

CITY OF RAYTOWN, MISSOURI

FINANCIAL STATEMENTS

Year Ended October 31, 2016

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CITY OF RAYTOWN, MISSOURI

Financial Statements
Year ending October 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
City of Raytown, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri, as of and for the year ended October 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

www.mizehouser.com ■ mhco@mizehouser.com

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

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

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

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

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, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the TIF fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of funding progress on page 51, the schedule of the changes in net pension liability and related ratios on pages 52 and 54, the schedule of pension contributions on pages 53 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Mike Houser : Company PA

Certified Public Accountants
Lawrence, Kansas

April 17, 2017

CITY OF RAYTOWN, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ending October 31, 2016 Unaudited

The management team for the City of Raytown, Missouri (the City) offers our readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended October 31, 2016.

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

Financial Highlights

The assets and deferred outflows for the City of Raytown, Missouri (the City) exceeded its liabilities and deferred inflows at the close the 2015-2016 fiscal year by \$11,447,066 (net position).

The City's total net position decreased \$432,251 when compared to 2015.

Governmental activities net position decreased \$215,529 due to the increase in pension liability and the removal of depreciating assets valued under \$5,000.

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

Business-type activities realized a decrease in net position of \$216,722 over year-end 2015. Similar to the Governmental activities, the City continues to decrease its Business-type long term obligations.

Overview of the Financial Statements

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

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

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

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

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

CITY OF RAYTOWN, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ending October 31, 2016

Unaudited

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

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

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

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

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

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

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

Government-wide Financial Analysis

As indicated earlier, net position may serve as a useful indicator of the City's financial position. The largest portion of the City's net position, \$36,468,611 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
Year Ending October 31, 2016
Unaudited

The following table reflects the condensed Statement of Net Position as of October 31, 2016 and 2015:

City of Raytown
Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current assets	\$ 19,777,084	\$ 20,244,626	\$ 4,684,090	\$ 5,677,255	\$ 24,461,174	\$ 25,921,881
Noncurrent assets	32,017,438	32,904,277	15,196,576	15,635,118	47,214,014	48,539,395
Deferred outflows of resources	<u>2,971,908</u>	<u>1,128,064</u>	<u>46,058</u>	<u>29,422</u>	<u>3,017,966</u>	<u>1,157,486</u>
 Total assets and deferred outflows of resources	 <u>\$ 54,766,430</u>	 <u>\$ 54,276,967</u>	 <u>\$ 19,926,724</u>	 <u>\$ 21,341,795</u>	 <u>\$ 74,693,154</u>	 <u>\$ 75,618,762</u>
 Current liabilities	 \$ 14,499,147	 \$ 10,739,579	 \$ 1,959,433	 \$ 1,610,455	 \$ 16,458,580	 \$ 12,350,034
Noncurrent liabilities	36,339,342	39,297,593	9,969,708	11,516,058	46,309,050	50,813,651
Deferred inflows of resources	<u>475,363</u>	<u>571,688</u>	<u>3,095</u>	<u>4,072</u>	<u>478,458</u>	<u>575,760</u>
 Total liabilities and deferred inflows of resources	 <u>\$ 51,313,852</u>	 <u>\$ 50,608,860</u>	 <u>\$ 11,932,236</u>	 <u>\$ 13,130,585</u>	 <u>\$ 63,246,088</u>	 <u>\$ 63,739,445</u>
 Net Position:						
Net investment in capital assets	\$ 31,971,602	\$ 32,814,671	\$ 4,497,009	\$ 4,157,703	\$ 36,468,611	\$ 36,972,374
Restricted	10,493,089	10,019,017	547,422	524,240	11,040,511	10,543,257
Unrestricted	<u>[39,012,113]</u>	<u>[39,165,581]</u>	<u>2,950,057</u>	<u>3,529,267</u>	<u>[36,062,056]</u>	<u>[35,636,314]</u>
 Total net position	 <u>\$ 3,452,578</u>	 <u>\$ 3,668,107</u>	 <u>\$ 7,994,488</u>	 <u>\$ 8,211,210</u>	 <u>\$ 11,447,066</u>	 <u>\$ 11,879,317</u>

Net position may serve as a useful indicator of the City's financial position. As of October 31, 2016, assets exceed liabilities by \$11,447,066.

The City currently has deficit unrestricted net position related to governmental activities due to the economic development project on 350 Highway. In 2007, the City issued tax increment and sales tax revenue bonds in the amount of \$39,990,000 to fund certain development project costs. Certain debt service payments are subject to annual appropriations, but not backed by the full faith and credit of the City. This obligation has resulted in the City recording the liability with no reportable capital asset. The City began paying principal payments on the bonds in 2012 and currently holds \$3,919,907 in a Debt Reserve Fund should pledged revenues fall short of debt service requirements.

The City's combined net position decreased to \$11,447,066 from \$11,879,317 as a result of the year's expenses exceeding revenues.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2016
Unaudited

The following table reflects the revenues and expenses from the City's activities for the years ended October 31, 2016 and 2015:

City of Raytown Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,701,033	\$ 2,927,485	\$ 5,810,166	\$ 5,490,908	\$ 8,511,199	\$ 8,418,393
Operating grants and contributions	52,718	82,998	-	-	52,718	82,998
Capital grants and contributions	457,795	37,086	-	-	457,795	37,086
General revenues:						
Property tax	1,763,434	1,753,966	-	-	1,763,434	1,753,966
Sales tax	8,060,190	8,058,970	-	-	8,060,190	8,058,970
Motor vehicle tax	1,165,513	1,157,516	-	-	1,165,513	1,157,516
Franchise tax	3,700,552	3,986,649	-	-	3,700,552	3,986,649
Intergovernmental activity tax	1,354,258	1,337,166	-	-	1,354,258	1,337,166
Other taxes	67,188	64,200	-	-	67,188	64,200
Miscellaneous	171,804	283,388	-	-	171,804	283,388
Investment earnings	440,634	274,941	310,940	322,141	751,574	597,082
Transfers [net]	<u>1,177,862</u>	<u>1,064,049</u>	<u>[1,177,862]</u>	<u>[1,064,049]</u>	<u>-</u>	<u>-</u>
Total revenues	<u>21,112,981</u>	<u>21,028,414</u>	<u>4,943,244</u>	<u>4,749,000</u>	<u>26,056,225</u>	<u>25,777,414</u>
Program expenses:						
General government	2,304,821	2,478,072	-	-	2,304,821	2,478,072
Parks and recreation	1,413,745	1,397,884	-	-	1,413,745	1,397,884
Development and public affairs	803,314	949,070	-	-	803,314	949,070
Public safety	9,088,652	8,737,979	-	-	9,088,652	8,737,979
Public works	5,937,113	6,032,464	-	-	5,937,113	6,032,464
Interest on long term debt	1,780,865	1,842,480	-	-	1,780,865	1,842,480
Sewer	-	-	5,159,966	4,727,416	5,159,966	4,727,416
Total expenses	<u>21,328,510</u>	<u>21,437,949</u>	<u>5,159,966</u>	<u>4,727,416</u>	<u>26,488,476</u>	<u>26,165,365</u>
Increase [decrease] in net position	[215,529]	[409,535]	[216,722]	21,584	[432,251]	[387,951]
Net position, beginning	<u>3,668,107</u>	<u>4,077,642</u>	<u>8,211,210</u>	<u>8,189,626</u>	<u>11,879,317</u>	<u>12,267,268</u>
Net position, ending	<u>\$ 3,452,578</u>	<u>\$ 3,668,107</u>	<u>\$ 7,994,488</u>	<u>\$ 8,211,210</u>	<u>\$ 11,447,066</u>	<u>\$ 11,879,317</u>

Governmental Activities

Governmental activities decreased the City's net position by \$215,529. Revenues were slightly up, due to an increase in investment earnings and a onetime grant for the Downtown Streetscape project. Franchise tax was down 7% primarily due to mild weather conditions. The largest single revenue category for the City of Raytown remains sales taxes, which totaled \$8,060,190 or 38% of total governmental revenue. Sales tax revenues increased \$68,408 or .8% compared to 2015. Overall governmental activities revenue finished the year \$84,567 above prior year.

CITY OF RAYTOWN, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2016
Unaudited

Governmental activities expenses decreased \$109,439 or about .5% for the fiscal year ended October 31, 2016, compared to the fiscal year ended October 31, 2015. This decrease was achieved through conscious efforts to streamline City expenditures. All programs, excluding Public Safety and Parks and Recreation, which saw a 4% and 1% increase, were able to reduce expenses while providing a 2% cost of living wage increase.

Revenues from governmental activities totaled \$19,935,119 or 77% of the total City revenues. This represents a decrease of \$29,246 compared to 2015. The main source of the decrease was due to the charges for services revenues.

Business-type Activities

Total business-type activities are attributable to the sanitary sewer fund. In 2016, business-type revenues were up \$308,057 or 5%, while expenses increased \$432,550 or 9% when compared to 2015. The increase in revenue is attributable to the 4% rate increase that took effect November 1, 2015. The increase in expenses is primarily due to treatment rate increases by Kansas City Water Services and Little Blue Valley Sewer District. In total, the Business-type activities experienced a decrease in net position of \$216,722.

Financial Analysis of the City's Funds

Governmental Funds

As of the end of the 2015-2016 fiscal year, the City's governmental funds have a combined fund balance of \$18,498,109, which represents a decrease of \$272,533 over 2015.

General Fund

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

The General Fund revenues and transfers in were \$12,357,019 compared to \$12,977,290 in 2015 which represents a decrease of \$620,271 or 5%. The decrease in revenues was due to a 7% decrease in franchise taxes, 22% decrease in fines, and a 9% decrease in Jackson County collection commission.

General Fund expenditures, including transfers out, were \$13,152,788 compared to \$13,062,228 in 2015 which represents an increase of \$90,560 or 1%. Increased expenditures were largely due to an unbudgeted storm water project during 2015-16.

The fund balance of the General Fund decreased \$795,769 during the fiscal year compared to an \$84,938 decrease in 2015. Even with this year's decrease, the fund balance still remains healthy.

Tax Increment Finance Fund

The TIF Fund revenues were \$3,097,109 compared to \$3,177,708 in 2015, which represents a decrease of \$80,599. The decrease of approximately 3% percent is attributable to decreased sales tax revenue in the TIF districts.

The expenditures were \$3,059,535 compared to \$3,010,073 in 2015 which represents an increase of \$49,462 or 1.6%. This represents a relatively flat expenditure trend that is expected to increase with the scheduled increases in debt service payments associated with the 350 Highway Development.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2016
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The fund balance of the Tax Increment Finance (TIF) Fund increased \$37,574 during the fiscal year. As the debt payment schedule increases, the fund balance will be spent down unless additional development occurs to offset the escalating debt payment.

