

CITY OF PECULIAR, MISSOURI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

CITY OF PECULIAR, MISSOURI

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CITY OF PECULIAR, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Peculiar, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Peculiar, Missouri (the City), as of and for the year ended September 30, 2012, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the City of Peculiar, Missouri, 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.

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, and each major fund of the City of Peculiar, Missouri, as of September 30, 2012, and the respective changes in financial position – modified cash basis, thereof for the year ended in conformity with the basis of accounting described in Note 1.

Accounting principles generally accepted in the United States of America require that the information on pages 43 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The information on pages 49 through 53 is presented as supplementary information for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Scott Beeman & Co PC
Harrisonville, Missouri
December 31, 2012

CITY OF PECULIAR, MISSOURI

STATEMENT OF NET ASSETS -- MODIFIED CASH BASIS
SEPTEMBER 30, 2012

	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,056,014	\$ 308,657	\$ 1,364,671
Restricted cash	167,825	3,499,767	3,667,592
Prepaid expenses	6,021	-	6,021
Bond costs, net of amortization	36,900	104,385	141,285
Internal balances	(24,769)	24,769	-
Capital assets:			
Land	1,081,800	157,500	1,239,300
Infrastructure	11,722,857	10,826,634	22,549,491
Vehicles	1,398,444	-	1,398,444
Buildings and improvements	442,761	316,910	759,671
Office equipment and furniture	145,214	-	145,214
Machinery and equipment	38,455	570,755	609,210
Less: accumulated depreciation	<u>(3,381,911)</u>	<u>(3,138,580)</u>	<u>(6,520,491)</u>
Total capital assets	<u>11,447,620</u>	<u>8,733,219</u>	<u>20,180,839</u>
Total assets	<u>12,689,611</u>	<u>12,670,797</u>	<u>25,360,408</u>
LIABILITIES			
Court bonds payable	9,178	-	9,178
Accrued liabilities	-	22,182	22,182
Meter deposits	-	192,431	192,431
Long-term liabilities:			
Due within one year	33,774	461,000	494,774
Due in more than one year	<u>1,549,686</u>	<u>8,808,446</u>	<u>10,358,132</u>
Total liabilities	<u>1,592,638</u>	<u>9,484,059</u>	<u>11,076,697</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,059,666	2,152,719	12,212,385
Restricted for:			
Debt service	-	413,184	413,184
Municipal court	141	-	141
Capital projects	23,025	-	23,025
Unrestricted	<u>1,014,141</u>	<u>620,835</u>	<u>1,634,976</u>
Total net assets	<u>\$ 11,096,973</u>	<u>\$ 3,186,738</u>	<u>\$ 14,283,711</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Primary Government
					Activities	Business-type Activities
Primary government:						
Governmental activities:						
Elected officials	\$ 60,988	\$ -	\$ -	\$ -	\$ (60,988)	\$ (60,988)
Administrative/finance	304,878	39,303	-	-	(265,575)	(265,575)
Law enforcement	762,579	263,417	53,067	-	(446,095)	(446,095)
