

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 16, 2020

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: S&P Rated: "Applied For"
See "BOND RATING" herein**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (1) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See the caption "TAX MATTERS" in this Official Statement.

\$7,825,000 *
CITY OF PECULIAR, MISSOURI
GENERAL OBLIGATION STREET REFUNDING BONDS
SERIES 2020

Dated: Date of Delivery

Due: March 1, as shown on inside cover page

The General Obligation Street Refunding Bonds, Series 2020 (the "**Bonds**"), are issuable as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the Bonds. The Bonds will be available for purchase in denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. DTC will receive all payments with respect to the Bonds from Security Bank of Kansas City, Kansas City, Kansas, as paying agent for the Bonds (the "**Paying Agent**"). DTC is required to remit such payments to DTC Participants (defined herein) for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds.

Principal of the Bonds is payable annually as set forth on the inside cover page of this Official Statement, commencing on March 1, 2021. Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing on September 1, 2020.

The Bonds are subject to redemption and payment prior to maturity as described herein. See the caption "**THE BONDS – Redemption Provisions**" herein.

THE BONDS AND INTEREST THEREON WILL CONSTITUTE GENERAL OBLIGATIONS OF THE CITY, PAYABLE FROM AD VALOREM TAXES WHICH MAY BE LEVIED WITHOUT LIMITATION AS TO RATE OR AMOUNT UPON ALL OF THE TAXABLE TANGIBLE PROPERTY, REAL AND PERSONAL, WITHIN THE TERRITORIAL LIMITS OF THE CITY. See the captions "**SECURITY FOR THE BONDS**" and "**THE BONDS - Security and Source of Payment for the Bonds**" herein.

See inside cover for maturities, principal amounts, interest rates, yields and CUSIP numbers.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the City. Certain matters relating to this Official Statement will be passed upon by Gilmore & Bell, P.C., as disclosure counsel to the City. McLiney And Company, a division of SAMCO Capital Markets, Inc. has been engaged by the City to serve as its financial advisor in connection with the issuance, sale and delivery of the Bonds. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York, on or about February 19, 2020.

Bids for the Bonds will only be received electronically through PARITY electronic bid submission system until 10:30 A.M., Central Time, on Monday, February 3, 2020.

* Preliminary, subject to change.

\$7,825,000 *
CITY OF PECULIAR, MISSOURI
GENERAL OBLIGATION STREET REFUNDING BONDS
SERIES 2020

MATURITY SCHEDULE*

Serial Bonds

Maturity March 1	Principal Amount*	Interest Rate	Yield	CUSIP
2021	\$390,000			
2022	410,000			
2023	435,000			
2024	450,000			
2025	465,000			
2026	495,000			
2027	505,000			
2028	530,000			
2029	555,000			
2030	580,000			
2031	595,000			
2032	605,000			
2033	615,000			
2034	630,000			
2035	565,000			

* * *

* Preliminary, subject to change.

CITY OF PECULIAR, MISSOURI
250 S. Main Street
Peculiar, Missouri 64078
816-779-5212

ELECTED OFFICIALS

Holly Stark, Mayor

Tom Broadhurst
Jared Borden
Jeff Harlan
Kyle Gillespie
Ty Erickson

CITY ADMINISTRATION

Cyndora Gauthreaux, Deputy City Clerk

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

FINANCIAL ADVISOR

McLiney And Company,
a division of SAMCO Capital Markets, Inc.
Mission, Kansas

PAYING AGENT

Security Bank of Kansas City
Kansas City, Kansas

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or “blue sky” laws. The Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City’s current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “projected,” “anticipate,” “intend” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS SET FORTH IN *APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT* TO THIS OFFICIAL STATEMENT.

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BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

City:	City of Peculiar, Missouri.
Issue:	\$7,825,000* General Obligation Street Refunding Bonds, Series 2020.
Dated Date:	Date of Delivery.
Interest Payment Date:	March 1 and September 1, commencing September 1, 2020.
Principal Due:	Annually on March 1, as detailed on the inside cover page of this Official Statement.
Optional Redemption:	The Bonds or portions thereof maturing on March 1, 2026*, and thereafter may be called for redemption and payment prior to maturity on March 1, 2025*, and any time thereafter, in whole or in part at any time at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. See also the caption “ THE BONDS - Redemption Provisions ” herein.
Authorization:	The Bonds are authorized by an ordinance adopted by the Board of Aldermen of the City pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 28 of the Missouri Constitution and Chapter 108 of the Revised Statutes of Missouri, as amended.
Security:	The Bonds are general obligations of the City and are payable from ad valorem taxes which may be levied without limitations as to rate or amount upon all taxable property, real and personal, within the territorial limits of the City. See also the caption “ THE BONDS – Security and Sources of Payment For The Bonds ” herein.
Bond Rating:	S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, has assigned the Bonds the rating shown on the cover page. See also the caption “ BOND RATING ” herein.
Purpose:	The Bonds are being issued for the purposes of (1) current refunding the City’s General Obligation Street Bonds, Series 2012, scheduled to mature on March 1, 2020 and thereafter, (2) current refunding the City’s General Obligation Street Bonds, Series 2015, scheduled to mature on March 1, 2020 and thereafter, and (3) paying costs of issuing the Bonds. See also the captions “ PLAN OF FINANCING ” and “ THE BONDS ” herein.
Tax Exemption:	Gilmore & Bell, P.C., as Bond Counsel to the City, will provide an opinion as to the tax exemption of the Bonds as discussed under the caption “ TAX MATTERS ” herein.
Bank Qualification:	The Bonds have been designated as “ qualified tax-exempt obligations ” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	Security Bank of Kansas City, Kansas City, Kansas.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“ DTC ”), New York, New York. DTC will act as securities depository of the Bonds.

* Preliminary, subject to change.

OFFICIAL STATEMENT
\$7,825,000*
CITY OF PECULIAR, MISSOURI
GENERAL OBLIGATION STREET REFUNDING BONDS
SERIES 2020

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (1) the City of Peculiar, Missouri (the “**City**”), and (2) the General Obligation Street Refunding Bonds, Series 2020 (the “**Bonds**”) of the City, dated the date of delivery, to be issued in the aggregate principal amount of \$7,825,000*.

The City

The City is a city of the fourth class and political subdivision organized and existing under the laws of the State of Missouri. For more information about the City, see *Appendix A* to this Official Statement.

Purpose of the Bonds

The Bonds are being issued pursuant to an ordinance (the “**Bond Ordinance**”) expected to be adopted by the Board of Aldermen of the City on February 3, 2020, for the purposes of (1) current refunding on February 20, 2020, the City’s General Obligation Street Bonds, Series 2012, dated October 30, 2012, maturing on and after March 1, 2020, outstanding in the aggregate principal amount of \$840,000.00 (the “**Refunded Series 2012 Bonds**”), (2) current refunding on March 1, 2020, the City’s General Obligation Street Bonds, Series 2015, dated April 9, 2015, maturing on and after March 1, 2020, outstanding in the aggregate principal amount of \$6,859,999.30 (the “**Refunded Series 2015 Bonds**,” together with the Refunded Series 2012 Bonds, the “**Refunded Bonds**”) and (3) paying certain costs of issuing the Bonds. See the captions “**PLAN OF FINANCING**” and “**THE BONDS**” herein. *All capitalized terms used herein and not otherwise defined herein have the meanings assigned to those terms in the Bond Ordinance.*

Security and Source of Payment

The Bonds are general obligations of the City and are payable from ad valorem taxes which may be levied without limitations as to rate or amount upon all taxable property, real and personal, within the territorial limits of the City. See also the caption “**SECURITY FOR THE BONDS**” herein.

Other Outstanding Obligations Payable

In addition to the Bonds, the City is obligated to levy ad valorem taxes to pay the principal and interest requirements on the City’s other general obligation bonds as set forth in this Official Statement under *Appendix A – “DEBT STRUCTURE OF THE CITY – Current Long-Term General Obligation Indebtedness”* attached hereto. The City is also obligated on an annually renewable basis to make certain

* Preliminary, subject to change.

lease payments under lease purchase financings described under the section captioned “**Appendix A - DEBT STRUCTURE OF THE CITY – Other Long-Term Obligations of the City**” in **Appendix A** to this Official Statement. The lease payments are payable solely from available money in the City’s General Fund and not from moneys in the City’s Debt Service Fund, which is available solely to make payments on the City’s general obligation bonds.

Financial Statements

Audited financial statements of the City, as of and for the year ended September 30, 2018, are included in **Appendix B**. These financial statements have been audited by Dana F. Cole & Company LLP, Overland Park, Kansas, certified public accountants, to the extent and for the period indicated in their report which is also included in **Appendix B**.

Continuing Disclosure Information

Pursuant to a Continuing Disclosure Agreement (the “**Continuing Disclosure Agreement**”), the City has agreed to file its audited financial statements and certain financial information and operating data of the City, as well as notices of certain enumerated material events relating to the Bonds, with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access system, in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the caption “**CONTINUING DISCLOSURE**” herein and **Appendix C: FORM OF CONTINUING DISCLOSURE AGREEMENT** to this Official Statement.

Bond Rating

The City has received the rating set forth on the cover page of this Official Statement from S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“**S&P**”), on the Bonds. See the caption “**BOND RATING**” herein.

SECURITY FOR THE BONDS

General

Pledge of Full Faith and Credit. The Bonds constitute general obligations of the City and will be payable as to both principal and interest from ad valorem taxes, which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City.

Levy and Collection of Annual Tax. Under the Bond Ordinance, there is levied upon all of the taxable tangible property within the City a direct annual tax sufficient to produce the amounts necessary for the payment of the principal of and interest on the Bonds as the same become due and payable in each year. Such taxes will be extended upon the tax rolls in each year, and will be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected. The proceeds derived from said taxes will be deposited in the Debt Service Fund, will be kept separate and apart from all other funds of the City and will be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent.

PLAN OF FINANCING

Authorization and Purpose of Bonds

The Bonds are authorized pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Sections 28 of the Missouri Constitution and Chapter 108 of the Revised Statutes of Missouri, as amended, and are being issued pursuant to the Bond Ordinance for the purposes of providing funds to (1) current refund the Refunded Bonds and (2) pay the costs of issuing the Bonds.

Refunding of the Refunded Bonds

The proceeds of the Bonds are being issued to refund the Refunded Bonds as follows:

(a) The City will deposit proceeds of the Bonds, together with available funds of the City, with the paying agent for the Refunded Series 2012 Bonds in amounts sufficient to pay the principal of and interest on the Refunded Series 2012 Bonds on February 20, 2020 (the “**Series 2012 Redemption Date**”), at a redemption price equal to 100% of the principal amount of the Refunded Series 2012 Bonds, plus accrued interest thereon to the Series 2012 Redemption Date. Set forth below is a description of the Refunded Series 2012 Bonds:

REFUNDED SERIES 2012 BONDS

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>	<u>Series 2012 Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
10/30/2012	03/01/2020 ⁽¹⁾	1.50%	\$ 55,000.00	02/20/2020	100%	70529T AF8
10/30/2012	03/01/2022 ⁽²⁾	2.00	115,000.00	02/20/2020	100	70529T AG6
10/30/2012	03/01/2024 ⁽³⁾	2.25	120,000.00	02/20/2020	100	70529T AH4
10/30/2012	03/01/2026 ⁽⁴⁾	2.50	125,000.00	02/20/2020	100	70529T AJ0
10/30/2012	03/01/2028 ⁽⁵⁾	2.75	135,000.00	02/20/2020	100	70529T AK7
10/30/2012	03/01/2030 ⁽⁶⁾	3.00	140,000.00	02/20/2020	100	70529T AL5
10/30/2012	03/01/2032 ⁽⁷⁾	3.10	150,000.00	02/20/2020	100	70529T AM3

⁽¹⁾ The Term Bonds scheduled to mature on March 1, 2020, will include the following mandatory redemption amounts:

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
<u>March 1</u>	
2020 ⁺	\$55,000

⁽²⁾ The Term Bonds scheduled to mature on March 1, 2022, will include the following mandatory redemption amounts:

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
<u>March 1</u>	
2021	\$55,000
2022 ⁺	60,000

- (3) The Term Bonds scheduled to mature on March 1, 2024, will include the following mandatory redemption amounts:

Mandatory Redemption Date <u>March 1</u>	Principal <u>Amount</u>
2023	\$60,000
2024 ⁺	60,000

- (4) The Term Bonds scheduled to mature on March 1, 2026, will include the following mandatory redemption amounts:

Mandatory Redemption Date <u>March 1</u>	Principal <u>Amount</u>
2025	\$60,000
2026 ⁺	65,000

- (5) The Term Bonds scheduled to mature on March 1, 2028, will include the following mandatory redemption amounts:

Mandatory Redemption Date <u>March 1</u>	Principal <u>Amount</u>
2027	\$65,000
2028 ⁺	70,000

- (6) The Term Bonds scheduled to mature on March 1, 2030, will include the following mandatory redemption amounts:

Mandatory Redemption Date <u>March 1</u>	Principal <u>Amount</u>
2029	\$70,000
2030 ⁺	70,000

- (7) The Term Bonds scheduled to mature on March 1, 2032, will include the following mandatory redemption amounts:

Mandatory Redemption Date <u>March 1</u>	Principal <u>Amount</u>
2031	\$75,000
2032 ⁺	75,000

⁺ Final Maturity

(b) The City will deposit proceeds of the Bonds, together with available funds of the City, with the paying agent for the Refunded Series 2015 Bonds in amounts sufficient to pay the principal of and interest on the Refunded Series 2015 Bonds on March 1, 2020 (the “**Series 2015 Redemption Date**”), at a redemption price equal to 100% of the principal amount of the Refunded Series 2015 Bonds, plus accrued interest thereon to the Series 2015 Redemption Date.

Set forth below is a description of the Refunded Series 2015 Bonds:

REFUNDED SERIES 2015 BONDS

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>	<u>Series 2015 Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
04/09/2015	03/01/2020	2.00%	\$ 39,999.30 ⁽¹⁾	--- ⁽¹⁾	--- ⁽¹⁾	70529T AR2
04/09/2015	03/01/2021	2.50	255,000.00	03/01/2020	100%	70529T AS0
04/09/2015	03/01/2022	2.50	270,000.00	03/01/2020	100	70529T AT8
04/09/2015	03/01/2023	2.50	300,000.00	03/01/2020	100	70529T AU5
04/09/2015	03/01/2024	2.50	315,000.00	03/01/2020	100	70529T AV3
04/09/2015	03/01/2025	2.75	335,000.00	03/01/2020	100	70529T AW1
04/09/2015	03/01/2026	2.75	365,000.00	03/01/2020	100	70529T AX9
04/09/2015	03/01/2027	2.75	380,000.00	03/01/2020	100	70529T AY7
04/09/2015	03/01/2028	3.00	405,000.00	03/01/2020	100	70529T AZ4
04/09/2015	01/01/2029	3.00	435,000.00	03/01/2020	100	70529T BA8
04/09/2015	03/01/2030	3.10	470,000.00	03/01/2020	100	70529T BB6
04/09/2015	03/01/2031	3.20	605,000.00	03/01/2020	100	70529T BC4
04/09/2015	03/01/2032	3.25	625,000.00	03/01/2020	100	70529T CD2
04/09/2015	03/01/2033	3.50	645,000.00	03/01/2020	100	70529T CE0
04/09/2015	03/01/2034	3.50	670,000.00	03/01/2020	100	70529T VF7
04/09/2015	03/01/2035	3.50	745,000.00	03/01/2020	100	70529T BG5

⁽¹⁾ Original principal amount; compound accreted value, including interest, of \$255,000.00 due on March 1, 2020.

Sources and Uses of Funds

The following table summarizes the estimated sources of funds, including the proceeds from the sale of the Bonds, and the expected uses of such funds, in connection with the plan of financing:

Sources of Funds:

Principal Amount of the Bonds	\$7,825,000.00*
Original issue premium/(discount)	_____
Available funds of the City	_____
Total	<u>\$_____</u>

Uses of Funds:

Deposit with Paying Agent for Refunded Series 2012 Bonds	\$_____
Deposit with Paying Agent for Refunded Series 2015 Bonds	_____
Costs of issuance, including Underwriter's Discount	_____
Total	<u>\$_____</u>

* Preliminary, subject to change

THE BONDS

The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Bond Ordinance for the detailed terms and provisions thereof.

General Description

The Bonds are being issued in the aggregate principal amount of \$7,825,000*. The Bonds are dated as of the date of original delivery of and payment for such Bonds and the principal is payable on March 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement, subject to redemption and payment prior to maturity upon the terms and conditions described under the caption **“Redemption Provisions”** herein. Interest on the Bonds is calculated at the rates per annum set forth on the inside cover page of this Official Statement, computed on the basis of a 360-day year of twelve 30-day months. The Bonds shall consist of fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable from the date thereof or the most recent date to which said interest has been paid and is payable semiannually on March 1 and September 1 (each an **“Interest Payment Date”**), beginning September 1, 2020.

