City's investment policy does not specify maximum or minimum investment concentrations by investment type. As of October 31, 2012, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total City's investments:

<u>Issuer</u>	<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Percentage</u>
Missouri Securities Investment Program	Money Market	\$ 4,025,339	80%
Federal National Mortgage Assoc.	US Government Agencies	1,026,460	20%
		<u>\$ 5,051,799</u>	

Pension Trust Investments

Pension trust cash and investments at October 31, 2012 consisted of the following:

	<u>Police Pension Plan</u>
Money market mutual funds	\$ 329,386
Corporate equity stocks	5,527,193
Corporate fixed income securities	1,706,575
U.S. treasury securities	1,457,116
U.S. government agency securities	112,962
	<u>\$ 9,133,232</u>

Investment Policy

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

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

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

Credit Risk

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

Investment type:	Fair Value	Quality Ratings			
		AAA	AA	A	BBB
Money market funds	\$ 329,386	\$ 329,386	\$ -	\$ -	\$ -
Corporate fixed income	1,706,575	-	372,366	1,032,192	441,917
U.S. government agency	112,962	-	232,969	-	-
	<u>2,148,923</u>	<u>\$ 329,386</u>	<u>\$ 605,335</u>	<u>\$ 1,032,192</u>	<u>\$ 441,917</u>
Other investments:					
Corporate stocks	5,527,193				
U.S. treasury securities	<u>1,457,116</u>				
Total	<u>\$ 9,133,232</u>				

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Plan had no deposits at October 31, 2012. Custodial credit risk also applies to investment securities. The Fund's investments are held by its investment custodian in the Fund's name.

Interest Rate Risk

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

Investment type:	Fair Value	Investment Maturity (In Years)				
		Less than 1	1-5	5-10	10-20	20-30
Money market funds	\$ 329,386	\$ 329,386	\$ -	\$ -	\$ -	\$ -
Corporate fixed income	1,706,575	736,696	614,822	323,994	31,063	-
U.S. government agency	112,962	924	11,940	-	-	100,098
U.S. treasury securities	1,457,116	-	799,855	599,555	57,706	-
	<u>3,606,039</u>	<u>\$ 1,067,006</u>	<u>\$ 1,426,617</u>	<u>\$ 923,549</u>	<u>\$ 88,769</u>	<u>\$ 100,098</u>
Other investments:						
Corporate stocks	<u>5,527,193</u>					
Total	<u>\$ 9,133,232</u>					

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

(3) Taxes Receivable and Revenues

The City's property tax is levied each September 1 on the assessed value as of the prior January 1 for all real and personal property located in the City. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all real property for which taxes are unpaid. Taxes remaining unpaid for two years after that date are submitted to Jackson County for collection through foreclosure proceedings. Property taxes levied on September 1, 2012, are for the budget year ended October 31, 2013, 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, 2011, on which the fiscal year ended October 31, 2012, levy was based, was \$302,325,288. During the year ended October 31, 2012, the City collected approximately 95% of property taxes which were levied in the period.

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt, and an unlimited amount for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended October 31, 2012 were as follows:

	Levy (Dollars)
General Fund	\$ 0.3662
Park Fund	0.1829
	\$ 0.5491

The City has established Tax Increment Financing (TIF) Districts that allows the City to provide public improvements by encouraging developers to construct and make new investments within blighted, conservation, or economic areas. Through the use of TIF Districts, the City can utilize the taxes generated by the incremental increase in property values and economic activities from the date the TIF District was established and the combined levies of all taxing jurisdictions for infrastructure improvements. Currently, the City has two active TIF Districts, the 350 Highway TIF and the USA 800 TIF. Tax revenue collected in the current year for the City's TIF Districts are recorded in the TIF Fund.

Taxes receivable for the year ended October 31, 2012 are as follows:

	Property Taxes	Sales Taxes	Franchise Taxes	Other Taxes	Total
Major governmental funds:					
General	\$ 9,459	\$ 289,883	\$ 303,405	\$ 7,106	\$ 609,853
TIF Fund	-	379,936	-	-	379,936
Nonmajor funds	4,725	452,262	-	-	456,987
Total tax revenue	\$ 14,184	\$ 1,122,081	\$ 303,405	\$ 7,106	\$ 1,446,776

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

Tax revenues for the year ended October 31, 2012 are as follows:

	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Other taxes</u>	<u>Total</u>
Major governmental funds:					
General Fund	\$ 1,166,283	\$ 2,345,138	\$ 4,039,634	\$ 75,938	\$ 7,626,993
TIF Fund	-	1,421,028	-	-	1,421,028
Nonmajor funds	579,031	3,406,027	-	-	3,985,058
Total tax revenue	<u>\$ 1,745,314</u>	<u>\$ 7,172,193</u>	<u>\$ 4,039,634</u>	<u>\$ 75,938</u>	<u>\$ 13,033,079</u>

(4) Tax Collection Services

Jackson County, Missouri prepares and mails the City's property tax bills. The County and City collect property and other taxes on behalf of each other. The County and City receive a fee equal to 1.00% of the gross amount of current taxes collected.

The County collected approximately \$2.2 million of the City's taxes, resulting in a collection charge of \$28,209 paid by the City to the County for the year ended October 31, 2012.

The City accounts for its collection of County taxes in the Jackson County Tax Fund (an Agency Fund). The City collected and remitted approximately \$14.1 million of County taxes resulting in collection fees of \$141,043 for the year ended October 31, 2012.