Public works	228,732	-	-	-	(228,732)	(228,732)
Streets	675,021	300	75,048	-	(599,673)	(599,673)
Parks	119,549	662	-	-	(118,887)	(118,887)
Courts	88,373	-	-	-	(88,373)	(88,373)
Planning	94,627	2,823	-	-	(91,804)	(91,804)
Emergency management	1,957	-	-	-	(1,957)	(1,957)
Interest on long-term debt	40,502	-	-	-	(40,502)	(40,502)
Total governmental activities	<u>2,377,206</u>	<u>306,505</u>	<u>128,115</u>	<u>-</u>	<u>(1,942,586)</u>	<u>(1,942,586)</u>
Business-type activities,						
Water, sewer, and trash	2,304,690	2,327,836	-	-	-	23,146
Total business-type activities	<u>2,304,690</u>	<u>2,327,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,146</u>
Total primary government	<u>\$ 4,681,896</u>	<u>\$ 2,634,341</u>	<u>\$ 128,115</u>	<u>\$ -</u>	<u>(1,942,586)</u>	<u>(1,919,440)</u>
General revenues:						
Taxes:						
Property taxes					537,621	537,621
Franchise and other miscellaneous taxes					695,915	695,915
Local sales tax					812,162	812,162
Investment earnings					4,778	112,296
Miscellaneous					152,615	21,037
Transfers					(453,128)	453,128
Total general revenues					<u>1,749,963</u>	<u>586,461</u>
Change in net assets					<u>(192,623)</u>	<u>609,607</u>
Net assets - beginning					<u>11,289,596</u>	<u>2,577,131</u>
Net assets - ending					<u>\$ 11,096,973</u>	<u>\$ 3,186,738</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BALANCE SHEET-- MODIFIED CASH BASIS --
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General Fund	Park Fund	Road & Street Fund	Gasoline Tax Fund	Debt Service Fund	Capital Improvement Fund	East Growth Fund	West Growth Fund	2012 COP Bonds Fund	Total Governmental Funds
ASSETS										
ASSETS:										
Cash	\$ 679,144	\$ 328,466	\$ -	\$ -	\$ -	\$ 38,674	\$ 1,995	\$ 9,735	\$ -	\$ 1,056,014
Due from others funds	32,651	8,666	35,465	23,025	152,755	73,503	1,000	-	-	327,065
Prepaid expenses	6,021	-	-	-	-	-	-	-	-	6,021
Restricted cash	9,319	-	-	-	-	-	-	-	158,506	167,825
Total assets	\$ 727,135	\$ 335,132	\$ 35,465	\$ 23,025	\$ 152,755	\$ 112,177	\$ 2,995	\$ 9,735	\$ 158,506	\$ 1,556,925
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Due to other funds	\$ 345,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,500	\$ 351,834
Due to enterprise funds	-	-	-	-	-	-	-	-	-	-
Other payables	9,178	-	-	-	-	-	-	-	-	9,178
Total liabilities	354,512	-	-	-	-	-	-	-	6,500	361,012
FUND BALANCES:										
Restricted:										
Municipal court	141	-	-	-	-	-	-	-	-	141
Road and street	-	-	-	23,025	-	-	-	-	-	23,025
Assigned:										
Capital projects	-	335,132	-	-	-	112,177	-	-	-	112,177
Parks and recreation	-	-	-	-	-	-	-	-	-	335,132
Road and street	-	-	35,465	-	-	-	-	-	-	35,465
Debt service	-	-	-	-	152,755	-	-	-	54,813	207,568
Capital projects	-	-	-	-	-	-	2,995	9,735	97,193	109,923
Unassigned	372,482	-	-	-	-	-	-	-	-	372,482
Total fund balances	372,623	335,132	35,465	23,025	152,755	112,177	2,995	9,735	152,006	1,195,913
Total liabilities and fund balances	\$ 727,135	\$ 335,132	\$ 35,465	\$ 23,025	\$ 152,755	\$ 112,177	\$ 2,995	\$ 9,735	\$ 158,506	\$ 1,556,925