The interest payable on each Bond on any Interest Payment Date will be paid to the person in whose name such Bond is registered (the **“Registered Owner”** or **“Owner”**) as shown on the registration books (the **“Bond Register”**) at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date (the **“Record Date”**) for such interest (1) by check or draft mailed by Security Bank of Kansas City, Kansas City, Kansas, as paying agent for the Bonds (the **“Paying Agent”**), to the address of such Registered Owner shown on the Bond Register or such other address furnished to the Paying Agent in writing by such Registered Owner, or (2) by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name and address of the bank (which shall be in the continental United States), its ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed, and an acknowledgment that an electronic transfer fee may be applicable.

The principal or Redemption Price (as defined herein) of each Bond will be paid by check, electronic transfer or draft to the Registered Owner at the Maturity thereof, upon presentation and surrender of such Bond at the payment office of the Paying Agent, or such other office designated by the Paying Agent.

While the Bonds remain in book-entry only form, payments to Beneficial Owners (defined in **Appendix D** to this Official Statement) are governed by the rules of DTC as described in **Appendix D** to this Official Statement. If DTC ceases to act as securities depository for the Bonds, payment may be made as described in the Bond Ordinance.

Book-Entry Only System

The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the **“Book-Entry System”**) maintained by The Depository Trust Company (**“DTC”**), New York, New York, as further described in **Appendix D** to this Official Statement.

Registration, Transfer and Exchange of Bonds Upon Discontinuance of Book-Entry Only System

The City will cause the Bond Register to be kept at the payment office of the Paying Agent or such other office designated by the Paying Agent for the registration, transfer and exchange of the Bonds as provided in the Bond Ordinance. Upon surrender of any Bond at the payment office of the Paying Agent, or at such other office designated by the Paying Agent, the Paying Agent shall transfer or exchange such Bond as provided in the Bond Ordinance.

The Paying Agent will transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate or principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange will be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds. If any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. The City and the Paying Agent will not be required (1) to register the transfer or exchange of any Bond after notice calling such bond or portion thereof for redemption has been mailed by the Paying Agent in accordance with the Bond Ordinance and during the period of 15 days next preceding the date of mailing of such notice of redemption, or (2) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to the Bond Ordinance.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the City and are payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. See the section "**SECURITY FOR THE BONDS**" herein.

Redemption Provisions

Optional Redemption. At the option of the City, the Bonds or portions thereof maturing on March 1, 2026*, and thereafter may be called for redemption and payment prior to their Stated Maturity on March 1, 2025*, and thereafter as a whole or in part at any time at the Redemption Price (as defined herein) of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date (as defined herein).

Selection of Bonds to be Redeemed

Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed from Stated Maturities selected by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

* Preliminary, subject to change.

In the case of a partial redemption of Bonds at the time Outstanding in denominations greater than \$5,000, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Registered Owner of such Bond or the Registered Owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the price which such Bonds are to be redeemed (the "**Redemption Price**") and interest to the date fixed for redemption (the "**Redemption Date**") of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Registered Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Registered Owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Notice of Redemption

Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days prior to the Redemption Date to the original purchaser of the Bonds, the State Auditor of Missouri and each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the Redemption Date in an amount sufficient to pay the Redemption Price on the Redemption Date. If such notice is conditional and either the Paying Agent receives written notice from the City that moneys sufficient to pay the Redemption Price will not be on deposit on the Redemption Date, or such moneys are not received on the Redemption Date, then such notice will be of no force and effect, the Paying Agent will not redeem such Bonds and the Paying Agent will give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

The failure of any Registered Owner to receive the foregoing notice or any defect therein will not invalidate the effectiveness of the call for redemption.

So long as DTC is effecting book-entry transfers of the Bonds, the Paying Agent will provide the notices specified in the Bond Ordinance to DTC. It is expected that DTC will, in turn, notify its Participants (as defined in *Appendix D*) and that the Participants (as defined in *Appendix D*), in turn, will notify or cause to be notified the Beneficial Owners (as defined in *Appendix D*). Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Paying Agent, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, will not affect the validity of the redemption of such Bond.

Effect of Call for Redemption

Official notice of redemption having been given as provided in the Bond Ordinance, the Bonds or portions of Bonds to be redeemed will become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds will cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds will be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date will be payable as provided in the Bond Ordinance for payment of interest. Upon surrender for any partial redemption of any Bond, the Paying Agent will prepare for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the

unpaid principal as provided in the Bond Ordinance. All Bonds that have been surrendered for redemption will be canceled and destroyed by the Paying Agent pursuant to the Bond Ordinance and will not be reissued.

The failure of any Registered Owner to receive the foregoing notice or any immaterial defect therein will not invalidate any redemption.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Bonds.

RISK FACTORS

The following is a discussion of certain risks that could affect the payments to be made by the City with respect to the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including its appendices) in order to make a judgment as to whether the Bonds are an appropriate investment. Prospective purchasers of the Bonds should consider carefully all possible factors that may result in a default in the payment of the Bonds, the redemption of the Bonds prior to maturity, a determination that the interest on the Bonds might be deemed taxable for purposes of federal and Missouri income taxation, or that may affect the market price or liquidity of the Bonds. This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.

Ad Valorem Property Taxes

The Bond Ordinance levies a direct annual tax on all taxable tangible property within the City sufficient to produce amounts necessary for the payment of the principal of and interest on the Bonds each year. Declining property values in the City, whether caused by national or global financial crises, natural disasters, local economic downturns, or other reasons, may require higher levy rates, which may increase the burden on local taxpayers and affect certain taxpayers' willingness or ability to continue timely paying property taxes. See the caption "**TAX INFORMATION CONCERNING THE CITY – Property Valuations – History of Property Valuations**" in *Appendix A* to this Official Statement. In addition, the issuance of additional general obligation bonds by the City or other indebtedness by other political subdivisions in, or overlapping the boundaries of, the City would increase the tax burden on taxpayers in the City. See the caption "**DEBT STRUCTURE OF THE CITY – Overlapping General Obligation Indebtedness**" in *Appendix A* to this Official Statement. Missouri law limits the amount of general obligation debt issuable by the City to 20% of the assessed valuation of taxable tangible property in the City. See the caption "**DEBT STRUCTURE OF THE CITY – Legal Debt Capacity**" in *Appendix A* to this Official Statement. Other political subdivisions in the City are subject to similar limitations on general obligation debt imposed by Missouri law, including cities, school districts, counties and certain other political subdivisions, which are limited to general obligation debt of 20%, 15%, 10% and 5% of assessed valuation of taxable tangible property, respectively.

Concentration of property ownership in the City would expose the City's ability to collect ad valorem property taxes to the financial strength, ability and willingness of major taxpayers to pay property taxes. See the captions "**TAX INFORMATION CONCERNING THE CITY – Property Valuations – Current Assessed Valuation**" and "**– Major Property Taxpayers**" in *Appendix A* to this Official Statement.

Secondary Market Prices and Liquidity

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance is given that any secondary market will develop following the completion of the offering of the Bonds and no assurance is given that the initial offering price for the Bonds will continue for any period of time.

Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operating performance or tax collection patterns of issuers. Particularly, prices of outstanding municipal securities should be expected to decline if prevailing market interest rates rise. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's or the issuer's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

No Reserve Fund or Credit Enhancement

No debt service reserve fund will be funded and no financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to insure payment of the Bonds. Accordingly, any potential purchaser of the Bonds should consider the financial ability of the City to pay the Bonds. As described under **"SECURITY FOR THE BONDS"** in this Official Statement, the City has irrevocably pledged its full faith, credit and resources for the prompt payment of the Bonds and levied a direct annual tax, without limitation, on all taxable tangible property in the City in an amount sufficient to pay principal and interest on the Bonds.

Rating

S&P has assigned the Bonds the rating set forth on the cover page of this Official Statement. Such rating reflects only the view of S&P, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, by S&P if, in S&P's judgment, circumstances warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Bankruptcy

In addition to the limitations on remedies contained in the Bond Ordinance, the rights and remedies provided by the Bonds may be limited by and are subject to (1) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, (2) the application of equitable principles, and (3) the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against political subdivisions in the State of Missouri. Section 108.180 of the Revised Statutes of Missouri, as amended, requires that any interest and sinking fund moneys only be used to pay principal and interest on the Bonds. The City, like all other Missouri political subdivisions, is specifically authorized by Missouri law to institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Bonds.

Pensions and Other Postemployment Benefits

The City contributes to the Missouri Local Government Employees Retirement System (**"LAGERS"**), an agent multi-employer, statewide public employee retirement plan for entities of local government which is legally separate and fiscally independent of the State of Missouri. Future required contribution increases required by LAGERS beyond the current fiscal year may require the City to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the City's operations or limit the City's ability to generate additional revenues in the future.

For more information specific to the City's participation, including the City's past contributions, net pension liability, and pension expense, relating to LAGERS see the caption **"FINANCIAL INFORMATION CONCERNING THE CITY - Pension and Employee Retirement Plans"** included in *Appendix A* to this Official Statement and *Note 12* to the City's audited financial statements for fiscal year ended September 30, 2018, included as *Appendix B* to this Official Statement.

Amendment of the Bond Ordinance

Certain amendments, effected by ordinance of the City, to the Bonds and the Bond Ordinance may be made with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then outstanding. Such amendments may adversely affect the security of the owners of the Bonds; provided that, no amendments may (1) extend the maturity of any payment of principal or interest due upon any Bond; (2) alter the optional redemption provisions of any Bond; (3) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond; (4) permit preference or priority of any Bond over any other Bond; or (5) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance without the written consent of the Registered Owners of all of the Bonds at the time outstanding. The City may also amend or supplement the Bond Ordinance, without notice to or the consent of any Registered Owners, for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein that is not materially adverse to the security of the Registered Owners.

Loss of Premium from Redemption

Any person who purchases the Bonds at a price in excess of its principal amount or who holds such Bonds trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See the caption **"THE BONDS – Redemption Provisions"** in this Official Statement.

Tax-Exempt Status and Risk of Audit

The failure of the City to comply with certain covenants set forth in the Bond Ordinance could cause the interest on the Bonds to become included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bond Ordinance does not provide for the payment of any additional interest, redemption premium or penalty if the interest on the Bonds becomes included in gross income for federal income tax purposes. See the caption **"TAX MATTERS"** in this Official Statement.

The Internal Revenue Service (the **"IRS"**) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. Owners of the Bonds are advised that, if an audit of the Bonds was commenced, the IRS, in accordance with its current published procedures, is likely to treat the City as the taxpayer, and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Defeasance Risks

When all Bonds are deemed paid and discharged as provided in the Bond Ordinance, the requirements contained in the Bond Ordinance and the pledge of the City's faith and credit thereunder and all other rights granted thereby will terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company moneys and/or Defeasance Obligations that, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the Bonds to the Stated

Maturity or prior Redemption Date. There is no legal requirement in the Bond Ordinance that Defeasance Obligations be rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets, and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

LEGAL MATTERS

Legal Proceedings

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof, or which might affect the City's ability to meet its obligations to pay the Bonds.

Approval of Legality

Legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, as Bond Counsel to the City ("**Bond Counsel**"), whose approving opinion will be available at the time of delivery of the Bonds. The form of Bond Counsel's opinion is attached hereto as *Appendix E*. Certain matters relating to this Official Statement will also be passed upon by Gilmore & Bell, P.C., as disclosure counsel to the City.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., as Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

Federal and State of Missouri Tax Exemption. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds, but has reviewed the discussion under the caption “**TAX MATTERS**” in this Official Statement.

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the

difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Agreement, the City has agreed to file its audited financial statements and certain other financial and operating data of the City (the "**Annual Report**") with the Municipal Securities Rulemaking Board (the "**MSRB**") through the Electronic Municipal Market Access System ("**EMMA**") system, not later than **the last day of the sixth month** following the end of each fiscal year (which currently ends September 30), commencing with the City's fiscal year ending September 30, 2019. Under the Continuing Disclosure Agreement, the City has also agreed to file notices of the occurrence of certain enumerated material events relating to the Bonds with the MSRB through the EMMA system. See **Appendix C: FORM OF CONTINUING DISCLOSURE AGREEMENT** to this Official Statement.

[From 2017 OS, to be updated:]

The City has entered into prior undertakings under Rule 15c2-12 (the "**Rule**"). The City has not fully complied with its prior undertakings under the Rule during the past five years and believes such instances of non-compliance include the following:

1. The City did not timely file on EMMA certain categories of operating data for fiscal years ended September 30, 2015 and 2016 required to be provided pursuant to certain of its prior undertakings under the Rule.
2. The City timely filed on EMMA its audited financial statements for fiscal years ended September 30, 2015 and 2016, but did not timely link such audited financial statements to certain CUSIPS of its issue of General Obligation Street Bonds, Series 2015 or General Obligation Street Bonds, Series 2012, required to be provided pursuant the prior undertakings entered into in connection with those bonds.

3. The City did not timely file on EMMA (i) a notice of rating change that occurred on September 5, 2014, or (ii) a notice of rating change that occurred on December 10, 2018, each related to certain of the City's outstanding obligations that were required to be provided pursuant to the prior undertakings under the Rule entered into in connection with those obligations.

In order to promote compliance with the City's obligations under its continuing disclosure undertakings, the City engaged the law firm of Gilmore & Bell, P.C., since May 2017 to assist the City in determining the required content of the Annual Reports required to be filed pursuant to its continuing disclosure undertakings and in submitting such Annual Reports to the MSRB via its EMMA website.

BOND RATING

S&P has assigned the Bonds the rating shown on the cover page. Such rating reflects only the view of S&P at the time the rating is given, and the City and the Underwriter make no representation as to the appropriateness of the rating or that the rating will not be changed, suspended or withdrawn.

The City has furnished S&P with certain information and materials relating to the Bonds and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. Any such revision or withdrawal of the rating could have an adverse effect on the market price and marketability of the Bonds.

MISCELLANEOUS

Underwriting

Based upon bids received by the City on February __, 2020, the Bonds were awarded to _____, _____ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City at a price of \$ _____ (consisting of the principal amount of the Bonds, [plus]/[less] an original issue [premium]/[discount] of \$ _____, and less an underwriting discount of \$ _____). The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

Financial Advisor

McLiney And Company, a division of SAMCO Capital Markets, Inc., Mission, Kansas, is employed as financial advisor to the District to render certain professional services, including advising the District on a plan of financing in connection with the issuance of the Bonds. The Financial Advisor has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement.

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized.

Simultaneously with the delivery of the Bonds, the Mayor, acting on behalf of the City, will furnish to the Underwriter of the Bonds a closing certificate which shall state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriter of the Bonds has been approved by the City. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Bonds other than those either expressly or by fair implication imposed on the City by the Bond Ordinance.

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Additional Information

Additional information regarding the City or the Bonds may be obtained from the City's Financial Advisor, McLiney And Company, a division of SAMCO Capital Markets, Inc., Attention: Joey McLiney, 5201 Johnson Drive, Suite 415, Mission, Kansas 66205, e-mail: gjm3@mclineysamco.com; phone: (816) 221-4042.

CITY OF PECULIAR, MISSOURI

By: _____
Mayor

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APPENDIX A

CITY OF PECULIAR, MISSOURI

**GENERAL, ECONOMIC AND FINANCIAL INFORMATION
CONCERNING THE CITY**

APPENDIX A

CITY OF PECULIAR, MISSOURI

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GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY

Location and Size

The City of Peculiar, Missouri (the “City”), covers approximately eight square miles, is located along Interstate 49 in Cass County, Missouri, approximately 30 miles south of downtown Kansas City, Missouri, and is included in the southernmost portion of the Kansas City Metropolitan Area. The City’s population was estimated at 5,323 as of July 1, 2018, by the U.S. Census Bureau.

Government and Organization

The City was incorporated in 1953 and operates as a fourth class city under Missouri law. The City is governed by a Mayor/Board of Aldermen form of government. The Mayor is elected at large for a two-year term, without restrictions as to reelection. The Board of Aldermen is composed of six members, two being elected from each of the three wards of the City. Each year an alderman is elected from each ward for a term of two years. The Board of Aldermen establishes utility and tax rates, as well as authorizes all municipal indebtedness.

The present Mayor and Board of Aldermen and terms of office are as follows:

<u>Name</u>	<u>Title</u>	<u>Current Term Began</u>	<u>Current Term Expires</u>
Holly Stark	Mayor	April 2018	April 2020
Tom Broadhurst	Alderman Ward 1	April 2018	April 2020
Jared Borden	Alderman Ward 1	April 2019	April 2021
Jeff Harlan	Mayor Pro-Tem and Alderman Ward 2	April 2018	April 2020
[vacant]	Alderman Ward 2	---	---
Kyle Gillespie	Alderman Ward 3	April 2018	April 2020
Ty Erickson	Alderman Ward 3	April 2019	April 2021

The appointed officials of the City include Cyndora Gauthreaux as Deputy City Clerk and Joseph G. Lauber as City Attorney. The City does not have a City Clerk position.

