

CITY OF RAYMORE, MISSOURI
ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
October 31, 2006



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CITY OF RAYMORE, MISSOURI

LIST OF PRINCIPAL OFFICERS October 31, 2006

MAYOR

Juan I. Alonzo

CITY COUNCIL

John Seimears	Ward I
Ivan Waite	Ward I
Dale Jacobson	Ward II
Judy Goff	Ward II
Libby Smith	Ward III
Jeffrey Adams	Ward III
Charlene Hubach	Ward IV
Ernie Van Hooser	Ward IV

CITY ADMINISTRATOR

Eric Berlin

MANAGEMENT TEAM

Todd Thompson	Assistant City Administrator
Susan Gnefkow	City Clerk
Kris Turnbow	Chief of Police
Jim Feuerborn	Finance Director
Jim Cadoret	Community Development Director
Janet Snook	Park & Recreation Director
Gene Thompson	Economic Development Director
Mike Krass	Public Works Director/City Engineer



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Raymore, Missouri, as of and for the year ended October 31, 2006, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Raymore'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Raymore as of October 31, 2006, and the respective 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2007, on our consideration of the City of Raymore's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Raymore's basic financial statements. The introductory section, and other combining supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combined supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
January 5, 2007

CITY OF RAYMORE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended October 31, 2006

The financial department for the City of Raymore offers readers of the City of Raymore's financial statements this narrative overview and analysis of the financial activities of the City of Raymore for the fiscal year ended October 31, 2006. 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 City of Raymore is in the second year of a three-year contract with Marr & Company to perform the annual independent audit of the City.
- The assets of the City of Raymore exceeded liabilities by \$75,975,875. Of this amount, \$14,487,062 represents unrestricted net assets and may be used to fund ongoing obligations.
- Total net assets increased by \$14,038,239. This increase is primarily attributable to increases in infrastructure accepted by the City and Capital Projects completed during the fiscal year.
- At the close of the 2006 fiscal year, the City's combined governmental fund balances totaled \$11,038,382. This is a decrease from the previous fiscal year of \$7,416,227. This decrease is accounted for by the expenditures associated with the Galleria TIF Capital Projects which were reported in that governmental fund at last year's close, but were spent during the course of the 2006 fiscal year.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$2,349,661, an increase over the previous fiscal year of \$495,881. This fund balance represented 35.05% of expenditures for the period.
- Total debt for the City of Raymore decreased during the fiscal year 2006, as bonds were retired in the amount of \$1,274,560 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's basic financial statements. The City of Raymore's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplemental information. This report also contains other supplementary information, such as actual to budget comparisons, 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's finances, in a manner similar to a private-sector business.

CITY OF RAYMORE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended October 31, 2006

The statement of net assets presents information on all of the City of Raymore'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 is improving or deteriorating.

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 the functions of the City of Raymore 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 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 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City of Raymore 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 the 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.

CITY OF RAYMORE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended October 31, 2006

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Raymore maintains 12 individual governmental funds in four categories. Information for the general fund stands alone in the Balance Sheet and Statement of Activities, while the other 11 funds are categorized under the heading of Special Revenue, Debt Service, and Capital Project Funds. Specific data on the Special Revenue, Debt Service, and Capital Project funds is presented beginning on page 54 of the financial statements.

The City of Raymore adopts an annual appropriated budget for its general fund and other funds. A budgetary statement has been provided within this analysis for all funds to demonstrate compliance with this budget for the 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's Departmental Budget to Actual Expense Report

Department	Budget	Actual
Administration	964,265	941,347
Information Technology	222,368	180,038
Economic Development	210,494	184,831
Community Development	763,231	704,186
Engineering	538,654	411,938
Streets and Roads	1,069,483	905,048
Buildings and Grounds	252,251	241,071
Municipal Court	130,534	124,608
Finance	471,813	458,292
Police	2,649,989	2,531,672
Emergency Management	112,973	100,921
Parks and Recreation	736,011	653,364
Water and Sewer	4,389,457	2,988,639
Totals	12,511,523	10,425,955

Proprietary funds. The City of Raymore maintains five proprietary funds. Of these funds, the Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements, and is the primary operational fund associated with this group. The City of Raymore 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.

CITY OF RAYMORE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended October 31, 2006

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the governmental entity. 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'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 24 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 25 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, assets exceeded liabilities by \$75,975,875 at the close of the fiscal year.

The largest portion of the City of Raymore's net assets, 56%, reflects its investment in capital assets (land, buildings, machinery, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Raymore uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Raymore's investment in 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 can not be used to liquidate these liabilities.

See following chart.

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended October 31, 2006

City of Raymore
Statement of Net Assets

	Government Activities					Business-Type Activities					Total			
	2006	2005	2004	2003	2002	2006	2005	2004	2003	2002	2006	2005	2004	2003
Assets:														
Current and other assets	17,467,607	25,271,575	9,953,160	7,981,416		11,862,532	12,095,090	10,919,906	10,129,961		29,330,139	37,366,665	20,873,066	18,111,377
Capital assets	47,404,223	30,504,901	23,070,720	23,037,783		36,739,433	32,880,806	30,900,252	31,863,401		84,143,656	63,385,707	53,970,972	54,901,184
Total Assets	64,871,830	55,776,476	33,023,880	31,019,199		48,601,965	44,975,896	41,820,158	41,993,362		113,473,795	100,752,372	74,844,038	73,012,561
Liabilities:														
Long-term liabilities outstanding	30,505,372	31,354,092	16,533,484	17,151,514		5,055,000	5,410,000	5,740,000	6,860,000		35,560,372	36,764,092	22,273,484	24,011,514
Other liabilities	1,018,426	1,253,236	525,385	444,365		919,122	797,407	556,084	643,324		1,937,548	2,050,643	1,081,469	1,087,689
Total Liabilities	31,523,798	32,607,328	17,058,869	17,595,879		5,974,122	6,207,407	6,296,084	7,503,324		37,497,920	38,814,735	23,354,953	25,099,203
Net Assets:														
Invested in capital assets net of related debt	24,641,575	14,044,036	7,015,699	6,359,422		31,572,834	27,356,190	25,160,252	25,003,401		56,214,409	41,360,226	32,175,951	31,362,823
Restricted	5,274,404	5,603,780	7,033,416	5,122,856		0	0	6,106,515	6,231,719		5,274,404	5,603,780	13,139,931	11,354,575
Unrestricted	3,432,053	3,561,332	1,915,896	1,941,042		11,055,009	11,412,299	4,257,307	3,254,918		14,487,062	14,973,631	6,173,203	5,195,960
Total Net Assets	33,348,032	23,169,148	15,965,011	13,423,320		42,627,843	38,768,489	35,524,074	34,490,038		75,975,875	61,937,637	51,489,085	47,913,358

CITY OF RAYMORE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended October 31, 2006

Additionally, a portion of the City of Raymore's net assets (7% 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. It should be noted that, in the operational funds General, Park, and Enterprise the City voluntarily "restricts" 20% of the budgeted operational expenditures to assure ongoing operations.

At the end of the current fiscal year, the City of Raymore 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.

Government Activities. Governmental activities increased the City of Raymore's net assets by \$10,178,884, accounting for 72.50% of the total growth in the net assets of the City of Raymore. Key elements of this increase are reflected in the following chart.

CITY OF RAYMORE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended October 31, 2006

	Government Activities					Business-Type Activities					Total			
	2006	2005	2004	2003	2002	2006	2005	2004	2003	2002	2006	2005	2004	2003
Revenues														
Program Revenues														
Charges for Services	1,065,330	755,073	1,682,640	1,137,034	6,022,702	5,958,816	4,820,622	5,004,159	7,088,032	6,713,889	6,303,262	6,141,193		
Operating grants & contributions	170,073	340,111												
Capital grants and contributions	8,536,490	5,578,615	197,821	306,945	2,918,943	2,260,861								
General Revenues														
Property Tax	2,531,592	2,980,840	2,149,557	1,893,871										
Sales Tax	3,899,016	3,583,012	3,971,026	3,527,556										
Franchise Tax	1,320,823	1,187,256	1,014,448	919,940										
Other Taxes	2,794,299	493,723	355,378	1,177,247										
Other Revenue	582,743	1,738,029	396,652	579,637	671,717	401,885	265,879	306,573	1,254,460	2,139,914	662,531	886,210		
Total Revenues	20,900,366	16,701,659	9,767,922	9,542,230	9,613,562	8,621,562	5,086,501	5,310,732	30,513,728	18,494,221	14,854,023	14,852,962		
Expenses														
Administration	941,347	882,386	966,348	894,052										
Information Technology	180,038	167,817	147,248	124,491										
Economic Development	184,831	159,211	157,856	115,212										
Planning/Zoning	704,186	552,361	472,252	448,407										
Engineering	411,938	401,041	438,206	475,175										
Streets	905,048	655,043	665,163	1,398,120										
Buildings/Grounds	241,071	369,953	103,683	143,343										
Municipal Court	124,608	119,432	111,411	112,844										
Finance	458,292	422,928	369,774	384,202										
Police	2,531,672	2,307,951	2,268,626	2,162,313										
Emergency Mgmt	100,921	94,643	84,591	96,113										
Depreciation	2,061,799	1,823,592	1,708,407	548,427										
Park/Recreation	653,364	600,333	614,248											
Water/Sewer	1,721,608	1,087,456	1,240,046	1,013,673										
Int'l/Long-Term Debt	11,220,723	9,644,147	9,347,899	7,916,372										
Total Expenses	9,679,643	7,282,512	419,623	1,625,858										
Increase (Decrease) before transfers	499,242	325,284	565,976	305,200										
Transfers														
Increase (Decrease) in Net Assets	10,178,885	7,607,796	985,599	1,931,058										
Adjustments to Prior Years	0	(403,659)	1,556,092											
Net Assets - Beginning Year	23,169,148	15,965,011	13,423,320	11,492,262										
Net Assets - End Year	33,348,033	23,169,148	15,965,011	13,423,320										

Revenues were up in the government activities funds, primarily due to increases in capital contributions associated with acceptance of infrastructure from development. Sales taxes and franchise taxes collected were also up from the previous fiscal year. Property tax collected shows a decrease due to an accounting adjustment at year end, but remained stable for the two-year period.