(5) Intergovernmental Revenue and Receivable

Amounts due from other governments were as follows:

	<u>General</u>	<u>TIF Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Gasoline and motor vehicle taxes	\$ 85,938	\$ -	\$ -	\$ 85,938
Intergovernmental activity taxes	22,316	205,946	-	228,262
Grants - federal, state, and local	19,811	-	278,772	298,583
	<u>\$ 128,065</u>	<u>\$ 205,946</u>	<u>\$ 278,772</u>	<u>\$ 612,783</u>

Intergovernmental revenues for the year were as follows:

	<u>General</u>	<u>TIF Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Gasoline and motor vehicle taxes	\$ 939,218	\$ -	\$ -	\$ 939,218
Vehicle registration fees	127,300	-	-	127,300
Other taxes and fees	5,827	-	-	5,827
Intergovernmental activity taxes	-	1,401,724	-	1,401,724
Grants - federal, state, and local	68,070	-	1,214,110	1,282,180
	<u>\$ 1,140,415</u>	<u>\$ 1,401,724</u>	<u>\$ 1,214,110</u>	<u>\$ 3,756,249</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

(6) Land Held For Redevelopment

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

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

(7) Interfund Activity

Interfund transfers for the year were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	
	General	Total
Sewer Fund	\$ 282,926	\$ 282,926
Total	\$ 282,926	\$ 282,926

Transfers were used to reimbursement of expenditures.

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

<u>Interfund Receivable</u>	<u>Interfund Payable</u>		
	<u>Nonmajor Governmental</u>	<u>Sewer</u>	<u>Total</u>
General Fund	\$ 89,265	\$ 33,150	\$ 122,415

The interfund payables due to the General Fund represents timing differences of when amounts are paid and reimbursed for current operating costs.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

(8) **Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,699,685	\$ 49,334	\$ -	\$ 1,749,019
Construction in progress	63,369	328,852	-	392,221
Total capital assets, not being depreciated	<u>1,763,054</u>	<u>378,186</u>	<u>-</u>	<u>2,141,240</u>
Capital assets, being depreciated				
Buildings and improvements	6,122,110	52,167	-	6,174,277
Equipment and vehicles	7,564,231	1,001,710	609,426	7,956,515
Infrastructure	59,023,646	977,107	-	60,000,753
Total capital assets being depreciated	<u>72,709,987</u>	<u>2,030,984</u>	<u>609,426</u>	<u>74,131,545</u>
Less accumulated depreciation for:				
Buildings and improvements	3,238,407	209,365	-	3,447,772
Equipment and vehicles	5,114,065	742,243	554,427	5,301,881
Infrastructure	28,694,621	2,065,491	-	30,760,112
Total accumulated depreciation	<u>37,047,093</u>	<u>\$ 3,017,099</u>	<u>\$ 554,427</u>	<u>39,509,765</u>
Total capital assets being depreciated, net	<u>35,662,894</u>			<u>34,621,780</u>
Governmental activities capital assets, net	<u>\$ 37,425,948</u>			<u>\$ 36,763,020</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 433,393	\$ -	\$ -	\$ 433,393
Construction in progress	51,936	350,773	-	402,709
Total capital assets, not being depreciated	<u>485,329</u>	<u>350,773</u>	<u>-</u>	<u>836,102</u>
Capital assets, being depreciated				
Equipment and vehicles	652,438	8,669	-	661,107
Infrastructure	21,045,099	-	-	21,045,099
Total capital assets being depreciated	<u>21,697,537</u>	<u>8,669</u>	<u>-</u>	<u>21,706,206</u>
Less accumulated depreciation for:				
Equipment and vehicles	244,742	63,409	-	308,151
Infrastructure	8,825,028	356,834	-	9,181,862
Total accumulated depreciation	<u>9,069,770</u>	<u>\$ 420,243</u>	<u>\$ -</u>	<u>9,490,013</u>
Total capital assets being depreciated, net	<u>12,627,767</u>			<u>12,216,193</u>
Business-type activities capital assets, net	<u>\$ 13,113,096</u>			<u>\$ 13,052,295</u>

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

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

Governmental activities:	
General government	\$ 229,379
Parks and recreation	204,401
Community development	8,299
Public safety	325,130
Public works	<u>2,249,890</u>
Total depreciation expense for governmental activities	<u>\$ 3,017,099</u>
 Business-type activities:	
Sewer	<u>\$ 420,243</u>
Total depreciation expense for business-type activities	<u>\$ 420,243</u>

(9) Long-term Debt and other Obligations

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

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Tax increment and sales tax revenue bonds	\$ 39,990,000	\$ -	\$ 740,000	\$ 39,250,000	\$ 865,000
Premium on issuance	318,728	-	15,805	302,923	-
	<u>40,308,728</u>	<u>-</u>	<u>755,805</u>	<u>39,552,923</u>	<u>865,000</u>
Developer obligations	310,375	1,820,000	61,203	2,069,172	28,032
Capital lease obligations	245,835	-	36,399	209,436	38,117
Compensated absences*	379,935	421,715	442,822	358,828	322,945
Net OPEB obligation *	<u>111,695</u>	<u>41,105</u>	<u>-</u>	<u>152,800</u>	<u>-</u>
Total governmental activities	<u>41,356,568</u>	<u>2,282,820</u>	<u>1,296,229</u>	<u>42,343,159</u>	<u>1,254,094</u>
 Business-type Activities:					
Revenue bonds	13,580,000	-	510,000	13,070,000	535,000
Premium on issuance	217,107	-	14,616	202,491	14,616
	<u>13,797,107</u>	<u>-</u>	<u>524,616</u>	<u>13,272,491</u>	<u>549,616</u>
Compensated absences*	22,105	34,233	37,922	18,416	18,416
Net OPEB obligation *	<u>4,178</u>	<u>1,537</u>	<u>-</u>	<u>5,715</u>	<u>-</u>
Total business-type activities	<u>13,823,390</u>	<u>35,770</u>	<u>562,538</u>	<u>13,296,622</u>	<u>568,032</u>
Total primary government	<u>\$ 55,179,958</u>	<u>\$ 2,318,590</u>	<u>\$ 1,858,767</u>	<u>\$ 55,639,781</u>	<u>\$ 1,822,126</u>