Educational Institutions and Facilities

Raymore-Peculiar R-II School District (the “School District”) covers 94 square miles and includes the communities of Peculiar and Raymore; small portions of Lee’s Summit, Belton and Lake Winnebago; and some unincorporated areas of Cass County. For the 2019-2020 school year, the total enrollment is approximately 6,293. The School District is classified as “accredited,” the highest rating given by the Missouri Department of Elementary and Secondary Education.

Over 30 colleges and universities offer programs in the Kansas City metropolitan area. Metropolitan Community College, Rockhurst University, University of Missouri – Kansas City, Central Missouri State University and Devry Institute of Technology all offer programs in the immediate area.

City Services and Utilities

City services include water, sewer, police protection, and parks and recreation. West Peculiar Fire Protection District provides fire protection to a 47-square mile area, including the City. The Peculiar Police Department consists of 10 full-time officers, 1 reserve officer and 1 police clerk. Officers are scheduled on 12-hour shifts and dispatching is contracted out to the Raymore Police Department to provide round-the-clock service.

Recreational Facilities

The City provides several public parks with shelter houses, picnic facilities, sports fields and playgrounds. Residents also have nearby access to several Missouri and Kansas state parks and recreation areas offering swimming, fishing, camping, hiking and biking.

Transportation and Communication Facilities

Kansas City International Airport, offering regular flights to all major United States hubs and some international destinations, is located 52 miles from the City. The Charles B. Wheeler Downtown Airport in Kansas City is located 34 miles from the City and offers charter, corporate and personal air travel.

Residents have easy access to the interstate highway system with U.S. Highway 71 as a north-south artery to Kansas City and Interstate Highway 435 providing access to all parts of the Kansas City metropolitan area.

The City's close proximity to Kansas City affords residents a wide variety of radio stations, cable television providers and cellular service as well as several area newspapers widely circulated in the City.

Medical and Health Facilities

In addition to the many and varied medical facilities and professionals available in the Kansas City area, residents have access to nearby Belton Regional Medical Center, a 71-bed acute care facility located in Belton, Missouri, and Cass Regional Medical Center, a general, acute care facility located in Harrisonville, Missouri.

Employment

Employment opportunities are available to area residents within the City, Cass County and throughout the Kansas City Metropolitan Area. Listed below are several major employers located in the City and Cass County and the approximate number employed by each:

<u>Major Employers</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Raymore-Peculiar School District	Education	914
Wal-Mart Stores, Inc.	Retail	660
Belton School District	Education	531
Cass Medical Center	Health care	386
Sioux Chief Manufacturing Co.	Manufacturing	361
Harrisonville School District	Education	352
Church & Dwight Co., Inc.	Manufacturing	300
Pleasant Hill School District	Education	248
City of Belton MO	Government	185
Belton Regional Medical Center (HCA)	Health care	150
Worldwide Steel Buildings	Industrial	59
Elmwood Reclaimed Timber	Industrial	40
Furniture Deals	Industrial	32
City of Peculiar	Government	30

Source: City.

The following table sets forth unemployment figures for the last five years for Cass County and the State of Missouri.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u> ⁽¹⁾
Cass County					
Total Labor Force	54,238	55,014	54,254	54,386	55,016
Unemployed	2,598	2,261	1,908	1,660	1,648
Unemployment Rate	4.8%	4.1%	3.5%	3.1%	3.0%
State of Missouri					
Total Labor Force	3,075,227	3,080,850	3,061,441	3,052,386	3,083,414
Unemployed	154,466	140,536	115,101	97,578	100,819
Unemployment Rate	5.0%	4.6%	3.8%	3.2%	2.9%

Source: MERIC (Missouri Economic Research and Information Center).

⁽¹⁾ Average of January through October.

General and Demographic Information

Population. Listed below are historical population figures for the City as compared to the County and the State of Missouri:

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u> ⁽¹⁾
City of Peculiar	705	1,571	1,777	2,604	4,608	5,323
Cass County	39,448	51,029	63,808	82,603	99,478	104,954
State of Missouri	4,677,623	4,916,686	5,117,073	5,595,211	5,988,927	6,126,452

Source: Missouri Census Data Center.

⁽¹⁾ 2018 population estimate as of July 1, 2018.

The following table shows the population by age categories for the City, the County and the State of Missouri:

<u>Age</u>	<u>City of Peculiar</u>	<u>Cass County</u>	<u>State of Missouri</u>
under 5 years	307	6,151	372,932
5-19 years	1,035	21,580	1,171,037
20-24 years	246	5,612	421,255
25-44 years	1,631	24,954	1,542,544
45-64 years	1,339	27,892	1,600,602
65 and over	448	16,489	981,692
TOTAL	5,006	102,678	6,090,062
Median Age	36.1	39.8	38.5

Source: Missouri Census Data Center, American Community Survey, 5-year estimate (2014-2018).

Income Statistics. The following table presents per capita personal income⁽¹⁾ for the County and the State of Missouri for the years 2015 through 2018, the latest date for which information is available:

<u>Year</u>	<u>Cass County Per Capita Personal Income</u>	<u>State of Missouri Per Capita Personal Income</u>
2018	\$47,151	\$47,746
2017	45,599	45,744
2016	44,542	44,336
2015	42,502	43,096

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

⁽¹⁾ Per Capita Personal Income is the annual total personal income of residents divided by resident population as of July 1. **“Personal Income”** is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. **“Net Earnings”** is earnings by place of work — the sum of wage and salary disbursements (payrolls), other labor income, and proprietors’ income — less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Housing. The estimated median value of owner-occupied housing units in the City, the County and the State of Missouri was as follows:

	<u>Number of Owner- Occupied Units</u>	<u>Median Home Value</u>
City of Peculiar	1,517	\$145,100
Cass County	30,052	171,800
State of Missouri	1,601,845	151,600

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2014-2018).

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DEBT STRUCTURE OF THE CITY

Financial Overview

The following table summarizes certain financial information concerning the City. This information should be reviewed in conjunction with the information contained in this Official Statement and the financial statements of the City in *Appendix B* hereto.

2019 Assessed Valuation ⁽¹⁾	\$76,942,637
2019 Estimated Actual Valuation ⁽²⁾	\$353,879,861
Population (2018).....	5,323
Outstanding General Obligation Bonds (Direct Debt) ⁽³⁾	\$7,851,000*
Per Capita Direct Debt	\$1,474.92*
Ratio of Direct Debt to Assessed Valuation.....	10.20%*
Ratio of Direct Debt to Estimated Actual Valuation.....	2.22%*
Overlapping General Obligation Debt (“Indirect Debt”) ⁽⁴⁾	\$8,173,321
Total Direct Debt and Indirect Debt.....	\$16,024,321*
Per Capita Direct Debt and Indirect Debt	\$3,010.39*
Ratio of Direct Debt and Indirect Debt to Assessed Valuation.....	20.83%*
Ratio of Direct Debt and Indirect Debt to Estimated Valuation.....	4.53%*

(1) Includes 2019 real and personal property assessment as certified by the Cass County Clerk.

(2) Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratios.

(3) Includes the Bonds, but excludes the Refunded Bonds. Also includes neighborhood improvement district bonds of the City. For an explanation of the limited general obligation pledge for these bonds, see “**Current Long-Term General Obligation Indebtedness**” below.

(4) For further details see “**Overlapping Indebtedness**” below.

Current Long-Term General Obligation Indebtedness

The City has outstanding the following general obligation bonds outstanding as of the issuance of the Bonds:

<u>Category of Indebtedness</u>	<u>Date of Indebtedness</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Neighborhood Improvement District Bonds (Sallee Estates Sewer Installation Project), Series 2002 ⁽¹⁾	April 15, 2002	\$ 103,000.00	\$ 26,000.00
General Obligation Street Refunding Bonds, Series 2020	February __, 2020	7,825,000.00*	<u>7,825,000.00*</u>
TOTAL			<u>\$7,851,000.00*</u>

(1) Neighborhood improvement district bonds are payable from special assessments levied against real property benefited by certain neighborhood improvement district projects, and, if not so paid, from current income and revenues and surplus funds of the City; provided, however, that the City is not authorized to impose any new or increased ad valorem property tax to pay debt service on such bonds without the voter approval required by the constitution and laws of the State of Missouri.

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10 percent of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides

* Preliminary, subject to change.

that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10 percent for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Article VI, Section 26(e) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Based on the City's assessed valuation for 2019, the current legal debt limit of the City is \$15,388,527.

General Obligation Bonds Debt Service Requirements

The following schedule shows the yearly principal and interest requirements for all outstanding general obligation bonds of the City, including the Bonds.

Fiscal Year	Outstanding Bonds		The Bonds		
Ended	Principal	Interest	Principal	Interest	Total
<u>September 30</u>					
2020	\$8,000.00	\$1,276.00			
2021	9,000.00	783.00			
2022	<u>9,000.00</u>	<u>261.00</u>			
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
TOTAL	<u>\$26,000.00</u>	<u>\$2,320.00</u>			

The principal and interest requirements on the City's general obligation bonds (including the Bonds) are payable from amounts in the City's Debt Service Fund generated by a levy on all taxable tangible property in the City. The Debt Service Fund levy may be set, without limitation as to rate or amount, at the level required to make payments on the general obligation bonds. See **"FINANCIAL INFORMATION CONCERNING THE CITY."**

Overlapping General Obligation Indebtedness

The following table shows the estimated general obligation debt as of January 1, 2020, for the jurisdictions whose boundaries overlap those of the City and that percentage of overlapping debt which is applicable to taxpayers of the City. The percentage of overlapping debt attributable to each jurisdiction that is applicable to taxpayers of the City is calculated by dividing the assessed valuation of the portion of each jurisdiction that is located within the City by the total assessed valuation of such jurisdiction.

	<u>Amount Outstanding</u>	<u>Percentage Applicable</u>	<u>Amount Applicable to the City</u>
Cass County, Missouri	\$16,921,000	5.17%	\$ 874,816
Raymore-Peculiar R-II School District	47,300,000	11.88	5,619,240
West Peculiar Fire Protection District	3,035,000	55.33	<u>1,679,266</u>
TOTAL			<u>\$8,173,321</u>

Source: Missouri State Auditor, Bond Registration Reports, Missouri State Tax Commission Annual Report.

Current Outstanding Revenue Obligations of the City

Revenue Bonds. The following table sets forth the outstanding revenue obligations of the City, including the Bonds:

<u>Category of Indebtedness</u>	<u>Date of Indebtedness</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013	December 5, 2013	\$1,245,000	\$ 960,000
Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series 2014	October 2, 2014	3,685,000	2,935,000
Combined Waterworks and Sewerage System Revenue Bonds, Series 2017	May 30, 2017	9,260,000	<u>9,160,000</u>
TOTAL			<u>\$13,055,000</u>

Other Long-Term Obligations of the City

Capital Lease Obligations. Obligations secured by annually appropriated funds do not constitute an indebtedness for purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from annually appropriated funds of a governmental body available therefor and neither taxes nor a specific source of revenues can be pledged to make payments on such obligations. Any increase in taxes required to generate sufficient funds with which to make payments on such obligations are subject to voter approval.

The City has entered into the following lease purchase agreements (together, the “Leases”):

<u>Description of Lease Purchase Agreement</u>	<u>Date of Agreement</u>	<u>Original Principal Amount</u>	<u>Lease Payment (Monthly)</u>	<u>Final Lease Payment (Fiscal Year 9/30)</u>
Police annex building	May 2014	\$116,571	\$1,578	2021
Asphalt recycler	August 2015	25,500	5,713	2020
Trucks, SUV and mowers for Parks Dept.	March 2017	77,613	1,717	2021
Vehicles and equipment for Water Dept.	May 2018	31,145	689	2021
Vehicles and equipment	May 2018	185,483	3,413	2023
Vehicles and equipment for Sewer Dept.	May 2018	128,895	2,371	2023
Police vehicle	April 2019	31,382	924	2022

Although each of the Leases provide for cancellation at the City’s option each year, the City does not foresee exercising that option. The City does not anticipate incurring any additional lease obligations during fiscal year ending September 30, 2020.

Series 2012 Certificates and Series 2013 Certificates. On June 7, 2012, the City approved the delivery of its Certificates of Participation, Series 2012 (the “**Series 2012 Certificates**”), in the original principal amount of \$705,000 for the purpose of acquiring land and a building for use by the City as its city hall and making improvements to such building and to the City’s police station annex. The Series 2012 Certificates are payable from basic rent payments made by the City pursuant to the Lease, subject to annual appropriation by the Board of Aldermen.

On June 17, 2013, the City approved the delivery of its (i) Tax-Exempt Refunding Certificates of Participation, Series 2013A (the “**Series 2013A Certificates**”), in the original principal amount of \$2,445,000 and (ii) Taxable Refunding Certificates of Participation, Series 2013B, in the original principal amount of \$195,000 for the purpose of refunding the Series 2007 Certificates, the proceeds of which were used to refund three prior issues of the City. The Series 2013A Certificates are payable from basic rent payments made by the City pursuant to the Lease, subject to annual appropriation by the Board of Aldermen. The Series 2013A Certificates are on parity with the Series 2012 Certificates. The final Basic Rent Payment on the Series 2013B Certificates was made on February 1, 2019.

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The remaining basic rent payments distributable with respect to the Series 2012 Certificates and the Series 2013A Certificates are as follows:

Fiscal Year Ended Sept. 30	Series 2012 Basic Rent			Series 2013A Basic Rent			TOTAL BASIC RENT
	Principal Portion	Interest Portion	Total	Principal Portion	Interest Portion	Total	
2020	\$ 30,000.00	\$ 19,820.00	\$ 49,820.00	\$ 180,000.00	\$ 59,291.26	\$ 239,291.26	\$ 289,111.26
2021	30,000.00	18,995.00	48,995.00	275,000.00	54,625.01	329,625.01	378,620.01
2022	35,000.00	18,095.00	53,095.00	285,000.00	48,248.76	333,248.76	386,343.76
2023	35,000.00	16,957.50	51,957.50	295,000.00	41,141.26	336,141.26	388,098.76
2024	35,000.00	15,732.50	50,732.50	300,000.00	33,403.76	333,403.76	384,136.26
2025	40,000.00	14,402.50	54,402.50	315,000.00	24,786.26	339,786.26	394,188.76
2026	40,000.00	12,882.50	52,882.50	325,000.00	15,343.76	340,343.76	393,226.26
2027	40,000.00	11,362.50	51,362.50	335,000.00	5,234.38	340,234.38	391,596.88
2028	45,000.00	9,762.50	54,762.50	-	-	-	54,762.50
2029	45,000.00	7,962.50	52,962.50	-	-	-	52,962.50
2030	45,000.00	6,162.50	51,162.50	-	-	-	51,162.50
2031	50,000.00	4,250.00	54,250.00	-	-	-	54,250.00
2032	50,000.00	2,125.00	52,125.00	-	-	-	52,125.00
Total	\$520,000.00	\$158,510.00	\$678,510.00	\$2,310,000.00	\$282,074.45	\$2,592,074.45	\$3,270,584.45

Note: There is on deposit in a reserve fund for the Series 2012 Certificates the amount of \$54,762.50, which is expected to be applied to the final rental payment.
There is on deposit in a reserve fund for the Series 2013 Certificates the amount of \$240,000, which is expected to be applied to the final rental payment.

The City has never in its history defaulted on the payment of any of its debt obligations.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, as more fully described in the notes to the City's audited financial statements attached hereto as *Appendix B*.

The City is required by law to prepare an annual budget of estimated receipts and disbursements for each fiscal year. The budget is prepared under the direction of the City Administrator after consultation with each department and is presented to the Board of Aldermen prior to September 1 each year for approval after a public hearing. The City's fiscal year is October 1 through September 30. The budget lists estimated receipts by fund and sources and estimated disbursements by fund and purpose.

The financial records of the City are audited annually by a firm of independent certified public accountants. In recent years, the annual audit has been performed by Dana F. Cole & Company LLP, Overland Park, Kansas. Copies of the audit reports for the past five years are on file with the City and are available for review.

Pension and Employee Retirement Plans

The City participates in the Missouri Local Government Employees' Retirement System ("LAGERS"), an agent multiple-employer public employee retirement system that acts as a common investment and

administrative agent for local government entities in Missouri. LAGERS was created and is governed by state statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees (“**LAGERS’ Board**”) consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 (the “**2018 LAGERS CAFR**”) is available at <http://www.molagers.org/financial.html>. The link to the 2018 LAGERS CAFR is provided for general background information only, and the information in the 2018 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2018 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

For information specific to the City’s participation in LAGERS, including the City’s past contributions, net pension liability and related sensitivities, and pension expense, see Note 12 to the City’s financial statements included in Appendix B to this Official Statement. For additional information regarding LAGERS, see the 2018 LAGERS CAFR.