Expenses in the governmental funds were up by a total of \$1,576,576. Of this amount, \$1,046,317 or 66% of the increase is attributable to payment of interest on bonds, depreciation, and transfers to other funds. The remaining 34%, or \$530,259 is associated with increased departmental spending in the governmental activities funds.

CITY OF RAYMORE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended October 31, 2006

Business-type activities. Business type activities increased the City of Raymore's net assets by \$3,859,854. This accounted for 27.5% of the total growth in the net assets of the City. Like last year, the primary element associated with this increase is attributable to the growth in residential housing and associated services provided.

Financial Analysis of the Government's Funds

The focus of the City of Raymore'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'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 the fiscal year.

As of the end of the current fiscal year, the City of Raymore's governmental funds reported combined ending fund balances of \$11,038,382. As stated earlier, the significant decrease in these fund balances from the previous year is associated with the spend down of the restricted funds for the 58 Highway TIF Project. Approximately \$2,349,661 (21%) of this amount represents unreserved or unrestricted fund balance, which is available for spending at the government's discretion. This is an increase of \$495,880 over the previous fiscal year. The remaining 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. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund represented the entire \$2,349,661 listed above, and also represented the entire general fund balance. As a measure of the general funds liquidity, it may be useful to compare the total fund balance to the total fund expenditures. Total fund balance represents 35% of the total general fund expenditures of \$6,702,274.

The total fund balance in the City of Raymore's general fund increased by \$495,880 over the previous fiscal year. The key factor associated with this increase was the accounting for interfund transfers associated with billings for services to those funds by the general fund departments.

The debt service fund has a total fund balance of \$862,861, all of which is reserved for the payment of debt service. The net increase in fund balance during the current fiscal year in the debt service fund was \$263,293. The government's debt service levy on all property for the fiscal year was .7170. The City of Raymore maintains an A- rating from Moody's Investors Services for its general obligation debt.

Proprietary fund. The City of Raymore's proprietary funds provide the same type of information found the government-wide financial statements, but in more detail. The City of Raymore utilizes five different propriety funds. Of these, the primary operating fund is the Enterprise Fund.

CITY OF RAYMORE, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended October 31, 2006**

**City of Raymore
Capital Assets**

	Governmental Activities					Business Type Activities					Total		
	2006	2005	2004	2003	2002	2006	2005	2004	2003	2002	2005	2004	2003
Land and Land Rights	550,413	550,413		2,566,636		295,250	295,250	119,485	119,485		845,663	119,485	2,686,121
Buildings and Improvements	9,750,590	9,398,115	8,501,302	5,064,602		353,741	353,741	53,741	56,241		9,751,856	8,555,043	5,120,843
Machinery	2,037,897	1,806,215	1,412,170	146,441		461,778	376,096	295,412	442,067		2,499,675	1,707,582	588,508
Infrastructure	54,199,104	35,819,916	28,623,900	30,436,768		59,350,724	53,607,424	50,338,081	53,685,343		113,549,828	78,961,981	84,122,111
Sub-Total	66,538,004	47,564,659	38,537,372	38,214,447		60,461,493	54,632,511	50,806,719	54,303,136		126,999,497	89,344,091	92,517,583
Less													
Accumulated Depreciation	19,322,688	17,275,561	15,466,652	15,176,664		23,833,659	21,866,321	19,906,467	22,439,735		43,156,347	35,373,119	37,616,399
Capital Assets Net of Depreciation	47,215,316	30,289,098	23,070,720	23,037,783		36,627,834	32,766,190	30,900,252	31,863,401		83,843,150	53,970,972	54,901,184

**City of Raymore
Outstanding Debt**

	Governmental Activities					Business Type Activities					Total		
	2006	2005	2004	2003	2002	2006	2005	2004	2003	2002	2005	2004	2003
General Obligation Bonds	12,427,458	12,743,594	8,441,322	8,670,833		1,330,000	1,340,000	2,895,000	2,975,000		14,083,594	11,336,322	11,645,833
Revenue Bond	11,372,075	11,721,499				3,725,000	4,070,000	2,605,000	3,885,000		15,791,499	2,605,000	3,885,000
Special Obligation Bonds	4,320,000	4,450,000	4,575,000	4,695,000							4,450,000	4,575,000	4,695,000
Leasehold Bonds	2,315,000		2,580,000	2,705,000			2,450,000				2,450,000	2,580,000	2,705,000
Capital Leases			15,699	145,528								15,699	145,528
Total	30,434,533	28,915,093	15,612,021	16,216,361		5,055,000	7,860,000	5,500,000	6,860,000		36,775,093	21,112,021	23,076,361

CITY OF RAYMORE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended October 31, 2006

Unrestricted net assets in this proprietary fund at the end of the year amounted to \$11,055,009. This is down slightly from the previous year's amount of \$11,412,299. Total net assets in this fund grew by \$3,859,354. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Raymore's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Raymore's investment in capital assets for its governmental and business-type activities as of the end of the fiscal year is \$83,843,149 (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 an increase from the previous year of \$20,787,861. This increase is represented by the accounting for a new public works building, several new developments being completed and associated infrastructure being accepted by the City, and a more complete accounting and inventory of existing infrastructure inventories.

Long-term debt. At the end of the current fiscal year, the City of Raymore had total debt outstanding of \$35,489,533. As stated previously, this is a decrease in total debt of \$1,274,560, all of which was retired debt on still existing issues while no new debt was undertaken.

Request for Information

This financial report is designed to provide a general overview of the City of Raymore's finances. Questions concerning any of the information provided in this report or requests for additional 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, 2006

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,051,966	\$ 603,313	\$ 1,655,279
Investments	8,062,931	9,549,238	17,612,169
Receivables, net	854,917	685,299	1,540,216
Prepaid expenses	130,996	18,427	149,423
Cash and investments-restricted	7,366,797	1,006,255	8,373,052
Capital assets, net of accumulated depreciation	10,151,568	820,353	10,971,921
Infrastructure, net of accumulated depreciation	37,063,747	35,807,481	72,871,228
Bond issuance cost-net amortization	<u>188,908</u>	<u>111,599</u>	<u>300,507</u>
Total Assets	<u>\$64,871,830</u>	<u>\$48,601,965</u>	<u>\$113,473,795</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 204,832	\$ 718,789	\$ 923,621
Accrued expenses	739,626	200,333	939,959
Deferred revenues	73,968	0	73,968
Long-term liabilities:			
Due within one year	1,820,000	390,000	2,210,000
Due in more than one year	<u>28,685,372</u>	<u>4,665,000</u>	<u>33,350,372</u>
Total Liabilities	<u>\$31,523,798</u>	<u>\$ 5,974,122</u>	<u>\$ 37,497,920</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$10,888,391	\$31,572,834	\$ 42,461,225
Capital contributions	13,753,184	0	13,753,184
Restricted for:			
Debt service	837,793	0	837,793
Infrastructure/capital projects	4,436,611	0	4,436,611
Unrestricted	<u>3,432,053</u>	<u>11,055,009</u>	<u>14,487,062</u>
Total Net Assets	<u>\$33,348,032</u>	<u>\$42,627,843</u>	<u>\$ 75,975,875</u>

See accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

STATEMENT OF ACTIVITIES

For the Year Ended October 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES:							
Administration	\$ 941,347	\$ 0	\$ 0	0	\$ (941,347)	0	\$ (941,347)
Information Technology	180,038	0	0	0	(180,038)	0	(180,038)
Economic Development	184,831	0	0	0	(184,831)	0	(184,831)
Community Development	704,186	214,684	0	0	(489,502)	0	(489,502)
Engineering	411,938	0	0	0	(411,938)	0	(411,938)
Streets/Roads	905,048	52,390	86,928	0	(765,730)	0	(765,730)
Buildings/Grounds	241,071	0	0	0	(241,071)	0	(241,071)
Court	124,608	0	0	0	(124,608)	0	(124,608)
Finance	458,292	145,936	0	0	(312,356)	0	(312,356)
Law Enforcement	2,531,672	420,283	83,145	0	(2,028,244)	0	(2,028,244)
Emergency Preparedness	100,921	0	0	0	(100,921)	0	(100,921)
Parks and Recreation	653,364	232,037	0	0	(421,327)	0	(421,327)
Total Governmental Activities	7,437,316	1,065,330	170,073	0	(6,201,913)	0	(6,201,913)
Business-Type Activities:							
Water & Sewer	2,988,639	6,022,702	0	0	0	3,034,063	3,034,063
Total Business-Type Activities	2,988,639	6,022,702	0	0	0	3,034,063	3,034,063
TOTALS (To Next Page)	10,425,955	7,088,032	170,073	0	(6,201,913)	3,034,063	(3,167,850)

See accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2006

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Totals</u>
Net (Expense)/Revenue (from previous page)	\$(6,201,913)	\$ 3,034,063	\$(3,167,850)
General Revenues:			
Taxes:			
Property tax	2,531,592	0	2,531,592
Sales taxes	3,899,016	0	3,899,016
Gasoline tax/motor vehicle	464,872	0	464,872
Excise tax	593,169	0	593,169
Fees & permits	606,336	0	606,336
In lieu of taxes	322,046	0	322,046
Franchise fees	1,320,823	0	1,320,823
Investment income	745,868	642,045	1,387,913
Miscellaneous revenue	62,008	29,672	91,680
Transfers	<u>499,242</u>	<u>(499,242)</u>	<u>0</u>
Total General Revenues	11,044,972	172,475	11,217,447
Other Revenues:			
Contributed capital	8,536,490	2,918,943	11,455,433
Income from properties	582,743	0	582,743
Interest expense	(1,721,608)	(285,811)	(2,007,419)
Depreciation	(2,047,127)	(1,967,348)	(4,014,475)
Amortization	<u>(14,672)</u>	<u>(12,968)</u>	<u>(27,640)</u>
Total Other Revenues	<u>5,335,826</u>	<u>652,816</u>	<u>5,988,642</u>
Changes in Net Assets	10,178,885	3,859,354	14,038,239
NET ASSETS - OCTOBER 31, 2005	<u>23,169,148</u>	<u>38,768,489</u>	<u>61,937,637</u>
NET ASSETS - OCTOBER 31, 2006	<u>\$33,348,033</u>	<u>\$42,627,843</u>	<u>\$75,975,876</u>

See Accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

BALANCE SHEET - MODIFIED ACCRUAL BASIS
GOVERNMENTAL FUNDS

October 31, 2006

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 48,857	\$ 349,068	\$ 269,135	\$ 384,906	\$ 1,051,966
Investments	3,137,142	2,441,440	617,496	1,866,854	8,062,932
Receivables, net of allowance	210,716	48,182	5,057	66,496	330,451
Prepaid Expenses	119,722	11,274	0	0	130,996
Restricted Cash and Investment	27,876	125,155	4,596,173	2,617,593	7,366,797
TOTAL ASSETS	<u>\$3,544,313</u>	<u>\$2,975,119</u>	<u>\$5,487,861</u>	<u>\$4,935,849</u>	<u>\$16,943,142</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Notes/Bonds Payable	\$ 564,075	\$ 0	\$4,625,000	\$ 0	\$ 5,189,075
Accounts Payable	168,776	36,055	0	0	204,831
Accrued Expenses	461,801	49,053	0	0	510,854
Total Liabilities	<u>1,194,652</u>	<u>85,108</u>	<u>4,625,000</u>	<u>0</u>	<u>5,904,760</u>
Fund Balances:					
Reserved for:					
Parks	0	978,676	0	0	978,676
Debt Services	0	0	862,861	0	862,861
TIF Projects	0	25,605	0	2,184,309	2,209,914
Capital Projects/Infra-structure	0	1,885,730	0	2,751,540	4,637,270
Unreserved	2,349,661	0	0	0	2,349,661
Total Fund Balances	<u>2,349,661</u>	<u>2,890,011</u>	<u>862,861</u>	<u>4,935,849</u>	<u>11,038,382</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$3,544,313</u>	<u>\$2,975,119</u>	<u>\$5,487,861</u>	<u>\$4,935,849</u>	<u>\$16,943,142</u>

CITY OF RAYMORE, MISSOURI

BALANCE SHEET - MODIFIED ACCRUAL BASIS
GOVERNMENTAL FUNDS
October 31, 2006RECONCILIATION OF FUND BALANCE TO STATEMENT OF NET ASSETS

FUND BALANCE	\$11,038,382
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
To record sales tax collected by merchants in October and remitted to City in December in governmental activities	524,466
Capital assets and infrastructure used in governmental activities of \$66,538,005 are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$19,322,690	47,215,315
Bond issuance cost of \$347,201 less amortized amount of \$158,293 was expenses in the year of issue for governmental purposes	188,908
Bond interest expense was accrued for governmental activities and expensed for fund balance	(228,772)
Bond premium was recognized as income for fund balance and amortized for governmental activities	(73,968)
Non-crossover bond balances were recorded in governmental activities and not in fund balance	<u>(25,316,299)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 33,348,032</u>

See Accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED ACCRUAL BASIS

GOVERNMENTAL FUNDS

For the Year Ended October 31, 2006

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Governmental Funds
REVENUES					
Taxes	\$2,877,228	\$1,722,062	\$1,360,575	\$ 1,309,371	\$ 7,269,236
Franchise Fees	1,320,823	0	0	0	1,320,823
Licenses & Permits	1,019,346	0	0	0	1,019,346
Inter-governmental	83,145	191,661	0	0	274,806
Charges for Services	135,744	232,037	0	0	367,781
Fines and Forfeitures	284,539	0	0	0	284,539
Investment Income	154,588	136,562	190,408	300,609	782,167
Property Income	441,445	10,508	0	130,791	582,744
Miscellaneous	43,551	831	0	272,313	316,695
Total Revenues	6,360,409	2,293,661	1,550,983	2,013,084	12,218,137
EXPENDITURES					
Administrative	860,819	0	0	0	860,819
Information Technology	215,167	0	0	0	215,167
Finance	458,292	0	0	0	458,292
Law/Court	124,608	0	0	0	124,608
Community Development	709,678	0	0	0	709,678
Parks and Recreation	0	683,449	0	0	683,449
Economic Development	184,831	0	0	0	184,831
Police	2,533,085	0	0	0	2,533,085
Emergency Management	112,252	0	0	0	112,252
Public Works	1,412,159	17,508	0	39,476	1,469,143
Infrastructure	0	713,476	0	7,662,445	8,375,921
Capital Assets	52,963	196,685	0	1,773,100	2,022,748
Debt Service	38,420	286,872	1,183,618	884,702	2,393,612
Total Expenditures	6,702,274	1,897,990	1,183,618	10,359,723	20,143,605
Transfers In(Out)	837,746	(492,983)	(104,072)	268,551	509,242
Net Changes in Fund Balance	495,881	(97,312)	263,293	(8,078,088)	(7,416,226)
FUND BALANCE - OCTOBER 31, 2005	1,853,780	2,987,323	599,568	13,013,937	18,454,608
FUND BALANCE - OCTOBER 31, 2006	\$2,349,661	\$2,890,011	\$ 862,861	\$ 4,935,849	\$11,038,382

See Accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the Year Ended October 31, 2006

<u>NET CHANGE IN FUND BALANCES -</u> <u>TOTAL GOVERNMENTAL FUNDS</u>	\$(7,416,226)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Sales taxes collected by merchants in October 2006 and received by the City in December 2006 are netted with taxes received in December 2005 in the Statement of Activities	(219,416)
Fixed assets and infrastructure added in the current year are considered expenditures in the governmental funds but capitalized in the Statement of Activities	10,442,025
Depreciation expense for the current year is considered an expense in the Statement of Activities	(2,047,127)
Decrease in accrued bond interest expense	19,747
Bond premium recognized in funds and amortization activities	14,672
Capital contributed for fixed assets is recognized as a revenue in activities	8,536,490
Current year bond principal payments are considered expenses in governmental funds but reduction of liabilities in Statement of Net Assets	<u>848,720</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$10,178,885</u>

See Accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
October 31, 2006Enterprise FundASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 603,313
Investments	9,549,238
Receivables, net	685,299
Prepaid Expenses	<u>18,427</u>
Total Current Assets	10,856,277
Non-Current Assets:	
Cash and Investments - restricted	1,006,255
Infrastructure, net of accumulated depreciation	35,807,481
Capital Assets, net of accumulated depreciation	820,353
Bond Issuance Cost - net amortization	111,599
Total Non-Current Assets	<u>37,745,688</u>
TOTAL ASSETS	<u>\$48,601,965</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 718,789
Accrued Expenses	200,333
Bonds Payable - current	<u>390,000</u>
Total Current Liabilities	1,309,122
Non-Current Liabilities:	
Bonds Payable - long term	<u>4,665,000</u>
Total Non-Current Liabilities	<u>4,665,000</u>
TOTAL LIABILITIES	<u>\$ 5,974,122</u>

NET ASSETS

Invested in Capital Assets	\$31,572,834
Unrestricted	<u>11,055,009</u>
TOTAL ASSETS	<u>\$42,627,843</u>

See Accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
PROPRIETARY FUNDS
For the Year Ended October 31, 2006

	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Charges for Service	\$ 5,908,588
Penalties	114,115
Miscellaneous	<u>29,672</u>
Total Operating Revenues	6,052,375
DIRECT EXPENSE:	
Changes - water/sewer purchases	<u>2,024,951</u>
Gross Income	4,027,424
OPERATING EXPENSES:	
Personal Services	575,665
Contractual Services	75,207
Commodities	111,731
Utilities/Maintenance	201,086
Bond Interest and Fees	<u>285,811</u>
Total Operating Expenses	1,249,500
Operating Income(Loss)	2,777,924
NON-OPERATING REVENUES (EXPENSES)	
Contributed Capital	2,918,943
Investment Income	642,045
Depreciation	(1,967,348)
Amortization	<u>(12,968)</u>
Total Non-Operating Revenues (Expenses)	1,580,672
Income (Loss) Before Transfers	4,358,596
Transfers - net	(499,242)
NET ASSETS - OCTOBER 31, 2005	<u>38,768,489</u>
NET ASSETS - OCTOBER 31, 2006	<u>\$42,627,843</u>

See Accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended October 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 5,831,346
Payments to Sewer Districts & Water Purchased	(1,887,136)
Payments to Suppliers	(897,070)
Payments to Employees	(365,605)
Other Receipts (Claims)	<u>143,787</u>
Net Cash Provided by Operating Activities	2,825,322
CASH FLOWS FROM NON-OPERATING ACTIVITIES:	
Transfers from/(to) Other Funds	(499,242)
Contributed Capital	<u>2,918,943</u>
Net Cash Provided by Non-Operating Activities	2,419,701
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	(5,838,943)
Long-Term Debt Additions/(Payments)	<u>(355,000)</u>
Net Cash Used from Capital	(6,193,943)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	642,045
(Increase)/Decrease in Investments	<u>61,213</u>
Net Cash Used by Investing	<u>703,258</u>
Net (Decrease) in Cash and Cash Equivalents	(245,662)
CASH BALANCE - OCTOBER 31, 2005	<u>848,975</u>
CASH BALANCE - OCTOBER 31, 2006	<u>\$ 603,313</u>

Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income(Loss)	\$2,777,924
Change in Current Assets and Liabilities:	
Receivables, net	(77,243)
Prepaid Expenses	2,926
Accounts Payable	57,717
Accrued Expenses	<u>63,998</u>
Net Cash Provided by Operating Activities	<u>\$2,825,322</u>

See Accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
October 31, 2006

	<u>Agency Funds</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 52,619
Investments at Fair Value	<u>518,874</u>
TOTAL NET ASSETS	<u>\$571,493</u>
<u>LIABILITIES AND NET ASSETS:</u>	
Due to Escrow Agents	<u>\$571,493</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$571,493</u>

See Accompanying Notes to Financial Statements.