Other Governmental Funds (Combined)

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

The other governmental funds combined revenues were \$5,510,574 compared to \$5,023,765 in 2015 which represent an increase of \$486,809 or 10%. This increase was due primarily to one time revenue received in 2015 associated with the Downtown Streetscape Project.

Combined expenditures and transfers out for other Governmental Funds were \$5,024,912 compared to \$4,989,297 in 2015. This increase of \$35,615 or 1% is due to the Downtown Streetscape Project.

The combined fund balance of the other governmental funds increased \$485,662 during the fiscal year. The primary reason for the increase is the delay of street maintenance to be completed with other transportation projects in 2017.

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 \$5,810,166 in 2016 compared to operating revenues of \$5,490,908 in 2015. The increase of \$319,258 is directly related to a 4% rate increase. The City sewer system is, for the most part, completely built out with very little opportunity for additional connections. Any variances in consumption and billing from one year to the next is related to how wet or dry the year is given that sewer billing is calculated off of water usage. It can be expected that without growth or new industry that the overall trend in consumption will be down as household appliances become more efficient.

The operating expenses were \$4,650,056 in 2016 compared to \$4,186,641 in 2015. The increase of \$463,415 in expenses is primarily due to treatment rate increases by Kansas City Water Services and Little Blue Valley Sewer District during the same period.

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

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

The net position of the Sanitary Sewer fund at the end of the year decreased \$216,722. Due to significant treatment rate increases by Kansas City Water Services and Little Blue Valley Sewer District the City increased rates for fiscal year 2016 to address this issue in the near future.

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2016
Unaudited

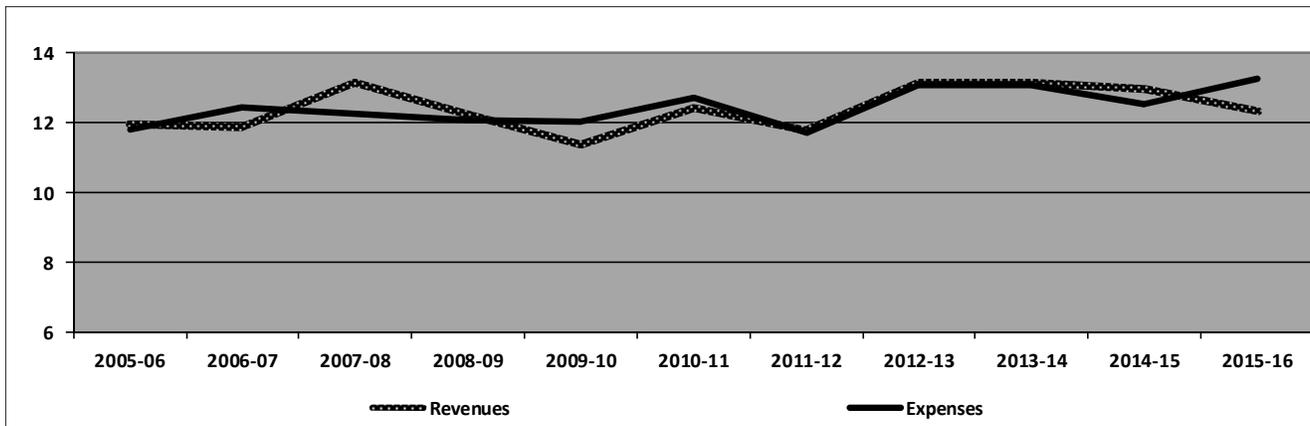
General Fund Actual to Budget Analysis

Actual revenues and transfers in were \$549,845 less than the final budget. Actual expenditures and transfers out were \$1,213,521 less than the final budget. The reduction in expenditures was distributed among several line items that came in significantly below budget. The following areas exceeded budgeted amounts for the year:

- Finance exceeded budget by \$23,918 or 3%
- Legal exceeded budget by \$893 or 1%

These increases were attributable to increase in professional services.

The following graph illustrates the City's General Fund Revenues against Expenditures for fiscal years ended 2006 through 2016:



As this graph illustrates, the City has had revenues in excess of expenditures in FY 2005-06. In FY 2006-07, the City had expenditures in excess of revenue that had to be made up from the fund balance. In FY 2009-10, the City again had expenditures in excess of revenues primarily due to a planned spend down of fund balance for one-time projects and a minor operating subsidy. In 2010-11 the City once again had expenditures in excess of revenues that were primarily due to a transfer for a loan to an Improvement District. In FY 2011-12, through the fiscal year 2014-15, the City's revenue exceeded expenditures. In FY 2015-16, expenditures exceeded revenues.

CITY OF RAYTOWN, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2016
Unaudited

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of October 31, 2016, amounts to \$47,214,014 compared to \$48,539,395 in 2015 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, collections systems, machinery and equipment, and infrastructure. In 2016, the City purchased new equipment and completed the Downtown Streetscape Project.

The following table reflects the capital asset activity for the years ended October 31, 2016 and 2015:

City of Raytown Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,573,392	\$ 1,574,522	\$ 433,393	\$ 433,393	\$ 2,006,785	\$ 2,007,915
Construction in progress	1,843,726	1,172,203	-	-	1,843,726	1,172,203
Buildings and improvements	2,870,815	2,544,986	-	-	2,870,815	2,544,986
Equipment and vehicles	3,110,873	3,293,376	147,967	210,313	3,258,840	3,503,689
Infrastructure	<u>22,618,632</u>	<u>24,319,190</u>	<u>14,615,216</u>	<u>14,991,412</u>	<u>37,233,848</u>	<u>39,310,602</u>
Total	<u>\$ 32,017,438</u>	<u>\$ 32,904,277</u>	<u>\$ 15,196,576</u>	<u>\$ 15,635,118</u>	<u>\$ 47,214,014</u>	<u>\$ 48,539,395</u>

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

Debt Administration

At the end of fiscal year 2016, the City had a total of \$48,857,460 of outstanding debt compared to \$50,813,651 in 2015. This was a decrease of \$1,956,191 from the previous year.

The following table reflects changes in the City's long-term debt for the years ended October 31, 2016 and 2015:

City of Raytown Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Tax increment and sales tax revenue bonds (including premium)	\$ 35,454,706	\$ 36,625,508	\$ -	\$ -	\$ 35,454,706	\$ 36,625,508
Revenue bonds (including premium)	-	-	10,719,026	11,498,643	10,719,026	11,498,643
Developer obligations	1,834,657	1,879,889	-	-	1,834,657	1,879,889
Capital leases	45,836	89,606	-	-	45,836	89,606
Compensated absences	460,266	410,288	4,751	5,236	465,017	415,524
Net OPEB obligation	<u>324,689</u>	<u>292,302</u>	<u>13,529</u>	<u>12,179</u>	<u>338,218</u>	<u>304,481</u>
Total	<u>\$ 38,120,154</u>	<u>\$ 39,297,593</u>	<u>\$ 10,737,306</u>	<u>\$ 11,516,058</u>	<u>\$ 48,857,460</u>	<u>\$ 50,813,651</u>

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

CITY OF RAYTOWN, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending October 31, 2016
Unaudited

Requests for Information

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

CITY OF RAYTOWN, MISSOURI

STATEMENT OF NET POSITION
October 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current assets:			
Cash and cash equivalents	\$ 8,645,120	\$ 2,922,761	\$ 11,567,881
Receivables (net of allowance for uncollectibles):			
Taxes	1,575,442	-	1,575,442
Accounts	326,079	1,172,809	1,498,888
Fines	48,327	-	48,327
Intergovernmental	447,452	-	447,452
Loan	736,075	-	736,075
Interest	19,967	7,299	27,266
Prepaid expenses	543,362	33,799	577,161
Restricted cash and cash equivalents	6,400,828	547,422	6,948,250
Land held for future use	1,034,432	-	1,034,432
Total current assets	<u>19,777,084</u>	<u>4,684,090</u>	<u>24,461,174</u>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	1,573,392	433,393	2,006,785
Construction in progress	1,843,726	-	1,843,726
Capital assets being depreciated	77,637,178	26,158,145	103,795,323
Less: accumulated depreciation	<u>[49,036,858]</u>	<u>[11,394,962]</u>	<u>[60,431,820]</u>
Total noncurrent assets	<u>32,017,438</u>	<u>15,196,576</u>	<u>47,214,014</u>
Total assets	<u>51,794,522</u>	<u>19,880,666</u>	<u>71,675,188</u>
Deferred outflow of resources			
Deferred charge on refunding	-	19,459	19,459
Pension - net differences between projected and actual investment earnings	1,799,051	15,911	1,814,962
Pension - changes in assumptions	652,716	7,825	660,541
Pension - differences between expected and actual experience	248,918	1,071	249,989
Pension - contributions made after the measurement date	271,223	1,792	273,015
Total deferred outflow of resources	<u>2,971,908</u>	<u>46,058</u>	<u>3,017,966</u>
Total assets and deferred outflow of resources	<u>\$ 54,766,430</u>	<u>\$ 19,926,724</u>	<u>\$ 74,693,154</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Accounts payable	\$ 555,533	\$ 610,896	\$ 1,166,429
Court bonds payable	101,386	-	101,386
Accrued liabilities	357,506	3,691	361,197
Interest payable	737,319	151,787	889,106
Customer deposits payable	-	383,692	383,692
Net pension liability	10,966,591	41,769	11,008,360
Other-long term liabilities:			
Due within one year	1,780,812	809,367	2,590,179
Due in more than one year	<u>36,339,342</u>	<u>9,927,939</u>	<u>46,267,281</u>
Total liabilities	<u>50,838,489</u>	<u>11,929,141</u>	<u>62,767,630</u>
Deferred inflows of resources			
Pension - differences between expected and actual experience	475,363	3,095	478,458
Total deferred inflows of resources	<u>475,363</u>	<u>3,095</u>	<u>478,458</u>
Total liabilities and deferred inflows of resources	<u>\$ 51,313,852</u>	<u>\$ 11,932,236</u>	<u>\$ 63,246,088</u>
NET POSITION:			
Net investment in capital assets	\$ 31,971,602	\$ 4,497,009	\$ 36,468,611
Restricted:			
Debt service	6,776,664	547,422	7,324,086
General government	98,299	-	98,299
Development and public affairs	339,699	-	339,699
Public safety	1,077,570	-	1,077,570
Public works	2,200,857	-	2,200,857
Unrestricted	<u>[39,012,113]</u>	<u>2,950,057</u>	<u>[36,062,056]</u>
Total net position	<u>\$ 3,452,578</u>	<u>\$ 7,994,488</u>	<u>\$ 11,447,066</u>

