

CITY OF RAYMORE, MISSOURI

FINANCIAL STATEMENTS

OCTOBER 31, 2004

CITY OF RAYMORE, MISSOURI
TABLE OF CONTENTS

	Page
ELECTED OFFICIALS AND DEPARTMENT HEADS	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 13
FINANCIAL SECTION	
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18 - 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Assets - Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23 - 24
Statement of Net Assets - Fiduciary Funds	25
NOTES TO FINANCIAL STATEMENTS	26 - 46
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule (Unaudited)	47 - 48

CITY OF RAYMORE, MISSOURI
ELECTED OFFICIALS AND DEPARTMENT HEADS

MAYOR AND CITY COUNCIL

Juan I. Alonzo	Mayor
Paul Doss	Ward I
Ivan Waite	Ward I
Dale Jacobsen	Ward II
Dane Wicks	Ward II
Dale Eldridge	Ward III
Todd Holsman	Ward III
Charlene Hubach	Ward IV
Ernie Van Hooser	Ward IV

ADMINISTRATION

Eric Berlin	City Administrator
Todd Thompson	Assistant City Administrator
Susan Gnefkow	City Clerk
Kris Turnbow	Chief of Police
Cathy Bowden (November 2003 - July 2004) Jim Feuerborn (July 2004 - October 2004)	Finance Director
Jim Cadoret	Community Development Director
Janet Snook	Parks and Recreation Director
Gene Thompson	Economic Development Director
Mary Jaeger	Public Works Director/City Engineer

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Raymore, Missouri

We have audited the financial statements of the governmental activities, business-type activities, major funds, and remaining fund information, as listed in the table of contents, which collectively comprise the basic financial statements of the City of Raymore, Missouri, as of and for the year ended October 31, 2004. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, major funds, and remaining fund information of the City of Raymore, Missouri as of October 31, 2004, and changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the City adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments"; Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus"; Statement No. 38, "Certain Financial Statement Note Disclosures", during the year ended October 31, 2004.

The management's discussion and analysis and budgetary comparison schedule on pages 3 through 13 and 48 through 49, respectively, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Dana F. Cole & Company, LLP

Overland Park, Kansas
December 16, 2004

CITY OF RAYMORE, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial department for the City of Raymore, Missouri offers readers of the City of Raymore, Missouri's financial statements this narrative overview and analysis of the financial activities of the City of Raymore, Missouri for the fiscal year ended October 31, 2004. We encourage readers to consider the information presented here in conjunction with the City's financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in total dollars.

FINANCIAL HIGHLIGHTS

The assets of the City of Raymore, Missouri exceeded its liabilities at the close of the most recent fiscal year by \$51,489,085. Of this amount, \$6,173,203 represents unrestricted net assets and may be used to fund ongoing obligations.

Total net assets increased by \$3,575,727. This increase is primarily attributable to an increase in restricted cash and investments as assets and a decrease in liabilities associated with bonds payable with the early payment of a debt service issue.

As of the close of the 2004 fiscal year, the City of Raymore, Missouri's governmental funds reported combined ending fund balances of \$8,949,312, an increase of \$1,885,414 in comparison to the prior year.

At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$1,748,872, or 31% of the total General Fund expenditures for the period.

Total debt for the City of Raymore, Missouri decreased as continuing payments on long-term debt were combined with the early payoff of an issue and no new debt was issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Raymore, Missouri's basic financial statements. The City of Raymore, Missouri's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Raymore, Missouri's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Raymore, Missouri's assets and liabilities, with the difference between the two reported as net assets. Over time and in consideration of other factors from the notes to the financial statements, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Raymore, Missouri is improving or deteriorating.

CITY OF RAYMORE, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some 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 distinguish functions of the City of Raymore, Missouri that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Raymore, Missouri include general government, public safety (police), public works, community development, economic development, and parks and recreation, among other departments. Business-type activities of the City of Raymore, Missouri include water and sewer operations.

The government-wide financial statements can be found beginning on page 14 of this report.

Fund 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 of Raymore, Missouri, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Raymore, Missouri can be 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 the 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may 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.

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

The City of Raymore, Missouri maintains 13 individual governmental funds. Information for the General Fund and the Park Fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. This is because both of these funds are considered to be major governmental funds. Data from the remaining 11 funds is presented in a single, aggregated presentation.

The City of Raymore, Missouri adopts an annual appropriated budget for its General Fund and other funds. A budgetary statement has been provided within this analysis for the General Fund to demonstrate compliance with this budget for City departments represented by that fund. Actual expenses for the fund are included in the net assets report. The budgetary amounts presented here include any amendments presented to the City Council during the fiscal year.

**City of Raymore, Missouri's
Departmental Budget to Actual Expense Report**

<u>Department</u>	<u>Budget</u>
Administration	831,400
Information Technology	151,988
Economic Development	198,307
Planning and Zoning	641,938
Engineering	544,986
Streets and Roads	593,630
Buildings and Grounds	377,939
Municipal Court	129,361
Finance	450,361
Police	2,305,682
Emergency Preparedness	107,008
Park	743,978
Water and Sewer	<u>4,329,534</u>
Totals	<u>11,406,112</u>

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

The City of Raymore, Missouri maintains a single proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Raymore, Missouri uses the Enterprise Fund to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found beginning on page 21 of this report.

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 statement because the resources of those funds are not available to support the City of Raymore, Missouri's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds and the funds are primarily represented by accounts which are held in escrow for development or development conditions.

The basic Fiduciary Fund financial statement can be found on page 25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Raymore, Missouri, assets exceeded liabilities by \$51,489,085 at the close of the most recent fiscal year.

The largest portion of the City of Raymore, Missouri's net assets, 62%, reflects its investment in capital assets (land, buildings, machinery, equipment), less any related debt used to acquire those assets that is still outstanding. The City of Raymore, Missouri uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Raymore, Missouri's

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Raymore, Missouri
Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
ASSETS						
Current and other assets	9,953,160	7,981,416	10,919,906	10,129,961	20,873,066	18,111,377
Capital assets	<u>23,070,720</u>	<u>23,037,783</u>	<u>30,900,252</u>	<u>31,863,401</u>	<u>53,970,972</u>	<u>54,901,184</u>
Total assets	<u>33,023,880</u>	<u>31,019,199</u>	<u>41,820,158</u>	<u>41,993,362</u>	<u>74,844,038</u>	<u>73,012,561</u>
LIABILITIES						
Long-term liabilities outstanding	16,533,484	17,151,514	5,740,000	6,860,000	22,273,484	24,011,514
Other liabilities	<u>525,385</u>	<u>444,365</u>	<u>556,084</u>	<u>643,324</u>	<u>1,081,469</u>	<u>1,087,689</u>
Total liabilities	<u>17,058,869</u>	<u>17,595,879</u>	<u>6,296,084</u>	<u>7,503,324</u>	<u>23,354,953</u>	<u>25,099,203</u>
NET ASSETS						
Invested in capital assets, net of related debt	7,015,699	6,359,422	25,160,252	25,003,401	32,175,951	31,362,823
Restricted	7,033,416	5,122,856	6,106,515	6,231,719	13,139,931	11,354,575
Unrestricted	<u>1,915,896</u>	<u>1,941,042</u>	<u>4,257,307</u>	<u>3,254,918</u>	<u>6,173,203</u>	<u>5,195,960</u>
Total net assets	<u>15,965,011</u>	<u>13,423,320</u>	<u>35,524,074</u>	<u>34,490,038</u>	<u>51,489,085</u>	<u>47,913,358</u>