CITY OF RAYMORE, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

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- F. Basis of Accounting
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CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS For the Year Ended October 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Entity

The City of Raymore, Missouri (the City) was incorporated in 1877 and covers an area of approximately twenty square miles in Cass County, Missouri. Raymore is a constitutionally approved charter city operating under the mayor/city administrator/council form of government. The City Administrator is the chief administrative officer of the City. The City provides services to its approximately 16,250 residents in many areas, including law enforcement, water and sewer services, community enrichment and development and various social services. Fire protection services are provided by a fire district which is a separate governmental entity. Primary and secondary education services are provided by the Raymore-Peculiar School District, also a separate governmental entity.

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

B. Principles Used to Determine Scope of Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*," and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City, including joint agreements, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility, which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service and special financing relationships.

City management has determined that one entity, outside of the primary government, be considered a component unit and has blended the unit into the City's financial statements.

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 For the Year Ended October 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund-Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. The governmental group is further categorized into the general, special revenue, debt service and capital projects fund groups. For purposes of major fund determination, each fund group will be considered a major fund. Detailed information supporting each fund group will be provided in the other supplementary information section.

The funds of the financial reporting entity are described below.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position. The following are the City's Governmental Fund Types:

The **General Fund** is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. 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 **Special Revenue Funds** are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are restricted to finance particular functions or activities of the City.

Park & Recreation Fund - Accounts for revenues received and expenditures paid for recreational services provided by the Park and Recreation Board.

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. *Basis of Presentation* (continued)

Transportation Fund - Established to account for intergovernmental road tax for construction and maintenance of City roads.

Storm Water Sales Tax - Established by vote of constituents to account for sales taxes received and expenditures for storm water control.

The *Debt Service Fund* accounts for the accumulation of resources for, and payment of, principal, interest and fiscal changes on long-term general obligation debt. The fund includes assets and the corresponding liability of the crossover funding issue of 2004.

The *Capital Projects Funds* are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by Enterprise Funds.

Capital Improvement Fund - Established to be used to construct or purchase capital assets.

Public Works Facility - Established to construct and furnish new public works building.

Lucy Webb Fund - Established to complete and upgrade City Hall and account for tax anticipation note regarding property near City Hall.

Excise Tax Fund - Established to use excise tax to construct or purchase capital assets.

SAF SB TIF Fund - Established to account for Series 2005 Bond Issue for TIF program construction.

V.E.R.P. Fund - Established to purchase capital assets with transfer from other funds.

Proprietary Fund Type

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income.

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. *Basis of Presentation (continued)*

The *Water and Sanitary Sewer Funds* account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing water and sewer services on a continuing basis be financed or recovered primarily through user charges on where the periodic determination of net income or loss is deemed appropriate.

Fiduciary Fund Types

Fiduciary funds are used to account for assets by the City in a trustee capacity or as an agent for individuals, other governmental units and/or other funds.

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.

D. *Basis of Presentation - GASB Statement 34*

The City complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

In the government-wide financial statements and the fund financial statements for the proprietary funds and fiduciary funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinion have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting policies are discussed in this or subsequent footnotes.

E. *Measurement Focus*

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. In the government-wide statement of net assets and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in Item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS For the Year Ended October 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus (continued)

2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

F. Basis of Accounting

The government-wide statement of net assets and statement of activities are presented using the accrual basis of accounting. In the fund financial statements, the proprietary and fiduciary funds are presented using the accrual basis of accounting while the government funds are presented using the modified accrual basis of accounting.

Modified Accrual Basis

Revenues would be recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) would be recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reportable when due.

Accrual Basis

Revenues would be recognized when earned. Expenses (including depreciation and amortization) would be recorded when the liability was incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions would be recognized when the exchange took place.

G. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand money market and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments

Investments in the financial statements include federal securities. Investments are carried at market value.

Accounts Receivable

Accounts receivable are stated net of allowances. Receivables in the fund statements include receivables to be used within 60 days after year end.

Inventories

Inventories are present but not material compared to total assets.

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Equity (continued)

Restricted Cash and Investments

Cash and investments that have been obtained through debt issuance are being held either in reserve or for construction.

Capital Assets

Capital assets are expensed when purchased for fund statement presentation in governmental funds. Capital assets purchased in the proprietary fund for fund statement presentation and in all government-wide financial statements are reported as an asset and depreciated.

As the City did not include fixed asset accounting prior to October 31, 2003, a list of capital assets purchased prior to October 31, 2002, was prepared using various sources. Capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Accumulated depreciation as of October 31, 2002, was established on capital assets purchased prior to October 31, 2002. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows.

Building and building improvements	25-50 years
Land improvements	10-20 years
Office equipment and furniture	7-10 years
Computer equipment, hard & soft	3-5 years
Machinery and equipment	7-15 years
Vehicles	5-10 years
Infrastructure	30-40 years

Long-Term Debt

All long-term debt is recorded in the governmental funds as either a note payable or bonds payable in the government-wide financial statements.

In the fund statements, bond issuance proceeds are recorded as revenues and principal payments on debt service are recorded as expenditures of the period. The fund statements do not include long-term debt in the liability section except for tax anticipation notes and crossover bonds.

The proprietary fund includes long-term debt in the liability section and payments of principal decrease the liability while interest is included in expenses.

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities and Equity (continued)

Compensated Absences

Under terms of the City's personal 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 up to a maximum accumulation of 320 hours and is paid for one out of every four days of sick leave and unused prior to date of termination. Accumulated vacation and sick leave were included as accrued expenses at October 31, 2006, in the various funds as follows:

General Fund	\$ 286,926
Parks & Recreation	35,817
Enterprise Fund	<u>29,314</u>
	\$ <u>352,057</u>

Equity Classification

Government-Wide Statements - Equity is classified as net assets and displayed in three components as follows:

2. Invested in capital assets, net of related debt, consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
2. Restricted net assets consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related". It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements - Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

H. Revenues, Expenditures and Expenses

Sales Tax

The City levies a sales tax upon taxable sales within the City. City sales tax has been approved by a vote of the citizens. Sales tax revenue supports the general, parks and recreation fund, transportation, capital project sales tax and storm water funds. Sales taxes are charged by City merchants and remitted to the State of Missouri. The State remits the City's portion back to the City with approximately a two month time lag.

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Internal and Inter-fund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net assets and statement of activities, some amounts reported as inter-fund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements - Inter-fund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

Inter-fund reimbursements - repayments from funds responsible for certain expenditure/ expenses to fund that initially paid for them are not reported as adjustments to expenditures or revenues but as transfers.

Government-Wide Financial Statements - Inter-fund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements

J. Use of Estimates

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

NOTE 2: COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Laws

By its nature as a local government, the City is subject to various federal, state and local laws and regulations. An analysis of the City's compliance with significant laws, regulations, grants and contracts over District resources is as follows.

B. Fund Accounting Requirements

The City complies in all material respects with state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<u>Fund</u>	<u>Required by</u>
Transportation - sales tax	State Law
Capital assets - sales tax	State Law
Debt service	State law
Storm water sales tax	State law
Excise tax	State law
SAF 58 TIF	Bond ordinance
Capital Improvement Fund	Resolution
Park Fund	Resolution
V.E.R.P. Fund	Resolution

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 2: COMPLIANCE AND ACCOUNTABILITY (continued)

C. Uninsured and Uncollateralized Deposits

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. government, governmental agency securities and certain state or political subdivision debt obligations. At October 31, 2006, all of the City's deposits were collateralized.

D. Property Tax Requirements

The City's property tax is levied each November on the assessed value as of the prior January 1 for all property located in the City. Assessed valuations are established by the Cass County Assessor. The county collects the property tax and remits it to the City on a monthly basis.

The assessed value for property located in the City as of January 1, 2005, on which the fiscal year 2006 levy was based is as follows:

Residential	\$ 147,655,003
Personal Property	<u>42,958,929</u>
	\$ <u>190,613,932</u>

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 payment of principal and interest on long-term debt, up to \$.20 for recreation and in unlimited amounts for the payment of principal and interest on long-term debt. The City's property tax levies for the year ended October 31, 2005, per \$100 assessed valuation, were as follows:

General	\$.4702
Debt Service	.7100
Special Revenue	<u>.1266</u>
	<u>\$1.3068</u>

The receipts of current and delinquent property taxes during the fiscal year ended October 31, 2006, aggregated approximately 100% of the current assessment computed on the basis of the levy as shown above.