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

CITY OF RAYTOWN, MISSOURI
STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2016

	Program Revenues				Net [Expenses] Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 2,304,821	329,281	\$ -	\$ -	\$ [1,975,540]	\$ -	\$ [1,975,540]
Parks and recreation	1,413,745	411,937	-	-	[1,001,808]	-	[1,001,808]
Development and public affairs	774,216	125,878	-	-	[648,338]	-	[648,338]
Public safety	9,088,551	1,815,335	52,718	-	[7,220,498]	-	[7,220,498]
Public works	5,966,312	18,602	-	457,795	[5,489,915]	-	[5,489,915]
Interest on long-term debt	<u>1,780,865</u>	-	-	-	<u>[1,780,865]</u>	-	<u>[1,780,865]</u>
Total governmental activities	<u>21,328,510</u>	<u>2,701,033</u>	<u>52,718</u>	<u>457,795</u>	<u>[18,116,964]</u>	<u>-</u>	<u>[18,116,964]</u>
Business-type activities:							
Sewer	<u>5,159,966</u>	<u>5,810,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,200</u>	<u>650,200</u>
Total business-type activities	<u>5,159,966</u>	<u>5,810,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,200</u>	<u>650,200</u>
Total primary government	<u>\$ 26,488,476</u>	<u>\$ 8,511,199</u>	<u>\$ 52,718</u>	<u>\$ 457,795</u>	<u>[18,116,964]</u>	<u>650,200</u>	<u>[17,466,764]</u>
General Revenues:							
Property taxes levied for:							
General purposes					1,184,341	-	1,184,341
Parks and recreation					579,093	-	579,093
Franchise tax					3,700,552	-	3,700,552
Sales tax					8,060,190	-	8,060,190
Motor vehicle tax					1,165,513	-	1,165,513
Intergovernmental activity tax					1,354,258	-	1,354,258
Other taxes					67,188	-	67,188
Investments earnings					440,634	310,940	751,574
Miscellaneous					171,804	-	171,804
Transfers, net					<u>1,177,862</u>	<u>[1,177,862]</u>	<u>-</u>
Total general revenues					<u>17,901,435</u>	<u>[866,922]</u>	<u>17,034,513</u>
Change in net position					[215,529]	[216,722]	[432,251]
Net position - beginning					<u>3,668,107</u>	<u>8,211,210</u>	<u>11,879,317</u>
Net position - ending					<u>\$ 3,452,578</u>	<u>\$ 7,994,488</u>	<u>\$ 11,447,066</u>

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

CITY OF RAYTOWN, MISSOURI

BALANCE SHEET
GOVERNMENTAL FUNDS
October 31, 2016

	<u>General</u>	<u>TIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,221,541	\$ 215,289	\$ 4,208,289	\$ 8,645,119
Receivables:				
Taxes	647,762	406,727	520,953	1,575,442
Accounts	326,079	-	-	326,079
Fines	48,327	-	-	48,327
Intergovernmental	135,122	312,180	150	447,452
Loan	-	-	736,075	736,075
Interest	10,419	809	8,739	19,967
Prepaid expenses	365,784	-	177,578	543,362
Restricted cash and cash equivalents	-	6,400,828	-	6,400,828
Land held for future use	1,034,432	-	-	1,034,432
Total assets	<u>\$ 6,789,466</u>	<u>\$ 7,335,833</u>	<u>\$ 5,651,784</u>	<u>\$ 19,777,083</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 436,635	\$ 3,248	\$ 115,650	\$ 555,533
Court bonds payable	101,386	-	-	101,386
Accrued liabilities	311,892	-	45,614	357,506
Total liabilities	<u>849,913</u>	<u>3,248</u>	<u>161,264</u>	<u>1,014,425</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	48,327	216,222	-	264,549
Total deferred inflows of resources	<u>48,327</u>	<u>216,222</u>	<u>-</u>	<u>264,549</u>
Total liabilities and deferred inflows of resources	<u>898,240</u>	<u>219,470</u>	<u>161,264</u>	<u>1,278,974</u>
Fund balance:				
Nonspendable	1,400,216	-	913,653	2,313,869
Restricted:				
Debt service	-	6,776,664	-	6,776,664
General government	-	-	98,299	98,299
Development and public affairs	-	339,699	-	339,699
Public safety	-	-	1,077,570	1,077,570
Public works	-	-	2,200,857	2,200,857
Assigned:				
General government	83,676	-	-	83,676
Parks and recreation	-	-	698,902	698,902
Public works	-	-	501,239	501,239
Unassigned	4,407,334	-	-	4,407,334
Total fund balance [deficit]	<u>5,891,226</u>	<u>7,116,363</u>	<u>5,490,520</u>	<u>18,498,109</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,789,466</u>	<u>\$ 7,335,833</u>	<u>\$ 5,651,784</u>	<u>\$ 19,777,083</u>

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

CITY OF RAYTOWN, MISSOURI

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

For the Year Ended October 31, 2016

Total Governmental Fund Balances		\$ 18,498,109
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	81,054,296	
Accumulated depreciation is	<u>[49,036,858]</u>	32,017,438
Pension contributions are reported as an expense in the funds as a deferred outflow of resources in the governmental activities in the statement of net position		
		2,971,908
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		
		[475,363]
Other long-term assets are not available to pay for current-period and, therefore, are reported as unavailable revenue in the funds		
		264,549
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of:		
Revenue bonds payable	35,454,706	
Net pension liability	10,966,591	
Capital lease payable	45,835	
Net other post employment benefit obligation	324,689	
Developer obligations payable	1,834,657	
Interest payable	737,319	
Compensated absences payable	<u>460,266</u>	<u>[49,824,063]</u>
Net Position of Governmental Activities		<u>\$ 3,452,578</u>

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

CITY OF RAYTOWN, MISSOURI
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended October 31, 2016

	<u>General</u>	<u>TIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 7,604,338	\$ 1,569,404	\$ 4,417,622	\$ 13,591,364
Intergovernmental activity taxes	-	1,204,180	-	1,204,180
Licenses and permits	351,142	-	-	351,142
Intergovernmental	1,218,231	-	457,795	1,676,026
Fines, forfeitures and penalties	702,458	-	-	702,458
Charges for services	1,236,900	-	404,981	1,641,881
Use of money and property	23,186	323,525	93,922	440,633
Miscellaneous	<u>42,080</u>	<u>-</u>	<u>136,254</u>	<u>178,334</u>
Total revenues	<u>11,178,335</u>	<u>3,097,109</u>	<u>5,510,574</u>	<u>19,786,018</u>
EXPENDITURES:				
Current:				
General government	2,222,644	-	172,426	2,395,070
Parks and recreation	-	-	1,257,861	1,257,861
Development and public affairs	692,142	102,885	2,860	797,887
Public safety	7,331,623	-	1,132,482	8,464,105
Public works	2,906,379	-	-	2,906,379
Capital outlay	-	-	2,411,285	2,411,285
Debt service				
Principal	-	1,155,000	43,770	1,198,770
Interest and other charges	<u>-</u>	<u>1,801,650</u>	<u>4,228</u>	<u>1,805,878</u>
Total expenditures	<u>13,152,788</u>	<u>3,059,535</u>	<u>5,024,912</u>	<u>21,237,235</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,974,453]</u>	<u>37,574</u>	<u>485,662</u>	<u>[1,451,217]</u>
OTHER FINANCING SOURCES [USES]				
Sale of capital assets	822			822
Transfers in	<u>1,177,862</u>	<u>-</u>	<u>-</u>	<u>1,177,862</u>
Total other financing sources [uses]	<u>1,178,684</u>	<u>-</u>	<u>-</u>	<u>1,178,684</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[795,769]</u>	<u>37,574</u>	<u>485,662</u>	<u>[272,533]</u>
Fund balance - Beginning of year	<u>6,686,995</u>	<u>7,078,789</u>	<u>5,004,858</u>	<u>18,770,642</u>
Fund balance - End of year	<u>\$ 5,891,226</u>	<u>\$ 7,116,363</u>	<u>\$ 5,490,520</u>	<u>\$ 18,498,109</u>

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

CITY OF RAYTOWN, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2016

Total Net Change In Fund Balances - Governmental Funds \$ [272,533]

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

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	2,232,355	
Loss on sale of assets	[17,599]	
Depreciation expense	<u>[3,101,594]</u>	[886,838]

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 150,078

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased. 25,012

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	[49,978]
Net other post employment benefits	[32,387]

Repayment of developer obligations is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 45,232

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 1,170,803

Repayment of capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 43,770

Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities [408,688]

Changes In Net position of Governmental Activities \$ [215,529]

CITY OF RAYTOWN, MISSOURI

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive [Negative]
Revenues:				
Taxes	\$ 8,146,400	\$ 8,146,400	\$ 7,604,338	\$ [542,062]
Licenses and permits	341,200	341,200	351,142	9,942
Intergovernmental	1,114,200	1,115,200	1,218,231	103,031
Fines, forfeitures and penalties	806,000	806,000	702,458	[103,542]
Charges for services	1,143,200	1,143,200	1,236,900	93,700
Use of money and property	15,300	15,300	23,186	7,886
Miscellaneous	160,880	160,880	42,080	[118,800]
Total Revenues	<u>11,727,180</u>	<u>11,728,180</u>	<u>11,178,335</u>	<u>[549,845]</u>
Expenditures:				
General government:				
Governing body	95,260	95,260	82,439	12,821
Administration	823,272	823,272	682,389	140,883
Finance	750,314	785,314	809,232	[23,918]
Courts	359,347	359,347	317,918	41,429
Legal	113,258	113,258	114,151	[893]
City wide	443,300	443,300	248,302	194,998
Total general government	<u>2,584,751</u>	<u>2,619,751</u>	<u>2,254,431</u>	<u>365,320</u>
Development and public affairs	<u>876,230</u>	<u>876,230</u>	<u>693,204</u>	<u>183,026</u>
Public safety:				
EMS	1,041,756	1,086,256	1,077,673	8,583
Police	6,605,430	6,605,430	6,277,879	327,551
Total public safety	<u>7,647,186</u>	<u>7,691,686</u>	<u>7,355,552</u>	<u>336,134</u>
Public works	<u>2,952,942</u>	<u>3,252,918</u>	<u>2,923,877</u>	<u>329,041</u>
Total Expenditures	<u>14,061,109</u>	<u>14,440,585</u>	<u>13,227,064</u>	<u>1,213,521</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[2,333,929]</u>	<u>[2,712,405]</u>	<u>[2,048,729]</u>	<u>663,676</u>
Other Financing Sources [Uses]:				
Sale of capital assets	-	-	822	822
Transfers in	1,177,862	1,177,862	1,177,862	-
Total Other Financing Sources [Uses]	<u>1,177,862</u>	<u>1,177,862</u>	<u>1,178,684</u>	<u>822</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>\$ [1,156,067]</u>	<u>\$ [1,534,543]</u>	<u>[870,045]</u>	<u>\$ 664,498</u>
Fund Balance, November 1			<u>6,677,595</u>	
Fund Balance, October 31			5,807,550	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>83,676</u>	
GAAP Fund Balance, October 31			<u>\$ 5,891,226</u>	