See accompanying notes.

CITY OF PECULIAR, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET --
MODIFIED CASH BASIS -- TO THE STATEMENT OF NET ASSETS -- MODIFIED CASH BASIS
SEPTEMBER 30, 2012

Fund balances - total governmental funds	\$	1,195,913
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.		11,447,620
Discounts and issuance costs on bonds payable are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets		36,900
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.		<u>(1,583,460)</u>
Net Assets of governmental activities in the Statement of Net Assets	\$	<u>11,096,973</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE --
MODIFIED CASH BASIS -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Park Fund	Road & Street Fund	Gasoline Tax Fund	Debt Service Fund	Capital Improvement Fund	East Growth Fund	West Growth Fund	2012 COP Bonds Fund	Total
REVENUES:										
Taxes	\$ 772,745	\$ 150,653	\$ 150,656	\$ 148,146	\$ 293,351	\$ 170,284	\$ -	\$ -	\$ -	\$ 1,685,835
Franchise fees	359,863	-	-	-	-	-	-	-	-	359,863
Licenses and permits	37,302	662	300	-	-	-	1,001	1,000	-	40,265
Intergovernmental	53,067	-	75,048	-	-	-	-	-	-	128,115
Charges for services	2,823	-	-	-	-	-	-	-	-	2,823
Fees and fines	263,417	-	-	-	-	-	-	-	-	263,417
Investment income	2,687	1,385	-	-	-	-	520	16	170	4,778
Other	126,034	26,581	-	-	-	-	-	-	-	152,615
	<u>1,617,938</u>	<u>179,281</u>	<u>226,004</u>	<u>148,146</u>	<u>293,351</u>	<u>170,284</u>	<u>1,521</u>	<u>1,016</u>	<u>170</u>	<u>2,637,711</u>
EXPENDITURES:										
Elected officials	60,988	-	-	-	-	-	-	-	-	60,988
Administrative/finance	278,114	-	-	-	-	-	-	-	-	278,114
Law enforcement	723,962	-	-	-	-	-	-	-	-	723,962
Public works	228,732	-	-	-	-	-	-	-	-	228,732
Streets	-	-	128,831	125,121	-	-	-	-	-	253,952
Parks	-	105,164	-	-	-	-	-	-	-	105,164
Courts	88,093	-	-	-	-	-	-	-	-	88,093
Planning	94,627	-	-	-	-	-	-	-	-	94,627
Emergency management	15,100	234	73,285	-	-	187,080	118,000	-	191,155	564,854
Capital outlay	-	-	-	-	-	-	-	-	-	1,957
Debt service:										
Principal	8,347	-	-	-	-	-	-	-	-	8,347
Interest and fiscal charges	11,931	28,387	-	-	-	-	-	-	27,134	67,452
	<u>1,511,851</u>	<u>133,785</u>	<u>202,116</u>	<u>125,121</u>	<u>-</u>	<u>187,080</u>	<u>118,000</u>	<u>-</u>	<u>218,289</u>	<u>2,496,242</u>
Excess (deficiency) of revenues over expenditures	106,087	45,496	23,888	23,025	293,351	(16,796)	(116,479)	1,016	(218,119)	141,469
OTHER FINANCING SOURCES USES:										
Transfers in	54,000	-	-	-	-	-	-	-	-	54,000
Transfers out	(27,000)	-	-	-	(155,828)	-	-	-	(324,300)	(507,128)
Discount on bonds issued	-	-	-	-	-	-	-	-	(10,575)	(10,575)
Proceeds from long-term debt	-	-	-	-	-	-	-	-	705,000	705,000
Total other financing sources (uses)	27,000	-	-	-	(155,828)	-	-	-	370,125	241,297
Net change in fund balances	133,087	45,496	23,888	23,025	137,523	(16,796)	(116,479)	1,016	152,006	382,766
FUND BALANCES, October 1, 2011	239,536	289,636	11,577	-	15,232	128,973	119,474	8,719	-	813,147
FUND BALANCES, September 30, 2012	\$ 372,623	\$ 335,132	\$ 35,465	\$ 23,025	\$ 152,755	\$ 112,177	\$ 2,995	\$ 9,735	\$ 152,006	\$ 1,195,913

See accompanying notes.

CITY OF PECULIAR, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS -- MODIFIED CASH BASIS --
TO THE STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Net change in fund balances - total governmental funds \$ 382,766

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. This is the amount by which capital outlays, which are over the capitalization threshold, exceeded depreciation in the current period. 84,365

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Assets reports repayment as a reduction to long-term liabilities. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (659,754)

Change in Net Assets of governmental activities \$ (192,623)

See accompanying notes.

CITY OF PECULIAR, MISSOURI

**STATEMENT OF NET ASSETS -- MODIFIED CASH BASIS --
 PROPRIETARY FUND
 SEPTEMBER 30, 2012**

ASSETS:

Current assets:	
Cash	\$ 308,657
Due from funds	24,769
Total current assets	333,426
Non-current assets:	
Restricted cash	3,499,767
Bond costs, net of amortization	104,385
Capital assets:	
Land	157,500
Infrastructure	10,826,634
Equipment and furniture	570,755
Buildings	316,910
Less accumulated depreciation	(3,138,580)
Construction in progress	
Net capital assets	8,733,219
Total assets	12,670,797

LIABILITIES:

Current liabilities:	
Accrued expenses	13,527
Meter deposits	192,431
Taxes collected-payable	8,655
Current portion of long-term obligations	461,000
Total current liabilities	675,613
Non-current liabilities,	
Bonds and notes payable	8,808,446
Total non-current liabilities	8,808,446
	9,484,059

NET ASSETS:

Invested in capital assets, net of related debt	2,152,719
Restricted for debt service	413,184
Unrestricted	620,835
	\$ 3,186,738

See accompanying notes.