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

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

Tax increment and sales tax revenue bonds	
\$39,990,000 - 2007 Annual Appropriation Supported Tax Increment and Sales Tax Revenue Bonds due in annual installments of \$740,000 to \$5,005,000 through December 1, 2031; interest at 4.75% to 5.125%.	\$ 39,250,000
Premium on Issuance	302,923
	39,552,923
 Developer obligation	 2,069,172
 Capital lease obligation	 209,436
 Compensated absences	 358,828
 Net other post employment obligations	 152,800
 Total governmental activities long-term obligations	 42,343,159
Less: amounts due within one year	(1,254,094)
	\$ 41,089,065

Tax Increment Financing Revenues

The City, other taxing districts and governmental entities have pledged a portion of future incremental property tax and sales tax revenues (TIF revenues) to repay the tax increment and sales tax revenue bonds described above. TIF revenues were projected to produce sufficient funds to meet debt service requirements over the life of the bonds. Total principal and interest payments remaining on these bonds total approximately \$63.9 million. Should the normal TIF revenues (50% of incremental activity taxes) including those of other taxing districts and governmental entities not be sufficient to meet the required debt service obligations, the City, subject to annual appropriation, further covenants to appropriate the City's remaining 50% portion (effectively 100%) of the economic activity taxes generated by the project and other legally available funds of the City in amount equal to the principal and interest of the bonds due in the next fiscal year. Incremental taxes are pledged to make payments on these obligations for a period not to exceed 23 years.

For the current year, the City made debt service payments on the tax increment and sales tax revenue bonds totaling \$2,733,025. The incremental tax revenues generated by the 350 Highway TIF plan began in October 2009. For the year ended October 31, 2012, the City's incremental tax revenues totaled \$1,421,028. The remaining funds necessary to meet the current year debt service requirements were derived from incremental tax revenues from other taxing districts and governmental entities and from capitalized interest funds that were placed in a trust fund when the bonds were originally issued.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

The City has entered into a developer agreement whereby the developer financed project costs that have been certified by the City as eligible to be reimbursed from payments in lieu of taxes (PILOTS) attributable to the project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount including interest from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. PILOTS were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of PILOTS received attributable to the project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City. For the current year, debt service on the obligation totaled \$61,203 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 of \$1,820,000 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.

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

Revenue Bonds

\$2,225,000 - 2005B Sewage System Revenue Bonds due in annual installments of \$130,000 to \$220,000 beginning July 1, 2015 through July 1, 2027; interest at 4.25.% to 4/8%.	\$ 2,225,000
\$7,590,000 - 2006A Sewage System Refunding and Improvements Revenue Bonds (State Revolving Loan (SRF)), due in annual installments of \$35,000 to \$580,000 through July 1, 2026; interest at 4% to 5.25%	6,120,000
\$5,495,000 - 2007 Sewage System Refunding and Improvements Revenue Bonds (State Revolving Loan (SRF)), due in annual installments of \$180,000 to \$405,000 through January 1, 2028; interest at 4.0% to 4.375%.	4,725,000
	13,070,000
2006A - SRF Bond Premium	202,491
	13,272,491
Compensated absences	18,416
Net other post employment benefit obligations	5,715
Total business-type activities long-term obligations	13,296,622
Less: amounts due within one year	(568,032)
Total business-type activities long-term obligations in more than one year	\$ 12,728,590

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

Future Debt Service Requirements

The annual debt service requirements to amortize all outstanding bonds as of October 31, 2012 are as follows:

Year Ending October 31,	<u>Governmental Activities</u>		<u>Business-type Activities</u>			
	Tax Increment and Sales Tax Revenue Bonds		Revenue Bonds 2005B		Revenue Bonds 2006A	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 865,000	\$ 1,952,900	\$ -	\$ 101,434	\$ 320,000	\$ 289,813
2014	960,000	1,907,275	-	101,434	330,000	277,013
2015	1,055,000	1,856,900	130,000	101,434	345,000	263,813
2016	1,155,000	1,801,650	145,000	95,909	360,000	246,562
2017	1,265,000	1,741,150	140,000	89,601	380,000	228,562
2018-2022	7,365,000	7,669,000	800,000	349,554	2,215,000	830,874
2023-2027	10,580,000	5,445,803	1,010,000	145,974	2,170,000	257,824
2028-2032	16,005,000	2,281,753	-	-	-	-
	\$ 39,250,000	\$ 24,656,431	\$ 2,225,000	\$ 985,340	\$ 6,120,000	\$ 2,394,461

Year Ending October 31,	<u>Business-type Activities</u>		<u>Total Business-type Activities</u>		<u>Total Primary Government</u>	
	Revenue Bonds 2007A		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 215,000	\$ 198,725	\$ 535,000	\$ 589,972	\$ 1,400,000	\$ 2,542,872
2014	220,000	190,025	550,000	568,472	1,510,000	2,475,747
2015	230,000	181,025	705,000	546,272	1,760,000	2,403,172
2016	240,000	171,625	745,000	514,096	1,900,000	2,315,746
2017	250,000	161,825	770,000	479,988	2,035,000	2,221,138
2018-2022	1,405,000	644,438	4,420,000	1,824,866	11,785,000	9,493,866
2023-2027	1,760,000	296,422	4,940,000	700,220	15,520,000	6,146,023
2028-2032	405,000	8,859	405,000	8,859	16,410,000	2,290,612
	\$ 4,725,000	\$ 1,852,944	\$ 13,070,000	\$ 5,232,745	\$ 52,320,000	\$ 29,889,176

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

Capital Lease Obligations

The City has entered into capital leasing agreements (one lease as of October 31, 2012) for various buildings and equipment. The cumulative amount of assets acquired under the capital leases described above amounted to \$624,320 with related accumulated depreciation of \$235,127 as of October 31, 2012.