E. Net Asset/Fund Equity Restriction

State law prohibits the creation of a deficit fund balance in any individual fund. For the year ended October 31, 2006, the City incurred no fund balance deficits in any individual fund on the modified accrual basis of accounting.

F. Budgetary Compliance

State law requires that expenditures not exceed final budgeted expenditures as approved by the Board of Aldermen. For the fiscal year ended October 31, 2006, no budgets had been exceeded using the modified accrual basis of accounting.

CITY OF RAYMORE, MISSOURI

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006**

NOTE 3: DETAIL NOTES - SPECIFIED ASSETS AND LIABILITIES

A. Custodial Credit Risk - Deposits and Investments

The City maintains a cash and investment pool which is available for use by most funds. Each fund type's portion of this pool is displayed on the combined balance sheet as pooled cash and investments. Interest earned is allocated to the funds on the basis of month-end cash and investment balances in those funds. Cash and investments are separately held by some of the City's funds.

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (F.D.I.C.) insurance.

Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial institution, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of any outside party. The City's policy required deposits to be 105 percent secured by collateral valued at market less the amount covered by the FDIC. As of October 31, 2006, none of the City's bank balances with financial institutions of \$11,622,464 was exposed to custodial credit risk.

Investments

Authorized Investments: The City is authorized to invest in U.S. obligation, U.S. governmental agency securities and instrumentalities of government-sponsored corporations, certificates of deposit and time-open agreements.

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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires operating funds to be invested to coincide with projected cash flow needs.

As of October 31, 2006, the City had the following investments.

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
			<u>< 1 year</u>	<u>1-5 years</u>
FHLMC discount notes	\$2,946,128	\$2,953,971	\$2,953,971	-
FNMA discount notes	2,957,743	2,962,893	2,962,893	-
FHCB	569,049	581,434	581,434	-
FHMC	2,457,833	2,463,417	2,463,417	-

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 3: DETAIL NOTES - SPECIFIED ASSETS AND LIABILITIES (continued)

A. *Custodial Credit Risk - Deposits and Investments* (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All investments are securities of government-sponsored agencies.

Concentration of Credit Risk: The City's investment policy is to apply the prudent-person rule: Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering probable safety of their capital as well as the probable income to be derived.

Bond escrow accounts are held and invested by escrow trust agencies which are required to invest as stated in agreement in accordance with state law.

B. *Receivables, net of uncollectible allowance*

	Fund Statements			Gov't-wide Statement
	Gross	Allowance	Net	Net
Business-Type Activities:				
Customer	\$737,722	\$52,423	\$685,299	\$685,299
Government-Type Activities:				
Sales Tax	120,298	0	120,298	644,762
Property Tax	48,000	38,707	9,293	9,293
Franchise Tax	84,362	0	84,362	84,362
Motor Vehicle Tax	18,734	0	18,734	18,734
Gasoline Tax	54,072	0	54,072	54,072
Patterson	29,273	0	29,273	29,273

C. *Prepaid Expenses as Per Category*

	Fund Statement	Gov't-wide Statement
Business-Type Activities:		
Insurance	\$ 18,427	\$ 18,427
Governmental-Type Activities:		
Insurance	130,996	130,996

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 3: DETAIL NOTES - SPECIFIED ASSETS AND LIABILITIES (continued)

D. Capital Assets

Capital asset activity resulting from accrual basis transactions for the fiscal year ended October 31, 2006, was as follows:

	<u>Balances at</u> <u>10/31/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances at</u> <u>10/31/2006</u>
GOVERNMENTAL ACTIVITIES:				
Land	\$ 541,521	\$ 0	0	\$ 541,521
Land improvements	8,892	0	0	8,892
Buildings & improvements	9,398,115	352,475	0	9,750,590
Office equipment & furniture	70,547	5,492	0	76,039
Computer equipment & software	207,000	50,092	0	257,092
Machinery & equipment	654,383	49,898	0	704,281
Vehicles	864,285	136,200	0	1,000,485
Infrastructure	<u>35,819,916</u>	<u>18,379,188</u>	<u>0</u>	<u>54,199,104</u>
Totals at Historical Cost	47,564,659	18,973,345	0	66,538,004
Less accumulated depreciation:				
Land improvements	2,670	445	0	3,115
Buildings & improvements	848,742	261,380	0	1,110,122
Office equipment & furniture	38,159	7,273	0	45,432
Computer equipment & software	43,894	39,907	0	83,801
Machinery & equipment	245,046	155,294	0	400,340
Vehicles	530,545	109,974	0	640,519
Infrastructure	<u>15,566,505</u>	<u>1,472,854</u>	<u>0</u>	<u>17,039,359</u>
Total Accumulated Depreciation	<u>17,275,561</u>	<u>2,047,127</u>	<u>0</u>	<u>19,322,688</u>
Government-type activities capital assets, Net	<u>\$30,289,098</u>	<u>\$16,926,218</u>	0	<u>\$47,215,316</u>
BUSINESS-TYPE ACTIVITIES:				
Land	\$ 295,250	\$ 0	0	\$ 295,250
Buildings and improvements	353,741	0	0	353,741
Office equipment & furniture	9,074	0	0	9,074
Vehicle & equipment	367,022	85,682	0	452,704
Infrastructure	<u>53,607,424</u>	<u>5,743,300</u>	<u>0</u>	<u>59,350,724</u>
Total business-type activities	54,632,511	5,828,982	0	60,461,493
Less accumulated depreciation:				
Building and improvements	29,149	11,344	0	40,493
Office equipment and furniture	227	907	0	1,134
Vehicle and equipment	223,188	25,601	0	248,789
Infrastructure	<u>21,613,757</u>	<u>1,929,486</u>	<u>0</u>	<u>23,543,243</u>
Total Accumulated Depreciation	<u>21,866,321</u>	<u>1,967,338</u>	<u>0</u>	<u>23,833,659</u>
Business-type activities capital assets, Net	<u>\$32,766,190</u>	<u>\$ 3,861,644</u>	0	<u>\$36,627,834</u>

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 3: DETAIL NOTES - SPECIFIED ASSETS AND LIABILITIES (continued)

E. Long-term Debt

Bonds and notes payable at October 31, 2006, consist of the following:

	<u>Governmental</u>	<u>Enterprise</u>
\$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%		\$2,150,000
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%	\$1,345,085	
\$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%	4,320,000	
\$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%		175,000
\$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%	2,315,000	
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%	1,560,000	
\$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%		1,330,000

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 3: DETAIL NOTES - SPECIFIED ASSETS AND LIABILITIES (continued)

E. Long-term Debt (continued)

	<u>Governmental</u>	<u>Enterprise</u>
\$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 installments varying from year to year until maturity on July 1, 2019; interest at 4.125% to 5.75%		1,400,000
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	
Note payable, Department of Natural Resources, dated December 1, 2002, with final payment due January 1, 2023; interest at 1.6%. Note secured by tax revenues.	403,000	
\$4,625,000 General Obligation Refunding Bonds, Series 2004, dated December 2004; due in annual installments varying from year to year until March 1, 2016; interest at 3.5% to 4%-	4,625,000	
\$750,000 Tax Anticipation Note dated April 1, 2005; renewable annually; interest at 4.29%	564,075	
\$10,360,000 Tax Increment Revenue Bonds, Series 2005, dated October 2005; due in annual installments varying from year to year until maturity in March 2028; interest at 6%	10,405,000	
	<u>\$30,434,533</u>	<u>\$5,055,000</u>

The following is a summary of long-term debt transactions for the year ended October 31, 2006.

	<u>Totals</u>	<u>Governmental</u>	<u>Enterprise</u>
Payable November 1, 2005	\$36,764,093	\$31,354,093	\$5,410,000
Issued	0	0	0
Retired	<u>1,274,560</u>	<u>919,560</u>	<u>355,000</u>
Payable October 31, 2006	<u>\$35,489,533</u>	<u>\$30,434,533</u>	<u>\$5,055,000</u>

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 3: DETAIL NOTES - SPECIFIED ASSETS AND LIABILITIES (continued)

E. Long-term Debt (continued)

Debt service requirements to maturity are as follows:

<u>Year Ended October 31,</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2006-2007	\$ 4,556,799	\$ 2,800,075	\$ 1,756,724
2007-2008	3,241,734	1,409,771	1,831,963
2008-2009	6,763,887	5,002,271	1,761,616
2009-2010	3,233,391	1,750,771	1,482,620
2010-2011	3,310,634	1,915,771	1,394,863
2011-2016	15,003,889	10,570,874	4,433,015
2016-2021	7,914,078	5,320,000	2,594,078
2021-2026	5,980,944	4,795,000	1,185,944
2026-2031	<u>2,039,047</u>	<u>1,925,000</u>	<u>114,047</u>
	<u>\$52,044,403</u>	<u>\$35,489,533</u>	<u>\$16,554,870</u>

F. Accrued Expenses as Per Category/Fund

Governmental-type activities:

	<u>Fund Statement</u>	<u>Government Fund Statement</u>
Accrued wages	\$188,210	\$188,210
Accrued vacation & sick leave	322,742	322,742

Business-type activities:

	<u>Fund Statement</u>	<u>Government Fund Statement</u>
Accrued wages	\$19,329	\$19,329
Accrued vacation & sick leave	29,314	29,314

G. Inter-fund Transactions

Inter-fund transfers and payments for the fiscal year ended October 31, 2006, were as follows:

<u>Governmental Activities</u>	<u>Received</u>	<u>Paid</u>
General Fund	\$4,025,060	\$ 274,897
Equipment Replacement	0	34,283
Parks Funds	90,000	0
Stormwater	0	261,700
Transportation Fund	0	969,691
Excise Tax Fund	364,500	1,246,955
Debt Service Fund	0	430,208
V.E.R.P.	181,051	45,222
Public Works Fund	0	140,644
Capital Improvement Fund	<u>0</u>	<u>757,769</u>
	4,660,611	4,161,369
<u>Business-Type Activities</u>		
Enterprise Fund	<u>114,072</u>	<u>613,314</u>
	<u>\$4,774,683</u>	<u>\$4,774,683</u>

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 3: DETAIL NOTES - SPECIFIED ASSETS AND LIABILITIES (continued)

H. Tax Receivables and Revenues

Property Tax - Revenue by fund for the year ended October 31, 2006, is as follows:

	<u>General</u>
General	\$ 933,552
Special Revenue	237,464
Debt Service	1,360,575

Delinquent taxes receivable at October 31, 2006, was estimated to be \$48,000 of which it was estimated that \$9,293 would be available for use within the next 60-day period. The amount of \$38,707 was reserved as uncollectable.