Additionally, a portion of the City of Raymore, Missouri's net assets (26% in all funds combined) represents resources that are subject to restrictions. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Raymore, Missouri is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities increased the City of Raymore, Missouri's net assets by \$2,541,691, thereby accounting for 71% of the total growth in the net assets of the City of Raymore, Missouri. Key elements of this increase are reflected in the chart below:

**City of Raymore, Missouri's
Statement of Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
REVENUES						
Program revenues						
Charges for services	1,682,640	1,137,034	4,820,622	5,004,159	6,503,262	6,141,193
Capital grants and contributions	197,821	306,945			197,821	306,945
General revenues						
Property taxes	2,149,557	1,893,871			2,149,557	1,893,871
Sales taxes	3,971,026	3,527,556			3,971,026	3,527,556
Franchise taxes	1,014,448	919,940			1,014,448	919,940
Other taxes	355,378	1,177,247			355,378	1,177,247
Other revenues	<u>396,652</u>	<u>579,637</u>	<u>265,879</u>	<u>306,573</u>	<u>662,531</u>	<u>886,210</u>
Total revenues	<u>9,767,522</u>	<u>9,542,230</u>	<u>5,086,501</u>	<u>5,310,732</u>	<u>14,854,023</u>	<u>14,852,962</u>
EXPENSES						
Administration	966,348	894,052			966,348	894,052
Information Technology	147,248	124,491			147,248	124,491
Economic Development	157,856	115,212			157,856	115,212
Planning and Zoning	472,252	448,407			472,252	448,407
Engineering	438,206	475,175			438,206	475,175
Streets and Roads	665,163	1,398,120			665,163	1,398,120
Buildings and Grounds	103,683	143,343			103,683	143,343
Municipal Court	111,411	112,844			111,411	112,844
Finance	369,774	384,202			369,774	384,202
Police	2,268,626	2,162,313			2,268,626	2,162,313
Emergency preparedness	84,591	96,113			84,591	96,113
Depreciation	1,708,407				1,708,407	
Park	614,288	548,427			614,288	548,427
Water and Sewer			4,611,998	4,425,987	4,611,998	4,425,987
Interest - long-term debt	<u>1,240,046</u>	<u>1,013,673</u>			<u>1,240,046</u>	<u>1,013,673</u>
Total expenses	<u>9,347,899</u>	<u>7,916,372</u>	<u>4,611,998</u>	<u>4,425,987</u>	<u>13,959,897</u>	<u>12,342,359</u>

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

**City of Raymore, Missouri's
Statement of Changes in Net Assets (Continued)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS	419,623	1,625,858	474,503	884,745	894,126	2,510,603
TRANSFERS	<u>565,976</u>	<u>305,200</u>	<u>(565,976)</u>	<u>(305,200)</u>		
INCREASE (DECREASE) IN NET ASSETS	985,599	1,931,058	(91,473)	579,545	894,126	2,510,603
Cumulative effect of change in accounting principles	1,556,092		1,125,509		2,681,601	
NET ASSETS, beginning of year	<u>13,423,320</u>	<u>11,492,262</u>	<u>34,490,038</u>	<u>33,910,493</u>	<u>47,913,358</u>	<u>45,402,755</u>
NET ASSETS, end of year	<u>15,965,011</u>	<u>13,423,320</u>	<u>35,524,074</u>	<u>34,490,038</u>	<u>51,489,085</u>	<u>47,913,358</u>

Revenues were up by more than \$300,000, primarily due to increases in property and sales tax collected.

As can be noted from the above, within the governmental departments, expenses actually decreased from the prior fiscal year.

The addition of depreciation expenses, coupled with increased interest expense on long-term debt, lead to an overall increase in expenses within the governmental funds of \$1,431,527 from the previous year.

Business-Type Activities

Business-type activities increased the City of Raymore, Missouri's net assets by \$1,034,036, accounting for 29% of the total growth in the net assets of the City of Raymore, Missouri. The primary element associated with this increase is attributable to growth in residential housing and associated services provided.

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Raymore, Missouri uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Raymore, Missouri's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Raymore, Missouri's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the City of Raymore, Missouri's governmental funds reported combined ending fund balances of \$8,949,312, an increase of \$353,347 in comparison with the prior year. Approximately \$1,915,896 (21%) of this amount constitutes unreserved or unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or restricted to indicate that it is not available for new spending because it is either already committed or held for contingency.

The General Fund is the chief operating fund of the City of Raymore, Missouri. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$2,083,087, while total fund balance reached \$2,186,091. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 29% of the total General Fund expenditures (\$7,303,306 including depreciation expense), while total fund balance represents 30% of that same amount.

The total fund balance in the City of Raymore, Missouri's General Fund increased by \$1,479,112 during the current fiscal year. Key factors in this growth are:

Total taxes and charges for services as revenue sources increased by \$725,300.

Expenditures in the departments represented by the General Fund decreased by \$503,293.

The Debt Service Fund has a total fund balance of \$535,168, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current fiscal year in the Debt Service Fund was \$44,073. The government's debt service levy on property for the fiscal year was 0.7100.

Proprietary Fund

The City of Raymore, Missouri's proprietary fund provide the same type of information found in the government-wide financial statements, but in more detail. For the City of Raymore, Missouri, the single active proprietary fund is the Enterprise Fund.

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)

Proprietary Fund (Continued)

Unrestricted net assets in this Proprietary Fund at the end of the year amounted to \$4,257,307. Total growth in net assets for this fund was \$1,034,036. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Raymore, Missouri's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there was one major amendment to the General Fund. This amendment represented an \$87,908 increase to the fund and in the Buildings and Grounds departmental budget. This amendment was necessary as the Council approved the early payoff of a note associated with the old City Hall building.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Raymore, Missouri's investment in capital assets for its governmental and business-type activities as of the end of the fiscal year is \$53,970,972 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The investment total listed here represents a decrease from the previous year of \$930,212.

There was a large reclassification of assets during this fiscal year as outlined below. This reclassification was due to a restatement of capital assets vs. noncapital equipment listed in the City's inventory. Please review the notes to the financial statements for a detailed accounting of this restatement.

Long-Term Debt

At the end of the current fiscal year, the City of Raymore, Missouri had total debt outstanding of \$21,112,021. This is a reduction of \$1,964,340 from the previous fiscal year. This reduction is the result of two factors:

The normal payment of principal on outstanding debt issues.

The early payoff of the 1994 Combined Water/Sewer System Revenue Bonds.

No new debt was undertaken during the fiscal year.