The future minimum lease obligations and the net present value of these minimum lease payments as of October 31, 2012 were as follows:

Governmental Activities:			
Year ending October 31:			
2013		\$	47,999
2014			47,998
2015			47,998
2016			47,998
2017			47,998
			239,991
Less imputed interest			(30,555)
Present value of minimum lease payments		\$	209,436

Restricted Assets

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

<u>Account</u>	<u>TIF Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Project/construction funds	\$ 697,927	\$ 3,285,923	\$ 3,983,850
Rebate funds	-	372,363	372,363
Debt service funds	-	119,915	119,915
Debt service reserve funds	4,978,484	-	4,978,484
	\$ 5,676,411	\$ 3,778,201	\$ 9,454,612

(10) Sewerage Service Agreement

The City has entered into agreements with the City of Kansas City, Missouri and the Little Blue Valley Sewer District to provide certain sewer services for the City. For the year ended October 31, 2012, amounts recorded under these agreements were \$1,009,236 (Kansas City, Missouri) and \$1,673,623 (Little Blue Valley Sewer District).

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

(11) Commitments and Contingencies

A. Employees Retirement System

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Statute, Section RSMo. 70.600 – 70.755. As such, it is the system’s responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding Status

The City’s full-time employees do not contribute to the pension plan. The City is required by State Statute to contribute at an actuarially determined rate; the current rate is 11.9% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by State Statute.

Annual Pension Cost

For 2012, the City’s annual pension cost of \$518,094 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2009 was 24 years. The amortization period at February 28, 2010 was 23 years.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
10/31/2010	\$ 493,677	100 %	\$ -
10/31/2011	505,811	100 %	-
10/31/2012	518,094	100 %	-

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

As of February 29, 2012, the most recent actuarial valuation date, the plan was 60 percent funded. The actuarial accrued liability for benefits was \$6,874,557 and the actuarial value of assets was \$4,151,699, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,722,858. The covered payroll (annual payroll of active employees covered by the plan) was \$4,276,300, and the ratio of the UAAL to the covered payroll was 64 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Police Officer's Retirement Fund

Plan Description

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

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

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

The Plan does not issue separate financial statements.

Funding Policy

The Plan requires the City to contribute each year to the Plan in amounts as determined by the Board of Alderman as based upon the rate recommended by the Plan's actuaries in order to fund the normal cost of the amortization of the unfunded Plan liability.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

Annual Pension Cost and Net Pension Asset

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

Annual required contribution	\$ 616,618
Interest on net pension asset	2,599
Adjustment to annual required contribution	<u>(2,117)</u>
Annual pension cost	617,100
Contributions made	<u>645,818</u>
Change in net pension obligation	(28,718)
Net pension obligation, October 31, 2011	<u>34,648</u>
Net pension obligation, October 31, 2012	<u><u>\$ 5,930</u></u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
10/31/2010	\$ 677,971	41%	\$ (108,404)
10/31/2011	864,084	83%	34,648
10/31/2012	617,100	105%	5,930

As of January 1, 2012, the most recent actuarial valuation date, the plan was 54 percent funded. The actuarial accrued liability for benefits was \$16,326,706 and the actuarial value of assets was \$8,765,297, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,561,409. The covered payroll (annual payroll of active employees covered by the plan) was \$3,065,002 and the ratio of the UAAL to the covered payroll was 247 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the January 1, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases of 4% per year. The actuarial value of assets was determined by projecting the prior year's actuarial value of assets to the current valuation date using the valuation interest assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a rolling 30 year period. The remaining amortization as of the January 1, 2011 valuation was thirty years.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

C. Insured (Frozen) Pension Plans

Prior to the City's participation in LAGERS and the Police Officer's Retirement Fund, the City offered two defined benefit pension plans for its employees. Upon entering into LAGERS and the Police Officer's Retirement Fund, the City made payments to transfer the obligation for all future benefit payments under these plans to an outside insurance company. Accordingly, no provisions for the related assets have been made in the accompanying financial statements. The City has no future obligation to contribute any additional amounts to these plans, and no amounts were paid during 2012. Benefits paid from these plans to participants during 2012 totaled \$92,698.

D. Post Employment Health Benefits

In addition to providing pension benefits the City provides the post employment healthcare benefits described below.

Plan Description

The City provides for a continuation of medical, prescription drug, hearing and vision insurance benefits to employees that retire from the City. The City provides retiree healthcare benefits through the Midwest Public Risk (MPR), which is a risk pool comprised of approximately 115 entity members. It has been determined that MPR functions as an agent multiple-employer plan.

The City requires the retirees to pay 125% of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. (The retiree insurance is guaranteed issue; no medical questionnaire is required.) The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or if payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, which represents an amount that is actuarially determined in accordance with the requirements of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year plus the amortization of the unfunded actuarial liability over a period of time that the City has selected as being thirty years.

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

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

	Total
Annual required contribution	\$ 46,039
Interest on net OPEB obligation	5,844
Adjustment to annual required contribution	(6,241)
Annual OPEB cost (expense)	45,642
Less: Net employer contributions	3,000
Increase in net OPEB obligation	42,642
Net OPEB obligation - November 1, 2011	115,873
Net OPEB obligation - October 31, 2012	\$ 158,515
Net OPEB obligation reported with the City's:	
Governmental activities	\$ 152,800
Business-type activities	5,715
	\$ 158,515

The City's annual OPEB cost, the percentage of annual OPEB costs estimated to be contributed to the plan, and the net OPEB obligation for the fiscal year ending October 31, 2012 is as follows:

Fiscal Year	Annual	Percentage of Annual OPEB	Net OPEB
10/31/2010	\$ 42,330	7.1%	\$ 76,912
10/31/2011	41,961	7.1%	115,873
10/31/2012	44,642	6.7%	158,515

Funded Status and Funding Progress

As of July 1, 2011, which represents the most recent actuarial valuation date, the actuarial accrued liability for benefits within the plan for the City is \$264,530. There were no assets set aside for funding the plan as of that date, thus the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,957,357, which results in a ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll of 3.8 percent.