Sales tax - GASB 33 directs that revenues for government-wide statements and fund statements use a different time of measurement for revenue determination. Sales taxes due to the timing of merchant collection and availability to the City, use a different twelve-month period for revenue determination. Revenue by fund for both types of statements for the year ended October 31, 2006, is as follows:

	<u>Receivables</u>		<u>Revenues</u>	
	<u>Government</u>	<u>Fund</u>	<u>Government</u>	<u>Fund</u>
	<u>Wide</u>	<u>Statement</u>	<u>Wide</u>	<u>Statement</u>
General Fund	\$268,095	\$49,374	\$1,509,285	\$1,478,803
Parks & Recreation Fund	75,274	14,185	468,393	436,506
Capital Projects - sales tax	125,605	23,641	759,759	716,201
Storm Water - sales tax	<u>50,183</u>	<u>9,456</u>	<u>291,219</u>	<u>279,695</u>
	<u>\$125,605</u>	<u>\$23,641</u>	<u>\$ 870,362</u>	<u>\$ 768,398</u>

NOTE 4: OTHER

A. Pension Plan

The City of Raymore participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a 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, MO 65102 or by calling 1-800-447-4334.

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2006

NOTE 4: OTHER (continued)

A. Pension Plan (continued)

Funding Status

The City of Raymore's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate. The current rate is 10.5% (general), 11% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

For 2006, the political subdivision's annual pension cost of \$416,733 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005, annual actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions as of February 28, 2006, included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 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 unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2006 was 24 years.

THREE-YEAR TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/2004	\$344,802	100%	\$0
06/30/2005	\$397,208	100%	\$0
06/30/2006	\$416,733	100%	\$0

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
02/28/2004	\$2,895,407	\$3,602,760	\$707,353	80%	\$3,112,925	23%
02/29/2005	3,478,860	4,277,601	798,741	81%	3,708,237	22%
02/28/2006	4,114,132	4,803,182	689,050	86%	3,931,294	18%

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

For the Year Ended October 31, 2006

NOTE 4: OTHER (continued)

A. Pension Plan (continued)

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

B. 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.

C. Risk Management

The City is a member of the Mid-America Regional Council Insurance Trust (MARCIT), a not-for-profit corporation consisting of local governments and political subdivisions. MARCIT was formed as a public entity risk retention pool operating as a common risk management and insurance program to cover health and dental, workers' compensation and property and casualty claims for its members. MARCIT has been established as assessable pools and accounting records are maintained for each line of coverage on a policy-year basis. The City pays annual premiums to MARCIT for all coverages.

The agreement with MARCIT provides that MARCIT will be self-sustaining through member premiums. MARCIT has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MARCIT has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MARCIT has not had deficiencies in any of the past three fiscal years. The City has not incurred any claims which have exceeded its coverage in any of the past three fiscal years.

D. T.I.F. Bond Issue

In October 2005, the City received the proceeds from the Tax Increment Revenue Bonds (Series 2005) issued to finance a portion of the projected costs to include the design and construction of a retail shopping center and related public improvements. The bonds of \$10,360,000 are a special limited obligation of the City. They are to be liquidated through tax revenues created by the development. These bonds will be fully liquidated in 2028.

CITY OF RAYMORE, MISSOURI

NOTES TO FINANCIAL STATEMENTS
For the Year Ended October 31, 2006

NOTE 4: OTHER (continued)

E. Litigation

As of October 31, 2006, the City had unsettled claims. These claims are at various stages and at this time, outcomes cannot be predicted. The City is vigorously defending each claim. There has been no provisions for possible loss included in these financial statements.

F. Contributed Capital

When new housing divisions are developed, the developer pays for the cost of streets, sidewalks and storm drains, sewer and water lines. Upon completion of the division, the developer gives this infrastructure to the City to maintain in future years. The City estimates the cost of this contribution and records the infrastructure, which is depreciated over a period of time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RAYMORE, MISSOURI

BUDGETARY COMPARISON SCHEDULE - MODIFIED ACCRUAL BASIS

GENERAL FUND

For the Year Ended October 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Actual Over/(Under) <u>Budget</u>
BEGINNING BUDGETARY - FUND BALANCE	\$1,850,000	\$1,853,780	\$1,853,780	\$ 0
<u>Resources (In Flows)</u>				
Property Taxes	925,200	925,200	933,552	8,352
Franchise fees	1,174,550	1,174,550	1,320,823	146,273
Sales Taxes	2,112,050	2,112,050	1,943,676	
Fees & Permits	1,210,400	1,210,400	873,410	(336,990)
Licenses	121,210	12,210	145,936	133,726
Municipal Court	178,000	178,000	277,148	99,148
Miscellaneous	312,615	312,615	485,200	172,585
Other Sources/Transfers	<u>1,032,875</u>	<u>1,230,483</u>	<u>1,560,788</u>	<u>330,305</u>
Total Resources	<u>7,066,900</u>	<u>7,155,508</u>	<u>7,540,533</u>	<u>385,025</u>
Amount Available for Appropriations	8,916,900	9,009,288	9,394,313	385,025
<u>Charges to Appropriations (Out Flows)</u>				
<i>General/Government:</i>				
Administrative				
Personnel/services	490,009	490,009	494,690	4,681
Commodities	32,025	32,025	35,139	3,114
Maintenance & Supplies	1,300	1,300	1,078	(222)
Utilities	3,680	3,680	2,134	(1,546)
Contractual	379,539	379,539	327,778	(51,761)
Capital Projects	43,000	43,000	33,479	(9,521)
Debt Service	10,000	10,000	0	(10,000)
Transfers/Miscellaneous	<u>4,712</u>	<u>4,712</u>	<u>4,712</u>	<u>0</u>
Total Administrative	964,265	964,265	899,010	(65,255)
Information Technology				
Personnel/services	108,269	108,269	110,063	1,794
Commodities	66,216	66,216	63,087	(3,129)
Utilities	4,988	4,988	2,093	(2,895)
Contractual services	<u>42,895</u>	<u>42,895</u>	<u>39,924</u>	<u>(2,971)</u>
Total Information Technology	222,368	222,368	215,167	(7,201)
Economic Development				
Personnel/services	144,142	144,142	143,577	(565)
Commodities	2,391	2,391	2,037	(354)
Utilities	800	800	488	(312)
Contractual services	<u>63,161</u>	<u>63,161</u>	<u>38,729</u>	<u>(24,432)</u>
Total Economic Development	210,494	210,494	184,831	(25,663)

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CITY OF RAYMORE, MISSOURI

BUDGETARY COMPARISON SCHEDULE - MODIFIED ACCRUAL BASIS
GENERAL FUND

For the Year Ended October 31, 2006

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Actual Over/(Under) <u>Budget</u>
Community Development				
Personnel/services	574,924	574,924	516,520	(58,404)
Commodities	16,400	16,400	17,399	999
Maintenance & Supplies	2,000	2,000	2,073	73
Utilities	3,000	3,000	2,775	(225)
Contractual services	82,760	82,760	70,377	(12,383)
Capital Projects	0	75,000	100,597	25,597
Transfers/Miscellaneous	<u>9,147</u>	<u>9,147</u>	<u>9,147</u>	<u>0</u>
Total Community Development	688,231	763,231	718,888	(44,343)
Engineering				
Personnel/services	416,385	416,385	369,281	(47,104)
Commodities	20,850	20,850	17,379	(3,471)
Maintenance & Supplies	4,500	4,500	824	(3,676)
Utilities	3,500	3,500	3,586	86
Contractual services	78,670	78,670	45,721	(32,949)
Transfers/Miscellaneous	<u>14,749</u>	<u>14,749</u>	<u>14,749</u>	<u>0</u>
Total Engineering	538,654	538,654	451,540	(87,114)
Streets				
Personnel/services	315,640	315,640	297,906	(17,734)
Commodities	141,060	141,060	106,199	(34,861)
Maintenance & Supplies	55,000	55,000	46,643	(8,357)
Utilities	2,300	2,300	3,093	793
Contractual services	223,960	323,960	286,386	(37,574)
Capital Projects	104,500	104,500	20,140	(84,360)
Debt Service	72,956	72,956	27,014	(45,942)
Transfers/Miscellaneous	<u>54,067</u>	<u>54,067</u>	<u>54,067</u>	<u>0</u>
Total Streets	969,483	1,069,483	841,448	(228,035)
Buildings/Grounds				
Personnel/services	95,670	95,670	87,203	(8,467)
Commodities	3,770	3,770	2,918	(852)
Maintenance & Supplies	31,616	31,616	36,058	4,442
Utilities	87,220	87,220	87,608	388
Contractual services	<u>33,975</u>	<u>33,975</u>	<u>27,285</u>	<u>(6,690)</u>
Total Buildings/Ground	252,251	252,251	241,072	(11,179)
Court				
Personnel/services	103,428	103,428	104,328	900
Commodities	2,711	2,711	1,645	(1,066)
Utilities	450	450	432	(18)
Contractual services	<u>23,945</u>	<u>23,945</u>	<u>18,202</u>	<u>(5,743)</u>
Total Court	130,534	130,534	124,607	(5,927)