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

**City of Raymore, Missouri
Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land and land rights		2,566,636	119,485	119,485	119,485	2,686,121
Buildings and improvements	8,501,302	5,064,602	53,741	56,241	8,555,043	5,120,843
Machinery	1,412,170	146,441	295,412	442,067	1,707,582	588,508
Infrastructure	<u>28,623,900</u>	<u>30,436,768</u>	<u>50,338,081</u>	<u>53,685,343</u>	<u>78,961,981</u>	<u>84,122,111</u>
	38,537,372	38,214,447	50,806,719	54,303,136	89,344,091	92,517,583
Less accumulated depreciation	<u>15,466,652</u>	<u>15,176,664</u>	<u>19,906,467</u>	<u>22,439,735</u>	<u>35,373,119</u>	<u>37,616,399</u>
Capital assets net of depreciation	<u>23,070,720</u>	<u>23,037,783</u>	<u>30,900,252</u>	<u>31,863,401</u>	<u>53,970,972</u>	<u>54,901,184</u>

**City of Raymore, Missouri
Reclassification - Capital Assets - Governmental Funds**

	Balance <u>11/1/03</u>	Additions	Reclassifi- cation	Deletions	Balance <u>10/31/04</u>
Land and land rights	2,566,636		(2,566,636)		
Buildings and improvements	5,064,602		3,436,700		8,501,302
Machinery	146,441	248,030	1,075,109	57,410	1,412,170
Infrastructure	<u>30,436,768</u>	<u>842,904</u>	<u>(2,655,772)</u>		<u>28,623,900</u>
Total	<u>38,214,447</u>	<u>1,090,934</u>	<u>(710,599)</u>	<u>57,410</u>	<u>38,537,372</u>

**City of Raymore, Missouri
Reclassification - Capital Assets - Business-Type Activities**

	Balance <u>11/1/03</u>	Additions	Reclassifi- cation	Deletions	Balance <u>10/31/04</u>
Land and land rights	119,485				119,485
Buildings and improvements	56,241		(2,500)		53,741
Machinery	442,067	48,586	(195,241)		295,412
Infrastructure	<u>53,685,343</u>	<u>4,547,185</u>	<u>(7,894,447)</u>		<u>50,338,081</u>
Total	<u>54,303,136</u>	<u>4,595,771</u>	<u>(8,092,188)</u>		<u>50,806,719</u>

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

**City of Raymore, Missouri
Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	8,441,322	8,670,833	2,895,000	2,975,000	11,336,322	11,645,833
Revenue bonds			2,605,000	3,885,000	2,605,000	3,885,000
Special obligation bonds	4,575,000	4,695,000			4,575,000	4,695,000
Leasehold bonds	2,580,000	2,705,000			2,580,000	2,705,000
Capital leases	15,699	145,528			15,699	145,528
Total	<u>15,612,021</u>	<u>16,216,361</u>	<u>5,500,000</u>	<u>6,860,000</u>	<u>21,112,021</u>	<u>23,076,361</u>

The City of Raymore, Missouri maintains an A- rating from Moody's Investors Services for its general obligation debt.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Raymore, Missouri's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 100 Municipal Circle, Raymore, Missouri 64083.

CITY OF RAYMORE, MISSOURI
STATEMENT OF NET ASSETS
OCTOBER 31, 2004

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Pooled cash and investments	2,559,962	3,300,357	5,860,319
Accounts receivable	29,273	471,041	500,314
Taxes receivable	217,557		217,557
Interest receivable	13,936	15,168	29,104
Prepaid items	86,536	3,915	90,451
Restricted cash and investments	7,045,896	6,345,284	13,391,180
Bond cost, net of amortization of \$219,097		785,053	785,053
Total current assets	<u>9,953,160</u>	<u>10,920,818</u>	<u>20,873,978</u>
FIXED ASSETS			
Fixed assets	38,537,372	50,806,719	89,344,091
Accumulated depreciation	<u>(15,466,652)</u>	<u>(19,906,467)</u>	<u>(35,373,119)</u>
Net fixed assets	<u>23,070,720</u>	<u>30,900,252</u>	<u>53,970,972</u>
TOTAL ASSETS	<u>33,023,880</u>	<u>41,821,070</u>	<u>74,844,950</u>
LIABILITIES			
Accounts payable	192,413	294,491	486,904
Accrued liabilities	320,382	22,824	343,206
Liabilities payable from restricted assets	12,590	238,769	251,359
Capital lease obligation	15,699		15,699
Notes payable	921,463		921,463
Bonds payable	<u>15,596,322</u>	<u>5,740,000</u>	<u>21,336,322</u>
TOTAL LIABILITIES	<u>17,058,869</u>	<u>6,296,084</u>	<u>23,354,953</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,015,699	25,160,252	32,175,951
Restricted for:			
Capital outlay and improvements	454,760		454,760
Debt service	555,020	584,160	1,139,180
Capital projects	6,023,636	5,522,355	11,545,991
Unrestricted	<u>1,915,896</u>	<u>4,258,219</u>	<u>6,174,115</u>
TOTAL NET ASSETS	<u>15,965,011</u>	<u>35,524,986</u>	<u>51,489,997</u>

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

CITY OF RAYMORE, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2004

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Business-Type		Total
				Governmental Activities	Activities	
Primary government						
Governmental activities						
Administration	966,348	1,535,162	196,411	765,225		765,225
Information Technology service	147,248			(147,248)		(147,248)
Economic Development	157,856			(157,856)		(157,856)
Planning and Zoning	472,252			(472,252)		(472,252)
Engineering	438,206			(438,206)		(438,206)
Streets and Roads	665,163			(665,163)		(665,163)
Building and Grounds	103,683			(103,683)		(103,683)
Municipal Court	111,411			(111,411)		(111,411)
Finance	369,774			(369,774)		(369,774)
Police	2,152,340		1,410	(2,150,930)		(2,150,930)
Emergency preparedness	84,591			(84,591)		(84,591)
Park	614,288	147,478		(466,810)		(466,810)
Depreciation	1,708,407			(1,708,407)		(1,708,407)
Interest on long-term debt	1,240,046			(1,240,046)		(1,240,046)
Total governmental activities	<u>9,231,613</u>	<u>1,682,640</u>	<u>197,821</u>	<u>(7,351,152)</u>		<u>(7,351,152)</u>
Business-type activities						
Water and Sewer	<u>4,611,998</u>	<u>4,821,534</u>			<u>209,536</u>	<u>209,536</u>
Total primary government	<u>13,843,611</u>	<u>6,504,174</u>	<u>197,821</u>	<u>(7,351,152)</u>	<u>209,536</u>	<u>(7,141,616)</u>
General revenues						
Taxes				7,490,409		7,490,409
Fines and forfeitures				220,075		220,075
Other income				79,822		79,822
Unrestricted investment earnings				96,755	265,879	362,634
Total general revenues				<u>7,887,061</u>	<u>265,879</u>	<u>8,152,940</u>
Transfers				<u>565,976</u>	<u>(565,976)</u>	
CHANGE IN NET ASSETS				1,101,885	(90,561)	1,011,324
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES				1,439,806	1,125,509	2,565,315
NET ASSETS, beginning of year				13,423,320	34,490,038	47,913,358
NET ASSETS, end of year				<u>15,965,011</u>	<u>35,524,986</u>	<u>51,489,997</u>