Sources of Revenues

The City finances its operations through a local property tax levy, sales taxes, franchise tax, charges for services, fines and forfeitures and various other sources. The City’s budgeted sources of revenue in the General Fund for fiscal year ending September 30, 2020, were as follows:

<u>Fiscal Year ending September 30, 2020</u>		
<u>Source</u>	<u>Amount</u>	<u>%</u>
Taxes	\$1,213,602	60.91%
Franchise Fees	153,820	7.72
Licenses and Permits	387,518	19.45
Fines and Forfeitures	112,000	5.62
Investment Earnings	1,237	0.06
Rental Fees	17,000	0.85
Charges for Services	8,121	0.41
Other/Intergovernmental	<u>99,000</u>	<u>4.97</u>
TOTAL REVENUE	<u>\$1,992,298</u>	100.00%

Source: City’s 2019-20 Budget.

Summary of Receipts, Expenditures and Fund Balances

The following table sets forth the City's total revenues and expenditures and ending balance in the General Fund for the fiscal years ended September 30, 2016 through 2018:

	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund Revenues	\$1,509,999	\$1,751,050	\$1,845,680
General Fund Expenditures	<u>1,663,556</u>	<u>1,890,517</u>	<u>1,863,798</u>
Revenues Collected Over (Under) Expenditures Made	(153,557)	(139,467)	(18,118)
Other Financing Sources (Uses):			
Transfers in	59,292	62,971	32,840
Transfers out	(51,636)	(18,889)	(25,830)
Proceeds from long-term debt	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(145,901)	(95,385)	(11,108)
Beginning General Fund Balance	<u>464,793⁽¹⁾</u>	<u>318,892</u>	<u>223,507</u>
Ending General Fund Balance	\$318,892	\$223,507	\$212,399

Source: City's audited financial statements for fiscal years ended September 30, 2016 through 2018.

⁽¹⁾ The beginning fund balance was adjusted in the amount of \$34,968 due to a decrease in accounts payable.

TAX INFORMATION CONCERNING THE CITY

Property Valuations

Assessment Procedure. All taxable real and personal property within the City is assessed annually by the County Assessor of Cass County. Missouri law requires that, except as noted below, personal property be assessed at 33-1/3% of true value and that real property be assessed at the following percentages of true value:

Residential real property	19%
Agricultural and horticultural real property.....	12%
Utility, industrial, commercial, railroad and all other real property	32%

Although the assessment ratio for personal property is generally 33-1/3% of true value, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 0.5%, livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986. On January 1 in every odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation. The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City, according to the assessment of January 1, 2019:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Total Valuation</u>	<u>% of Actual Valuation</u>
Real Estate:				
Residential	\$53,188,900	19.00%	\$279,941,579	79.11%
Agricultural	237,320	12.00%	1,977,667	0.56
Commercial ⁽¹⁾	<u>11,261,503</u>	32.00%	<u>35,192,197</u>	9.94
Sub-Total	\$64,687,723		\$317,111,442	89.61
Personal Property ⁽¹⁾	<u>12,254,914</u>	33.33%	<u>36,768,419</u>	<u>10.39</u>
TOTAL	<u>\$76,942,637</u>		\$353,879,861	100.00%

Source: Cass County Clerk.

⁽¹⁾ Includes State Assessed and Local Utilities.

History of Property Valuations. The total assessed valuation of all taxable tangible property situated in the City according to the assessments of January 1 in each of the following years (as equalized in August when levies are set each year) has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change⁽¹⁾</u>
2019	\$76,942,637	14.25%
2018	67,347,087	2.91
2017	65,442,962	14.47
2016	57,170,290	2.05
2015	56,021,113	NA

Source: Cass County Clerk.

⁽¹⁾ Larger increases due to reassessment in odd-numbered years. See “*Assessment Procedure*” above.

Property Tax Levies and Collections

Tax Collection Procedure:

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City’s debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown in the tax books. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year’s delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of January, February and March.

Tax Rates

Debt Service Levy. The City’s debt service levy for the 2020 fiscal year is \$0.7525 per \$100 of assessed valuation. Once indebtedness has been approved by the voters and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as it falls due and to retire the same within 20 years from the date of issue. The Board of Aldermen may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The City’s operating levy for the 2020 fiscal year is \$0.4097 per \$100 of assessed valuation. The operating levy cannot exceed the “tax rate ceiling” for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate. The tax levy for debt service on the City’s general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City’s operating levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition. The tax rate ceiling for fiscal year 2020 for the operating levy is \$0.4097 per \$100 of assessed valuation.

In 2008, through the enactment of Senate Bill 711 (“SB 711”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a city’s actual operating tax levy if its current tax levy was less than its current tax levy ceiling, due to the city’s voluntary rollback from the maximum authorized tax levy. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a city’s actual operating tax levy, regardless of whether that levy is at the city’s tax levy ceiling. This further reduction is sometimes referred to as an “SB 711 rollback.” In non-reassessment years (even-numbered years), the operating levy may be increased to the city’s tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

History of Property Tax Levies. The following table shows the City’s property tax levies (per \$100 of assessed valuation) for each of the prior Fiscal Years listed below:

Tax Year	Fiscal Year Ended September 30	General Fund	Debt Service Fund	Total Levy
2019	2020	\$0.4097	\$0.7525	\$1.1622
2018	2019	0.4368	1.0126	1.4494
2017	2018	0.4233	1.0483	1.4716
2016	2017	0.4566	1.2000 ⁽¹⁾	1.6566
2015	2016	0.4556	0.9639	1.4195
2014	2015	0.4556	0.4577	0.9133

Source: Missouri State Auditor’s Property Tax Rate Report for calendar years 2014 through 2019.

⁽¹⁾ Beginning with Fiscal Year ending September 30, 2017, the City increased the debt service levy to pay debt service on the City’s General Obligation Street Bonds, Series 2015, issued on April 9, 2015, for the 211th street interchange.

Tax Collection Record:

The following table sets forth tax collection information for the City for the last five fiscal years.

Tax Year	Fiscal Year Ended September 30	Total Levy	Assessed Valuation⁽¹⁾	Total Taxes Levied⁽²⁾	Current and Delinquent Taxes Collected⁽³⁾	
					Amount	%
2018	2019	\$1.4494	\$67,347,087	\$976,129	\$990,353	101.5%
2017	2018	1.4716	65,442,962	963,059	874,523	90.8
2016	2017	1.6566	57,170,290	947,083	944,165	99.7
2015	2016	1.4195	56,021,113	795,220	777,505	97.8
2014	2015	0.9133	55,164,427	503,817	520,485	103.3

Source: City.

- (1) The assessed valuation used is the assessed valuation of the City, after Board of Equalization adjustments, of the calendar year prior to the Fiscal Year shown and includes assessed value of state assessed railroad and utility property.
- (2) Total Taxes Levied is calculated by dividing Assessed Valuation by 100 and multiplying by the Total Levy. Excludes taxes against state-assessed railroads and utilities.
- (3) Includes amount of real and personal property taxes collected from locally assessed real and personal property, including locally assessed railroad and utility property, as well as property taxes collected from State Assessed Railroad and Utility Property. Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of Current and Delinquent Taxes Collected to exceed 100%.

Sales Tax Collections

In addition to the City tax levies on real estate and personal properties, the City collects a 1-cent sales tax to the general fund, a ½-cent sales tax to the capital improvements fund, a ½-cent transportation sales tax to the general fund, a ½-cent sales tax for the park fund and a ½-cent sales tax to the general fund for public safety.

The City's revenue from sales tax levies for the past five fiscal years are as follows:

Fiscal Year Ended September 30	General Fund	Capital Improvements	Transportation	Parks	Public Safety⁽¹⁾
2019	\$495,102	\$247,561	\$248,014	\$247,561	\$213,764
2018	485,960	242,298	242,306	242,298	68,334
2017	451,342	225,672	225,672	225,667	---
2016	440,196	219,183	219,185	219,600	---
2015	431,481	212,588	223,098	212,587	---

Source: Audited Financial Statements for fiscal years ended September 30, 2015 through 2018; unaudited financial statements for fiscal year ended September 30, 2019; City's 2019-20 Budget.

- (1) On November 7, 2017, the voters of the City approved a ½-cent sales tax for public safety. Fiscal year ended September 30, 2019 was the first full year the Public Safety Sales Tax was collected.

Major Property Taxpayers

The following table shows the ten largest real property and personal property taxpayers in the City based on the assessed valuation of property owned as of January 1, 2019. The City has not independently verified the accuracy or completeness of such information.

<u>Taxpayer</u>	<u>Type of Use</u>	<u>2019 Assessed Valuation</u>	<u>% of City's Total 2019 Assessed Valuation</u>
CFJ Properties	Truck travel plazas	\$1,157,210	1.50%
Bradley's Crossing Th1 LLC	Real estate	683,570	0.89
J&C Holdings LLC	Unknown	507,030	0.66
Casey's Marketing Co.	Retail	437,520	0.57
Spire Missouri Inc.	Utility	429,250	0.56
Elmwood Properties	Real estate	387,300	0.50
Wilhite Equine Services	Veterinary medicine	325,140	0.42
Turnage Properties	Real estate	311,520	0.40
Fall River Real Estate LLC	Real estate	284,080	0.37
Sanders, Perry L & Louise A Trust	Trust	<u>272,855</u>	<u>0.35</u>
TOTAL		<u>\$4,795,475</u>	<u>6.23%</u>

Source: Cass County Assessor.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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City of Peculiar, Missouri Financial Statements

For the Year Ended September 30, 2018

Together with Independent Auditor's Report

CITY OF PECULIAR, MISSOURI
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**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peculiar, Missouri, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peculiar, Missouri, as of September 30, 2018, and the respective changes in financial position - modified cash basis, and, where applicable, cash flows - modified cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Peculiar, Missouri's basic financial statements. The supplementary information on pages 47 - 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of employer's contributions and schedule of net pension liability included on pages 57 - 58, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2019, on our consideration of the City of Peculiar, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Peculiar, Missouri's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Overland Park, Kansas
February 9, 2019

CITY OF PECULIAR, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
SEPTEMBER 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	1,056,814	1,887,016	2,943,830
Restricted cash and equivalents	776,615	3,102,377	3,878,992
Prepaid expenses		5,472	5,472
Capital assets			
Land and easements	1,213,318	472,189	1,685,507
Construction in progress	39,774	1,346,798	1,386,572
Infrastructure	23,318,909		23,318,909
Water and sewer facilities and transmission lines		18,432,300	18,432,300
Vehicles and equipment	1,609,612	846,913	2,456,525
Buildings and improvements	1,748,229	372,204	2,120,433
Accumulated depreciation	<u>(7,171,471)</u>	<u>(5,381,675)</u>	<u>(12,553,146)</u>
TOTAL ASSETS	<u>22,591,800</u>	<u>21,083,594</u>	<u>43,675,394</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u></u>	<u>269,180</u>	<u>269,180</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>22,591,800</u>	<u>21,352,774</u>	<u>43,944,574</u>
LIABILITIES			
Current Liabilities			
Capital projects payable	602,095		602,095
Accounts payable	5,267	5,596	10,863
Meter deposits		269,637	269,637
Current portion of long-term debt	<u>294,878</u>	<u>751,282</u>	<u>1,046,160</u>
Total current liabilities	<u>902,240</u>	<u>1,026,515</u>	<u>1,928,755</u>
Long-Term Liabilities, net of current portion	<u>9,346,593</u>	<u>16,143,757</u>	<u>25,490,350</u>
TOTAL LIABILITIES	<u>10,248,833</u>	<u>17,170,272</u>	<u>27,419,105</u>

CITY OF PECULIAR, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
SEPTEMBER 30, 2018

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	11,116,900	2,077,860	13,194,760
Restricted for			
Debt Service	471,572	977,932	1,449,504
Capital Projects	291,630		291,630
Unrestricted	<u>462,865</u>	<u>1,126,710</u>	<u>1,589,575</u>
TOTAL NET POSITION	<u><u>12,342,967</u></u>	<u><u>4,182,502</u></u>	<u><u>16,525,469</u></u>

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges	Operating	Capital	Primary Government		
		for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs							
Primary government							
Governmental activities							
Elected officials	27,323				(27,323)		(27,323)
Administration	297,011	266,967	9,736		(20,308)		(20,308)
Public Safety	1,127,218	88,567	105,428		(933,223)		(933,223)
Public Works	72,716		327,493		254,777		254,777
Streets	982,748		60,561	357,892	(564,295)		(564,295)
Parks	223,480	46,298	600	4,519	(172,063)		(172,063)
Courts	70,918				(70,918)		(70,918)
Planning	242,768	5,606			(237,162)		(237,162)
Facilities	107,352				(107,352)		(107,352)
Information technology	76,063				(76,063)		(76,063)
Interest on long-term debt	477,039				(477,039)		(477,039)
Total governmental activities	<u>3,704,636</u>	<u>407,438</u>	<u>503,818</u>	<u>362,411</u>	<u>(2,430,969)</u>		<u>(2,430,969)</u>
Business-type activities							
Water	1,903,704	1,621,111				(282,593)	(282,593)
Sewer	1,586,399	1,555,963				(30,436)	(30,436)
Trash	274,400	291,123				16,723	16,723
Total business-type activities	<u>3,764,503</u>	<u>3,468,197</u>				<u>(296,306)</u>	<u>(296,306)</u>
Total primary government	<u>7,469,139</u>	<u>3,875,635</u>	<u>503,818</u>	<u>362,411</u>	<u>(2,430,969)</u>	<u>(296,306)</u>	<u>(2,727,275)</u>
General revenues							
Taxes							
Property tax, levied for general purposes					972,498		972,498
Franchise and other miscellaneous taxes					709,580		709,580
Sales tax					1,485,780		1,485,780
Other taxes					2,751		2,751
Interest and investment earnings					2,019	86,246	88,265
Other					73,509	23,046	96,555
Total general revenues					<u>3,246,137</u>	<u>109,292</u>	<u>3,355,429</u>
Transfers in (out)					<u>(109,611)</u>	<u>109,611</u>	
CHANGE IN NET POSITION					705,557	(77,403)	628,154
NET POSITION, beginning of year					<u>11,637,410</u>	<u>4,259,905</u>	<u>15,897,315</u>
NET POSITION, end of year					<u>12,342,967</u>	<u>4,182,502</u>	<u>16,525,469</u>

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Park Fund	Debt Service	Capital Improvement Fund	Road and Street Fund	Gasoline Tax Fund	Nonmajor Governmental Funds	Total
ASSETS								
ASSETS								
Cash and cash equivalents	218,805	111,053			269,916	320,224	136,816	1,056,814
Restricted cash and cash equivalents	<u>4,658</u>	<u> </u>	<u>416,523</u>	<u>297,261</u>	<u> </u>	<u> </u>	<u>58,173</u>	<u>776,615</u>
TOTAL ASSETS	<u>223,463</u>	<u>111,053</u>	<u>416,523</u>	<u>297,261</u>	<u>269,916</u>	<u>320,224</u>	<u>194,989</u>	<u>1,833,429</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Capital projects payable	5,797			226,069	78,402	291,300	527	602,095
Court bonds payable	<u>4,658</u>							<u>4,658</u>
Court fees payable	<u>609</u>							<u>609</u>
Total liabilities	<u>11,064</u>	<u> </u>	<u> </u>	<u>226,069</u>	<u>78,402</u>	<u>291,300</u>	<u>527</u>	<u>607,362</u>
FUND BALANCES								
Restricted								
Capital projects				71,192	191,514	28,924		291,630
Debt service			416,523				55,049	471,572
Assigned								
Capital projects							139,413	139,413
Parks		111,053						111,053
Unassigned	<u>212,399</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>212,399</u>
Total fund balances	<u>212,399</u>	<u>111,053</u>	<u>416,523</u>	<u>71,192</u>	<u>191,514</u>	<u>28,924</u>	<u>194,462</u>	<u>1,226,067</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>223,463</u>	<u>111,053</u>	<u>416,523</u>	<u>297,261</u>	<u>269,916</u>	<u>320,224</u>	<u>194,989</u>	<u>1,833,429</u>

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
 RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 OF GOVERNMENTAL FUNDS - MODIFIED CASH BASIS TO THE STATEMENT
 OF NET POSITION OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS
 SEPTEMBER 30, 2018

Total fund balance - total governmental funds	1,226,067
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Capital assets used in governmental activities
 are not financial resources and, therefore, are not
 reported in the fund financial statements, but are reported
 in the governmental activities of the net position.

Governmental capital assets	27,929,842	
Less accumulated depreciation	<u>(7,171,471)</u>	<u>20,758,371</u>

Premiums on bonds payable are not included in the fund financial statement but are included in the governmental activities of the statement of net position.	(631,033)
--	-----------

Long-term liabilities (such as notes payable, capital leases,
 and bonds payable) are not due and payable in the current
 period and are not included in the fund financial statement,
 but are included in the government-wide statements.