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CITY OF RAYMORE, MISSOURI

BUDGETARY COMPARISON SCHEDULE - MODIFIED ACCRUAL BASIS

GENERAL FUND

For the Year Ended October 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over/(Under) Budget</u>
Finance				
Personnel/services	317,815	317,815	325,588	7,773
Commodities	14,750	14,750	14,317	(433)
Contractual services	<u>139,248</u>	<u>139,248</u>	<u>122,312</u>	<u>(16,936)</u>
Total Finance	471,813	471,813	462,217	(9,596)
Police				
Personnel/services	2,262,674	2,290,019	2,280,466	(9,553)
Commodities	144,532	182,443	149,325	(33,118)
Maintenance & Supplies	22,700	22,700	24,004	1,304
Utilities	7,000	7,000	6,935	(65)
Contractual services	85,610	85,610	72,356	(13,254)
Capital Projects	0	0	4,224	4,224
Debt Service	<u>62,227</u>	<u>62,227</u>	<u>62,227</u>	<u>0</u>
Total Police	2,584,743	2,649,999	2,599,537	(50,462)
Emergency Preparedness				
Personnel/services	73,938	73,938	73,087	(851)
Commodities	24,825	24,825	24,601	(224)
Maintenance & Supplies	6,000	6,000	10,275	4,275
Utilities	1,450	1,450	1,274	(176)
Contractual services	4,265	4,265	3,150	(1,115)
Transfers/Miscellaneous	<u>2,495</u>	<u>2,495</u>	<u>2,495</u>	<u>0</u>
Total Preparedness	112,973	112,973	114,882	1,909
Non-Departmental				
Inter-fund Transfers	190,000	340,000	150,000	(190,000)
Capital Projects	75,000	75,000	0	(75,000)
Audit Adjustments	<u>0</u>	<u>0</u>	<u>41,458</u>	<u>41,458</u>
Total Non-Departmental	265,000	415,000	191,458	(223,542)
Total Charges to Appropriations	<u>7,410,809</u>	<u>7,801,065</u>	<u>7,044,657</u>	<u>(756,408)</u>
ENDING BUDGETARY FUND BALANCE	<u>\$1,506,091</u>	<u>\$1,208,223</u>	<u>\$2,349,656</u>	<u>\$1,141,433</u>

CITY OF RAYMORE, MISSOURI

BUDGETARY COMPARISON SCHEDULE - MODIFIED ACCRUAL BASIS

SPECIAL REVENUE FUNDS

For the Year Ended October 31, 2006

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Actual Over (Under) <u>Budget</u>
BEGINNING BUDGETARY FUND BALANCE	\$2,990,000	\$2,987,323	\$2,987,323	\$ 0
<u>Resources (In Flows)</u>				
Taxes	1,798,725	1,748,530	1,722,062	(26,468)
Charges for services	209,500	250,000	232,037	(17,963)
Investment income	100,000	145,000	136,562	(8,438)
Use of property	0	10,000	10,508	508
Grants	200,000	200,000	191,661	(8,339)
Miscellaneous	5,420	5,000	831	(4,169)
Transfers from other funds	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>0</u>
Total Resources	<u>2,403,645</u>	<u>2,448,530</u>	<u>2,383,661</u>	<u>(64,869)</u>
Amount Available for Appropriations	5,393,645	5,435,853	5,370,984	(64,869)
<u>Charges to Appropriations (Out Flows)</u>				
Parks and Recreation	736,011	722,751	683,449	(39,302)
Streets	665,470	655,000	649,084	(5,916)
Capital Projects	265,400	276,875	278,585	1,710
Debt Service	275,000	285,000	286,872	1,872
Transfers to Other Funds	<u>508,108</u>	<u>590,000</u>	<u>582,983</u>	<u>(7,017)</u>
Total Charges to Appropriations	<u>2,449,989</u>	<u>2,529,626</u>	<u>2,480,973</u>	<u>(48,653)</u>
ENDING BUDGETARY FUND BALANCE	<u>\$2,943,656</u>	<u>\$2,906,227</u>	<u>\$2,890,011</u>	<u>\$(16,216)</u>

CITY OF RAYMORE, MISSOURI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON

For the Year Ended October 31, 2006

The reported budgetary data represents the final approved budget after amendments, as adopted by the City Council. The City follows these procedures in establishing the budgetary data reflected in the basic financial statements.

- 1) Prior to October 1, the budget officer submits to the City Council a proposed operating budget for the fiscal year commencing the following November 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A public hearing is conducted to obtain taxpayer comments. Prior to this hearing, the budget document is made available for public inspection.
- 3) Prior to November 1, the budget is legally enacted through passage of an ordinance.
- 4) Any transfer of budgeted amounts between object levels within any fund or any revisions that alter the total expenditures of any fund must be approved by the City Council. Overspending of budgeted object levels within a department must be approved by the Finance Director and/or City Administrator.
- 5) Budgets are prepared on the modified accrual basis of accounting which corresponds to the fund statements.
- 6) Actual expenditures may not legally exceed the budgeted expenditures in any budgeted fund. For the fiscal year ended October 31, 2006, no budgets had been exceeded using the modified accrual basis of accounting.

OTHER SUPPLEMENTARY INFORMATION

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Raymore, Missouri, as of and for the year ended October 31, 2006, which collectively comprise the City of Raymore, Missouri's basic financial statements and have issued our report thereon dated January 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Raymore, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Raymore, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of City of Raymore, Missouri, in a separate letter dated January 5, 2007.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
January 5, 2007

CITY OF RAYMORE, MISSOURI

**BALANCE SHEETS - MODIFIED ACCRUAL BASIS
SPECIAL REVENUE FUNDS COMBINED**

October 31, 2006

	<u>Parks and Recreation</u>	<u>T.I.F. Project</u>	<u>Transportation Sales Tax</u>	<u>Storm Water Sales Tax</u>	<u>Equipment Replacement</u>	<u>Totals</u>
ASSETS						
Cash and Cash Equivalents	\$ 126,062	\$25,605	\$ 90,442	\$ 106,959	\$0	\$ 349,068
Investments	890,524	0	389,283	1,161,633	0	2,441,440
Receivables, net	15,085	0	23,641	9,456	0	48,182
Prepaid Expenses	11,274	0	0	0	0	11,274
Restricted Cash and Investments	<u>3,586</u>	<u>0</u>	<u>0</u>	<u>121,569</u>	<u>0</u>	<u>125,155</u>
TOTAL ASSETS	<u>\$1,046,531</u>	<u>\$25,605</u>	<u>\$503,366</u>	<u>\$1,399,617</u>	<u>\$0</u>	<u>\$2,975,119</u>

LIABILITIES & FUND BALANCES

Liabilities:						
Accounts Payable	\$ 18,802	\$ 0	\$ 17,253	\$ 0	\$0	\$ 36,055
Accrued Expenses	<u>49,053</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,053</u>
Total Liabilities	67,855	0	17,253	0	0	85,108
Fund Balances:						
Reserved for:						
Parks	978,676	0	0	0	0	978,676
Capital Projects	0	25,605	0	0	0	25,605
Infrastructure	<u>0</u>	<u>0</u>	<u>486,113</u>	<u>1,399,617</u>	<u>0</u>	<u>1,885,730</u>
Total Fund Balances	<u>978,676</u>	<u>25,605</u>	<u>486,113</u>	<u>1,399,617</u>	<u>0</u>	<u>2,890,011</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$1,046,531</u>	<u>\$25,605</u>	<u>\$503,366</u>	<u>\$1,399,617</u>	<u>\$0</u>	<u>\$2,975,119</u>

CITY OF RAYMORE, MISSOURI

BALANCE SHEET - MODIFIED ACCRUAL BASIS
CAPITAL PROJECTS FUNDS COMBINED

October 31, 2006

	Capital Improvement Fund	Public Works Fund	Excise Tax Fund	Lucy Webb Fund	SAF 58 T.I.F.	V.E.R.P. Fund	Totals
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 643	\$ 4,832	\$ 84	\$ 45,444	\$ 199,359	\$ 134,544	\$ 384,906
Investments	283,384	111,820	1,368,254	103,396	0	0	1,866,854
Receivables, net	23,641	0	29,273	0	13,582	0	66,496
Prepaid Expenses	0	0	0	0	0	0	0
Restricted Cash and Investments	<u>646,225</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,971,368</u>	<u>0</u>	<u>2,617,593</u>
TOTAL ASSETS	<u>\$953,893</u>	<u>\$116,652</u>	<u>\$1,397,611</u>	<u>\$148,840</u>	<u>\$2,184,309</u>	<u>\$134,544</u>	<u>\$4,935,849</u>