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

CITY OF RAYMORE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2004

	<u>General</u>	<u>Park</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
ASSETS				
Pooled cash and investments	2,141,599	418,363		2,559,962
Notes receivable			29,273	29,273
Taxes receivable	196,212		21,345	217,557
Interest receivable	3,476	1,243	9,217	13,936
Prepaid items	81,717	4,819		86,536
Restricted cash and investments	<u>115,264</u>	<u>351,976</u>	<u>6,578,656</u>	<u>7,045,896</u>
TOTAL ASSETS	<u>2,538,268</u>	<u>776,401</u>	<u>6,638,491</u>	<u>9,953,160</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	80,833	11,645	99,935	192,413
Accrued liabilities	258,864	61,518		320,382
Liabilities payable from restricted assets	12,480	110		12,590
Note payable			<u>478,463</u>	<u>478,463</u>
Total liabilities	<u>352,177</u>	<u>73,273</u>	<u>578,398</u>	<u>1,003,848</u>
FUND BALANCES				
Reserved for:				
Capital outlay and improvements	102,784	351,976		454,760
Debt service			555,020	555,020
Capital projects			6,023,636	6,023,636
Unreserved and undesignated	<u>2,083,307</u>	<u>351,152</u>	<u>(518,563)</u>	<u>1,915,896</u>
Total fund balances	<u>2,186,091</u>	<u>703,128</u>	<u>6,060,093</u>	<u>8,949,312</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>2,538,268</u>	<u>776,401</u>	<u>6,638,491</u>	<u>9,953,160</u>

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

CITY OF RAYMORE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
OCTOBER 31, 2004

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

Fund balance - total governmental funds		8,949,312
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	38,537,372	
Less accumulated depreciation	<u>(15,466,652)</u>	
		23,070,720
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the govern- mental funds.		
Capital lease obligations	(15,699)	
Notes payable	(443,000)	
Bonds payable	<u>(15,596,322)</u>	
		<u>(16,055,021)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>15,965,011</u>

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

CITY OF RAYMORE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2004

	General	Park	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	4,339,929	530,711	2,619,769	7,490,409
Charges for services	1,535,162	147,478		1,682,640
Fines and forfeitures	209,301		10,774	220,075
Grants and distributions	197,821			197,821
Interest income	26,909	7,540	62,306	96,755
Miscellaneous	54,102	25,720		79,822
Total revenues	<u>6,363,224</u>	<u>711,449</u>	<u>2,692,849</u>	<u>9,767,522</u>
EXPENDITURES				
Administration	887,946		78,402	966,348
Information Technology service	147,248			147,248
Economic Development	157,856			157,856
Planning and Zoning	472,252			472,252
Engineering	438,206			438,206
Streets and Roads	543,779		121,384	665,163
Building and Grounds	103,683			103,683
Municipal Court	111,411			111,411
Finance	369,774			369,774
Police	2,152,340			2,152,340
Emergency preparedness	84,591			84,591
Park		614,288		614,288
Depreciation	1,654,565	53,842		1,708,407
Capital outlay		6,850	247,189	254,039
Debt service				
Principal	106,335	43,642	538,886	688,863
Interest and fiscal fees	73,320	33,753	1,132,973	1,240,046
Total expenditures	<u>7,303,306</u>	<u>752,375</u>	<u>2,118,834</u>	<u>10,174,515</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(940,082)</u>	<u>(40,926)</u>	<u>574,015</u>	<u>(406,993)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	500,000	436,031	1,755,652	2,691,683
Capital lease proceeds				
Sale of assets proceeds			194,364	194,364
Operating transfers out	(1,039,030)	(300,000)	(786,677)	(2,125,707)
Total other financing sources (uses)	<u>(539,030)</u>	<u>136,031</u>	<u>1,163,339</u>	<u>760,340</u>

CITY OF RAYMORE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2004

	<u>General</u>	<u>Park</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,479,112)	95,105	1,737,354	353,347
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	1,526,163	29,929		1,556,092
FUND BALANCE, beginning of year	2,163,065	578,094	4,322,739	7,063,898
RESTATED, due to closed fund balance	(24,025)			(24,025)
FUND BALANCE, beginning of year, as restated	<u>3,665,203</u>	<u>608,023</u>	<u>4,322,739</u>	<u>8,595,965</u>
FUND BALANCE, end of year	<u>2,186,091</u>	<u>703,128</u>	<u>6,060,093</u>	<u>8,949,312</u>

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

CITY OF RAYMORE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2004

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

Net change in fund balances - total governmental funds	353,347
--	---------

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by
which capital outlays (\$254,039) exceeded depreciation
(\$- 0 -) in the current period.

254,039

The issuance of long-term debt (e.g., bonds, leases) provides
current financial resources to governmental funds, while
the repayment of the principal of long-term debt consumes
the current financial resources of governmental funds.
Neither transaction, however, has any effect on net assets.

Capital lease proceeds

- 0 -

Sale of assets proceeds

(194,364)

Capital lease payments

149,977

Bond principal payments

538,886

494,499

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

1,101,885

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

CITY OF RAYMORE, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUND
OCTOBER 31, 2004

ASSETS

Pooled cash and investments	3,300,357
Accounts receivable	471,041
Interest receivable	15,168
Prepaid items	3,915
Restricted cash and investments	6,345,284
Property and equipment, net of depreciation	30,900,252
Bond cost, net of amortization of \$313,059	<u>785,053</u>

TOTAL ASSETS	<u>41,821,070</u>
--------------	-------------------

LIABILITIES

Accounts payable	294,491
Accrued liabilities	22,824
Liabilities payable from restricted assets	238,769
Bonds payable	<u>5,740,000</u>

TOTAL LIABILITIES	<u>6,296,084</u>
-------------------	------------------

NET ASSETS

Invested in capital assets, net of related debt	25,160,252
Net Assets	
Restricted for:	
Debt service	584,160
Capital projects	5,522,355
Unrestricted	<u>4,258,219</u>

TOTAL NET ASSETS	<u>35,524,986</u>
------------------	-------------------

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

CITY OF RAYMORE, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND
YEAR ENDED OCTOBER 31, 2004

REVENUES	
Water charges	2,443,089
Sewer charges	2,303,096
Miscellaneous	75,349
Total revenues	<u>4,821,534</u>
EXPENSES	
Administrative	57,322
Water	1,877,570
Sewer	2,475,445
Total expenses	<u>4,410,337</u>
INCOME FROM OPERATIONS	<u>411,197</u>
OTHER INCOME (EXPENSE)	
Operating transfers in	683,023
Operating transfers out	(1,248,999)
Interest expense	(201,661)
Interest income	265,879
Total other income (expense)	<u>(501,758)</u>
NET LOSS	(90,561)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	1,125,509
RETAINED EARNINGS, beginning of year	<u>34,490,038</u>
RETAINED EARNINGS, end of year	<u>35,524,986</u>

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

CITY OF RAYMORE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED OCTOBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	4,718,228
Cash received from other sources	75,349
Cash payments to suppliers	(2,480,988)
Cash payments to employees	<u>(253,964)</u>
Net cash provided by operating activities	<u>2,058,625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers (net)	<u>(565,976)</u>
Net cash used in noncapital financing activities	<u>(565,976)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on long-term debt	(1,102,142)
Acquisition of capital assets	(262,875)
Interest paid on revenue bonds	<u>(201,661)</u>
Net cash used in capital and related financing activities	<u>(1,566,678)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>260,050</u>
Net cash provided by investing activities	<u>260,050</u>
NET INCREASE IN CASH	186,021
CASH AND CASH EQUIVALENTS, beginning of year	<u>9,459,620</u>
CASH AND CASH EQUIVALENTS, end of year	<u>9,645,641</u>
ALLOCATION OF CASH	
Unrestricted	3,300,357
Restricted	<u>6,345,284</u>
	<u>9,645,641</u>