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

CITY OF RAYTOWN, MISSOURI

TIF FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 1,420,000	\$ 1,420,000	\$ 1,569,404	\$ 149,404
Intergovernmental activity taxes	1,282,000	1,282,000	1,204,180	[77,820]
Use of money and property	<u>210,000</u>	<u>210,000</u>	<u>323,525</u>	<u>113,525</u>
Total Revenues	<u>2,912,000</u>	<u>2,912,000</u>	<u>3,097,109</u>	<u>185,109</u>
Expenditures:				
Development and public affairs	105,939	105,939	102,885	3,054
Debt service				
Principal	1,265,000	1,265,000	1,155,000	110,000
Interest and other charges	<u>1,801,650</u>	<u>1,801,650</u>	<u>1,801,650</u>	<u>-</u>
Total Expenditures	<u>3,172,589</u>	<u>3,172,589</u>	<u>3,059,535</u>	<u>113,054</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [260,589]</u>	<u>\$ [260,589]</u>	37,574	<u>\$ 298,163</u>
Fund Balance, November 1			<u>7,078,789</u>	
Fund Balance, October 31			<u>\$ 7,116,363</u>	

CITY OF RAYTOWN, MISSOURI

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 October 31, 2016

	Sewer Utility
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Current assets:	
Cash and cash equivalents	\$ 2,922,761
Receivables:	
Accounts (net of allowance)	1,172,809
Interest	7,299
Restricted cash and cash equivalents	547,422
Prepaid expenses	33,799
Total current assets	<u>4,684,090</u>
Noncurrent assets:	
Capital assets not being depreciated:	
Land	433,393
Capital assets being depreciated	26,158,145
Less: accumulated depreciation	<u>[11,394,962]</u>
Total noncurrent assets	<u>15,196,576</u>
Total assets	<u>19,880,666</u>
Deferred outflows of resources:	
Deferred charge on refunding	19,459
Pension - net differences between projected and actual investment earnings	15,911
Pension - changes in assumptions	7,825
Pension - net differences between projected and actual experience	1,071
Pension - contributions after the measurement date	1,792
Total deferred outflows of resources	<u>46,058</u>
Total assets and deferred outflows of resources	<u>\$ 19,926,724</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	
Current liabilities (payable from current assets):	
Accounts payable	\$ 610,896
Accrued liabilities	3,691
Compensated absences	4,751
Interest payable	151,787
Customer deposits payable	383,692
Current portion of bonds payable	804,616
Total current liabilities (payable from current assets):	<u>1,959,433</u>
Noncurrent liabilities:	
Net other post employment benefit obligation	13,529
Bonds payable	9,914,410
Net pension liability	41,769
Total noncurrent liabilities:	<u>9,969,708</u>
Total liabilities	<u>11,929,141</u>
Deferred inflows of resources:	
Pension - differences between expected and actual experience	3,095
Total deferred inflows of resources	<u>3,095</u>
Total liabilities and deferred inflows of resources	<u>\$ 11,932,236</u>
NET POSITION:	
Net investment in capital assets	\$ 4,497,009
Restricted for:	
Debt service	547,422
Unrestricted	<u>2,950,057</u>
Total Net Position	<u>\$ 7,994,488</u>

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

CITY OF RAYTOWN, MISSOURI
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended October 31, 2016

	Sewer Utility
Operating revenues:	
Charges for services	\$ 5,795,315
Other	14,851
Total operating revenues	5,810,166
Operating expenses:	
Personal services	115,116
Contractual	213,126
Commodities	246,958
Sewer treatment charges	3,507,317
Depreciation	567,539
Total operating expenses	4,650,056
Operating income [loss]	1,160,110
Nonoperating revenues [expenses]:	
Interest on long term debt	[509,910]
Interest income	310,940
Total nonoperating revenues [expenses]	[198,970]
Income [loss] before transfers	961,140
Transfers from [to] other funds	
Transfers out	[1,177,862]
Total transfers	[1,177,862]
Change in net position	[216,722]
Net position, November 1	8,211,210
Net position, October 31	\$ 7,994,488

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

CITY OF RAYTOWN, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended October 31, 2016

	<u>Sewer Utility</u>
Cash flows from operating activities	
Cash received from customers	\$ 5,775,383
Cash paid to suppliers and employees	<u>[4,513,896]</u>
Net cash provided by [used in] operating activities	<u>1,261,487</u>
Cash flows from non-capital financing activities	
Transfers [in] out	<u>[1,177,862]</u>
Net cash provided by [used in] non-capital financing activities	<u>[1,177,862]</u>
Cash flows from capital and related financing activities	
Capital asset additions, net	[127,702]
Principal paid on bonds, notes and loans	[779,616]
Interest expense and fiscal charges	<u>[519,689]</u>
Net cash provided by [used in] capital and related financing activities	<u>[1,427,007]</u>
Cash flows from investing activities	
Interest income	<u>308,135</u>
Net cash provided by [used in] investing activities	<u>308,135</u>
Net increase [decrease] in cash and cash equivalents	[1,035,247]
Cash and cash equivalents and restricted cash, November 1	<u>4,505,430</u>
Cash and cash equivalents and restricted cash, October 1	<u>\$ 3,470,183</u>
Cash and cash equivalents	\$ 2,922,761
Restricted cash and cash equivalents	<u>547,422</u>
Cash and cash equivalents and restricted cash, October 1	<u>\$ 3,470,183</u>

CITY OF RAYTOWN, MISSOURI
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the Year Ended October 31, 2016

	Sewer Utility
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:	
Operating income [loss]	\$ 1,160,110
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities:	
Depreciation	567,539
Change in assets and liabilities:	
[Increase] decrease in accounts receivable	[50,510]
[Increase] decrease in prepaid expenses	15,727
Increase [decrease] in accounts payable	[453,896]
Increase [decrease] in accrued liabilities	509
Increase [decrease] in compensated absences	[485]
Increase [decrease] in customer deposit payable	21,143
Increase [decrease] in net other post employment benefit obligation	1,350
Total Adjustments	101,377
Net Cash Provided by [Used in] Operating Activities	\$ 1,261,487

CITY OF RAYTOWN, MISSOURI
 STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 For the Year Ended October 31, 2016

	Police Pension Trust	Agency Funds
ASSETS		
Cash and investments	\$ 9,911,792	\$ 102,950
Accounts receivable	-	28,814
Total assets	\$ 9,911,792	\$ 131,764
LIABILITIES		
Due to others	\$ -	\$ 131,764
Total liabilities	\$ -	\$ 131,764
NET POSITION		
Held in trust for pension benefits	\$ 9,911,792	\$ -
Total Net Position	\$ 9,911,792	\$ -

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

CITY OF RAYTOWN, MISSOURI
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended October 31, 2016

	<u>Police Pension Trust</u>
Additions:	
Employer contributions	\$ 554,600
Investment earnings:	
Interest and dividends	282,390
Net appreciation in fair value of investments	[59,692]
Investment expenses	<u>[55,126]</u>
Total additions	<u>722,172</u>
Deductions:	
Benefits paid	1,002,870
Administrative and other expenses	<u>26,093</u>
Total deductions	<u>1,028,963</u>
Change in net position	[306,791]
Net position, beginning of year	<u>10,218,583</u>
Net position, end of year	<u>\$ 9,911,792</u>

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

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

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP).

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

B. *Government-wide and Fund Financial Statements*

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

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

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

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

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The following are the City's major governmental funds:

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

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

The City reports the following major proprietary fund:

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

The following are the City's fiduciary funds:

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

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

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

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Since these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the City, these fiduciary funds are not incorporated into the government-wide statements.

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

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

The City's property tax is levied each September 1 on the assessed value as of the prior January 1 for all real and personal property located in the City. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all real property for which taxes are unpaid. Taxes remaining unpaid for two years after that date are submitted to Jackson County for collection through foreclosure proceedings. Property taxes levied on September 1, 2016 are for the budget year ended October 31, 2017, 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, 2015, on which the fiscal year ended October 31, 2016, levy was based, totaled \$311,013,084. During the year ended October 31, 2016, the City collected approximately 95% of the property taxes levied for that period.

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt, and an unlimited amount for the payment of principal and interest on long-term debt. Property tax levies per \$100 of assessed valuation for the year ended October 31, 2016, were:

	Levy in Dollars
General Fund	\$0.3532
Park Fund	<u>0.1763</u>
Total Levy	<u>\$0.5295</u>

CITY OF RAYTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Prepaid Items

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

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

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

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

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

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

5. Compensated Absences

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

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

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Long-term Obligations

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

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

7. Use of Estimates

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

8. Net Position

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred charge on refunding, pension contributions made after the measurement date, pension changes in assumptions, pension net differences between projected and actual investment earnings and pension differences between expected and actual experience as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from one source: property taxes. Pension differences between expected and actual experience are reported as deferred inflows for governmental activities.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balances

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

The General Fund balance policy (Resolution 2039-08) is to reserve 17% of the prior fiscal year's expenditures as an emergency reserve that may only be appropriated by the Board of Aldermen. At such time the emergency reserve is depleted, the City must establish a plan to restore the reserve before any new programs may be established. Compliance with the Fund Balance Classification Policy is reviewed as part of the annual budgeting process.