General obligation bonds	7,779,998	
Capital leases	336,840	
Certificates of participation	<u>893,600</u>	<u>(9,010,438)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>12,342,967</u></u>
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CITY OF PECULIAR, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Park Fund	Debt Service Fund	Capital Improvement Fund	Road and Street Fund	Gasoline Tax Fund	Nonmajor Governmental Funds	Total
REVENUES								
Taxes	1,009,815	242,297	721,561	242,299	242,307	326,657	2,751	2,787,687
Franchise fees	382,923							382,923
Licenses, permits, and fees	169,464	24,662					97,503	291,629
Intergovernmental revenue	105,427	4,519		685,385	60,561			855,892
Charges for service	5,606	21,636						27,242
Fines and fees	88,567							88,567
Investment income	1,213	54					752	2,019
Contributions	9,736	600						10,336
Other	72,929	580						73,509
∞ Total revenues	<u>1,845,680</u>	<u>294,348</u>	<u>721,561</u>	<u>927,684</u>	<u>302,868</u>	<u>326,657</u>	<u>101,006</u>	<u>4,519,804</u>
EXPENDITURES								
Elected officials	27,323							27,323
Administrative/finance	239,022			19,313			1,649	259,984
Public safety	1,008,698						3,243	1,011,941
Public works	72,716							72,716
Streets					196,579	116,888		313,467
Parks		193,441						193,441
Courts	70,918							70,918
Planning	242,768							242,768
Facilities	107,352							107,352
Information technologies	76,063							76,063
Capital outlay				2,234,166	91,855	291,300		2,617,321
Debt service								
Principal	16,796	8,400	54,998	100,387			16,200	196,781
Interest	2,142	15,464	442,102	5,419			11,912	477,039
Total expenditures	<u>1,863,798</u>	<u>217,305</u>	<u>497,100</u>	<u>2,359,285</u>	<u>288,434</u>	<u>408,188</u>	<u>33,004</u>	<u>5,667,114</u>

CITY OF PECULIAR, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Park Fund	Debt Service Fund	Capital Improvement Fund	Road and Street Fund	Gasoline Tax Fund	Nonmajor Governmental Funds	Total
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,118)</u>	<u>77,043</u>	<u>224,461</u>	<u>(1,431,601)</u>	<u>14,434</u>	<u>(81,531)</u>	<u>68,002</u>	<u>(1,147,310)</u>
OTHER FINANCING SOURCES (USES)								
Capital lease proceeds				185,483				185,483
Transfers in	32,840			559,950			34,137	626,927
Transfers out	<u>(25,830)</u>	<u>(9,019)</u>	<u>(131,500)</u>	<u>(9,486)</u>	<u>(377)</u>	<u>(72,936)</u>	<u>(487,390)</u>	<u>(736,538)</u>
Total other financing sources (uses)	<u>7,010</u>	<u>(9,019)</u>	<u>(131,500)</u>	<u>735,947</u>	<u>(377)</u>	<u>(72,936)</u>	<u>(453,253)</u>	<u>75,872</u>
CHANGE IN FUND BALANCES	(11,108)	68,024	92,961	(695,654)	14,057	(154,467)	(385,251)	(1,071,438)
FUND BALANCE, beginning of year	<u>223,507</u>	<u>43,029</u>	<u>323,562</u>	<u>766,846</u>	<u>177,457</u>	<u>183,391</u>	<u>579,713</u>	<u>2,297,505</u>
FUND BALANCE, end of year	<u>212,399</u>	<u>111,053</u>	<u>416,523</u>	<u>71,192</u>	<u>191,514</u>	<u>28,924</u>	<u>194,462</u>	<u>1,226,067</u>

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES -
MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net changes in fund balances	(1,071,438)
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Government funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital outlay	2,617,321	
Depreciation expense	<u>(890,189)</u>	1,727,132

Governmental funds report bond proceeds as current financial resources. In contract, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contract, the statement of net position reports repayment as a reduction to long-term liabilities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-

Principal Payments		
GO Bonds	54,998	
Capital leases	117,183	
Certificates of Participation	<u>24,600</u>	196,781
Amortization of bond premiums		38,565
New issuance of debt		<u>(185,483)</u>

CHANGE IN NET POSITION	<u>705,557</u>
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The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

		Enterprise Funds				
		Water	Sewer	Trash	Eliminations	Total
ASSETS						
Current Assets						
	Cash and cash equivalents	1,071,175	559,121	256,720		1,887,016
	Prepaid expenses	5,472				5,472
	Due from other funds			40,000	(40,000)	
	Total current assets	<u>1,076,647</u>	<u>559,121</u>	<u>296,720</u>	<u>(40,000)</u>	<u>1,892,488</u>
Noncurrent assets						
	Restricted cash	1,214,134	1,888,243			3,102,377
	Capital assets					
	Land and easements	287,910	184,279			472,189
	Construction in progress	405,593	941,205			1,346,798
	Infrastructure	11,412,992	7,019,308			18,432,300
	Vehicles and equipment	473,438	373,475			846,913
	Buildings and improvements	156,815	215,389			372,204
	Less accumulated depreciation	(3,217,901)	(2,163,774)			(5,381,675)
	Total noncurrent assets	<u>10,732,981</u>	<u>8,458,125</u>			<u>19,191,106</u>
	TOTAL ASSETS	<u>11,809,628</u>	<u>9,017,246</u>	<u>296,720</u>	<u>(40,000)</u>	<u>21,083,594</u>
DEFERRED OUTFLOWS OF RESOURCES						
	Deferred loss on refunding		269,180			269,180
	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>11,809,628</u>	<u>9,286,426</u>	<u>296,720</u>	<u>(40,000)</u>	<u>21,352,774</u>

CITY OF PECULIAR, MISSOURI
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

		Enterprise Funds				
		Water	Sewer	Trash	Eliminations	Total
LIABILITIES						
Current Liabilities						
Accrued liabilities		5,596				5,596
Due to other funds		10,394	29,606		(40,000)	
Current maturities of long-term debt		421,758	329,524			751,282
Payable from restricted assets						
Customer deposits		245,411	24,226			269,637
Total current liabilities		<u>683,159</u>	<u>383,356</u>		<u>(40,000)</u>	<u>1,026,515</u>
Noncurrent liabilities						
Long-term debt net of current maturities		<u>10,123,717</u>	<u>6,020,040</u>			<u>16,143,757</u>
TOTAL LIABILITIES		<u>10,806,876</u>	<u>6,403,396</u>		<u>(40,000)</u>	<u>17,170,272</u>
NET POSITION						
Net investment in capital assets		(64,602)	2,142,462			2,077,860
Restricted for debt service		766,878	211,054			977,932
Unrestricted		<u>300,476</u>	<u>529,514</u>	<u>296,720</u>		<u>1,126,710</u>
TOTAL NET POSITION		<u>1,002,752</u>	<u>2,883,030</u>	<u>296,720</u>		<u>4,182,502</u>

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

		Enterprise Funds				
		Water	Sewer	Trash	Eliminations	Total
REVENUES						
Charges for services		<u>1,621,111</u>	<u>1,555,963</u>	<u>291,123</u>		<u>3,468,197</u>
EXPENSES						
Personnel		537,657	418,361	17,323		973,341
Contractual and professional		402,754	275,120	243,622		921,496
Materials and supplies		42,779	281,273	2,147		326,199
Repairs and maintenance		337,458	74,602			412,060
Insurance		22,560	17,380	11,308		51,248
Utilities		5,491	81,753			87,244
Depreciation and amortization		234,846	200,980			435,826
Total expenses		<u>1,583,545</u>	<u>1,349,469</u>	<u>274,400</u>		<u>3,207,414</u>
13 OPERATING INCOME		<u>37,566</u>	<u>206,494</u>	<u>16,723</u>		<u>260,783</u>
NONOPERATING REVENUES (EXPENSES)						
Interest income		65,451	20,795			86,246
Interest expense		(320,159)	(236,930)			(557,089)
Tower rental		23,046				23,046
Total nonoperating revenues (expenses)		<u>(231,662)</u>	<u>(216,135)</u>			<u>(447,797)</u>
Income before grants and transfers		<u>(194,096)</u>	<u>(9,641)</u>	<u>16,723</u>		<u>(187,014)</u>
TRANSFERS						
Transfers in		1,693,192	763,462		(2,331,375)	125,279
Transfers out		<u>(1,642,976)</u>	<u>(702,734)</u>	<u>(1,333)</u>	<u>2,331,375</u>	<u>(15,668)</u>
Net transfers		<u>50,216</u>	<u>60,728</u>	<u>(1,333)</u>		<u>109,611</u>
CHANGE IN NET POSITION		<u>(143,880)</u>	<u>51,087</u>	<u>15,390</u>		<u>(77,403)</u>
NET POSITION, beginning of year		<u>1,146,632</u>	<u>2,831,943</u>	<u>281,330</u>		<u>4,259,905</u>
NET POSITION, end of year		<u>1,002,752</u>	<u>2,883,030</u>	<u>296,720</u>		<u>4,182,502</u>

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Water	Sewer	Trash	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	1,621,111	1,555,963	291,123	3,468,197
Payments to suppliers for goods and services	(775,760)	(730,678)	(257,077)	(1,763,515)
Payments for employee services and benefits	<u>(537,657)</u>	<u>(418,361)</u>	<u>(17,323)</u>	<u>(973,341)</u>
Net cash provided by operating activities	<u>307,694</u>	<u>406,924</u>	<u>16,723</u>	<u>731,341</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other receipts	23,046			23,046
Transfers (to) from other funds	<u>50,216</u>	<u>60,728</u>	<u>(1,333)</u>	<u>109,611</u>
Net cash provided by (used in) noncapital financing activities	<u>73,262</u>	<u>60,728</u>	<u>(1,333)</u>	<u>132,657</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Deferred charge on refunding		20,706		20,706
Proceeds from capital lease agreements		128,895		128,895
Purchases of capital assets	(1,406,302)	(1,020,844)		(2,427,146)
Long-term debt payments	(630,061)	(262,772)		(892,833)
Interest and fiscal fees paid on long-term debt	<u>(341,490)</u>	<u>(249,995)</u>		<u>(591,485)</u>
Net cash used in capital and related financing activities	<u>(2,377,853)</u>	<u>(1,384,010)</u>		<u>(3,761,863)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	<u>65,451</u>	<u>20,795</u>		<u>86,246</u>
Net cash provided by investing activities	<u>65,451</u>	<u>20,795</u>		<u>86,246</u>

CITY OF PECULIAR, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

15

	Water	Sewer	Trash	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,931,446)	(895,563)	15,390	(2,811,619)
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,216,755</u>	<u>3,342,927</u>	<u>241,330</u>	<u>7,801,012</u>
CASH AND CASH EQUIVALENTS, end of year	<u>2,285,309</u>	<u>2,447,364</u>	<u>256,720</u>	<u>4,989,393</u>
ALLOCATION OF CASH				
Unrestricted	1,071,175	559,121	256,720	1,887,016
Restricted	<u>1,214,134</u>	<u>1,888,243</u>		<u>3,102,377</u>
Total	<u>2,285,309</u>	<u>2,447,364</u>	<u>256,720</u>	<u>4,989,393</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	<u>37,566</u>	<u>206,494</u>	<u>16,723</u>	<u>260,783</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	234,846	200,980		435,826
(Increase) decrease in the following assets:				
Accounts receivable	10,394			
Prepaid expense	397			397
Increase (decrease) in the following liabilities:				
Accrued liabilities	5,596			5,596
Meter deposits	<u>18,895</u>	<u>(550)</u>		<u>18,345</u>
Total adjustments	<u>270,128</u>	<u>200,430</u>		<u>460,164</u>
Net cash provided by operating activities	<u>307,694</u>	<u>406,924</u>	<u>16,723</u>	<u>720,947</u>

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Peculiar, Missouri (City), was incorporated in 1953 and covers an area of approximately four square miles in Cass County, Missouri. It operates as a political subdivision of the state of Missouri.

The financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United State of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies of the City of Peculiar, Missouri, are described below.

A. REPORTING ENTITY

The City of Peculiar, Missouri, is a fourth class city and is governed by a Mayor/Board of Aldermen form of government. A board of six aldermen, two from each of the three wards of the City, and a mayor are elected to 2-year terms by the residents to administer the City government. The City Administrator is the chief administrative officer of the City. The City provides services to approximately 2,600 residents in the area, including law enforcement, water and sewer services, streets and public works, planning and zoning, 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.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, the City's financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable for the component unit if it appoints a voting majority of the component unit's governing body and is able to impose its will on the component unit or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Component units are reported in the City's financial statements as follows:

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the Board of Aldermen or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Blended Component Unit (Continued)

The 211th Street Community Improvement District (the District) was established in June 2016. The District was established by the City and the Board has been comprised of City officials and staff members. Voters approved a sales tax for the District and funds from the tax were received within the year ending September 30, 2018.

B. GOVERNMENT-WIDE AND FUND FINANCIAL ACCOUNTING

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

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

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

The financial transactions of the City are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts, and disbursements.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL ACCOUNTING (Continued)

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The accounts of the City are organized on the basis of funds, which are grouped into the following fund types:

Governmental Fund Types

General Fund - The General Fund is the principal operating fund of the City and accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or designated to expenditures for specific purposes. The City includes the following special revenue funds as major funds: Parks and Recreation, Road and Street, and Gasoline Tax Funds. The remaining funds are reported as nonmajor governmental funds.

The Parks and Recreation Fund accounts for revenues received and expenditures paid for recreational services provided by the Park and Recreation Board.

The Road and Street Fund accounts for state and local revenues that are restricted for local street expenditures.

The Gasoline Tax Fund accounts for motor vehicle revenues from the State that are restricted for street expenditures.

The LET Fund accounts for law enforcement monies from the State that are restricted to law enforcement.

Capital Projects Funds - 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. The City includes the Capital Improvement as a major fund. The East Growth Fund, West Growth, and 2013 Bonds Construction Funds are reported as non-major funds.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL ACCOUNTING (Continued)

Governmental Fund Types (Continued)

Debt Service Funds - Debt service funds are used for the accumulation of resources for, and payment of, principal, interest, and fiscal charges on long-term debt that supports the water improvement project. The City includes the Debt Service Fund as a major fund. The 2012 COP Debt Service Fund is reported as a non-major fund.

Proprietary Funds

The 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. The City has three of these funds in which the City provides services to the public: Water Fund, Sewer Fund, and Trash Fund, all of which are reported as major funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the governmental activities and business-type activities of the government-wide statement of net position and statement of activities, governmental activities and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis.

In the fund financial statements, the current financial resources measurement focus, or the economic resources measurement focus as applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus within the limitations of the modified the cash basis of accounting. 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 PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States as established by GASB. This basis involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transactions or event occurred. Such reported balances include payables, capital assets and related depreciation, and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from accounting principles generally accepted in the United States primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows or resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for all governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. CAPITAL ASSETS

Capital assets, which include capital assets and infrastructure, 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 assets and depreciated over their estimated useful lives.

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 position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	10 - 15 years
Machinery and equipment	5 - 25 years
Vehicles	5 - 10 years
Infrastructure	5 - 40 years
Office equipment and software	5 - 7 years

E. LONG-TERM DEBT

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

F. BUDGETS

The City follows these procedures in establishing the budgetary data:

1. In July each year, the City Administrator prepares a draft of the budget for the Council to review.
2. In September, the Board of Alderman are responsible for the approval of an annual operating budget for all funds of the City in accordance with Section 67.010 to 67.080, RSMo. 1987.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. BUDGETS (Continued)

3. Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes legal level of control.
4. Once approved, the Board may amend the legally adopted budget when unexpected modifications are required. Revisions to the budget may be made throughout the year.

The schedules of revenues, expenditures, and changes in fund balances - modified cash basis - budget and actual - presented for all major governmental funds present a comparison of budgetary data to actual results of operations for which annual operating budgets were legally adopted.

G. POOLED CASH AND CASH EQUIVALENTS

This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, money market accounts, cash on deposit with fiscal agents, and other highly liquid temporary investments with original maturities of three months or less, readily convertible to known amounts of cash.

H. RESTRICTED CASH AND CASH EQUIVALENTS

Certain cash and cash equivalents are restricted for capital projects, compliance with debt covenants, debt service, court bonds held, and customer meter deposits.

I. COMPENSATED ABSENCES

The City's policy allows an employee to accumulate hours related to paid time off (PTO) each year and carry over to the following year. A maximum dollar limit, depending upon years of continuous employment, is paid upon termination for these hours.

In addition, police enforcement officers earn compensation time and are paid for unused time upon termination. As these financial statements are prepared on the modified cash basis of accounting, this possible liability is not recorded.

J. USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Accordingly, actual results could differ from those estimates.

K. INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information of the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated and reclassified.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. DEFERRED OUTFLOWS OF RESOURCES

The City reports increases in net assets that relate to future periods as deferred outflows of resources in a separate section of its proprietary funds statement of assets, liabilities, and net position. The City has amounts included in the current year's financial statements that are the result a difference in the carrying value of debt refunded in a prior period and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

M. EQUITY CLASSIFICATION

Government-Wide Statements

Net position is displayed in three components:

Invested in capital assets, net of related debt, consists 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 improvement of those assets.