CITY OF RAYMORE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED OCTOBER 31, 2004

Reconciliation of operating income to net cash
provided by operating activities

Income from operations	<u>411,197</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,787,642
(Increase) decrease in:	
Receivables	(27,957)
Prepaid expenses	2,699
Increase (decrease) in:	
Accounts payable	17,631
Accrued liabilities	<u>(132,587)</u>
Total adjustments	<u>1,647,428</u>
Net cash provided by operating activities	<u><u>2,058,625</u></u>

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

CITY OF RAYMORE, MISSOURI
STATEMENT OF NET ASSETS
FIDUCIARY FUND
OCTOBER 31, 2004

ASSETS	
Taxes receivable	67
Restricted cash and investments	<u>548,631</u>
TOTAL ASSETS	<u>548,698</u>
LIABILITIES	
Liabilities payable from restricted assets	<u>547,257</u>
NET ASSETS	<u>1,441</u>

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

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Raymore, Missouri (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

Raymore, Missouri is a chartered city in which citizens elect the mayor at large and eight council members by wards. The accompanying financial statements present the City of Raymore, Missouri (the primary government) and its component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City of Raymore, Missouri has been identified as a primary government because it is a legally separate entity, has a separately elected governing body, and is fiscally independent of other state and local governments. Management has considered all potential component units and has determined the following entities outside of the primary government and should be blended into the City's financial statements:

Raymore Industrial Development Authority

The Raymore Industrial Development Authority (IDA) was created to develop, advance, encourage and promote commercial, industrial, agricultural and manufacturing facilities in the City of Raymore, Missouri. The Board of Directors consists of five members appointed by the City Council. The IDA had no financial transactions for the year ended October 31, 2004.

Raymore Municipal Assistance Corporation

The Raymore Municipal Assistance Corporation (MAC) was created to lessen the burden of the government of the City of Raymore, Missouri by financing, acquiring, leasing or subleasing property to the City. The City of Raymore, Missouri is the sole member of the MAC and the Board of Directors are appointed by the Raymore City Council. The financial activity of the MAC consists of leasehold revenue bonds issued, and a lease agreement with the City of Raymore, Missouri to fund repayment of the bonds. Although it is legally separate from the City, the MAC is reported as if it were part of the primary government (blended) because its sole purpose is to serve the primary government exclusively.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

In fiscal year 2003, the City adopted three new statements of financial accounting standards issued by GASB:

Statement No. 34 - "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments"

Statement No. 37 - "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments: Omnibus"

Statement No. 38 - Certain Financial Statement Disclosures

In June 1999, GASB unanimously approved GASB Statement No. 34. This statement (as amended by Statement No. 37) establishes new financial reporting requirements for state and local governments. It requires new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in the prior years is affected. As part of this statement, there is a new reporting requirement regarding the local government's infrastructure (streets, street lighting systems, storm drainage systems, etc.). This requirement permits an optional four-year delay for retrospective reporting of infrastructure to the fiscal year ending 2007. The City has elected to early implement the retrospective reporting of infrastructure with the fiscal year ending 2003.

Statement No. 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34. While this statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added or amended including descriptions of activities of major funds, violations of legal or contract provisions, future debt service and lease obligations in five-year increments and interfund balances and transactions.

The accounts of the City of Raymore, Missouri are organized on the basis of funds and, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities and fund balances arising from cash transactions, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The City uses the following funds and groups of accounts:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Government-wide and Fund Financial Statements

the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

The governmental activities contained in the government-wide and fund financial statements of the City of Raymore, Missouri use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the State at year end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

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.

The business-type activities contained in the government-wide and fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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.

The government reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Park Fund - The Park Fund is primarily used for the maintenance of the City's parks and for collecting and remitting tax revenues specifically for the acquisition of park land. The fund is also used for the administration of various recreation programs.

Property taxes and license fees finance the fund.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

The government reports the following major proprietary funds:

Enterprise Fund - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the stated intent is that the costs (expenses, including depreciation) of providing goods or services (sanitation and water) to the general public on a continuing basis be financed or recovered primarily through user charges - or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific sources of revenues that are legally restricted to expenditures for specified purposes.

Capital Improvements Sales Tax Fund

The Capital Improvements Sales Tax Fund is responsible for the collection and disbursement of funds related to a special sales tax approved by voters. The funds may only be used to construct or purchase capital assets for the City.

Storm Water/Park Sales Tax Fund

The Storm Water/Park Sales Tax Fund is also responsible for the collection and disbursement of funds related to a special sales tax approved by voters. The funds can only be used for storm water control and park related expenditures.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund type:

Agency Fund - The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the City holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu-of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority Enterprise Fund, of the Electric Enterprise Fund and of the government's internal service funds are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. BUDGETS

Budgets for the City are prepared and adopted on the modified accrual basis (budget basis) for all governmental funds. Missouri law requires budgets to be adopted for all governmental funds and budget appropriations lapse at fiscal year end. The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. The City Administrator is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the governing council. The City Council approved amendments to the budget during the year. The actual results of operations are presented in comparison to the budgets, as amended, on the budgetary comparison schedule.

D. POOLED CASH AND INVESTMENTS

Cash resources of the individual fund types are combined to form a pool of cash and investments. At October 31, 2004, the City's cash was deposited in demand accounts, money market accounts, certificates of deposit and U.S. Treasury obligations. Interest income on pooled cash and investments is allocated based upon each fund's respective cash balance.

The City's investment policy permits investment in prime money market instruments and securities such as U.S. Government obligations, Missouri bank certificates of deposit, demand accounts and savings accounts.

E. RESTRICTED CASH

Certain cash accounts and certificates of deposit are restricted for debt service and compliance with bond covenants. Assets are also restricted for refunding customer meter deposits and construction projects.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. STATEMENT OF CASH FLOWS

A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement No. 9 for the Proprietary Fund. For purposes of the statement of cash flows, demand deposits and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

G. FIXED ASSETS

Prior to GASB Statement No. 34, capital assets for governmental funds were recorded in the General Fixed Asset Account Group and were not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities be recorded and depreciated in the government-wide financial statements.

Capital assets, including infrastructure are defined as assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year.

Capital assets are stated at cost or at estimated fair value at time of donation. The accounting for property, plant and equipment and accumulated depreciation in the Electric, Water, and Water Pollution Control Enterprise Funds is recorded at cost less retirements in the manner prescribed by the Federal Power Commission and/or the National Association of Railroad and Utility Commissioners.

The City's policy is to capitalize interest on proprietary funds and construction projects until substantially completed. Major expenditures for property and those which substantially increased useful lives are capitalized. Maintenance, repairs and minor renewals are expensed when incurred. When fixed assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation of buildings, equipment and vehicles in the proprietary fund types are computed using the straight-line method over the following estimated useful lives:

Buildings and processing facilities	30 - 40 years
Machinery and equipment	4 - 10 years
Transmission lines and mains	30 years

H. COMPENSATED ABSENCES

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation leave of the Proprietary Fund is recorded as an expense and liability as the benefits accrue to employees.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. LONG-TERM OBLIGATIONS

The portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

J. FUND EQUITY

Contributed capital in the amount of \$3,264,245 was reclassified to retained earnings in proprietary funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

K. AMORTIZATION OF BOND COSTS

In governmental fund types, bond costs are recognized in the current period. Bond costs for the Proprietary Fund are deferred and amortized over the term of the bonds using the straight-line method.