LIABILITIES AND FUND BALANCES

Liabilities:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0	0	0	0	0
Accrued Expenses	0	0	0	0	0	0	0
Notes/Bonds Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	0	0	0	0	0	0	0
Fund Balances:							
Reserved for:							
Capital Projects	953,893	116,652	1,397,611	148,840	0	134,544	2,751,540
T.I.F. Project	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,184,309</u>	<u>0</u>	<u>2,184,309</u>
Total Fund Balances	<u>953,893</u>	<u>116,652</u>	<u>1,397,611</u>	<u>148,840</u>	<u>2,184,309</u>	<u>134,544</u>	<u>4,935,849</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$953,893</u>	<u>\$116,652</u>	<u>\$1,397,611</u>	<u>\$148,840</u>	<u>\$2,184,309</u>	<u>\$134,544</u>	<u>\$4,935,849</u>

CITY OF RAYMORE, MISSOURI

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED ACCRUAL BASIS
SPECIAL REVENUE FUNDS COMBINED

For the Year Ended October 31, 2006

	Parks and Recreation	T.I.F. Project	Transportation Sales Tax	Storm Water Sales Tax	Equipment Replacement	Totals
<u>REVENUES</u>						
Property Taxes	\$ 237,464	\$ 0	\$ 0	\$ 0	\$ 0	\$ 237,464
Sales Taxes	436,506	0	768,397	279,695	0	1,484,598
Intergovernmental	104,733	0	86,928	0	0	191,661
Investment Earnings	44,692	0	28,600	62,492	778	136,562
Program/Service Fees	202,037	30,000	0	0	0	232,037
Use of Property	10,508	0	0	0	0	10,508
Miscellaneous	831	0	0	0	0	831
Total Revenues	<u>1,036,771</u>	<u>30,000</u>	<u>883,925</u>	<u>342,187</u>	<u>778</u>	<u>2,293,661</u>
<u>EXPENDITURES</u>						
Personnel	401,741	0	0	0	0	401,741
Commodities	44,001	0	0	0	0	44,001
Contractual	138,487	4,395	5,175	7,938	0	155,995
Maintenance/Utilities	99,220	0	0	0	0	99,220
Capital Projects	196,685	0	643,909	69,567	0	910,161
Debt Service	55,336	0	1,228	230,308	0	286,872
Total Expenditures	<u>935,470</u>	<u>4,395</u>	<u>650,312</u>	<u>307,813</u>	<u>0</u>	<u>1,897,990</u>
Transfer In(Out)	<u>90,000</u>	<u>0</u>	<u>(475,000)</u>	<u>(73,700)</u>	<u>(34,283)</u>	<u>(492,983)</u>
Net Changes in Fund Balances	191,301	25,605	(241,387)	(39,326)	(33,505)	(97,312)
FUND BALANCES - OCTOBER 31, 2005	<u>787,375</u>	<u>0</u>	<u>727,500</u>	<u>1,438,943</u>	<u>33,505</u>	<u>2,987,323</u>
FUND BALANCES - OCTOBER 31, 2006	<u>\$ 978,676</u>	<u>\$ 25,605</u>	<u>\$ 486,113</u>	<u>\$ 1,399,617</u>	<u>\$ 0</u>	<u>\$ 2,890,011</u>

CITY OF RAYMORE, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS

CAPITAL PROJECTS FUNDS COMBINED

Year Ended October 31, 2006

	Capital Improvement Funds	Public Work Funds	Excise Tax Funds	Lucy Webb Fund	SAF 58 TIF	V.E.R.P. Fund	Totals
REVENUES							
Other Revenues	\$ 55,000	\$ 0	\$ 0	\$ 0	\$ 217,313	\$ 0	\$ 272,313
Taxes	716,201	0	593,170	0	0	0	1,309,371
Investment Income	53,659	10,248	90,218	4,022	142,462	0	300,609
Sale of Property	<u>0</u>	<u>0</u>	<u>0</u>	130,791	<u>0</u>	<u>0</u>	130,791
Total Revenues	824,860	10,248	683,388	134,813	359,775	0	2,013,084
EXPENDITURES							
Contractual	20,023	0	13,622	0	5,831	0	39,476
Debt Service	377,756	0	3,528	9,254	494,164	0	884,702
Capital Projects	<u>350,769</u>	<u>142,491</u>	<u>1,233,333</u>	<u>0</u>	<u>7,662,445</u>	<u>46,507</u>	<u>9,435,545</u>
Total Expenditures	748,548	142,491	1,250,483	9,254	8,162,440	46,507	10,359,723
Transfers In(Out)	<u>(277,000)</u>	<u>0</u>	<u>364,500</u>	<u>0</u>	<u>0</u>	<u>181,051</u>	<u>268,551</u>
Net Changes in Fund Balance	(200,688)	(132,243)	(202,595)	125,559	(7,802,665)	134,544	(8,078,088)
FUND BALANCE - OCTOBER 31, 2005	<u>1,154,581</u>	<u>248,895</u>	<u>1,600,206</u>	<u>23,281</u>	<u>9,986,974</u>	<u>0</u>	<u>13,013,937</u>
FUND BALANCE - OCTOBER 31, 2006	<u>\$ 953,893</u>	<u>\$ 116,652</u>	<u>\$ 1,397,611</u>	<u>\$ 148,840</u>	<u>\$ 2,184,309</u>	<u>\$ 134,544</u>	<u>\$ 4,935,849</u>

CITY OF RAYMORE, MISSOURI

STATEMENT OF REVENUES AND EXPENSES IN DETAIL
PROPRIETARY FUNDS

For the Year Ended October 31, 2006

	<u>Totals</u>	<u>Water</u>	<u>Sewer</u>
Charges for Services:			
Water Sales	\$ 2,176,553	\$2,176,553	\$ 0
Water Tap Fees	720,608	720,608	0
Sewer Use Fees	2,345,015	0	2,345,015
Sewer Connection Fees	<u>666,412</u>	<u>0</u>	<u>666,412</u>
	<u>\$ 5,908,588</u>	<u>\$2,897,161</u>	<u>\$ 3,011,427</u>
Direct Expense:			
Water Purchased	\$ 873,679	\$ 873,679	\$ 0
Tap Materials	38,334	38,334	0
LBVSD	670,156	0	670,156
Middle Big Creek	<u>442,782</u>	<u>0</u>	<u>442,782</u>
	<u>\$ 2,024,951</u>	<u>\$ 912,013</u>	<u>\$ 1,112,938</u>
Operating Expense:			
Personnel Services	\$ 575,665	\$ 291,561	\$ 284,104
Contractual Services	75,207	16,776	58,431
Commodities	111,731	68,561	43,170
Utilities/Maintenance	<u>201,086</u>	<u>64,744</u>	<u>136,342</u>
	<u>\$ 963,689</u>	<u>\$ 441,642</u>	<u>\$ 522,047</u>
Non-Operating Revenues/(Expenses):			
Contributed Capital	\$ 2,918,943	\$1,167,884	\$ 1,751,059
Depreciation	(1,967,348)	(571,448)	(1,395,900)
Amortization	<u>(12,968)</u>	<u>(12,968)</u>	<u>0</u>
	<u>\$ 938,627</u>	<u>\$ 583,468</u>	<u>\$ 355,159</u>

CITY OF RAYMORE, MISSOURI

MANAGEMENT LETTER

OCTOBER 31, 2006



Marr and Company, P.C.

1401 East 104th Street, Suite 100
Kansas City, MO 64131-1170

CERTIFIED PUBLIC ACCOUNTANTS

816-363-8700
FAX 816-363-7117

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

We have audited the general purpose financial statements of the City of Raymore, Missouri, for the year ended October 31, 2006, and have issued our report thereon, dated January 5, 2007. In planning and performing our audit of the general purpose financial statements of the City, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure

Our study and evaluation of the City's system of internal accounting controls for the year ended October 31, 2006, was made for the purpose set forth above and would not necessarily disclose all weaknesses in the system.

The second part of this letter is to fulfill our responsibilities under auditing standards generally accepted in the United States of America concerning matters which are required to be communicated to an audit committee or its equivalent.

We would like to thank your staff for the professional help that we were provided during the audit process. They were very knowledgeable within their areas of expertise and went out of their way to provide us the information we needed. We found the City's records to be well organized and accurate.

It has been a pleasure serving the City of Raytown, Missouri. Please feel free to contact our office if you wish to discuss these items further.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
January 5, 2007

INTERNAL CONTROL COMMENTS

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. We would like to bring to management's attention one such condition.

Payroll/Human Resources Functions

The same individual is in control of interviewing, maintaining employee records, entering new employees into the payroll system, preparing every payroll and preparing payroll distributions to include checks, direct deposits, payroll taxes and benefits. Check signing is computer generated.

We recommend that this person not have the capability of entering new employees into the payroll system and that payroll tax returns be prepared in the accounting department. We also recommend that on a periodic basis, a list of all employees being paid be scrutinized by management.

This was a restatement from the previous year and management informed us that steps had been taken to mitigate the risk. We designed a program to test management's assertion and were comfortable with the results that management had implemented mitigating controls.

REQUIRED COMMUNICATIONS

In connection with our audit of the general purpose financial statements of the City of Raymore, Missouri as of October 31, 2006, professional standards require that we provide you with the following information related to our audit. This information is intended solely for the use of the City Council and management of the City and should not be used for any other purpose.

Marr and Company's Responsibilities Under Generally Accepted Auditing Standards

As stated in our engagement letter dated October 31, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statement is free of material misstatement and is fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered your internal control structure. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used are described in Note 1 to the financial statement. The application of existing policies was not changed during 2006. We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statement that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the City that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statement. We proposed several audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the City's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Irregularities and Illegal Acts

As you know, an audit is based on selective tests of accounting records and related data and is not designed to give absolute assurance that there were no irregularities or illegal acts. However, we found no evidence of such during our audit.