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

	<u>Major Governmental Funds</u>		Other	Total
	<u>General</u>	<u>TIF</u>	Governmental	Governmental
			<u>Funds</u>	<u>Funds</u>
Fund balance:				
Nonspendable	\$ 1,400,216	\$ -	\$ 913,653	\$ 2,313,869
Restricted:				
Debt service	-	6,776,664	-	6,776,664
General government	-	-	98,299	98,299
Development and public affairs	-	339,699	-	339,699
Public safety	-	-	1,077,570	1,077,570
Public works	-	-	2,200,857	2,200,857
Assigned:				
General government	83,676	-	-	83,676
Parks and recreation	-	-	698,902	698,902
Public works	-	-	501,239	501,239
Unassigned	<u>4,407,334</u>	-	-	<u>4,407,334</u>
Total fund balance [deficit]	<u>\$ 5,891,226</u>	<u>\$ 7,116,363</u>	<u>\$ 5,490,520</u>	<u>\$ 18,498,109</u>

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

III. DETAILED NOTES ON ALL FUNDS

A. *Deposits and Investments*

At October 31, 2016, the carrying values of cash and investments are summarized as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents:			
Deposits	\$ 5,492,553	\$ 237,938	\$ 5,730,491
Certificates of deposit	5,434,000	-	5,434,000
Petty cash	4,065	-	4,065
Total cash and cash equivalents	<u>10,930,618</u>	<u>237,938</u>	<u>11,168,556</u>
Investments:			
Short-term investments held in trust	6,948,250	-	6,948,250
Missouri securities investment program (MOSIP)	637,263	-	637,263
Pension trust investments	-	9,776,804	9,776,804
Total investments	<u>7,585,513</u>	<u>9,776,804</u>	<u>17,362,317</u>
Total cash and investments	<u>\$ 18,516,131</u>	<u>\$ 10,014,742</u>	<u>\$ 28,530,873</u>

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

	<u>Government Wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Cash and investments	\$ 11,567,881	\$ 10,014,742	\$ 21,582,623
Restricted cash and investments	<u>6,948,250</u>	<u>-</u>	<u>6,948,250</u>
Total cash and investments	<u>\$ 18,516,131</u>	<u>\$ 10,014,742</u>	<u>\$ 28,530,873</u>

Investment policy. Missouri state statutes authorize the City, with certain restrictions, to deposit or invest in open accounts, time deposits, obligations of the U.S. government or U.S. government agencies, and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less Federal Deposit Insurance Corporation (FDIC) amounts. Collateral securities must be held by the City or a third-party and must meet certain requirements listed in Missouri statutes.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

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

The investments of the Police Officer's Retirement Fund Pension Plan are held separately from the City's other funds and are restricted to any investment not prohibited under the laws of the State of Missouri. The Board of Trustees, the plan custodian and investment managers chosen by the Trustees have discretionary authority concerning purchases of investments in the pension plan, subject to the overall investment policy guidelines as approved by the Board of Trustees and adopted by the Board of Aldermen. The investment policy follows RSMo 86.590 and 105.588 regarding constraints on the deposit and investment of the plan assets. The value of the investments is recorded at fair value.

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

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

The following summarizes the City's and the Police Officer's Retirement Fund Pension Plan investments at October 31, 2016:

<u>Investments by fair value level</u>	<u>10/31/2016</u>	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)	<u>Rating</u>	<u>Maturity</u>
U.S. Treasuries	\$ 905,290	\$ 905,290	Moody's Aaa	4/30/17 to 2/15/26
Federal Agency Issues:				
Federal Home Loan Bank	3,919,373	3,919,373	Moody's Aaa	11/30/15 to 11/30/16
Federal National Mortgage Association	49,700	49,700	Moody's Aaa	3/30/16 to 3/30/17
Federal Home Loan Mortgage Corporation	6,174	6,174	Moody's Aaa	4/20/17 to 2/1/37
Corporate bonds, stocks and notes	<u>5,865,522</u>	<u>5,865,522</u>		
 Total investments by fair value level	 <u>10,746,059</u>	 <u>\$ 10,746,059</u>		
 <u>Investments measured by the net asset value (NAV)</u>				
Missouri Securities Investment				
Program (MOSIP) Liquid Series	637,263			
Fidelity Treasury Fund Class III	3,028,877			
Midcap SPDR Trust Series I	549,540			
Schwab US Large-Cap Index ETF	270,119			
Select Sector SPDR Financial Spider Fund	46,389			
Eaton Vance Floating Rate Institutional	127,593			
Goldman Sachs High Yield Institutional	137,290			
Palmer Square Income Plus	108,163			
Northern Funds Institutional Government	137,247			
DFA Funds US Small Cap Fund	432,754			
T. Rowe Price Mutual Funds Mid Cap Growth	152,182			
Salient MLP & Infrastructure II Institutional	220,637			
DFA Funds Intl Small Cap Value	250,585			
Oppenheimer Mutual Funds Developing Markets CL Y	283,237			
Vanguard Group REIT Index Fund	<u>234,382</u>			
 Total investments measured by the net asset value (NAV)	 <u>6,616,258</u>			
 Total investments	 <u>\$ 17,362,317</u>			

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

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

Credit risk is associated with the credit quality or rating of debt instrument investments. The Police Officer's Retirement Fund Pension Plan investment policy specifies that the plan may invest in money market mutual funds, U.S. treasuries and government agency securities, asset-backed securities rated A or better, and corporate obligations rated BBB or better.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits or investments may not be returned to it. The City's deposit policy for custodial credit risk requires that depository banks will maintain 100% security in the form of Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral. At October 31, 2016, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held in the City's name by their financial institution's agent. The City's securities were registered and held by the City's financial institution in the City's name.

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

B. *Receivables*

Receivables at year end are as follows:

	Governmental Activities			Business-type Activities
	General Fund	TIF Fund	Nonmajor Funds	Sewer Fund
Receivables:				
Taxes	\$ 647,762	\$ 406,727	\$ 520,953	\$ 1,172,809
Accounts	326,079	-	-	-
Fines	48,327	-	-	-
Intergovernmental	135,122	312,180	150	-
Loan	-	-	736,075	-
Interest	10,419	809	8,739	7,299
Total receivables	<u>\$ 1,167,709</u>	<u>\$ 719,716</u>	<u>\$ 1,265,917</u>	<u>\$ 1,180,108</u>

The City has entered into a development agreement with Gregory Square Partners, LLC and the Ditzler Community Improvement District (CID). Under the agreement, the City provided funding totaling \$850,000 to be used to finance a portion of the development cost of the project and development of certain real property located at the intersection of Gregory Boulevard and Ditzler Avenue. Under the terms of the agreement, the City is scheduled to be reimbursed for the \$850,000 in funding over a period not to exceed 20 years, including interest at 6.5%, from CID sales taxes generated from taxable sales within the CID district. The outstanding balance under the agreement is \$736,075 as of October 31, 2016.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Tax Collection Services*

Jackson County, Missouri prepares and mails the City's property tax bills. The County and the City collect property and other taxes on behalf of each other. The County and City receive a fee equal to 1% of the gross amount of current taxes collected.

The County collected approximately \$3.4 million of the City's taxes during the year ended October 31, 2016. This resulted in a collection charge of \$34,107 paid by the City to Jackson County.

The City collected approximately \$12.3 million of the County's taxes during the year ended October 31, 2016, in the Jackson County Tax Fund (an Agency Fund). This resulted in a collection charge of \$123,503 paid by Jackson County to the City.

D. *Land Held for Redevelopment*

The City has acquired title to certain land that is not used in the City's continuing operations, but is instead held by the City for future redevelopment projects. At October 31, 2016, the valuation of the land was \$1,034,432.

E. *Restricted Assets*

The City's bond indentures require the City to establish certain special trust funds in the City's name. Assets of these special funds consist of cash and investments stated at fair value and are reported as Restricted Cash and Investments for the year ended October 31, 2016 as follows:

	<u>TIF Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Project/Construction funds	\$ 339,699	\$ -	\$ 339,699
Rebate funds	-	167,433	167,433
Debt service and debt service reserve funds	6,061,129	379,989	6,441,118
	<u>\$ 6,400,828</u>	<u>\$ 547,422</u>	<u>\$ 6,948,250</u>

F. *Interfund Transactions*

Interfund transfers for the year ended October 31, 2016, are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ <u>1,177,862</u>

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Capital Assets

Capital asset activity for the year ended October 31, 2016, was as follows:

	Balance <u>10/31/15</u>	Additions	Retirements	Balance <u>10/31/16</u>
City governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,574,522	\$ -	\$ 1,130	\$ 1,573,392
Construction in progress	1,172,203	1,404,362	732,839	1,843,726
Capital assets, being depreciated				
Buildings and improvements	6,009,994	555,946	42,932	6,523,008
Vehicles and equipment	9,243,084	616,804	424,557	9,435,331
Infrastructure	<u>61,309,410</u>	<u>388,083</u>	<u>18,654</u>	<u>61,678,839</u>
Total capital assets	<u>79,309,213</u>	<u>2,965,195</u>	<u>1,220,112</u>	<u>81,054,296</u>
Less accumulated depreciation for:				
Buildings and improvements	3,465,008	222,582	35,397	3,652,193
Vehicles and equipment	5,949,708	796,827	422,077	6,324,458
Infrastructure	<u>36,990,220</u>	<u>2,082,185</u>	<u>12,198</u>	<u>39,060,207</u>
Total accumulated depreciation	<u>46,404,936</u>	<u>3,101,594</u>	<u>469,672</u>	<u>49,036,858</u>
Governmental activities capital assets, net	<u>\$ 32,904,277</u>	<u>\$ [136,399]</u>	<u>\$ 750,440</u>	<u>\$ 32,017,438</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 433,393	\$ -	\$ -	\$ 433,393
Capital assets, being depreciated				
Vehicles and equipment	673,544	-	1,295	672,249
Infrastructure	<u>25,356,899</u>	<u>128,997</u>	<u>-</u>	<u>25,485,896</u>
Total capital assets	<u>26,463,836</u>	<u>128,997</u>	<u>1,295</u>	<u>26,591,538</u>
Less accumulated depreciation for:				
Vehicles and equipment	463,231	62,346	1,295	524,282
Infrastructure	<u>10,365,487</u>	<u>505,193</u>	<u>-</u>	<u>10,870,680</u>
Total accumulated depreciation	<u>10,828,718</u>	<u>567,539</u>	<u>1,295</u>	<u>11,394,962</u>
Business-type activities capital assets, net	<u>\$ 15,635,118</u>	<u>\$ [438,542]</u>	<u>\$ -</u>	<u>\$ 15,196,576</u>

CITY OF RAYTOWN, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. *Capital Assets (Continued)*

The City's depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 59,067
Public safety	309,903
Public works	2,555,767
Parks and recreation	176,322
Court	<u>535</u>
Total depreciation expense	<u>\$ 3,101,594</u>
Business-type activities:	
Sewer utility	<u>\$ 567,539</u>
Total depreciation expense	<u>\$ 567,539</u>

H. *Long-term Debt*

During the year ended December 31, 2016, the following changes occurred in long term liabilities:

	<u>Balance</u> <u>November 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>October 31, 2016</u>	<u>Current</u> <u>Portion</u>
City governmental activities:					
Revenue bonds	\$ 36,370,000	\$ -	\$ 1,155,000	\$ 35,215,000	\$ 1,265,000
Bond premiums	<u>255,508</u>	<u>-</u>	<u>15,802</u>	<u>239,706</u>	<u>15,805</u>
Revenue bonds, net	36,625,508	-	1,170,802	35,454,706	1,280,805
Developer obligations	1,879,889	-	45,232	1,834,657	39,931
Capital lease payable	89,606	-	43,770	45,836	45,836
Compensated absences	410,288	479,190	429,212	460,266	414,240
Net OPEB obligation	<u>292,302</u>	<u>32,387</u>	<u>-</u>	<u>324,689</u>	<u>-</u>
	<u>\$ 39,297,593</u>	<u>\$ 511,577</u>	<u>\$ 1,689,016</u>	<u>\$ 38,120,154</u>	<u>\$ 1,780,812</u>
Business-type activities:					
Revenue bonds	\$ 11,340,000	\$ -	\$ 765,000	\$ 10,575,000	\$ 790,000
Bond premiums	<u>158,643</u>	<u>-</u>	<u>14,617</u>	<u>144,026</u>	<u>14,616</u>
Revenue bonds, net	11,498,643	-	779,617	10,719,026	804,616
Compensated absences	5,236	6,181	6,666	4,751	4,751
Net OPEB obligation	<u>12,179</u>	<u>1,350</u>	<u>-</u>	<u>13,529</u>	<u>-</u>
	<u>\$ 11,516,058</u>	<u>\$ 7,531</u>	<u>\$ 786,283</u>	<u>\$ 10,737,306</u>	<u>\$ 809,367</u>

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

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

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

For the current year, the City made debt service payments on the tax increment and sales tax revenue bonds totaling \$2,956,650. The incremental tax revenues generated by the 350 Highway TIF plan began in October 2009. For the year ended October 31, 2016, the City's incremental tax revenues totaled \$1,569,404. The remaining funds necessary to meet the current year debt service requirements were derived from incremental activity tax revenues from other taxing districts and governmental entities, and interest income totaling \$1,527,705.

The City has entered into a developer agreement whereby the developer financed project costs that have been certified by the City are eligible to be reimbursed from payments in lieu of taxes (PILOTS) attributable to the project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount including interest from incremental taxes during a period not to exceed 23 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long term obligation of the City. PILOTS were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of PILOTS received attributable to the project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City. For the current year, debt service on the obligation totaled \$51,357 in interest and principal payments. These payments were funded by PILOTS attributable to the City as well as from other taxing districts and governmental entities.

The City has entered into a developer agreement whereby the developer financed project costs that have been certified by the City as eligible to be reimbursed are \$1,773,001 related to Phase 2 of the 350 Highway TIF Project. These obligations are to be paid from Phase 2 Economic Activity Taxes (EATS) revenues in excess of 125% of the debt service payments of the related tax increment and sales tax revenue bonds. For the current year, debt service on the obligation totaled \$8,765 in principal payments.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

Revenue bonds payable at October 31, 2016 are comprised of the following:

	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Current Amount</u>
City governmental activities:					
Series 2007 tax increment and sales tax revenue bonds	6/12/2007	12/1/2031	4.75 to 5.125%	\$ 39,990,000	\$ 35,215,000
				<u>39,990,000</u>	<u>35,215,000</u>
Business-type activities:					
Series 2006-A refunding and improvement revenue bonds	4/27/2006	7/1/2026	4.00 to 5.25%	7,590,000	4,765,000
Series 2007-A refunding and improvement revenue bonds	1/1/2008	1/1/2028	4.00 to 4.375%	5,495,000	3,820,000
Series 2013 refunding revenue bonds	8/27/2013	7/1/2027	.85 to 4.15%	2,310,000	1,990,000
				<u>15,395,000</u>	<u>10,575,000</u>
				<u>\$ 55,385,000</u>	<u>\$ 45,790,000</u>

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

Year Ending <u>October 31,</u>	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 1,265,000	\$ 1,741,150	\$ 790,000	\$ 452,850	\$ 4,249,000
2018	1,355,000	1,675,650	815,000	420,300	4,265,950
2019	1,355,000	1,607,900	855,000	385,677	4,203,577
2020	1,425,000	1,538,400	895,000	348,574	4,206,974
2021	1,555,000	1,463,900	935,000	310,436	4,264,336
2022 - 2026	9,815,000	5,960,534	5,285,000	910,810	21,971,344
2027 - 2031	13,440,000	3,021,919	1,000,000	43,715	17,505,634
2032 - 2036	5,005,000	128,253	-	-	5,133,253
	<u>\$ 35,215,000</u>	<u>\$ 17,137,706</u>	<u>\$ 10,575,000</u>	<u>\$ 2,872,362</u>	<u>\$ 65,800,068</u>

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-term Debt (Continued)

Capital leases. On December 4, 2007, the City entered into a capital lease agreement for property and buildings in the amount of \$384,439. The lease carries an interest rate 4.715%. The cumulative amount of assets acquired under the capital lease amounted to \$374,278 with related accumulated depreciation of \$106,046 as of October 31, 2016.

The following displays annual principal and interest requirements to maturity for the capital lease:

Year Ending October 31,	Governmental activities	
	Principal	Interest
2017	\$ 45,836	\$ 2,163

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

C. Defined Benefit Pension Plan

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (Continued)*

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

Benefits provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2016 Valuation</u>
Benefit Multiplier	1.25% for life, plus .75% to age 65
Final Average Salary	5 years
Member Contributions	Noncontributory for employees

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

Employees covered by benefit terms. At June 30, 2016, the following employees were covered by the benefit terms:

	<u>LAGERS</u>
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	69
Active employees	<u>137</u>
Total	<u>235</u>

Contributions. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. Employer contribution rates are 12.0% (General) and 10.6% (Police) of annual covered payroll.

Net pension liability. The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (Continued)*

Actuarial assumptions. The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.5% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

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

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

The actuarial assumptions used in the February 29, 2016, valuation were based on the results of an actuarial experience study for the period of March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

C. Defined Benefit Pension Plan (Continued)

Changes in the net pension liability.

	Increase [Decrease]		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 10/31/2015	\$ 12,621,489	\$ 10,337,363	\$ 2,284,126
Changes for the year:			
Service cost	533,362	-	533,362
Interest	922,257	-	922,257
Difference between expected and actual experience	152,189	-	152,189
Changes of assumptions	591,243	-	591,243
Contributions - employer	-	822,633	[822,633]
Net investment income	-	[27,096]	27,096
Benefit payments, including refunds	[331,216]	[331,216]	-
Administrative expense	-	[17,003]	17,003
Other changes	-	[1,534]	1,534
Net changes	<u>1,867,835</u>	<u>445,784</u>	<u>1,422,051</u>
Balances at 10/31/2016	<u>\$ 14,489,324</u>	<u>\$ 10,783,147</u>	<u>\$ 3,706,177</u>

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

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 16,815,450	\$ 14,489,324	\$ 12,572,433
Plan Fiduciary Net Position	<u>10,783,147</u>	<u>10,783,147</u>	<u>10,783,147</u>
Net Pension Liability/(Asset) (NPL)	<u>\$ 6,032,303</u>	<u>\$ 3,706,177</u>	<u>\$ 1,789,286</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended October 31, 2016, the City recognized pension expense of \$1,019,748. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 132,673	\$ 374,608
Changes in assumptions	496,484	-
Net difference between projected and actual earnings on investment plan investments	<u>947,278</u>	<u>-</u>
Total	<u>\$ 1,576,435</u>	<u>\$ 374,608</u>

CITY OF RAYTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

C. *Defined Benefit Pension Plan (Continued)*

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

Year Ending October 31,	
2017	\$ 311,892
2018	311,892
2019	311,893
2020	207,706
2020	38,848
Thereafter	<u>19,596</u>
Total	<u>\$ 1,201,827</u>

\$273,015 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended October 31, 2017.

Payable to the pension plan. At October 31, 2016 the City reported a payable of \$61,904 for the outstanding amount of contributions to the pension plan.

D. *Deferred Compensation Plan*

Beginning on January 1, 2013, the City offers all employees not governed by a collective bargaining agreement a deferred compensation plan created in accordance with the Internal Revenue Code Section 401(a). Under the plan, the City matches 50% of employee contributions, up to 2% of the employee's annual salary deferrals to the plan. The payroll for the employees covered by the plan was \$4,718,335 during the year. Total gross payroll was \$8,276,585. For the year ended October 31, 2016, the City contributed \$87,987 to the plan.

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

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

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

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

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

	<u>2016 Valuation</u>
Benefit Multiplier	2.5% up to 20 years of service plus 1% of next 10 years
Final Average Salary	5 highest calendar years of compensation of last 10 years
Member Contributions	Noncontributory for employees

Employees covered by benefit terms. At January 1, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>45</u>
Total	<u>87</u>

Contributions. The City's contributions are determined by the City's Board of Aldermen, as recommended by the plan's actuaries. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Employees do not contribute to the pension plan.

Net pension liability. The City's net pension liability was measured as of January 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods including the measurement:

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

Mortality rates were based on the RP-2015 Blue Collar tables with generational projections.

The actuarial assumptions used in the January 1, 2016 valuation were based on past experience of the plan.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Equity	65.00%	9.00%
Fixed Income	35.00%	3.50%

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

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

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

Changes in the net pension liability.

	Increase [Decrease]		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	\$ 16,631,779	\$ 10,570,089	\$ 6,061,690
Changes for the year:			
Service cost	12,633	-	12,633
Interest	1,211,255	-	1,211,255
Difference between expected and actual experience	148,107	-	148,107
Changes of assumptions	207,116	-	207,116
Contributions - employer	-	510,320	[510,320]
Net investment income	-	[157,302]	157,302
Benefit payments, including refunds	[974,294]	[974,294]	-
Administrative expense	-	[14,400]	14,400
Other changes	-	-	-
Net changes	<u>604,817</u>	<u>[635,676]</u>	<u>1,240,493</u>
Balances at end of year	<u>\$ 17,236,596</u>	<u>\$ 9,934,413</u>	<u>\$ 7,302,183</u>

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

	Current Single Discount		
	1% Decrease 6.50%	Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability (TPL)	\$ 19,128,473	\$ 17,236,596	\$ 15,659,246
Plan Fiduciary Net Position	<u>9,934,413</u>	<u>9,934,413</u>	<u>9,934,413</u>
Net Pension Liability/(Asset) (NPL)	<u>\$ 9,194,060</u>	<u>\$ 7,302,183</u>	<u>\$ 5,724,833</u>

CITY OF RAYTOWN, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

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

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended October 31, 2016, the City recognized pension expense of \$732,354. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 117,316	\$ 103,850
Changes in assumptions	164,057	-
Net difference between projected and actual earnings on investment plan investments	<u>867,684</u>	<u>-</u>
Total	<u>\$ 1,149,057</u>	<u>\$ 103,850</u>

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

Year Ending <u>October 31,</u>		
2017	\$	268,884
2018		268,884
2019		268,883
2020		238,556
2021		-
Thereafter		<u>-</u>
Total		<u>\$ 1,045,207</u>

Payable to the pension plan. At October 31, 2016 the City reported a payable of \$46,905 for the outstanding amount of contributions to the pension plan for the year ended October 31, 2016.