L. TOTAL COLUMNS ON COMBINED STATEMENTS

The total column on the budgetary comparison schedule is captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles.

M. 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for the allowance for uncollectible receivable, depreciation, employee benefits, federal and state grant revenues, contingencies and others.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. FASB PRONOUNCEMENTS ISSUED AFTER NOVEMBER 30, 1989

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments. With regard to FASB pronouncements issued after November 30, 1989, for its Proprietary Fund activities, the City has elected not to adopt those pronouncements.

NOTE 2. DEPOSITS AND INVESTMENTS

The City pools cash for operating purposes from all of its funds into a few bank accounts. At October 31, 2004, cash balances were comprised of demand deposits and certificates of deposit. As required by law, the depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance to equal the amount on deposit at all times. The following table summarized the collateral supporting the City's deposits with a carrying value of \$3,920,093 (all in demand deposits):

Category 1

Deposits covered by federal depository insurance or by collateral held by the City, or its agent, in the City's name.	100,000
---	---------

Category 2

Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the City's name.	<u>4,076,144</u>
--	------------------

Total deposits (bank statement balances)	<u>4,176,144</u>
--	------------------

At October 31, 2004, all investments were held by the Counterparty's financial institution's Trust Department, in the City's name (risk Category B), except for the State Revolving Fund Series Trust Accounts which are not subject to risk classifications, because they are not evidenced by securities that exist in physical or book entry form. Investments were in U.S. government obligations in the amount of \$15,879,010. Fair value approximates cost.

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable in the Proprietary Fund are presented net of allowance for doubtful accounts of \$39,573. Receivables and revenues of the Proprietary Fund are pledged as collateral on revenue bonds payable. As a part of providing utility services, the City has extended credit to its citizens.

No allowance was necessary in the General Fund.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 4. FIXED ASSETS AND DEPRECIATION

Components of the City's fixed assets at October 31, 2004, are summarized as follows:

	Government Funds	Enterprise Funds	Total
Land		119,485	119,485
Buildings and improvements	8,501,302	53,741	8,555,043
Machinery and equipment	1,412,170	295,412	1,707,582
Infrastructure	<u>28,623,900</u>	<u>50,338,081</u>	<u>78,961,981</u>
	38,537,372	50,806,719	89,344,091
Accumulated depreciation	<u>(15,466,652)</u>	<u>(19,906,467)</u>	<u>(35,373,119)</u>
	<u>23,070,720</u>	<u>30,900,252</u>	<u>53,970,972</u>

The following table summarizes the changes in the components of the governmental funds:

	Balance 11/1/03	Additions	Reclassifi- cations	Deletions	Balance 10/31/04
Land	2,566,636		(2,566,636)		
Buildings and improvements	5,064,602		3,436,700		8,501,302
Machinery and equipment	146,441	248,030	1,075,109	57,410	1,412,170
Infrastructure	<u>30,436,768</u>	<u>842,904</u>	<u>(2,655,772)</u>		<u>28,623,900</u>
	<u>38,214,447</u>	<u>1,090,934</u>	<u>(710,599)</u>	<u>57,410</u>	<u>38,537,372</u>

The following table summarizes the changes in fixed assets in the enterprise funds:

	Balance 11/1/03	Additions	Reclassifi- cations	Deletions	Balance 10/31/04
Land	119,485				119,485
Buildings and improvements	56,241		(2,500)		53,741
Machinery and equipment	442,067	48,586	(195,241)		295,412
Infrastructure	<u>53,685,343</u>	<u>4,547,185</u>	<u>(7,894,447)</u>		<u>50,338,081</u>
	<u>54,303,136</u>	<u>4,595,771</u>	<u>(8,092,188)</u>		<u>50,806,719</u>

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 4. FIXED ASSETS AND DEPRECIATION (Continued)

The following table summarizes the depreciation by components for the year ended October 31, 2004:

	Government <u>Funds</u>	Enterprise <u>Funds</u>	<u>Total</u>
Land			
Buildings and improvements	221,470	1,254	222,724
Machinery and equipment	181,014	44,598	225,612
Infrastructure	<u>1,305,923</u>	<u>1,741,790</u>	<u>3,047,713</u>
	<u>1,708,407</u>	<u>1,787,642</u>	<u>3,496,049</u>

NOTE 5. CAPITAL LEASE OBLIGATIONS

The City has entered into capital lease agreements for the purchase of equipment and its City Hall. These lease agreements qualify as capital leases for financial reporting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of property leased under capital leases as of October 31, 2004:

	<u>Total Cost</u>
Equipment	<u>39,094</u>

Future minimum lease payments under capital leases together with the present value of net minimum lease payments consist of the following:

Years ending <u>October 31,</u>	
2005	16,280
Less amount representing interest	<u>581</u>
Present value of future minimum lease payments	<u>15,699</u>

NOTE 6. NOTES PAYABLE

Notes payable consisted of the following notes:

Tax Anticipation Note, due May 1, 2005 with an interest rate of 6.6% at the lowest prime as of May 1, 2004. The note is to be paid out of tax proceeds.	478,463
---	---------

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. NOTES PAYABLE (Continued)

Note payable - Department of Natural Resources, final payment due January 1, 2023, interest rate of 6.6%. The note is secured by tax revenues.	443,000
	<u>921,463</u>

Aggregate principal and interest requirements are:

<u>Years ending October 31,</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total</u>
2005	498,463	22,717	521,180
2006	20,000	6,608	26,608
2007	21,000	6,280	27,280
2008	21,000	5,944	26,944
2009	21,000	5,608	26,608
2010 - 2014	112,000	22,768	134,768
2015 - 2019	122,000	13,408	135,408
2020 - 2024	<u>106,000</u>	<u>3,472</u>	<u>109,472</u>
	<u>921,463</u>	<u>86,805</u>	<u>1,008,268</u>

NOTE 7. BONDS PAYABLE

General Obligation Bonds and Defeased Debt

During 1999, the City issued \$1,575,000 in general obligation bonds with an average interest rate of 4.54% to crossover refund \$1,575,000 of outstanding 1994 General Obligation Bonds. The 1994 General Obligation Bonds were called and paid in full during the year.