CITY OF PECULIAR, MISSOURI

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS --
MODIFIED CASH BASIS -- PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

OPERATING REVENUES,	
Charges for services	<u>\$ 2,327,836</u>
OPERATING EXPENSES:	
Personnel services	478,367
Contractual and professional services	835,982
Materials and supplies	135,255
Repairs and maintenance	122,700
Utilities	28,965
Depreciation and amortization	<u>311,565</u>
	<u>1,912,834</u>
Income from operations	<u>415,002</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest income	112,296
Tower rental	21,037
Interest expense	<u>(391,856)</u>
	<u>(258,523)</u>
Net income before transfers	156,479
Transfers in	480,128
Transfers out	<u>(27,000)</u>
	453,128
Change in net assets	609,607
TOTAL NET ASSETS, October 1, 2011	<u>2,577,131</u>
TOTAL NET ASSETS, September 30, 2012	<u>\$ 3,186,738</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

**STATEMENT OF CASH FLOWS -- MODIFIED CASH BASIS
 PROPRIETARY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from customers	\$ 2,327,836
Payments to employees and fringe benefits	(478,367)
Payments to vendors and suppliers	(1,117,063)
Other receipts	<u>21,038</u>
Net cash provided by operating activities	<u>753,444</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers from other funds	453,128
Net advances to other funds	<u>141,231</u>
Net cash provided by noncapital financing activities	<u>594,359</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(1,963,708)
Principal paid on capital debt and leases	(673,500)
Interest and fiscal charges paid on capital debt and leases	<u>(391,856)</u>
Net cash used by capital and related financing activities	<u>(3,029,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES,	
Investment income	<u>112,296</u>
Net decrease in cash and cash equivalents	(1,568,965)
Cash and cash equivalents, October 1, 2011	<u>5,377,389</u>
Cash and cash equivalents, September 30, 2012	<u>\$ 3,808,424</u>
Reconciliation of operating income to net cash provided by operating activities,	
Operating income	<u>\$ 415,002</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	311,565
Miscellaneous nonoperating income	21,037
Changes in assets and liabilities:	
Accrued liabilities	4,641
Meter deposits	<u>1,199</u>
Total adjustments	<u>338,442</u>
Net cash provided by operating activities	<u>\$ 753,444</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Entity: The City of Peculiar, Missouri (the "City"), was incorporated in 1953 and covers an area of approximately four square miles in Cass County, Missouri. Peculiar 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 two-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.

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

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

The City has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which could exercise such oversight which would result in the City being considered a component unit of the entity.

Basis of Presentation: The City complies with accounting principles generally accepted in the United States of America (GAAP) except for the use of the modified cash basis of accounting. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation (Continued): In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standard Board (FASB) pronouncements issued through November 30, 1989 (when applicable) and Accounting Principles Board (APB) opinions have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The accounting and reporting framework and the more significant accounting policies are discussed in this or subsequent footnotes.

Government-Wide Financial Statements: The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities.

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

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

The funds of the financial reporting entity are described below:

Governmental Fund Types

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

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation (Continued):

The following are the City's Governmental fund types:

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

The Park & 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 Debt Service Fund is used for the accumulation of resources for, and payment of, principal, interest, and fiscal changes on long-term debt that supports the water improvement project.

The Capital Projects Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by Enterprise funds. The City utilizes four of these funds: Capital Improvement Fund, East Growth Fund, West Growth Fund, and 2012 COP Bonds Fund.

Enterprise Fund

The Proprietary Fund is 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 Proprietary Fund has three departments in which the City provides services to the public: water, wastewater sewer, and trash sanitation.

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

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus (Continued):

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.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting: In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for 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 financials would be presented on the accrual basis of accounting.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting (Continued):

In the Modified Accrual Basis, revenues would be recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

Expenditures (including capital outlay) would be recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reportable when due.

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

Assets, Liabilities, and Equity:

Cash: For the purpose of financial reporting, cash includes all demand money market and savings accounts.

Restricted Cash and Investments: Certain cash and investment accounts are restricted for capital projects, debt service, and compliance with bond covenants, court bonds held, and customer meter deposits.

Statement of Cash Flows: A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 9 for the Proprietary Fund. For purposes of the statement of cash flows, demand deposits, and all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalent.

Capitalized Assets - Governmental Funds: Capitalized assets, which include capital assets and infrastructure, are expensed when purchased for fund statement presentation in governmental funds. Capitalized assets purchased in the proprietary fund for fund statement presentation and in all government-wide financial statements are reported as an asset and depreciated.