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

Actuarial Methods and Assumptions

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

The projected unit credit actuarial cost method is used in the July 1, 2011 actuarial valuation. At the valuation date, actuarial present value of benefits is determined for each participant. The sum of these actuarial present values of benefits allocated to the current valuation year is the normal cost for the plan year. The sum of actuarial present values of benefits allocated to all valuation years preceding the valuation date represents the actuarial accrued liability.

The actuarial assumptions include a 5 percent investment rate of return. The actuarial assumptions for healthcare cost trend is a growth factor of 8.5 percent for the initial year and then declining by 0.5 percent per year until 5 percent is reached. The 5 percent growth is used on a go-forward basis. The UAAL is amortized over 30 years using as a level-dollar, open period amortization period.

E. Bond Issuance Authorization

On November 2, 2004, the voters approved issuance of up to \$18,500,000 for sanitary sewer revenue bonds and to appropriately raise the sewer rates to retire this debt. The funds will be used to upgrade or replace existing sewer lines. The City issued \$2,225,000 in 2005 through conventional bonding instruments, \$7,590,000 in 2006 and \$5,495,000 in 2007 through the State Revolving Fund. The remaining \$3,190,000 is authorized but unissued as of October 31, 2012. The City does not intend to issue any additional bonds in the upcoming fiscal year.

F. Litigation

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

G. Federal Assistance

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

CITY OF RAYTOWN, MISSOURI
Notes to the Basic Financial Statements
For the Year Ended October 31, 2012

H. Loan Receivable - Ditzler Community Improvement District

The City of Raytown has entered into a development agreement with Gregory Square Partners, LLC. and the Ditzler Community Improvement District (CID). Under the agreement, the City provided funding of \$600,000 to be used to finance a portion of the development cost of the project and development of certain real property located at the intersection of Gregory Boulevard and Ditzler Avenue. In addition, the City will make available an additional \$250,000 once a certificate of occupancy permit is issued by the City and was issued during 2012. Under the terms of the agreement, the City is scheduled to be reimbursed for such advances over a period not to exceed 20 years including interest at 6.5% from CID sales taxes generated from taxable sales within the CID district. The outstanding balance under the agreement is \$847,979 at October 31, 2012.

I. Encumbrances

Outstanding encumbrances at October 31, 2012 were as follows: General Fund \$49,310, the Parks Fund \$549, Capital Sales Tax Fund \$377,122, Public Safety Sales Tax Fund \$513,208 and Capital Improvements Fund \$38,124.

(12) Subsequent Events

The City evaluated subsequent events through May 24, 2013, the date the financial statements were available to be issued.

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the year ended October 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 8,121,919	\$ 8,121,919	\$ 7,626,993	\$ (494,926)
Licenses and permits	370,100	370,100	330,666	(39,434)
Intergovernmental	1,304,500	1,455,854	1,140,415	(315,439)
Fines	820,000	820,000	1,199,747	379,747
Charges for services	1,130,715	1,130,715	1,094,177	(36,538)
Interest	9,000	9,000	12,145	3,145
Miscellaneous	26,700	28,700	121,371	92,671
Total revenues	<u>11,782,934</u>	<u>11,936,288</u>	<u>11,525,514</u>	<u>(410,774)</u>
Expenditures:				
Current:				
Mayor/Board of Alderman	73,400	73,400	65,034	8,366
Administration	1,220,418	1,285,763	1,117,568	168,195
Finance	627,229	627,229	587,114	40,115
Municipal court	291,427	291,427	278,930	12,497
Legal	150,846	150,846	214,402	(63,556)
General government	<u>2,363,320</u>	<u>2,428,665</u>	<u>2,263,048</u>	<u>165,617</u>
Community development	<u>756,742</u>	<u>756,742</u>	<u>614,858</u>	<u>141,884</u>
Police	6,030,368	6,251,042	6,134,417	116,625
Emergency medical services	1,238,274	1,240,743	1,093,023	147,720
Public safety	<u>7,268,642</u>	<u>7,491,785</u>	<u>7,227,440</u>	<u>264,345</u>
Public works	<u>1,658,883</u>	<u>1,751,250</u>	<u>1,560,051</u>	<u>191,199</u>
Capital outlay	<u>-</u>	<u>150,472</u>	<u>24,281</u>	<u>126,191</u>
Total expenditures	<u>12,047,587</u>	<u>12,578,914</u>	<u>11,689,678</u>	<u>889,236</u>
Excess of revenues over (under) expenditures	<u>(264,653)</u>	<u>(642,626)</u>	<u>(164,164)</u>	<u>478,462</u>
Other financing sources (uses):				
Transfers in	<u>249,776</u>	<u>249,776</u>	<u>282,925</u>	<u>33,149</u>
Total other financing sources (uses)	<u>249,776</u>	<u>249,776</u>	<u>282,925</u>	<u>33,149</u>
Net change in fund balances	<u>\$ (14,877)</u>	<u>\$ (392,850)</u>	<u>118,761</u>	<u>\$ 511,611</u>
Fund balances, beginning of year - budget basis			<u>5,966,967</u>	
Fund balance - end of year - budget basis			6,085,728	
Adjustments:				
Encumbrances			49,310	
Fund balance - end of year - GAAP basis			<u>\$ 6,135,038</u>	
Net change in fund balance - budget basis			\$ 118,761	
Adjustments:				
Encumbrances - beginning of year			(126,396)	
Encumbrances - end of year			49,310	
Net change in fund balance - GAAP basis			<u>\$ 41,675</u>	

CITY OF RAYTOWN, MISSOURI

Schedules of Funding Progress

Employees Retirement System

Fiscal Year	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL as a Percentage of covered Payroll
10/31/2010	2/28/2010	\$ 2,836,421	\$ 6,096,411	\$ 3,259,990	47%	\$ 4,426,069	74%
10/31/2011	2/28/2011	3,381,673	6,537,540	3,155,867	52%	4,336,047	73%
10/31/2012	2/29/2012	4,151,699	6,874,557	2,722,858	60%	4,276,300	64%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Police Officer's Retirement Fund