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. If general obligation bonds have been issued for both general government and proprietary activities, the portion expected to be repaid from proprietary revenues are reported in the proprietary funds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at October 31, 2004 were as follows:

General Obligation Highway Improvement Bonds in the original amount of \$2,500,085 dated July 1, 1997, due in annual installments, varying from year to year until maturity on March 1, 2014, interest at 5.5%.	1,760,085
---	-----------

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

General Obligation Bonds and Defeased Debt (Continued)

General Obligation Highway Improvement Bonds
in the original amount of \$2,499,511 dated
September 22, 1994, due in annual installments,
varying from year to year until maturity on
March 1, 2014, interest at 4.75% to 5.8%. 213,864

General Obligation Refunding Improvement Bonds
in the original amount of \$1,575,000 dated
April 1, 1999, due in annual installments, varying
from year to year until maturity on March 1, 2014,
interest at 3.4% to 4.65%. 1,570,000

General Obligation Improvement Bonds in the
original amount of \$4,897,373 dated September 1,
2000, due in annual installments, varying from
year to year until maturity on March 1, 2016,
interest at 4.7% to 5.45%. 4,897,373

8,441,322

Aggregate annual principal payments and debt service requirements applicable to general obligation bonds are:

<u>Years ending</u> <u>October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	322,728	562,513	885,241
2006	316,136	556,516	872,652
2007	605,000	345,526	950,526
2008	529,893	475,457	1,005,350
2009	582,002	461,226	1,043,228
2010 - 2014	4,888,190	1,286,247	6,174,437
2015 - 2019	<u>1,197,373</u>	<u>419,027</u>	<u>1,616,400</u>
	<u>8,441,322</u>	<u>4,106,512</u>	<u>12,547,834</u>

Leasehold Revenue Bonds

During 1998, the City, through the Raymore Municipal Assistance Corporation (MAC), issued \$3,250,000 in leasehold revenue bonds to provide funds for the acquisition and construction of storm water and park improvements. The MAC issued the bonds and the City signed the lease agreement with the MAC which funds the debt service of the leasehold revenue bonds. The lease payments are equal to the revenue bond debt service.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

Leasehold Revenue Bonds (Continued)

Leasehold revenue bonds are not general obligations of the City. The lease payments are subject to annual approval by the City Council. Leasehold revenue bonds outstanding at October 31, 2004 were as follows:

\$3,250,000 June 1, 1998 Leasehold Revenue
Bonds, due in annual installments; varying
from year to year until maturity on April 1,
2018, interest at 4.5% to 6.875%. 2,580,000

Aggregate annual principal payments and debt service requirements applicable to general obligation bonds are:

<u>Years Ending</u> <u>October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	130,000	128,888	258,888
2006	135,000	122,626	257,626
2007	145,000	115,976	260,976
2008	150,000	108,933	258,933
2009	160,000	101,412	261,412
2010 - 2014	920,000	375,359	1,295,359
2015 - 2016	<u>940,000</u>	<u>105,280</u>	<u>1,045,280</u>
	<u>2,580,000</u>	<u>1,058,474</u>	<u>3,638,474</u>

Special Obligation Capital Improvement Bonds

During 1998, the City issued \$5,215,000 in special obligation capital improvement bonds to provide funds for the acquisition and construction of street improvements to parts of Missouri Highway 58 located in the City.

Special obligation capital improvement bonds are not general obligations of the City. The debt service payments are to be made from excess revenues and fund balances. Special obligation capital improvement bonds outstanding at October 31, 2004 were as follows:

\$5,215,000 March 1, 1998; Special Obligation
Capital Improvement Bonds, due in annual
installments; varying from year to year until
maturity on March 1, 2023, interest at 4%
to 5.7%. 4,575,000

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

Special Obligation Capital Improvement Bonds (Continued)

Aggregate annual principal payments and debt service requirements applicable to special obligation capital improvement bonds are:

<u>Years Ending October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	125,000	251,823	376,823
2006	130,000	245,510	375,510
2007	135,000	238,851	373,851
2008	145,000	231,709	376,709
2009	155,000	223,906	378,906
2010 - 2014	905,000	982,769	1,887,769
2015 - 2019	1,205,000	685,568	1,890,568
2020 - 2024	<u>1,775,000</u>	<u>252,367</u>	<u>2,027,367</u>
	<u>4,575,000</u>	<u>3,112,503</u>	<u>7,687,503</u>

Proprietary Fund Revenue Bonds and General Obligation Bonds

The City issues general obligation bonds and revenue bonds to fund proprietary funds capital projects. Revenue bonds are not general obligations of the City and are collateralized by the revenues of the utility system.

Revenue bonds outstanding at October 31, 2004 were as follows:

\$930,000 April 1, 1998; Combined Waterworks and Sewerage System Refunding Revenue, Bonds, due in annual installments; varying from year to year until maturity on June 1, 2011, interest at 4.5% to 5%.	240,000
\$4,350,000 June 1, 1992, Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) Series 1992A, due in annual installments; varying from year to year until maturity on July 1, 2013, interest at 4.5% to 6.55%.	2,605,000

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. BONDS PAYABLE (Continued)

Proprietary Fund Revenue Bonds and General Obligation Bonds (Continued)

\$1,800,000 December 1, 1999, Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) Series 1999B, due in annual installment; varying from year to year until maturity on July 1, 2019, interest at 4.125% to 5.75%.	1,545,000
\$1,400,000 April 1, 1999; General Obligation Waterworks Improvement Bonds, due in annual installments; varying from year to year until maturity on March 1, 2019, interest at 3.4% to 4.875%.	<u>1,350,000</u>
	<u>5,740,000</u>

Aggregate annual principal payments and debt service requirements applicable to the bonds are:

<u>Years ending October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	330,000	327,588	657,588
2006	355,000	308,424	663,424
2007	390,000	287,256	677,256
2008	425,000	264,336	689,336
2009	460,000	238,321	698,321
2010 - 2014	2,270,000	746,854	3,016,854
2015 - 2019	<u>1,510,000</u>	<u>223,674</u>	<u>1,733,674</u>
	<u>5,740,000</u>	<u>2,396,453</u>	<u>8,136,453</u>

NOTE 8. PENSION PLAN

Plan Description

The City contributes to the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Plan Description (Continued)

LAGERS is a defined benefit pension plan that provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the general assembly. The plan is qualified under Internal Code Section 401(a), and it is tax exempt.

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

Funding Policy

The City of Raymore, Missouri's full-time employees do not contribute to the pension plan. The political subdivision is required by state statute to contribute at an actuarially determined rate; the current rates are 10.6% for general and 11.1% for police of annual covered payroll. The contributed requirements of plan members are determined by the governing body of the political subdivision are established by state statute.

Annual Pension Cost

For 2004, the political subdivision's annual pension cost of \$344,802 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2002 and/or February 28, 2003 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, before retirement of 4% per year, compounded annually, after retirement; (b) projected salary increases of 4% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0% to 4.2% per year, depending on the age, attributable to seniority/merit and; (d) pre- and post-retirement mortality based on the 1983 Group Annuity Mortality table set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfounded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 29, 2004 was 26 years.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Trend Information

Historical information about the City's participation in the LAGERS is presented as required supplementary information. This information is intended to help users assess the retirement plan's funding status on a going-concern basis; assess progress being made in accumulated assets to pay benefits when due; and allow for comparisons with other public employee retirement systems.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/02	323,922	100%	- 0 -
6/30/03	312,999	100%	- 0 -
6/30/04	344,802	100%	- 0 -

Schedule of Funding Progress

	(a)	(b)	(b-a)		(c)	[(b-a)/c]
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
2/28/02	2,229,658	3,052,965	823,307	73%	2,965,305	28%
2/28/03	2,411,187	3,195,277	784,090	75%	2,795,361	28%
2/29/04	2,895,407	3,602,760	707,353	80%	3,112,925	23%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changes in conjunction with the February 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual variations, please contact the LAGERS office in Jefferson City.

NOTE 9. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. Investments are managed by the plan's trustee under several investment options. The choice of the investment option(s) is made by the participants.