F. *Frozen Pension Plan*

Prior to participating in LAGERS and the Police Officers' Retirement Fund, the City offered two defined benefit pension plans for its employees. Upon entering into LAGERS and the Police Officers' Retirement Fund, the City transferred the obligation for all future benefit payments under the plans to an outside insurance company. The City has no future obligation to contribute any additional amounts to these plans, and no amounts were paid during the year ended October 31, 2016. Accordingly, no provisions for the related assets have been made in the accompanying financial statements. Benefits paid from these plans during the year ended October 31, 2016, totaled \$78,250.

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

G. *Postemployment Healthcare Plan (Continued)*

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

Funding policy. The City requires the retirees to pay 125% of the premiums charged to active employees. Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or if payment is not received on a timely basis.

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

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

Annual required contribution	\$ 48,922
Interest on Net OPEB obligation	13,702
Adjustment to annual required contribution	<u>[17,887]</u>
Annual OPEB cost	44,737
Contributions made	<u>[11,000]</u>
Change in Net OPEB obligation	33,737
Net OPEB Obligation - beginning of year	<u>304,481</u>
Net OPEB Obligation - end of year	<u>\$ 338,218</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended October 31, 2016 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of ARC Contributed	OPEB Cost Contributed	Net OPEB Obligation
October 31, 2014	\$ 59,526	5.04%	\$ 3,000	\$ 253,440
October 31, 2015	56,041	8.92%	5,000	304,481
October 31, 2016	44,737	22.48%	11,000	338,218

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

CITY OF RAYTOWN, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS

Year ending October 31, 2016

IV. OTHER INFORMATION (Continued)

G. *Postemployment Healthcare Plan (Continued)*

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

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

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

H. *Contingencies*

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

I. *Encumbrances*

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At October 31, 2016, the City's recorded encumbrances in governmental funds were as follows:

<u>Fund</u>	<u>Encumbrance Amount</u>
General Fund	\$ 83,676
Park Fund	2,171
Transportation Sales Tax Fund	302,505
Capital Improvement Sales Tax Fund	331,563
Public Safety Sales Tax Fund	101
Risk Management Fund	381
	<u>\$ 720,398</u>

CITY OF RAYTOWN, MISSOURI
 OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 Year ending October 31, 2016

Schedule of Funding Progress - Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as Percent of Payroll (b)-(a)/(c)
7/1/2011	\$ -	\$ 264,530	\$ 264,530	-	\$ 6,957,357	3.8%
7/1/2013	-	431,305	431,305	-	6,821,324	6.3%
7/1/2015	-	369,931	369,931	-	6,893,180	5.4%

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2016

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

	For the Year Ended	
	October 31,	
	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 533,362	\$ 560,833
Interest on the total pension liability	922,257	877,580
Differences between expected and actual experience	152,189	[505,106]
Changes of assumptions	591,243	-
Benefit payments and refunds	<u>[331,216]</u>	<u>[276,894]</u>
Net change in total pension liability	<u>1,867,835</u>	<u>656,413</u>
Total pension liability, beginning	<u>12,621,489</u>	<u>11,965,076</u>
Total pension liability, ending	<u>\$ 14,489,324</u>	<u>\$ 12,621,489</u>
Plan fiduciary net position		
Contributions - employer	\$ 822,633	\$ 823,197
Pension plan net investment income	[27,096]	188,721
Benefit payments	[331,216]	[276,894]
Pension plan administrative expenses	[17,003]	[18,549]
Other	<u>[1,534]</u>	<u>180,399</u>
Net change in plan fiduciary net position	<u>445,784</u>	<u>896,874</u>
Plan fiduciary net position, beginning	<u>10,337,363</u>	<u>9,440,489</u>
Plan fiduciary net position, ending	<u>\$ 10,783,147</u>	<u>\$ 10,337,363</u>
Employer net pension liability/(asset)	<u>\$ 3,706,177</u>	<u>\$ 2,284,126</u>
Plan fiduciary net position as a percentage of the total pension liability/asset	74.42%	81.90%
Covered employee payroll	\$ 7,456,923	\$ 6,988,224
Employer's net pension liability/asset as a percentage of covered employee payroll	49.70%	32.69%

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2016

Schedule of Pension Contributions, Last Ten Fiscal Years - LAGERS

Year Ended June 30,	Actuarially Determined Pension Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2016	\$ 806,116	\$ 806,116	\$ -	\$ 7,437,737	10.84%
2015	1,108,659	1,108,659	-	9,964,066	11.13%
2014	485,224	485,224	-	4,219,336	11.50%
2013	508,424	508,424	-	4,236,865	12.00%
2012	501,652	501,652	-	4,215,565	11.90%
2011	523,449	523,449	-	4,326,023	12.10%
2010	489,302	489,302	-	4,292,123	11.40%
2009	473,388	473,388	-	4,152,526	11.40%
2008	466,421	466,421	-	4,055,832	11.50%
2007	463,202	463,202	-	3,958,992	11.70%

Notes to the Schedule - LAGERS

Actuarially determined contribution rates are calculated as of February 29, 2016.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal and Modified Terminal Funding
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	Multiple bases from 14 to 17 years
Asset valuation method	5 year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality tables for males and females.

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

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2016

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

	For the Year Ended October 31,	
	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 12,633	\$ 12,663
Interest on the total pension liability	1,211,255	1,193,469
Differences between expected and actual experience	148,107	[167,956]
Changes of assumptions	207,116	-
Benefit payments, including refunds	<u>[974,294]</u>	<u>[960,970]</u>
Net change in total pension liability	<u>604,817</u>	<u>77,206</u>
Total pension liability, beginning	<u>16,631,779</u>	<u>16,493,351</u>
Total pension liability, ending	<u>\$ 17,236,596</u>	<u>\$ 16,570,557</u>
Plan fiduciary net position		
Contributions - employer	\$ 510,320	\$ 513,291
Pension plan net investment income	[157,302]	219,080
Benefit payments, including refunds	[974,294]	[960,970]
Pension plan administrative expenses	<u>[14,400]</u>	<u>[99,319]</u>
Net change in plan fiduciary net position	<u>[635,676]</u>	<u>[327,918]</u>
Plan fiduciary net position, beginning	<u>10,570,089</u>	<u>10,546,501</u>
Plan fiduciary net position, ending	<u>\$ 9,934,413</u>	<u>\$ 10,218,583</u>
Employer net pension liability/(asset)	<u>\$ 7,302,183</u>	<u>\$ 6,351,974</u>
Plan fiduciary net position as a percentage of the total pension liability/asset	57.64%	61.67%
Covered employee payroll	\$ -	\$ -
Employer's net pension liability/asset as a percentage of covered employee payroll	0.00%	0.00%

CITY OF RAYTOWN, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year ending October 31, 2016

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

Year Ended <u>October 31,</u>	Actuarially Determined Pension <u>Contribution</u>	Contribution in <u>Relation</u>	Contribution <u>Deficiency</u>	Covered Employee <u>Payroll</u>	Contribution as <u>Percentage</u>
2016	\$ 513,291	\$ 510,320	\$ 2,971	\$ -	0.00%
2015	508,285	509,880	[1,595]	-	0.00%
2014	660,842	660,842	-	3,122,522	21.16%
2013	678,787	686,270	[7,483]	3,065,002	22.39%
2012	616,618	645,818	[29,200]	2,978,208	21.68%
2011	865,591	721,033	144,558	2,987,634	24.13%
2010	685,030	278,854	406,176	2,780,497	10.03%
2009	501,472	1,115,415	[613,943]	2,686,169	41.52%
2008	525,837	560,191	[34,354]	2,770,595	20.22%
2007	419,985	282,579	137,406	2,366,472	11.94%

Notes to the Schedule - Police Pension

Actuarially determined contribution rates are calculated as of January 1, 2016.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Unit Credit
Amortization method	Closed
Remaining amortization period	28 years
Asset valuation method	5 year smoothing
Inflation	4.0%
Salary increases	4.0% prior to plan freeze
Investment rate of return	7.5%
Retirement age	Age 55
Mortality	RP-2015 Blue Collar generational tables

CITY OF RAYTOWN, MISSOURI

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
October 31, 2016

	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	Total Other Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 685,803	\$ 98,109	\$ 833,335	\$ 1,140,657	\$ 928,407	\$ 521,978	\$ 4,208,289
Receivables:							
Taxes	49,629	-	158,878	133,906	178,540	-	520,953
Intergovernmental	150	-	-	-	-	-	150
Loan	-	-	-	-	-	736,075	736,075
Interest	1,736	190	908	2,551	2,192	1,162	8,739
Prepaid expenses	41,062	123,917	-	-	12,599	-	177,578
Total assets	\$ 778,380	\$ 222,216	\$ 993,121	\$ 1,277,114	\$ 1,121,738	\$ 1,259,215	\$ 5,651,784
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 20,437	\$ -	\$ 23,171	\$ 46,207	\$ 3,934	\$ 21,901	\$ 115,650
Accrued liabilities	17,979	-	-	-	27,635	-	45,614
Total liabilities	38,416	-	23,171	46,207	31,569	21,901	161,264
Fund balance:							
Nonspendable	41,062	123,917	-	-	12,599	736,075	913,653
Restricted:							
General government	-	98,299	-	-	-	-	98,299
Public safety	-	-	-	-	1,077,570	-	1,077,570
Public works	-	-	969,950	1,230,907	-	-	2,200,857
Assigned:							
Parks and recreation	698,902	-	-	-	-	-	698,902
Public works	-	-	-	-	-	501,239	501,239
Total fund balance [deficit]	739,964	222,216	969,950	1,230,907	1,090,169	1,237,314	5,490,520
Total liabilities and fund balances	\$ 778,380	\$ 222,216	\$ 993,121	\$ 1,277,114	\$ 1,121,738	\$ 1,259,215	\$ 5,651,784

CITY OF RAYTOWN, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended October 31, 2016