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors or laws and regulations of other governments, or through constitutional provisions or enabling legislation.

Unrestricted net position does not meet the definition of restricted.

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position is 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.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact. The City currently has no amounts classified in this category.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. EQUITY CLASSIFICATION (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen (City Council). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the City Clerk through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund as it is the only fund that reports a positive, unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative, unassigned fund balance in that fund.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. EQUITY CLASSIFICATION (Continued)

Fund Financial Statements (Continued)

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

N. REVENUE, EXPENDITURES, AND EXPENSES

Sales Tax

Local sales taxes are collected and remitted monthly by the Department of Revenue, State of Missouri. The City collects an amount equivalent to 1 cent sales tax to the General Fund, ½ cent sales tax to the General Fund for Public Safety, ½ cent sales tax to the Capital Improvement Fund, ½ cent transportation sales tax to the General Fund, and ½ cent sales tax for the Park Fund.

Property Tax

Each budget year, the City approves a tax rate for the upcoming fiscal year. The General Fund and Debt Service Fund receive property tax. Cass County collects property taxes and remits the portion of the City's share to the City.

Gasoline/Vehicle Tax

The City receives a share of the state gasoline and vehicle tax charged and collected by the state. These taxes support the General Fund.

Franchise Fees

Franchise fees are collected by the City from utility companies for the use of City right of way. This revenue supports the General Fund.

Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside of the City taxpayers are reported as programs revenues. The City has the following program revenues in each activity:

Administrative/Finance	Permits and fees
Law Enforcement	Fines and grants
Public Works	Motor vehicle franchise fees

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. REVENUE, EXPENDITURES, AND EXPENSES (Continued)

Program Revenues (Continued)

Streets	Intergovernmental revenue
Parks	Permits and fees
Planning	Permits and fees.

All other governmental revenues are reported as general. All taxes are classified as general revenues even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for the proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenses

In the government-wide financial statements, expenses are reported on the modified cash basis and are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified Governmental Funds - by function and Proprietary Fund - by operating and non-operating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

O. CAPITAL PROJECTS PAYABLES

At the end of the fiscal year the City had capital projects payables within the Governmental funds. These payables were related to the ongoing Capital School Road project. Payables were recorded at year end so associated revenues and expenditures were recognized within the same budget year.

NOTE 2. POOLED CASH AND CASH EQUIVALENTS

As of September 30, 2018, the carrying amount of the City's pooled cash and cash equivalents totaled \$6,126,038.

Per the Missouri state statutes, the City is permitted, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 2. POOLED CASH AND CASH EQUIVALENTS (Continued)

Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by statutes and approved by the state. The City may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (b) repurchase agreements maturing and becoming payable within 90 days secured by the U.S.

Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2018, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of joint safekeeping receipts. State law requires all funds in depositories to be fully insured or collateralized, and the City's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

NOTE 3. RESTRICTED CASH

The City's restricted cash at September 30, 2018, consisted of the following:

	Court Bonds	Capital Outlay	Debt Service	Customer Deposits
General Fund	4,658			
Debt Service Fund			416,523	
Capital Improvement Fund		297,261		
2012 Debt Service Fund			55,422	
211th Street CID Fund		2,751		
Water Fund		968,723		245,411
Sewer Fund		1,864,017		24,226
Total	<u>4,658</u>	<u>3,132,752</u>	<u>471,945</u>	<u>269,637</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 4. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance to offset these certain risks. Settled claims have not significantly exceeded this commercial coverage in any of the past three fiscal years.

NOTE 5. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo. Section 3.02.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations as follows:

Fines and costs for traffic violations	70,855
Annual general operating revenue	3,035,500
Fines and costs for traffic violations as a percentage of annual general operating revenue	2.33%

NOTE 6. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code 457. The Plan, administered by One America, allows employees to defer a portion of their salary for future years. There is no cost to the City for the operation of this plan.

NOTE 7. PROPERTY TAX

The assessed valuation of the tangible property for the purpose of location taxation, including railroad and utility properties, as of July 2017 was as follows:

Real estate	55,439,972
Personal property	10,002,990
Total current valuation	<u>65,442,962</u>

Taxes are levied no later than October 31 and are due and payable at that time. All unpaid taxes levied by October 31 become delinquent January 1 of the following year. Property taxes may attach as an enforceable lien on property as of January 1.

The tax levy per \$100 of assessed valuation of tangible real and personal property for the year ended September 30, 2018, is as follows:

General Fund	0.4233
Debt Service Fund	<u>1.0483</u>
Total	<u>1.4716</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. CONTINGENCIES

The City is a defendant in various lawsuits arising from normal business activities. Management has received pending litigation with legal counsel and believes that the ultimate liability, if any, resulting from these matters will not materially affect the City's financial position.

NOTE 9. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance at October 1, 2017	Additions	Deductions	Balance at September 30, 2018
Capital assets not being depreciated:				
Land and easements	1,213,318			1,213,318
Construction in progress	<u>244,383</u>	<u>39,774</u>	<u>(244,383)</u>	<u>39,774</u>
Total not being depreciated	<u>1,457,701</u>	<u>39,774</u>	<u>(244,383)</u>	<u>1,253,092</u>
Capital assets being depreciated:				
Buildings and improvements	1,734,270	13,959		1,748,229
Office equipment and furniture	102,128			102,128
Machinery and equipment	326,750	130,797		457,547
Vehicles	1,014,787	35,150		1,049,937
Infrastructure	<u>20,676,885</u>	<u>2,642,024</u>		<u>23,318,909</u>
Total being depreciated	<u>23,854,820</u>	<u>2,821,930</u>		<u>26,676,750</u>
Less accumulated depreciation for:				
Buildings and improvements	549,114	50,790		599,904
Office equipment and furniture	46,187	15,154		61,341
Machinery and equipment	154,290	46,250		200,540
Vehicles	681,842	162,015		843,857
Infrastructure	<u>4,849,849</u>	<u>615,980</u>		<u>5,465,829</u>
Total accumulated depreciation	<u>6,281,282</u>	<u>890,189</u>		<u>7,171,471</u>
Capital assets being depreciated, net	<u>17,573,538</u>	<u>1,931,741</u>		<u>19,505,279</u>
Government capital assets, net	<u>19,031,239</u>	<u>1,971,515</u>	<u>(244,383)</u>	<u>20,758,371</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 9. CAPITAL ASSETS (Continued)

	Balance at October 1, 2017	Additions	Deductions	Balance at September 30, 2018
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Land and easements	472,189			472,189
Construction in progress	<u>3,558,071</u>	<u>1,172,166</u>	<u>(3,383,439)</u>	<u>1,346,798</u>
Total not being depreciated	<u>4,030,260</u>	<u>1,172,166</u>	<u>(3,383,439)</u>	<u>1,818,987</u>
Capital assets being depreciated:				
Vehicles and equipment	683,756	163,157		846,913
Buildings and improvements	360,915	11,289		372,204
Water, sewer facilities, and transmission lines	<u>13,968,329</u>	<u>4,463,971</u>		<u>18,432,300</u>
Total being depreciated	<u>15,013,000</u>	<u>4,638,417</u>		<u>19,651,417</u>
Less accumulated depreciation for:				
Vehicles and equipment	563,072	40,491		603,563
Buildings and improvements	41,308	9,462		50,770
Water, sewer facilities, and transmission lines	<u>4,341,470</u>	<u>385,872</u>		<u>4,727,342</u>
Total accumulated depreciation	<u>4,945,850</u>	<u>435,825</u>		<u>5,381,675</u>
Capital assets being depreciated, net	<u>10,067,150</u>	<u>4,202,592</u>		<u>14,269,742</u>
Business-type activities capital assets, net	<u>14,097,410</u>	<u>5,374,758</u>	<u>(3,383,439)</u>	<u>16,088,729</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 9. CAPITAL ASSETS (Continued)

The following table summarizes the depreciation by function for the year ended September 30, 2018:

	Governmental Funds	Proprietary Funds
General Government	36,498	
Public Safety	115,277	
Road and Street	708,375	
Parks and Recreation	30,039	
Water		234,845
Sewer		200,980
	<u>890,189</u>	<u>435,825</u>

NOTE 10. INTERFUND TRANSFERS AND BALANCES

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The City's General Fund collects property taxes and distributes the appropriate amounts to the Debt Service Fund. Bond payments are made with tax dollars out of the enterprise fund for waterworks improvements. The liability for these bonds is recorded in the enterprise fund. A transfer of tax dollars is made to the enterprise funds to make the payments.

Operating transfers during the year ended September 30, 2018, were as follows:

	Transfers In					Totals
	General	Capital Improvements	Nonmajor Governmental	Water	Sewer	
Transfers Out						
General			34,137			34,137
Park	9,019					9,019
Road and Street	377					377
Capital						
Improvement					9,486	9,486
Debt Service				65,750	65,750	131,500
Nonmajor						
Governmental		559,950				559,950
Water	14,709		825			15,534
Sewer	13,683		825			14,508
Trash	1,333					1,333
Total	<u>39,121</u>	<u>559,950</u>	<u>35,787</u>	<u>65,750</u>	<u>75,236</u>	<u>775,844</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND TRANSFERS AND BALANCES (Continued)

Interfund due from and due to balances at September 30, 2018, were as follows:

	Due To	Due From
Sewer Fund		29,605
Water Fund		10,395
Trash Fund	40,000	
	<u>40,000</u>	<u>40,000</u>

NOTE 11. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended September 30, 2018, consisted of the following:

	Beginning Balance	Addi- tions	Reduc- tions	Ending Balance	Due in One Year
General Obligation Bonds	7,834,996		(54,998)	7,779,998	79,998
Capital leases	268,540	185,483	(117,183)	336,840	119,315
Certificates of Participation	918,200		(24,600)	893,600	57,000
Bond premiums	669,598		(38,565)	631,033	38,565
	<u>9,691,334</u>	<u>185,483</u>	<u>(235,346)</u>	<u>9,641,471</u>	<u>294,878</u>
Governmental activities long-term debt, net	<u>9,691,334</u>	<u>185,483</u>	<u>(235,346)</u>	<u>9,641,471</u>	<u>294,878</u>

General Obligation Bonds

In October 2012, the City issued \$1,039,999 in General Obligation Bonds for the purpose of road improvements to 211th Street Highway Overpass. These bonds consist of both capital appreciation bonds and current interest bonds. The capital appreciation bonds mature annually from March 1, 2014 to March 1, 2018. Original principal amounts range from \$25,000 to \$30,000 with full maturity amounts ranging from \$35,000 to \$55,000. Approximate interest yields range from 11.7% to 27.7%. The current interest bonds mature annually starting on March 1, 2020 through March 1, 2032, with principal maturities ranging from \$110,000 to \$150,000. Interest rates on these bonds range from 1.5% to 3.1%.

In March 2015, the City issued \$6,959,996 in General Obligation Bonds for the purpose of road improvements to 211th Street Highway Overpass. These bonds consist of both capital appreciation bonds and current interest bonds.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

The capital appreciation bonds mature annually from March 1, 2017 to March 1, 2020. Original principal amounts range from \$24,000 to \$50,000 with full maturity amounts ranging from \$200,000 to \$255,000. Approximate interest yields range from 1% to 2%. The current interest bonds mature annually starting on March 1, 2021 through March 1, 2035, with principal maturities ranging from \$255,000 to \$745,000. Interest rates on these bonds range from 2.00% to 3.5%.

Future minimum bond payments as of September 30, 2018, are as follows:

Years ending September 30,	Principal	Interest	Total
2019	79,998	424,556	504,554
2020	95,000	443,731	538,731
2021	310,000	225,218	535,218
2022	330,000	218,143	548,143
2023	360,000	209,743	569,743
2024 - 2028	2,120,000	895,963	3,015,963
2029 - 2033	3,070,000	515,236	3,585,236
2034 - 2035	1,415,000	50,838	1,465,838
	<u>7,779,998</u>	<u>2,983,426</u>	<u>10,763,424</u>

Capital Leases

The City has entered into various capital lease agreements with Marion National Bank for multiple pieces of equipment over the years. Under the terms of the agreements, the City is to make set payments which include both principal and interest portions. Additional details specific to lease agreements within the governmental funds are provided below.

The City entered into a capital lease for the purchase of vehicles totaling \$152,445 with a fixed rate interest percentage of 3% in December 2013. Payments of \$2,734 are due from governmental funds monthly through the maturity date of December 16, 2018.

In May 2014, the City entered into a capital lease for the purchase of a new building to house the Police Department. Funds received under the lease totaled \$116,571 with a fixed interest rate of 3.75%. Payments of \$1,578 are due monthly through the maturity date of May 1, 2021.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT (Continued)

Capital Leases (Continued)

In fiscal year 2015, the City entered into two capital lease agreements with Marion Bank. Under the first lease, in January 2015 the City purchased Ford Trucks totaling \$162,027 with an interest rate of 3.5%. Payments of \$2,948 are due monthly through the maturity date of January 10, 2020. In August 2015, the City entered into the second capital lease agreement in fiscal year 2015 for the purchase of an asphalt recycler for \$25,500 at an interest rate of 3.9%. Payments of \$5,713 are due annually through the maturity date of August 10, 2020.

In March 2017, the City entered into a capital lease agreement for the purchase of vehicles for the Parks Department totaling \$77,613. The interest rate is fixed at 2.95%. Payments of \$1,717 are due monthly until the maturity date of March 15, 2021.

In May 2018, the City entered into a capital lease agreement totaling \$185,483 where proceeds were used to purchase various vehicles and equipment. Under this agreement has a fixed interest rate of 3.95%. Monthly payments of \$3,413 are due from the governmental funds until the maturity date of May 15, 2023.

Future minimum payments associated with these lease agreements for the Governmental funds are as follows:

Year ending September 30,	Principal	Interest	Total
2019	119,314	10,484	129,798
2020	91,363	6,638	98,001
2021	60,207	3,674	63,881
2022	39,051	1,902	40,953
2023	26,905	399	27,304
	<u>336,840</u>	<u>23,097</u>	<u>359,937</u>

Certificates of Participation

In June 2012, \$705,000 of Certificates of Participation were issued for the purpose of acquiring, constructing, installing, furnishing, and equipping City Hall and other capital improvements. Rental payments are due June 1, starting on May 1, 2013, with the final payment due on May 1, 2032. Interest payments are due on November 1 and May 1. Rental payments are payable from funds appropriated by the City through General Fund revenues. The City has not pledged general tax revenues, funds, or money to pay this obligation.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT (Continued)

Certificates of Participation (Continued)

The base lease between the City as a lessor and First Bank of Missouri as lessee and trustee, transfer a leasehold interest in certain real property held by the City to the trustee. The term of the base lease is June 1, 2012 through May 1, 2023, or the date the certificates have been paid in full, whichever is earlier.

In June 2013, the City issued 2013A Tax-Exempt Refunding Certificates of Participation of \$2,445,000 and 2013B Taxable Refunding Certificates of Participation of \$195,000 to advance refund \$2,530,000 of outstanding 2007 Certificates of Participation. This advance refunding was undertaken to reduce the total debt service payments by \$621,200 which resulted in an economic gain of \$426,756.

Future minimum lease payments for the Certificates of Participation are as follows:

Years ending September 30,	Principal	Interest	Total
2019	57,000	26,118	83,118
2020	59,400	24,933	84,333
2021	82,200	23,367	105,567
2022	87,300	21,351	108,651
2023	89,700	19,031	108,731
2024 - 2028	415,400	53,541	468,941
2029 - 2032	<u>102,600</u>	<u>11,070</u>	<u>113,670</u>
	<u>893,600</u>	<u>179,411</u>	<u>1,073,011</u>

Business-Type Activities

Changes in the debt for the year ended September 30, 2018, consisted of the following:

	Beginning Balance	Addi- tions	Reduc- tions	Ending Balance	Due in One Year
Notes payable	371,000		(150,500)	220,500	
Certificates of Participation	2,176,800		(40,400)	2,136,400	143,000
Revenue Bonds	14,125,000		(535,000)	13,590,000	395,000
General Obligation Bonds	300,000		(132,000)	168,000	142,000
Capital lease	52,034	128,895	(34,933)	145,996	36,884
Bond premium	<u>668,540</u>		<u>(34,398)</u>	<u>634,142</u>	<u>34,398</u>
Business-type activities					
long-term debt, net	<u>17,693,374</u>	<u>128,895</u>	<u>(927,231)</u>	<u>16,895,038</u>	<u>751,282</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT (Continued)

Notes Payable

The City, by ordinance, also participates in the State Revolving Fund Program (SRF) Series 1994A and Series 1999A. These programs require the state to place 70% of the total bond issue in an escrow trust for the City. The interest earned on the escrow funds is transferred to the trust debt service fund to help pay the City's required interest payments on the bonds. As principal payments are made, the state reclaims 70% of the principal payment.