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 10. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2004 was as follows:

Real estate	128,172,234
Personal property	<u>26,712,660</u>
	<u>154,884,894</u>

The tax levy per \$100 of assessed valuation of tangible property for the calendar year 2003 was as follows:

General operating	0.4699
Debt service	0.1265
Park maintenance	<u>0.7100</u>
	<u>1.3064</u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

NOTE 11. INTERFUND TRANSACTIONS

Operating transfers during the year ended October 31, 2004 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	500,000	1,039,030
Special Revenue Funds		
Park Fund	436,031	
Stormwater/Park Sales Tax Fund		300,000
Transportation	765,652	
Debt Service Funds		
General Obligation Bond		114,025
Enterprise Fund	683,023	1,248,999
Capital Projects	<u>990,000</u>	<u>672,652</u>
	<u>3,374,706</u>	<u>3,374,706</u>

CITY OF RAYMORE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 12. MAJOR TAXPAYER

The City received more than 53% of its sales tax revenues from a major retailer located within the City limits.

NOTE 13. CONTINGENCIES

The City has been named as a defendant in several lawsuits. It is not possible to predict the outcome of these lawsuits. Because the outcome cannot be predicted nor the potential loss, if any, reasonably estimated, no provision for any liability that may result has been made in the financial statements.

NOTE 14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

For the year ended October 31, 2004, the net working capital of the Enterprise Funds was \$9,579,681. The City does not deem it cost effective or practical to determine segment information between water and sewer for the Enterprise Fund.

NOTE 15. SELF-INSURANCE

The City is a member of the Mid-America Regional Council Insurance Trust (MARCIT), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MARCIT operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MARCIT provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability and workers' compensation. The City participates in workers' compensation insurance coverage.

MARCIT manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MARCIT's investment pool consists of interest bearing deposits, U.S. Treasury strips, U.S. governmental agency obligations, and collateralized mortgage obligations. In the event that a deficit occurs with respect to any fiscal year of MARCIT for which the City was a participant at any time during such year, and in the event that MARCIT determines that an assessment is required in order to provide additional funds for the obligations of

MARCIT for such year, and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MARCIT at the time of such assessment. Management of the City is not aware of any deficit situation in MARCIT would require an accrual of a liability as of October 31, 2004.

MARCIT's financial statements are presented in its Comprehensive Annual Financial Report

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF RAYMORE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED OCTOBER 31, 2004

	General Fund			Special Revenue Funds		
	Budget Final	Actual	Favorable (Unfavorable) Variance	Budget Final	Actual	Favorable (Unfavorable) Variance
REVENUES						
Taxes	4,432,721	4,339,929	(92,792)	2,179,671	2,012,951	(166,720)
Charges for services	816,237	1,535,162	718,925	104,000	147,478	43,478
Fines and forfeitures	217,200	209,301	(7,899)			
Grants and distributions	49,366	197,821	148,455	19,500	58,991	(19,500)
Interest income	20,000	26,909	6,909	25,500	25,720	33,491
Miscellaneous	96,000	54,102	(41,898)	550	25,720	25,170
Total revenues	<u>5,631,524</u>	<u>6,363,224</u>	<u>731,700</u>	<u>2,329,221</u>	<u>2,245,140</u>	<u>(84,081)</u>
EXPENDITURES						
Administration	831,400	887,946	(56,546)			
Information Technology service	151,988	147,248	4,740			
Economic Development	198,307	157,856	40,451			
Planning and Zoning	641,938	472,252	169,686			
Engineering	544,986	438,206	106,780			
Streets and Roads	593,630	543,779	49,851	122,500	121,384	1,116
Building and Grounds	290,031	103,683	186,348			
Municipal Court	129,361	111,411	17,950			
Finance	450,361	369,774	80,587			
Police	2,305,682	2,152,340	153,342			
Emergency preparedness	107,008	84,591	22,417			
Park						
Capital outlay				692,978	614,288	78,690
Debt service				1,526,300	24,209	1,502,091
Principal						
Interest and fiscal fees				281,000	276,392	4,608
Total expenditures	<u>6,244,692</u>	<u>5,648,741</u>	<u>(595,951)</u>	<u>3,002,778</u>	<u>1,445,129</u>	<u>(1,557,649)</u>
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES						
OTHER FINANCING SOURCES (USES)						
Operating transfers in	(613,168)	714,483	1,327,651	(673,557)	800,011	1,473,568
Capital lease proceeds	642,652	500,000	(142,652)	1,059,031	1,201,683	142,652
Sale of assets proceeds						
Operating transfers out	(653,000)	(1,039,030)	(386,030)	(250,000)	194,364	194,364
Total other financing sources (uses)	<u>(10,348)</u>	<u>(539,030)</u>	<u>(528,682)</u>	<u>809,031</u>	<u>566,047</u>	<u>(242,984)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	<u>(623,516)</u>	<u>175,453</u>	<u>798,969</u>	<u>135,474</u>	<u>1,366,058</u>	<u>1,230,584</u>
FUND BALANCE, beginning of year						
		<u>3,665,203</u>			<u>4,256,157</u>	
FUND BALANCE, end of year		<u>3,840,656</u>			<u>5,622,215</u>	

CITY OF RAYMORE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED OCTOBER 31, 2004

	Debt Service					
	Favorable (Unfavorable) Variance		Favorable (Unfavorable) Variance		Favorable (Unfavorable) Variance	
	Budget Final	Actual	Final	Actual	Final	Actual
REVENUES						
Taxes	1,100,000	1,137,529	37,529		7,712,392	7,490,409
Charges for services					920,237	1,682,640
Fines and forfeitures		10,774	10,774		217,200	220,075
Federal grants and distributions					68,866	197,821
Interest income	5,000	6,530	1,530	4,325	50,500	96,755
Miscellaneous					96,550	79,822
Total revenues	1,105,000	1,154,833	49,833	4,325	9,065,745	9,767,522
EXPENDITURES						
Administration				78,402	831,400	966,348
Computer					151,988	147,248
Economic Development					198,307	157,856
Planning and Zoning					641,938	472,252
Engineering					544,986	438,206
Streets					716,130	665,163
Building					290,031	103,683
Municipal Court					129,361	111,411
Finance					450,361	369,774
Police					2,305,682	2,152,340
Emergency preparedness					107,008	84,591
Park					692,978	614,288
Capital outlay				229,830	1,526,300	254,039
Debt service						
Principal	440,000	306,136	133,864		721,000	688,863
Interest and fiscal fees	655,000	757,870	(102,870)		1,035,000	1,240,046
Total expenditures	1,095,000	1,064,006	30,994	308,232	10,342,470	8,466,108
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,000	90,827	80,827	(303,907)	(1,276,725)	2,578,139
OTHER FINANCING SOURCES (USES)						
Operating transfers in				990,000	1,701,683	2,691,683
Capital lease proceeds						
Sale of assets proceeds						
Operating transfers out	(75,000)	(114,025)	(114,025)	(142,652)	(978,000)	194,364
Total other financing sources (uses)	(75,000)	(114,025)	(114,025)	847,348	723,683	36,657
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(65,000)	(23,198)	(23,198)	543,441	(553,042)	2,061,754
FUND BALANCE, beginning of year				65,484		8,566,036
FUND BALANCE, end of year		579,192		608,925		10,627,790

See accompanying notes to financial statements.