	Park	Risk Management	Transportation Sales Tax	Capital Sales Tax	Public Safety Sales Tax	Capital Improvements	Total Other Governmental Funds
REVENUES:							
Taxes	\$ 910,632	\$ -	\$ 1,186,714	\$ 994,410	\$ 1,325,866	\$ -	\$ 4,417,622
Intergovernmental	-	-	457,795	-	-	-	457,795
Charges for services	404,981	-	-	-	-	-	404,981
Miscellaneous	11,910	96,954	-	27,390	-	-	136,254
Use of money and property	6,072	212	4,125	5,276	5,483	72,754	93,922
Total revenues	1,333,595	97,166	1,648,634	1,027,076	1,331,349	72,754	5,510,574
EXPENDITURES:							
Current:							
General government	-	172,426	-	-	-	-	172,426
Parks and recreation	1,257,861	-	-	-	-	-	1,257,861
Development and public affairs	-	-	-	-	-	2,860	2,860
Public safety	-	-	-	-	1,132,482	-	1,132,482
Capital outlay	-	-	1,473,137	721,782	173,718	42,648	2,411,285
Debt service:							
Principal	-	-	-	43,770	-	-	43,770
Interest and other charges	-	-	-	4,228	-	-	4,228
Total expenditures	1,257,861	172,426	1,473,137	769,780	1,306,200	45,508	5,024,912
Excess [deficiency] of revenues over [under] expenditures	75,734	[75,260]	175,497	257,296	25,149	27,246	485,662
Fund balance - Beginning of year	664,230	297,476	794,453	973,611	1,065,020	1,210,068	5,004,858
Fund balance - End of year	\$ 739,964	\$ 222,216	\$ 969,950	\$ 1,230,907	\$ 1,090,169	\$ 1,237,314	\$ 5,490,520

CITY OF RAYTOWN, MISSOURI

PARK FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 890,500	\$ 890,500	\$ 910,632	\$ 20,132
Charges for services	326,700	326,700	404,981	78,281
Miscellaneous	7,400	7,400	11,910	4,510
Use of money and property	-	-	6,072	6,072
Total Revenues	<u>1,224,600</u>	<u>1,224,600</u>	<u>1,333,595</u>	<u>108,995</u>
Expenditures:				
Parks and recreation	<u>1,514,967</u>	<u>1,544,139</u>	<u>1,260,032</u>	<u>284,107</u>
Total Expenditures	<u>1,514,967</u>	<u>1,544,139</u>	<u>1,260,032</u>	<u>284,107</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [290,367]</u>	<u>\$ [319,539]</u>	73,563	<u>\$ 393,102</u>
Fund Balance, November 1			<u>664,230</u>	
Fund Balance, October 31			737,793	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>2,171</u>	
GAAP Fund Balance, October 31			<u>\$ 739,964</u>	

CITY OF RAYTOWN, MISSOURI

RISK MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive [Negative]
Revenues:				
Miscellaneous	\$ 52,000	\$ 52,000	\$ 96,954	\$ 44,954
Use of money and property	250	250	212	[38]
Total Revenues	<u>52,250</u>	<u>52,250</u>	<u>97,166</u>	<u>44,916</u>
Expenditures:				
General government	<u>60,000</u>	<u>180,000</u>	<u>172,807</u>	<u>7,193</u>
Total Expenditures	<u>60,000</u>	<u>180,000</u>	<u>172,807</u>	<u>7,193</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [7,750]</u>	<u>\$ [127,750]</u>	<u>[75,641]</u>	<u>\$ 52,109</u>
Fund Balance, November 1			<u>297,476</u>	
Fund Balance, October 31			221,835	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>381</u>	
GAAP Basis, October 31			<u>\$ 222,216</u>	

CITY OF RAYTOWN, MISSOURI

TRANSPORTATION SALES TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 For the Year Ended October 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive [Negative]
	Original	Final		
Revenues:				
Taxes	\$ 1,099,000	\$ 1,099,000	\$ 1,186,714	\$ 87,714
Intergovernmental	-	-	457,795	457,795
Use of money and property	1,100	1,100	4,125	3,025
Total Revenues	<u>1,100,100</u>	<u>1,100,100</u>	<u>1,648,634</u>	<u>548,534</u>
Expenditures:				
Capital outlay	645,250	2,318,803	1,775,642	543,161
Total Expenditures	<u>645,250</u>	<u>2,318,803</u>	<u>1,775,642</u>	<u>543,161</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ 454,850</u>	<u>\$ [1,218,703]</u>	[127,008]	<u>\$ 1,091,695</u>
Fund Balance, November 1			<u>794,453</u>	
Fund Balance, October 31			667,445	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>302,505</u>	
GAAP Basis, October 31			<u>\$ 969,950</u>	

CITY OF RAYTOWN, MISSOURI

CAPITAL IMPROVEMENT SALES TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 975,000	\$ 975,000	\$ 994,410	\$ 19,410
Miscellaneous	10,000	10,000	27,390	17,390
Use of money and property	1,700	1,700	5,276	3,576
Total Revenues	<u>986,700</u>	<u>986,700</u>	<u>1,027,076</u>	<u>40,376</u>
Expenditures:				
Capital outlay	1,257,342	1,343,942	771,310	572,632
Debt service:				
Principal	43,770	43,770	43,770	-
Interest and other charges	4,228	4,228	4,228	-
Total Expenditures	<u>1,305,340</u>	<u>1,391,940</u>	<u>819,308</u>	<u>572,632</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [318,640]</u>	<u>\$ [405,240]</u>	207,768	<u>\$ 613,008</u>
Fund Balance, November 1			<u>691,576</u>	
Fund Balance, October 31			899,344	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>331,563</u>	
GAAP Basis, October 31			<u>\$ 1,230,907</u>	

CITY OF RAYTOWN, MISSOURI

PUBLIC SAFETY SALES TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended October 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive [Negative]
Revenues:				
Taxes	\$ 1,221,000	\$ 1,221,000	\$ 1,325,866	\$ 104,866
Use of money and property	<u>1,300</u>	<u>1,300</u>	<u>5,483</u>	<u>4,183</u>
Total Revenues	<u>1,222,300</u>	<u>1,222,300</u>	<u>1,331,349</u>	<u>109,049</u>
Expenditures:				
Public safety	1,393,405	1,393,405	1,132,583	260,822
Capital outlay	<u>103,659</u>	<u>179,867</u>	<u>173,718</u>	<u>6,149</u>
Total Expenditures	<u>1,497,064</u>	<u>1,573,272</u>	<u>1,306,301</u>	<u>266,971</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [274,764]</u>	<u>\$ [350,972]</u>	25,048	<u>\$ 376,020</u>
Fund Balance, November 1			<u>1,065,020</u>	
Fund Balance, October 31			1,090,068	
GAAP to Budgetary Basis Adjustment:				
Encumbrances Outstanding			<u>101</u>	
GAAP Basis, October 31			<u>\$ 1,090,169</u>	

CITY OF RAYTOWN, MISSOURI

CAPITAL IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL AND BUDGET
 For the Year Ended October 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive [Negative]
	Original	Final		
Revenues:				
Use of money and property	\$ 90,200	\$ 90,200	\$ 72,754	\$ [17,446]
Miscellaneous	1,168,250	1,168,250	-	[1,168,250]
Total Revenues	<u>1,258,450</u>	<u>1,258,450</u>	<u>72,754</u>	<u>[1,185,696]</u>
Expenditures:				
Development and public affairs	-	-	2,860	[2,860]
Capital outlay	1,903,850	1,918,014	28,484	1,889,530
Total Expenditures	<u>1,903,850</u>	<u>1,918,014</u>	<u>31,344</u>	<u>1,886,670</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>\$ [645,400]</u>	<u>\$ [659,564]</u>	41,410	<u>\$ 700,974</u>
Fund Balance, November 1			<u>1,195,904</u>	
Fund Balance, October 31			<u>\$ 1,237,314</u>	

CITY OF RAYTOWN, MISSOURI

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 October 31, 2016

<u>JACKSON COUNTY TAX FUND</u>		Balance			Balance
ASSETS		October 31,	Additions	Deductions	October 31,
		2015			2016
Cash and cash equivalents		\$ -	\$ 12,229,806	\$ 12,229,796	\$ 10
Total assets		<u>\$ -</u>	<u>\$ 12,229,806</u>	<u>\$ 12,229,796</u>	<u>\$ 10</u>
LIABILITIES					
Due to others		\$ -	\$ 12,229,806	\$ 12,229,796	\$ 10
Total liabilities		<u>\$ -</u>	<u>\$ 12,229,806</u>	<u>\$ 12,229,796</u>	<u>\$ 10</u>
<u>RAYTOWN HIGHWAY 350 TDD</u>		Balance			Balance
ASSETS		October 31,	Additions	Deductions	October 31,
		2015			2016
Cash and cash equivalents		\$ 85,254	\$ 87,463	\$ 69,777	\$ 102,940
Taxes receivable		11,737	87,857	87,463	12,131
Total assets		<u>\$ 96,991</u>	<u>\$ 175,320</u>	<u>\$ 157,240</u>	<u>\$ 115,071</u>
LIABILITIES					
Due to others		\$ 96,991	\$ 175,320	\$ 157,240	\$ 115,071
Total liabilities		<u>\$ 96,991</u>	<u>\$ 175,320</u>	<u>\$ 157,240</u>	<u>\$ 115,071</u>
<u>DITZLER CID</u>		Balance			Balance
ASSETS		October 31,	Additions	Deductions	October 31,
		2015			2016
Cash and cash equivalents		\$ -	\$ 112,021	\$ 112,021	\$ -
Taxes receivable		16,969	111,735	112,021	16,683
Total assets		<u>\$ 16,969</u>	<u>\$ 223,756</u>	<u>\$ 224,042</u>	<u>\$ 16,683</u>
LIABILITIES					
Due to others		\$ 16,969	\$ 223,756	\$ 224,042	\$ 16,683
Total liabilities		<u>\$ 16,969</u>	<u>\$ 223,756</u>	<u>\$ 224,042</u>	<u>\$ 16,683</u>
<u>TOTAL</u>		Balance			Balance
ASSETS		October 31,	Additions	Deductions	October 31,
		2015			2016
Cash and cash equivalents		\$ 85,254	\$ 12,429,290	\$ 12,411,594	\$ 102,950
Taxes receivable		28,706	199,592	199,484	28,814
Total assets		<u>\$ 113,960</u>	<u>\$ 12,628,882</u>	<u>\$ 12,611,078</u>	<u>\$ 131,764</u>
LIABILITIES					
Due to others		\$ 113,960	\$ 12,628,882	\$ 12,611,078	\$ 131,764
Total liabilities		<u>\$ 113,960</u>	<u>\$ 12,628,882</u>	<u>\$ 12,611,078</u>	<u>\$ 131,764</u>

See independent auditor's report on the financial statements