Fiscal Year	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Projected Unit Credit Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL as a Percentage of covered Payroll
10/31/2007	11/1/2006	\$ 7,447,000	\$ 11,884,000	\$ 4,437,000	63%	\$ 2,771,000	160%
10/31/2008	11/1/2007	8,689,000	12,672,000	3,983,000	69%	2,686,000	148%
10/31/2009	11/1/2008	7,166,000	13,740,000	6,574,000	52%	2,780,000	236%
10/31/2010	11/1/2009	7,902,258	14,832,358	6,930,100	53%	2,987,000	232%
10/31/2011	1/1/2011	8,998,016	15,759,311	6,761,295	57%	2,978,208	227%
10/31/2012	1/1/2012	8,765,297	16,326,706	7,561,409	54%	3,065,002	247%

Other Post Employment Health Benefits

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAL as a Percentage of covered Payroll
7/1/2007	\$ -	\$ 222,757	\$ 222,757	0%	\$ 6,571,362	3%
7/1/2009	-	319,274	319,274	0%	6,811,646	5%
7/1/2011	-	264,530	264,530	0%	6,957,357	4%

CITY OF RAYTOWN, MISSOURI
Combining Balance Sheet
Non-major Governmental Funds
October 31, 2012

	<u>Special Revenue</u>					<u>Capital Project</u>	<u>Total Other Governmental Funds</u>
	<u>Park</u>	<u>Risk Management</u>	<u>Transportation Sales Tax</u>	<u>Capital Sales Tax</u>	<u>Public Safety Sales Tax</u>	<u>Capital Improvements</u>	
Assets							
Cash and investments	\$ 979,997	\$ 186,897	\$ -	\$ 977,901	\$ 944,570	\$ -	\$ 3,089,365
Receivables (net of allowance for uncollectibles):							
Taxes	42,452	-	133,405	116,280	164,850	-	456,987
Accounts	-	33,888	-	-	-	-	33,888
Intergovernmental	-	-	-	-	-	278,772	278,772
Loan receivable	-	-	-	-	-	847,979	847,979
Prepays	33,433	186,182	4,186	-	-	-	223,801
Restricted cash and investments	4,307	-	-	-	-	3,647	7,954
Total assets	\$ 1,060,189	\$ 406,967	\$ 137,591	\$ 1,094,181	\$ 1,109,420	\$ 1,130,398	\$ 4,938,746
Liabilities							
Accounts payable	\$ 37,504	\$ 22,718	\$ 86,536	\$ 117,273	\$ 118,006	\$ 291,480	\$ 673,517
Accrued liabilities	14,235	-	-	-	23,249	-	37,484
Interfund payables	-	-	25,717	-	-	63,548	89,265
Deferred revenues	-	-	-	-	-	228,295	228,295
Total liabilities	51,739	22,718	112,253	117,273	141,255	583,323	1,028,561
Fund balances							
Nonspendable:							
Prepays	33,433	186,182	4,186	-	-	-	223,801
Loan receivable	-	-	-	-	-	847,979	847,979
Restricted for:							
Risk management	-	198,067	-	-	-	-	198,067
Public Safety	-	-	-	-	968,165	-	968,165
Public works	-	-	21,152	976,908	-	-	998,060
Assigned for:							
Parks and recreation	975,017	-	-	-	-	-	975,017
Unassigned (deficit)	-	-	-	-	-	(300,904)	(300,904)
Total fund balances	1,008,450	384,249	25,338	976,908	968,165	547,075	3,910,185
Total liabilities and fund balance	\$ 1,060,189	\$ 406,967	\$ 137,591	\$ 1,094,181	\$ 1,109,420	\$ 1,130,398	\$ 4,938,746

CITY OF RAYTOWN, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the year ended October 31, 2012

	Special Revenue					Capital Project	Total Other Governmental Funds
	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	
Revenues:							
Taxes	\$ 871,908	\$ -	\$ 1,046,993	\$ 881,832	\$ 1,184,325	\$ -	\$ 3,985,058
Intergovernmental	-	-	-	-	-	1,214,110	1,214,110
Charges for services	425,117	-	-	-	-	-	425,117
Interest	2,459	162	897	990	922	169	5,599
Other	13,744	61,487	-	10,651	-	51,384	137,266
Total revenues	<u>1,313,228</u>	<u>61,649</u>	<u>1,047,890</u>	<u>893,473</u>	<u>1,185,247</u>	<u>1,265,663</u>	<u>5,767,150</u>
Expenditures:							
Current:							
General government	-	36,332	-	-	-	-	36,332
Parks and recreation	1,363,592	-	-	-	-	-	1,363,592
Community development	-	-	-	-	-	1,215,298	1,215,298
Public safety	-	-	-	-	1,066,216	-	1,066,216
Capital outlay	56,770	-	1,006,133	710,250	102,042	334,657	2,209,852
Debt service:							
Principal	-	-	-	36,399	-	-	36,399
Interest and fiscal charges	-	-	-	11,599	-	-	11,599
Total expenditures	<u>1,420,362</u>	<u>36,332</u>	<u>1,006,133</u>	<u>758,248</u>	<u>1,168,258</u>	<u>1,549,955</u>	<u>5,939,288</u>
Excess of revenues over (under) expenditures	<u>(107,134)</u>	<u>25,317</u>	<u>41,757</u>	<u>135,225</u>	<u>16,989</u>	<u>(284,292)</u>	<u>(172,138)</u>
Other financing sources (uses):							
Sale of capital assets	5,100	-	-	26,600	-	-	31,700
Total other financing sources (uses)	<u>5,100</u>	<u>-</u>	<u>-</u>	<u>26,600</u>	<u>-</u>	<u>-</u>	<u>31,700</u>
Net change in fund balances	<u>(102,034)</u>	<u>25,317</u>	<u>41,757</u>	<u>161,825</u>	<u>16,989</u>	<u>(284,292)</u>	<u>(140,438)</u>
Fund balances, beginning of year	<u>1,110,484</u>	<u>358,932</u>	<u>(16,419)</u>	<u>815,083</u>	<u>951,176</u>	<u>831,367</u>	<u>4,050,623</u>
Fund balances (deficit), end of year	<u>\$ 1,008,450</u>	<u>\$ 384,249</u>	<u>\$ 25,338</u>	<u>\$ 976,908</u>	<u>\$ 968,165</u>	<u>\$ 547,075</u>	<u>\$ 3,910,185</u>