The state SRF reserve is included in the bond issue trust funds and the City has elected to record the SRF reserve as a restricted investment on their statement of net position. A corresponding note payable is also recorded. The amount currently outstanding is \$220,500 with no payment due within one year.

Certificates of Participation

In June 2013, the City issued \$2,640,000 in Refunding Certificates of Participation. The funds are to be used for refunding the Series 2007 Certificates of Participation. Rental payments are due January 1, starting on January 1, 2019, with the final payment due on January 1, 2027. Interest is payable on January 1 and July 1 ranging from 1% to 5.75%. Rental payments are payable with enterprise operating funds. The City appropriates (budgets) funding for this debt.

The base lease between the City, as lessor, and Southwest Trust Company N.A., as lessee and trustee, transferred a leasehold interest in certain real property held by the City to the trustee. The term of the base lease is November 14, 2007 through January 1, 2027, or the date the certificates have been paid in full, whichever is earlier. Future minimum lease payments are as follows:

Years ending September 30,	Principal	Interest	Total
2019	143,000	56,995	199,995
2020	150,600	54,179	204,779
2021	222,800	50,253	273,053
2022	232,700	44,993	277,693
2023	240,300	39,068	279,368
2024 - 2028	1,059,600	89,369	1,148,969
2029 - 2033	87,400	9,430	96,830
	<u>2,136,400</u>	<u>344,285</u>	<u>2,480,685</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT (Continued)

Revenue Bonds

On June 1, 1999, the City issued \$1,365,000 in Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series). The purpose was for the extension and improvement of the City's combined waterworks and sewerage system. Bonds and interest payments are to be made with proprietary revenues. Bonds are due in annual installments varying from year to year until maturing on January 1, 2020. Interest is payable on January 1 and July 1. Interest rates range from 3.625% to 5.25%. The outstanding principal balance at September 30, 2018, totaled \$180,000.

On November 14, 2007, the City issued \$605,000 in Combined Waterworks and Sewerage System Refunding Revenue Bonds. The funds are to be used for refunding the Series 1993 and 1994B balances and new funds for additional improvements. Bonds and interest payments are to be made with proprietary revenues. Bonds are due in annual installments varying from year to year until maturity on January 1, 2018. Interest is payable on January 1 and July 1. Interest rates range from 4.1% to 4.2%. These bonds were paid off within the year ending September 30, 2018.

On December 5, 2013, the City issued \$1,245,000 in Combined Waterworks and Sewerage System Revenue Bonds. The funds are to be used for the purpose of extending and improving the combined waterworks and sewerage system. Bond and interest payments are to be made with proprietary revenues. Bonds are due in annual installments varying from year to year until maturity on November 1, 2033. Interest is payable on May 1 and November 1. Interest ranges from 1% to 4.25%. The outstanding principal balance at September 30, 2018, totaled \$1,060,000.

On May 15, 2017, the City issued \$9,260,000 in Combined Waterworks and Sewerage System Revenue Bonds. The funds are to be used for the purpose of extending and improving the combined waterworks and sewerage system. Bond and interest payments are to be made with proprietary revenues. Bonds are due in annual installments varying from year to year until maturity on June 1, 2042. Interest is payable on June 1 and December 1. Interest ranges from 3% to 4%. The outstanding principal balance at September 30, 2018, totaled \$9,260,000.

In October 2014, the City issued Series 2014 Refunding Revenue Bonds of \$3,685,000 to advance refund \$2,840,000 of outstanding 2011 Revenue Bonds as well as provide \$518,000 to be used for improvement of the combined water and sewerage system. This advance refunding was undertaken to reduce the total debt service payments by \$277,691 which resulted in an economic gain of \$227,256. Bond and interest payments are to be made with proprietary revenues. Bonds are due in annual installments varying from year to year until maturity on July 1, 2034. Interest is payable on January 1 and July 1. Interest ranges from 2% to 3.5%. The outstanding principal balance at September 30, 2018, totaled \$3,090,000.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT (Continued)

Revenue Bonds (Continued)

Revenue bonds are collateralized by the revenue of the water and sewer systems. Ordinances provide that the revenue of the system is to be used to pay operating and maintenance expenses to include debt service.

As long as bonds are outstanding, monies derived from operations cannot be directed to the general government or municipal functions of the City.

Proceeds from the original bond sales were placed in trust to establish reserve and debt servicing accounts. These accounts have been maintained as required.

Future minimum revenue bond payments are as follows:

Years ending September 30,	Principal	Interest	Total
2019	395,000	474,841	869,841
2020	405,000	462,816	867,816
2021	415,000	454,164	869,164
2022	420,000	445,671	865,671
2023	430,000	436,529	866,529
2024 - 2028	2,335,000	2,002,158	4,337,158
2029 - 2033	2,740,000	1,596,250	4,336,250
2034 - 2037	3,305,000	1,033,163	4,338,163
Thereafter	3,145,000	320,800	3,465,800
	<u>13,590,000</u>	<u>7,226,391</u>	<u>20,816,391</u>

General Obligation Bonds

On June 1, 1999, the City issued \$1,500,000 of Water Pollution Control General Obligation Bonds (State Revolving Fund Program - Multiple Participant Series). The purpose was for the extension and improvement of the City's combined waterworks and sewerage system. This issue can either be paid by an annual tax levy approved by the Board or by revenues of the proprietary funds. Bonds are due in annual installments varying from year to year until maturity on January 1, 2019. Interest is payable on January 1 and July 1. Interest rate ranges from 3.625% to 5.25%.

Bond proceeds were used to produce capital assets which are recorded in enterprise funds. The corresponding liability for bonds payable is also recorded in the proprietary fund. Capital assets are depreciated annually and the liability reduction paid by the debt service fund results in calculation affecting capital assets net of related debt.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

On April 15, 2002, the City issued \$103,000 in Neighborhood Improvement District-Sallee Estates Sewer Installment Project General Obligation Bonds to finance a sewer project in the Sallee Estates Addition. This issue is to be repaid through a special tax assessment on the citizens of the District benefitted. Bonds are due in annual installments varying from year to year until maturity on March 1, 2022. Interest is due on March 1 and September 1. Interest rates range from 5% to 5.8%.

Neighborhood Improvement District Bonds are general obligation issues even though their purpose is for business activity assets. As special assessment taxes are used to liquidate the debt, the revenue and expense transactions are accounted for in the Debt Service Fund (a governmental fund). In years when special assessment revenues do not meet the required payments, enterprise funds have been required.

The bond proceeds were used to produce capital assets which are recorded in the proprietary funds. The corresponding liability for bonds payable is also recorded in the proprietary funds. The capital assets are depreciated annually and the liability reduction paid by the Debt Service Fund results in calculations affecting capital assets net of related debt.

The above NID payments are scheduled to be paid with tax dollars obtained from special assessments unless a tax shortage occurs. Over the life of the NID, tax dollars have been collected to meet all payment obligations.

Future minimum General Obligation Bond payments are as follows:

Years ending September 30,	Principal	Interest	Total
2019	142,000	5,086	147,086
2020	8,000	1,276	9,276
2021	9,000	783	9,783
2022	9,000	261	9,261
	<u>168,000</u>	<u>7,406</u>	<u>175,406</u>

Capital Leases

As detailed within the governmental long-term debt disclosure, the City has entered into various capital lease agreements with Marion National Bank for multiple pieces of equipment over the years. Under the terms of the agreements, the City is to make set payments which include both principal and interest portions. Additional details specific to lease agreements within the business-type funds are provided below.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM DEBT (Continued)

Capital Leases (Continued)

The City entered into a capital lease for the purchase of vehicles totaling \$92,957 with a fixed rate interest percentage of 3% in December 2013. Payments \$1,676 are due from governmental funds monthly through the maturity date of December 16, 2018.

In March 2017, the City entered into a capital lease agreement for the purchase of vehicles for the Water department totaling \$31,145. The interest rate is fixed at 2.95%. Payments of \$689 are due monthly until the maturity date of March 15, 2021.

In May 2018, the City entered into a capital lease agreement totaling \$128,895 where proceeds were used to purchase various vehicles and equipment for the Sewer department. Under this agreement has a fixed interest rate of 3.95%. Monthly payments of \$2,371 are due until the maturity date of May 15, 2023.

Future minimum payments associated with these lease agreements for the business-type funds are as follows:

Year ending September 30,	Principal	Interest	Total
2019	36,884	4,872	41,756
2020	33,091	3,638	36,729
2021	30,188	2,406	32,594
2022	27,137	1,321	28,458
2023	18,696	277	18,973
	<u>145,996</u>	<u>12,514</u>	<u>158,510</u>

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the year ended September 30, 2018.

NOTE 12. PENSION PLAN

Plan Description

The City of Peculiar, Missouri, contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri.

LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 715 local participating employers. These participating employers include 309 cities, 60 counties, and 346 other public entities during the plan year ended June 30, 2018.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 12. PENSION PLAN (Continued)

Plan Description (Continued)

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system, and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

At the date the actuarial valuation was performed, the City had 29 active members, 26 inactive members entitled to but not yet receiving benefits, and 23 inactive members (or their beneficiaries) who are currently receiving benefits.

Benefits Provided

LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. All benefits vests after 5 years of service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less.

Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute four percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 12. PENSION PLAN (Continued)

Actuarial Assumptions

The pension liability for the June 30, 2018, measurement date was determined using the following actuarial assumptions applied to the measurement:

Actuarial Cost Method	Entry Age Normal & Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortized the UAAL over a closed period of years. If the UAAL (excluding UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 15 to 19 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increases	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 12. PENSION PLAN (Continued)

Actuarial Assumptions

Mortality (Continued)

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

Other Information

None

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). The expected rate of return on pension investments is 7.25%, the municipal bond rate is 3.62% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Municipal GO AA Index rate from Fidelity), and the resulting single discount rate is 7.25% for the General and Police Divisions.

This rate considers the ability of the plan to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the preceding paragraph.

LAGERS has provided tables to the City that provide background for the development of the single discount rate. These tables are described as follows:

The Projection of Contributions table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The Projection of Plan Fiduciary Net Position table shows the development of expected asset levels in future years.

The Present Values of Projected Benefit Payments table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 12. PENSION PLAN (Continued)

Assumed Asset Allocation

Activities undertaken by LAGERS Investment Team include setting and implementing investment strategies, appointing and dismissing investment managers, monitoring investment allocation, liquidity, and performance, and ensuring safekeeping of assets.

To achieve the goal of 7.25% long-term rate of return, LAGERS Investment Team sets an investment strategy which is devised after analyzing the long-term view of the market and consulting with LAGERS' Board of Trustees.

The assumed asset allocation is as follows:

Equities	39.20%
Fixed Income	26.20%
Real Assets/Return	28.30%
Strategic	6.30%

Pension Liability Sensitivity

The following table presents the net pension asset (liability) for the City's proportionate share of the net pension asset (liability) as of June 30, 2018, calculated using the discount rate of 7.25%, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1.00% Decrease (6.25%)	Current Rate (7.25%)	1.00% Increase (8.25%)
General division	327,249	(122,366)	(484,467)
Police division	320,609	36,359	(194,457)
Total	<u>647,858</u>	<u>(86,007)</u>	<u>(678,924)</u>

Deferred Outflows and Inflows of Resources

The balances of deferred outflows and inflows of resources to be recognized in future pension expense consist of the following:

Deferred Outflows of Resources

Changes in assumptions	20,688
Differences between expected and actual experience	<u>114,967</u>
	<u>135,655</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 12. PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Deferred Inflows of Resources

Differences between expected and actual experience	(32,850)
Net difference between projected and actual earnings on pension plan investments	<u>(113,385)</u>
	<u>(146,235)</u>
Net deferred outflows (inflows) of resources	<u>(10,580)</u>

Net deferred outflows (inflows) or resources by year to be recognized in future pension expenses:

Year ending September 30,	Net deferred outflows (inflows) of resources
2019	72,281
2020	12,957
2021	(55,868)
2022	<u>(39,950)</u>
	<u>(10,580)</u>

Changes in Net Pension Liability

Total Pension Liability	
Service cost	165,527
Interest on total pension liability	286,054
Changes in benefit terms	248,871
Difference between expected and actual experience of the total pension liability	136,797
Benefit payments, including refunds of employee contributions	<u>(140,606)</u>
Net change in total pension liability	696,643
Total pension liability, beginning	<u>3,933,326</u>
Total pension liability, ending	4,629,969

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 12. PENSION PLAN (Continued)

Changes in Net Pension Liability (Continued)

Plan fiduciary net position	
Contributions - employer	209,715
Net investment income	502,966
Benefit payments, including refunds of employee contributions	(140,606)
Pension plan administrative expense	(5,293)
Other	(3,874)
Net change in plan fiduciary net position	562,908
Plan fiduciary net position, beginning	4,153,068
Plan fiduciary net position, ending	4,715,976
Net pension asset	(86,007)

Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2018. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from Missouri Local Area Government Employee Retirement System (LAGERS), PO Box 1665, Jefferson City, MO 65102.

NOTE 13. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 9, 2019, the date the financial statements were available to be issued.

CITY OF PECULIAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	886,000	1,012,875	1,009,815	(3,060)
Franchise fees	330,000	381,791	382,923	1,132
Licenses, permits, and fees	101,100	62,400	169,464	107,064
Intergovernmental revenue	104,460	111,229	105,427	(5,802)
Charges for service	103,000	101,500	5,606	(95,894)
Fines and fees	125,000	91,842	88,567	(3,275)
Investment income	1,000	1,500	1,213	(287)
Contributions	7,500	7,500	9,736	2,236
Other	81,500	56,500	72,929	16,429
Total revenues	<u>1,739,560</u>	<u>1,827,137</u>	<u>1,845,680</u>	<u>18,543</u>
EXPENDITURES				
Elected officials	236,826	236,826	27,323	209,503
Administrative/finance	243,663	271,709	239,022	32,687
Public safety	941,429	948,292	1,008,698	(60,406)
Public works	76,092	112,285	72,716	39,569
Courts	89,987	90,083	70,918	19,165
Planning	292,453	289,032	242,768	46,264
Facilities	125,800	125,800	107,352	18,448
Emergency management	2,500			
Information technology	87,425	87,425	76,063	11,362
Debt service				
Principal	16,796	16,796	16,796	
Interest	2,142	2,142	2,142	
Total expenditures	<u>2,115,113</u>	<u>2,180,390</u>	<u>1,863,798</u>	<u>316,592</u>

CITY OF PECULIAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(375,553)</u>	<u>(353,253)</u>	<u>(18,118)</u>	<u>335,135</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	73,436	89,077	32,840	(56,237)
Transfers out	<u>(53,000)</u>	<u>(53,000)</u>	<u>(25,830)</u>	<u>27,170</u>
Total other financing sources (uses)	<u>20,436</u>	<u>36,077</u>	<u>7,010</u>	<u>(29,067)</u>
CHANGE IN FUND BALANCE	<u>(355,117)</u>	<u>(317,176)</u>	<u>(11,108)</u>	<u>306,068</u>
FUND BALANCE, beginning of year			<u>223,507</u>	
FUND BALANCE, end of year			<u>212,399</u>	

CITY OF PECULIAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
BUDGET AND ACTUAL
PARK FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	205,000	225,000	242,297	17,297
Licenses, permits, and fees	20,300	20,300	24,662	4,362
Intergovernmental revenue			4,519	4,519
Charges for service	26,130	26,130	21,636	(4,494)
Investment Income		32	54	22
Contributions	3,500	3,500	600	(2,900)
Other	25	25	580	555
Total revenues	<u>254,955</u>	<u>274,987</u>	<u>294,348</u>	<u>19,361</u>
EXPENDITURES				
Parks	216,916	217,702	193,441	24,261
Capital outlay	15,000	15,000		15,000
Debt service				
Principal	8,400	8,400	8,400	
Interest	<u>7,612</u>	<u>7,774</u>	<u>15,464</u>	<u>(7,690)</u>
Total expenditures	<u>247,928</u>	<u>248,876</u>	<u>217,305</u>	<u>31,571</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,027	26,111	77,043	50,932
OTHER FINANCING USES				
Transfers out	<u>(3,500)</u>	<u>(6,210)</u>	<u>(9,019)</u>	<u>(2,809)</u>
CHANGE IN FUND BALANCE	<u>3,527</u>	<u>19,901</u>	68,024	<u>48,123</u>
FUND BALANCE, beginning of year			<u>43,029</u>	
FUND BALANCE, end of year			<u>111,053</u>	