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Park Fund
For the year ended October 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 767,500	\$ 767,500	\$ 871,908	\$ 104,408
Intergovernmental	-	74,501	-	\$ (74,501)
Charges for services	442,000	442,000	425,117	(16,883)
Interest	-	-	2,459	2,459
Other	12,180	12,180	13,744	1,564
Total revenues	<u>1,221,680</u>	<u>1,296,181</u>	<u>1,313,228</u>	<u>17,047</u>
Expenditures:				
Current:				
Parks and recreation	1,214,012	1,708,912	1,363,592	345,320
Capital outlay	39,100	39,100	57,319	(18,219)
Total expenditures	<u>1,253,112</u>	<u>1,748,012</u>	<u>1,420,911</u>	<u>327,101</u>
Excess of revenues over (under) expenditures	<u>(31,432)</u>	<u>(451,831)</u>	<u>(107,683)</u>	<u>344,148</u>
Other financing sources (uses):				
Sale of capital assets	-	-	5,100	5,100
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,100</u>	<u>5,100</u>
Net change in fund balances	<u>\$ (31,432)</u>	<u>\$ (451,831)</u>	<u>(102,583)</u>	<u>\$ 349,248</u>
Fund balances, beginning of year - budget basis			<u>1,110,484</u>	
Fund balance - end of year - budget basis			\$ 1,007,901	
Adjustments:				
Encumbrances			549	
Fund balance - end of year - GAAP basis			<u>\$ 1,008,450</u>	
Net change in fund balance - budget basis			\$ (102,583)	
Adjustments:				
Encumbrances - beginning of year			-	
Encumbrances - end of year			549	
Net change in fund balance - GAAP basis			<u>\$ (102,034)</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Risk Management Fund
For the year ended October 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest	\$ -	\$ -	\$ 162	\$ 162
Other	37,000	37,000	61,487	24,487
Total revenues	<u>37,000</u>	<u>37,000</u>	<u>61,649</u>	<u>24,649</u>
Expenditures:				
Current:				
General government	57,970	57,970	36,332	21,638
Total expenditures	<u>57,970</u>	<u>57,970</u>	<u>36,332</u>	<u>21,638</u>
Excess of revenues over (under) expenditures	<u>(20,970)</u>	<u>(20,970)</u>	<u>25,317</u>	<u>46,287</u>
Other financing sources (uses):				
Transfers in	25,000	25,000	-	(25,000)
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	<u>\$ 4,030</u>	<u>\$ 4,030</u>	25,317	<u>\$ 21,287</u>
Fund balances, beginning of year			<u>358,932</u>	
Fund balances, end of year			<u>\$ 384,249</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Transportation Sales Tax Fund
For the year ended October 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,024,802	\$ 1,024,802	\$ 1,046,993	\$ 22,191
Interest	500	500	897	397
Total revenues	<u>1,025,302</u>	<u>1,025,302</u>	<u>1,047,890</u>	<u>22,588</u>
Expenditures:				
Capital Outlay	1,049,250	1,049,250	982,279	66,971
Total expenditures	<u>1,049,250</u>	<u>1,049,250</u>	<u>982,279</u>	<u>66,971</u>
Net change in fund balances	<u>\$ (23,948)</u>	<u>\$ (23,948)</u>	65,611	<u>\$ 89,559</u>
Fund balances (deficit), beginning of year - budget basis			<u>(40,273)</u>	
Fund balance - end of year - budget basis			25,338	
Adjustments:				
Encumbrances			<u>-</u>	
Fund balance - end of year - GAAP basis			<u>\$ 25,338</u>	
Net change in fund balance - budget basis			\$ 65,611	
Adjustments:				
Encumbrances - beginning of year			(23,854)	
Encumbrances - end of year			<u>-</u>	
Net change in fund balance - GAAP basis			<u>\$ 41,757</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Capital Sales Tax Fund
For the year ended October 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 858,920	\$ 858,920	\$ 881,832	\$ 22,912
Interest	500	500	990	490
Other	20,000	20,000	10,651	(9,349)
Total revenues	879,420	879,420	893,473	14,053
Expenditures:				
Capital outlay	866,269	1,394,742	1,087,372	307,370
Debt service:				
Principal	34,760	36,400	36,399	1
Interest and fiscal charges	13,240	11,600	11,599	1
Total expenditures	914,269	1,442,742	1,135,370	307,372
Excess of revenues over (under) expenditures	(34,849)	(563,322)	(241,897)	321,425
Other financing sources (uses):				
Sale of capital assets	20,000	20,000	26,600	6,600
Total other financing sources (uses)	20,000	20,000	26,600	6,600
Net change in fund balances	\$ (14,849)	\$ (543,322)	(215,297)	\$ 328,025
Fund balances, beginning of year - budget basis			815,083	
Fund balance - end of year - budget basis			599,786	
Adjustments:				
Encumbrances			377,122	
Fund balance - end of year - GAAP basis			\$ 976,908	
Net change in fund balance - budget basis			(215,297)	
Adjustments:				
Encumbrances - beginning of year			-	
Encumbrances - end of year			377,122	
Net change in fund balance - GAAP basis			\$ 161,825	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Public Safety Sales Tax Fund
For the year ended October 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,136,958	\$ 1,136,958	\$ 1,184,325	\$ 47,367
Interest	500	500	922	422
Total revenues	<u>1,137,458</u>	<u>1,137,458</u>	<u>1,185,247</u>	<u>47,789</u>
Expenditures:				
Current:				
Public safety	1,095,154	1,266,794	1,066,216	200,578
Capital outlay	-	615,560	615,250	310
Total expenditures	<u>1,095,154</u>	<u>1,882,354</u>	<u>1,681,466</u>	<u>200,888</u>
Net change in fund balances	<u>\$ 42,304</u>	<u>\$ (744,896)</u>	(496,219)	<u>\$ 248,677</u>
Fund balances, beginning of year - budget basis			<u>951,176</u>	
Fund balance - end of year - budget basis			454,957	
Adjustments:				
Encumbrances			<u>513,208</u>	
Fund balance - end of year - GAAP basis			<u>\$ 968,165</u>	
Net change in fund balance - budget basis			(496,219)	
Adjustments:				
Encumbrances - beginning of year			-	
Encumbrances - end of year			<u>513,208</u>	
Net change in fund balance - GAAP basis			<u>\$ 16,989</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Capital Improvement Fund
For the year ended October 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 789,860	\$ 789,860	\$ 1,214,110	\$ 424,250
Interest	-	-	169	169
Other	75,500	75,500	51,384	(24,116)
Total revenues	<u>865,360</u>	<u>865,360</u>	<u>1,265,663</u>	<u>424,419</u>
Expenditures:				
Current:				
Community development	-	-	1,215,298	(1,215,298)
Capital outlay	888,263	1,289,565	316,734	954,908
Total expenditures	<u>888,263</u>	<u>1,289,565</u>	<u>1,532,032</u>	<u>(260,390)</u>
Excess of revenues over (under) expenditures	<u>(22,903)</u>	<u>(424,205)</u>	<u>(266,369)</u>	<u>164,029</u>
Net change in fund balances	<u>\$ (22,903)</u>	<u>\$ (424,205)</u>	<u>(266,369)</u>	<u>\$ 164,029</u>
Fund balances, beginning of year - budget basis			<u>793,243</u>	
Fund balance - end of year - budget basis			526,874	
Adjustments:				
Encumbrances			<u>20,201</u>	
Fund balance - end of year - GAAP basis			<u>\$ 547,075</u>	
Net change in fund balance - budget basis			\$ (266,369)	
Adjustments:				
Encumbrances - beginning of year			(38,124)	
Encumbrances - end of year			<u>20,201</u>	
Net change in fund balance - GAAP basis			<u>\$ (284,292)</u>	

CITY OF RAYTOWN, MISSOURI
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
TIF Fund
For the year ended October 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,370,000	\$ 1,370,000	\$ 1,421,028	\$ 51,028
Intergovernmental activity taxes	1,238,200	1,238,200	1,401,724	163,524
Interest and other	200,000	200,000	209,629	9,629
Total revenues	<u>2,808,200</u>	<u>2,808,200</u>	<u>3,032,381</u>	<u>224,181</u>
Expenditures:				
Current:				
Community Development	683,200	683,200	7,875	675,325
Debt service:				
Principal, interest and fiscal charges	<u>2,788,025</u>	<u>2,788,025</u>	<u>2,784,698</u>	<u>3,327</u>
Total expenditures	<u>3,471,225</u>	<u>3,471,225</u>	<u>2,792,573</u>	<u>678,652</u>
Excess of revenues over (under) expenditures	<u>(663,025)</u>	<u>(663,025)</u>	<u>239,808</u>	<u>902,833</u>
Net change in fund balances	<u>\$ (663,025)</u>	<u>\$ (663,025)</u>	239,808	<u>\$ 902,833</u>
Fund balances, beginning of year			<u>6,677,336</u>	
Fund balances, end of year			<u>\$ 6,917,144</u>	

CITY OF RAYTOWN, MISSOURI
Statement of Changes in Assets and Liabilities -
Agency Funds
For the year ended October 31, 2012

	<u>Balance October 31, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance October 31, 2012</u>
Jackson County Tax Fund				
Assets:				
Cash	\$ 228,086	\$ 14,059,104	\$ 14,284,032	\$ 3,158
Liabilities:				
Due to others	\$ 228,086	\$ 14,059,104	\$ 14,284,032	\$ 3,158
 Raytown Highway 350 TDD				
Assets:				
Cash	\$ 39,324	\$ 69,497	\$ 2,155	\$ 106,666
Taxes receivable	5,115	75,599	69,497	11,217
Total assets	<u>\$ 44,439</u>	<u>\$ 145,096</u>	<u>\$ 71,652</u>	<u>\$ 117,883</u>
Liabilities:				
Due to others	<u>\$ 44,439</u>	<u>\$ 145,096</u>	<u>\$ 71,652</u>	<u>\$ 117,883</u>
 Ditzler CID				
Assets:				
Cash	\$ -	\$ 40,054	\$ 40,054	\$ -
Taxes receivable	-	51,385	40,054	11,331
Total assets	<u>\$ -</u>	<u>\$ 91,439</u>	<u>\$ 80,108</u>	<u>\$ 11,331</u>
Liabilities:				
Due to others	<u>\$ -</u>	<u>\$ 91,439</u>	<u>\$ 80,108</u>	<u>\$ 11,331</u>
 Total				
Assets:				
Cash	\$ 267,410	\$ 14,168,655	\$ 14,326,241	\$ 109,824
Taxes receivable	5,115	126,984	109,551	22,548
	<u>\$ 272,525</u>	<u>\$ 14,295,639</u>	<u>\$ 14,435,792</u>	<u>\$ 132,372</u>
Liabilities:				
Due to others	<u>\$ 272,525</u>	<u>\$ 14,295,639</u>	<u>\$ 14,435,792</u>	<u>\$ 132,372</u>