CITY OF PECULIAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
BUDGET AND ACTUAL
ROAD AND STREET FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	215,000	225,000	242,307	17,307
Intergovernmental revenue	<u>85,000</u>	<u>88,000</u>	<u>60,561</u>	<u>(27,439)</u>
Total revenues	<u>300,000</u>	<u>313,000</u>	<u>302,868</u>	<u>(10,132)</u>
EXPENDITURES				
Streets	316,631	363,131	196,579	166,552
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>91,855</u>	<u>(81,855)</u>
Total expenditures	<u>326,631</u>	<u>373,131</u>	<u>288,434</u>	<u>84,697</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,631)	(60,131)	14,434	74,565
OTHER FINANCING SOURCES (USES)				
Transfers out	<u> </u>	<u>(46,000)</u>	<u>(377)</u>	<u>45,623</u>
CHANGE IN FUND BALANCE	<u>(26,631)</u>	<u>(106,131)</u>	14,057	<u>120,188</u>
FUND BALANCE, beginning of year			<u>177,457</u>	
FUND BALANCE, end of year			<u>191,514</u>	

CITY OF PECULIAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	215,000	225,000	242,299	17,299
Intergovernmental revenue	350,000	2,035,266	685,385	(1,349,881)
Total revenues	<u>565,000</u>	<u>2,260,266</u>	<u>927,684</u>	<u>(1,332,582)</u>
EXPENDITURES				
Capital outlay	2,116,900	3,889,400	2,234,166	1,655,234
Debt service				
Principal	70,525	135,192	100,387	34,805
Interest	2,996	16,456	5,419	11,037
Total expenditures	<u>2,190,421</u>	<u>4,041,048</u>	<u>2,339,972</u>	<u>1,701,076</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,625,421)</u>	<u>(1,780,782)</u>	<u>(1,412,288)</u>	<u>368,494</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds		345,000	185,483	159,517
Transfers in	402,426	820,465	559,950	260,515
Transfers out			(9,486)	9,486
Total other financing sources (uses)	<u>402,426</u>	<u>1,165,465</u>	<u>735,947</u>	<u>429,518</u>
CHANGE IN FUND BALANCE	<u>(1,222,995)</u>	<u>(615,317)</u>	<u>(676,341)</u>	<u>(61,024)</u>
FUND BALANCE, beginning of year			<u>766,846</u>	
FUND BALANCE, end of year			<u>90,505</u>	

CITY OF PECULIAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	<u>675,028</u>	<u>748,003</u>	<u>721,561</u>	<u>(26,442)</u>
EXPENDITURES				
Debt service				
Principal	264,998	80,000	54,998	25,002
Interest and fees	<u>207,000</u>	<u>441,468</u>	<u>442,102</u>	<u>(634)</u>
Total expenditures	<u>471,998</u>	<u>521,468</u>	<u>497,100</u>	<u>24,368</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	203,030	226,535	224,461	(2,074)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(134,875)</u>	<u>(210,000)</u>	<u>(131,500)</u>	<u>78,500</u>
CHANGE IN FUND BALANCE	<u>68,155</u>	<u>16,535</u>	92,961	<u>76,426</u>
FUND BALANCE, beginning of year			<u>323,562</u>	
FUND BALANCE, end of year			<u>416,523</u>	

CITY OF PECULIAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
BUDGET AND ACTUAL
GASOLINE TAX FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	<u>325,000</u>	<u>334,782</u>	<u>326,657</u>	<u>(8,125)</u>
EXPENDITURES				
Streets	165,319	207,139	116,888	90,251
Capital outlay	<u>170,000</u>	<u>270,000</u>	<u>291,300</u>	<u>(21,300)</u>
Total expenditures	<u>335,319</u>	<u>477,139</u>	<u>408,188</u>	<u>68,951</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,319)</u>	<u>(142,357)</u>	<u>(81,531)</u>	<u>60,826</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		46,000		(46,000)
Transfers out		<u>(69,137)</u>	<u>(72,936)</u>	<u>(3,799)</u>
Total other financing sources (uses)		<u>(23,137)</u>	<u>(72,936)</u>	<u>(49,799)</u>
CHANGE IN FUND BALANCE	<u>(10,319)</u>	<u>(165,494)</u>	<u>(154,467)</u>	<u>11,027</u>
FUND BALANCE, beginning of year			<u>183,391</u>	
FUND BALANCE, end of year			<u>28,924</u>	

CITY OF PECULIAR, MISSOURI
NOTES TO BUDGETARY SCHEDULES

NOTE 1. SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL

Basis of Accounting

The accompanying schedules of revenues, expenditures, and changes in fund balances - modified cash basis - budget and actual are presented on the modified cash basis of accounting. This basis is consistent with the basis of accounting used in preparing the basic financial statements. All unexpended appropriations lapse at the end of the budget year.

Budget Law

The City is required by state law to adopt annual budgets for all funds. Total expenditures may not exceed the total budgeted expenditures. Appropriations for expenditures lapse at year end. Any revisions to the adopted budget of total expenditures to any fund must be approved by the Board of Aldermen.

CITY OF PECULIAR, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
SEPTEMBER 30, 2018

	LET Fund	2012 COP Debt Service	East Growth Fund	West Growth Fund	211th Street CID Tax Fund	Total
ASSETS						
ASSETS						
Cash and cash equivalents	527	(373)	59,224	77,438		136,816
Restricted cash and cash equivalents		<u>55,422</u>			<u>2,751</u>	<u>58,173</u>
55 TOTAL ASSETS	<u>527</u>	<u>55,049</u>	<u>59,224</u>	<u>77,438</u>	<u>2,751</u>	<u>194,989</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	<u>527</u>					<u>527</u>
FUND BALANCES						
Assigned						
Capital projects			59,224	77,438	2,751	139,413
Debt service		55,049				55,049
Total fund balances		<u>55,049</u>	<u>59,224</u>	<u>77,438</u>	<u>2,751</u>	<u>194,462</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>527</u>	<u>55,049</u>	<u>59,224</u>	<u>77,438</u>	<u>2,751</u>	<u>194,989</u>

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

deficiency	LET Fund	2012 COP Debt Service	East Growth Fund	West Growth Fund	2013 Bonds Construction	211th Street CID Tax Fund	Total
REVENUES							
Taxes						2,751	2,751
Licenses, permits, and fees			37,000	60,503			97,503
Investment Income		660	45	47			752
Total revenues		660	37,045	60,550		2,751	101,006
EXPENDITURES							
Administrative/finance						1,649	1,649
Public safety	3,243						3,243
Debt service							
Principal		16,200					16,200
Interest		11,912					11,912
Total expenditures	3,243	28,112				1,649	33,004
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,243)	(27,452)	37,045	60,550		1,102	68,002
OTHER FINANCING SOURCES (USES)							
Transfers in	4,816	27,672				1,649	34,137
Transfers out			(40,000)	(45,000)	(402,390)		(487,390)
Total other financing sources (uses)	4,816	27,672	(40,000)	(45,000)	(402,390)	1,649	(453,253)
CHANGE IN FUND BALANCES	1,573	220	(2,955)	15,550	(402,390)	2,751	(385,251)
FUND BALANCE, beginning of year	(1,573)	54,829	62,179	61,888	402,390		579,713
FUND BALANCE, end of year		55,049	59,224	77,438		2,751	194,462

The accompanying notes are an integral part of this statement.

CITY OF PECULIAR, MISSOURI
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Fiscal Year Ending	Actuarially Determined Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
September 30, 2007	14,318	14,318		2,386,325	0.60%
September 30, 2008	126,429	164,095	(37,666)	1,117,115	14.69%
September 30, 2009	158,384	174,254	(15,870)	1,212,759	14.37%
September 30, 2010	138,074	138,074		983,932	14.03%
September 30, 2011	151,357	147,305	4,052	980,520	15.02%
September 30, 2012	144,296	144,296		951,730	15.16%
September 30, 2013	168,201	165,750	2,451	1,098,311	15.09%
September 30, 2014	163,557	163,557		1,170,887	13.97%
September 30, 2015	165,798	165,799	(1)	1,215,088	13.65%
September 30, 2016	153,042	153,042		1,228,371	12.46%
September 30, 2017	176,482	176,482		1,437,250	12.28%
September 30, 2018	213,195	213,077	118	1,477,010	14.43%

CITY OF PECULIAR, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2018

	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018
Net pension liability (asset) - beginning	(372,128)	(305,499)	13,119	(219,742)
Service cost	137,775	136,979	150,732	165,527
Interest on total pension liability	229,064	241,802	266,603	286,054
Change in benefit terms				248,871
Difference between expected and actual experience of the total pension liability	(49,074)	(4,091)	(17,746)	136,797
Changes in assumptions		105,819		
Contributions - employer	(162,608)	(159,125)	(171,818)	(209,715)
Net investment (income) loss	(75,435)	7,941	(432,751)	(502,966)
Pension plan administrative expense	5,499	4,794	5,225	5,293
Other	<u>(18,592)</u>	<u>(15,501)</u>	<u>(33,106)</u>	<u>3,874</u>
Net pension liability (asset) - ending	<u>(305,499)</u>	<u>13,119</u>	<u>(219,742)</u>	<u>(86,007)</u> **
* Schedule is to be provided prospectively beginning with the fiscal year ending September 30, 2015.				
** For further analysis of the changes in net pension liability see the disclosure in Note 12 to the financial statements.				
Fiduciary net position as a percentage of the total pension liability	101.86%	105.59%	99.64%	109.14%
Covered payroll	1,477,010	1,341,526	1,237,876	1,145,019
Net pension liability (asset) as a percentage of covered payroll	-20.68%	-16.38%	1.06%	-26.68%



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peculiar, Missouri, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Peculiar, Missouri's basic financial statements, and have issued our report thereon dated February 9, 2019. Our report disclosed that the City prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Peculiar, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Peculiar, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Peculiar, Missouri's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency as item 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Peculiar, Missouri's financial statements are free from 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Peculiar, Missouri's Response to Findings

The City of Peculiar, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Peculiar, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F Cole + Company, LLP

Overland Park, Kansas
February 9, 2019

CITY OF PECULIAR, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2018

2018-001 RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with the modified cash basis of accounting.

Condition and Context

Management should possess the ability to prepare the financial statements in accordance with the modified cash basis of accounting. The preparation of the financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements, supplementary information, and related note disclosures without assistance from the auditors.

Cause

City personnel do not possess the expertise necessary to provide the auditors with a draft of the year end financial statements, supplementary information, and related notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City fully review and approve the proposed auditor adjusting entries, the adequacy of the financial statement disclosures prepared by the auditors, and apply analytical procedures to the draft financial statements among other procedures as considered necessary by management.

Views of Responsible Officials and Planned Corrective Action

The City concurs with the recommendation and has recently retained the necessary assistance in order to comply with the recommendation.

CITY OF PECULIAR, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
SEPTEMBER 30, 2018

2017-001 RELIANCE UPON THE AUDITOR

Management should possess the ability to prepare financial statements prepared in accordance with the modified cash basis of accounting. The preparation of financial statements under this basis of accounting would require that management possess the ability to properly record and classify transactions in a general ledger and prepare the financial statement and related disclosures without the assistance from the auditors. This is a continued finding as noted in item 2018-001.

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of February ____, 2020 (the “**Continuing Disclosure Agreement**”), is executed and delivered by the **CITY OF PECULIAR, MISSOURI** (the “**City**”) and **SECURITY BANK OF KANSAS CITY**, Kansas City, Kansas, as dissemination agent (the “**Dissemination Agent**”).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered by the City in connection with the issuance by the City of **General Obligation Street Refunding Bonds, Series 2020** (the “**Bonds**”), pursuant to an Ordinance adopted by the governing body of the City (the “**Ordinance**”).

2. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “**Rule**”). The City is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the City pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**Dissemination Agent**” means Security Bank of Kansas City, Kansas City, Kansas, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Financial Obligation**” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include

municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on October 1 and ending on September 30 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“Material Events” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than **the last day of the sixth month** after the end of the City’s Fiscal Year, commencing with the Fiscal Year ending September 30, 2019, file with the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):

- (1) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with the accounting principles generally accepted in the United States, or accounting principles that are accepted by the Missouri State Auditor, or such other accounting principles described in the notes to the financial statements. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial information contained in the final Official Statement relating to the Bonds and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
- (2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the City.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an **“obligated person”** (as defined by the Rule), which have been filed with the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s Fiscal Year

changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**, and the Annual Report deadline provided above shall automatically become the last day of the sixth month after the end of the City's new Fiscal Year.

- (b) Not later than the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2) provide written notice to the Dissemination Agent that the City has provided the Annual Report to the MSRB (or will do so prior to the deadline specified in subsection (a)).
- (c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the City that it has provided an Annual Report to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice with the MSRB in substantially the form attached as **Exhibit B**.
- (d) The Dissemination Agent shall:
 - (1) notify the City each year, not later than 90 days prior to the date by which its Annual Report must be provided to the MSRB, of the date on which the Annual Report must be provided to the Dissemination Agent or the MSRB (provided, however, that the failure of the Dissemination Agent to deliver such notification will not excuse the City from any obligation under this Agreement); and
 - (2) promptly following receipt of the Annual Report required in subsection (b) above, unless the City has stated that the Annual Report has already been filed with the MSRB, file the Annual Report with the MSRB through EMMA, and provide the City with written evidence that the Annual Report has been filed pursuant to this Continuing Disclosure Agreement, stating the date it was filed with the MSRB.

Section 3. Reporting of Material Events.

(a) Not later than 10 Business Days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person, the sale of all or substantially all of the assets of the obligated person other than in the ordinary course of business, the entry into a definitive agreement to

- undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional paying agent or the change of name of the paying agent, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the City's finance officer or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the City determines that such event does not constitute a Material Event, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).

(c) Whenever the City obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall promptly notify and instruct the Dissemination Agent in writing whether or not to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent receives written instructions from the City to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, with a copy to the City. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Ordinance.

Section 4. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is Security Bank of Kansas City.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the execution of such amendment by the Dissemination Agent so requested by the City shall not be unreasonably withheld) and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City

and the Dissemination Agent with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The City shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement.

Section 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile or e-mail, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the City:

City of Peculiar, Missouri
250 South Main Street
Peculiar, Missouri 64078
Attention: Deputy City Clerk
Telephone: 816-779-5212

To the Dissemination Agent:

Security Bank of Kansas City
P.O. Box 171297
Kansas City, Kansas 66117
Attention: Corporate Trust Department
Telephone/Fax: 913-621-8478/913-279-7958
E-mail: lshatto@securitybankkc.com

Any person may, by written notice to the other persons listed above, designate a different address or an email address, or telephone number or facsimile number to which subsequent notices or communications should be sent.

Section 11. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Severability. If any provision in this Continuing Disclosure Agreement, the Ordinance or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 15. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the City and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed as of the day and year first above written.

CITY OF PECULIAR, MISSOURI

By: _____
Title: Mayor

SECURITY BANK OF KANSAS CITY,
as Dissemination Agent

By: _____
Title: Authorized Officer or Signatory

**EXHIBIT A
TO CONTINUING DISCLOSURE AGREEMENT**

**FINANCIAL INFORMATION AND OPERATING DATA TO BE
INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in the tables under the following described sections in *Appendix A* of the final Official Statement relating to the Bonds:

DEBT STRUCTURE OF THE CITY:

Current Long-Term General Obligation Indebtedness

FINANCIAL INFORMATION CONCERNING THE CITY

Sources of Revenues

Summary of Receipts, Expenditures and Fund Balances

TAX INFORMATION:

Property Valuations:

Current Assessed Valuation

History of Property Valuations (5 years)

Tax Rates

Tax Collection Record (3 years)

* * *

**EXHIBIT B
TO CONTINUING DISCLOSURE AGREEMENT**

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Peculiar, Missouri

Name of Bond Issue: \$_____ General Obligation Street Refunding Bonds, Series 2020 (the
“Bonds”)

Name of Obligated Person: City of Peculiar, Missouri (the “City”)

Date of Issuance: February ____, 2020

NOTICE IS HEREBY GIVEN that the City of Peculiar, Missouri, has not filed an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of February ____, 2020, between the City and Security Bank of Kansas City, as Dissemination Agent. [The City has informed the Dissemination Agent that the City anticipates that the Annual Report will be filed by _____.]

Dated: _____, ____

SECURITY BANK OF KANSAS CITY, as
Dissemination Agent
on behalf of the **City of Peculiar, Missouri**

cc: City of Peculiar, Missouri

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APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the **“Book-Entry System”**) maintained by The Depository Trust Company, New York, New York.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The Depository Trust Company (**“DTC”**), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a **“banking organization”** within the meaning of the New York Banking Law, a member of the Federal Reserve System, a **“clearing corporation”** within the meaning of the New York Uniform Commercial Code, and a **“clearing agency”** registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (**“Direct Participants”**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**“DTCC”**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**“Indirect Participants”**). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (**“Beneficial Owner”**) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an

authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions of principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "**street name**," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

* * *

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

City of Peculiar, Missouri

[Underwriter]

Re: \$_____ General Obligation Street Refunding Bonds, Series 2020, of the City of Peculiar,
Missouri

Ladies and Gentlemen:

We have acted as bond counsel to the City of Peculiar, Missouri (the “**City**”) in connection with the issuance by the City of the above-captioned bonds (the “**Bonds**”).

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and legally binding general obligations of the City, payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City.

2. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of Missouri, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the “**Code**”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

* * *