As the City did not include capitalized asset accounting prior to September 30, 2004, a list of capital assets purchased prior to September 30, 2003, was prepared using various sources. Capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Assets, Liabilities, and Equity (Continued):

In accordance with GASB 34, the recording of infrastructure for governmental funds could be delayed for four years from the effective date beginning October 1, 2003. After GASB 34 implementation, management decided to utilize this deferral of infrastructure recording and initially recorded infrastructure in year ended September 30, 2008.

Capitalized Assets - Proprietary Funds

All capitalized assets in the proprietary fund are recorded at cost and depreciated over their estimated useful life.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

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

Long-Term Debt: All long-term debt is recorded in the governmental funds as either a note payable or bonds issued in the government-wide financial statements. In the fund statements, bond issuance proceeds are recorded as revenues and principal payments on debt service are recorded as expenditures of the period.

Compensated Absences: The City's policy allows employees to accumulate paid time off (PTO) hours each year and carryover 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.

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

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Assets, Liabilities, and Equity (Continued):

- a. Invested in capital assets, net of related debt consists of 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.
- b. Restricted net assets 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 provision or enabling legislation.
- c. Unrestricted net assets do not meet the definition of "restricted."

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

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

Revenues, Expenditures, and Expenses:

Program Receipts: In the Statement of Activities, modified cash basis receipts that are derived directly from each activity or from parties outside the City's taxpayers are reported as program 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
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 revenue even if restricted for a specific purpose.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenues, Expenditures, and Expenses (Continued):

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 capital improvements 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 receives 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.

Licenses and Permits: The City requires various businesses to be licensed or obtain permits in order to conduct business within the City. This revenue supports the general fund, special revenue fund, and capital outlay fund.

Charges for Services: The City provides several services for which the charges are collected and support the general fund.

Operating Revenues and Expenses: Operating revenues and expenses for the proprietary fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/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. There have been certain allocations of indirect expenses to functions in the statement of activities. In the fund financial statements, expenditures are classified as Governmental Funds - by department and Proprietary Fund - by operating and non-operating. In the fund financial statements, governmental funds report expenditures of financial resources. The proprietary fund reports expenses relating to use of economic resources.

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

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Internal and Interfund Balances and Activities (Continued):

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

Interfund Reimbursements - Repayments from funds responsible for certain expenditures/expenses to funds that initially paid for them are not reported as adjustments to expenditures or revenues but as transfers.

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

Use of Estimates: The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) 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.

Differences from GAAP: As discussed in Note 1E, the City reports both the government-wide financial statements and the fund financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Fund Equity: In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Equity (Continued):

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Alderman - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Alderman removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Alderman and the City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

2. COMPLIANCE AND ACCOUNTABILITY

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

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

<u>Fund</u>	<u>Required by</u>
Debt Service	State Law
Road and Street	State Law
Capital Improvement	Board Ordinance
East and West Growth	Board Ordinance

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

2. COMPLIANCE AND ACCOUNTABILITY (Continued):

Uninsured and Under-Collateralized Deposits: In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. government agency securities and certain state or political subdivision debt obligations. At September 30, 2012, all of the City's deposits were collateralized.

Property Taxes: The assessed valuation of property, including railroad and utility properties, located in the City as of May 31, 2011, on which the fiscal year 2011 levy was based, is as follows:

Real estate	\$ 46,288,408
Personal property	<u>7,673,537</u>
 Total	 <u>\$ 53,961,945</u>

The tax levies per \$100 of assessed valuation of tangible real and personal property for the calendar year 2011, were as follows:

General Fund	\$.4447
Debt Service	<u>.2426</u>
	<u>\$.6873</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.

Net Asset/Fund Equity Restriction: State law prohibits the creation of a deficit fund balance in any individual fund. As of September 30, 2012, the City had no deficit fund balances.

3. DEPOSITS AND INVESTMENTS:

At September 30, 2012, the carrying amount of the City's demand deposits and certificates of deposits in financial institutions were \$1,766,652 and \$386,676, respectively. The bank balances of demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Continued):

At September 30, 2012, the City's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Money Market	\$ 1,080,174	\$ 1,080,174
State Revolving Fund (Controlled by State)	<u>1,798,761</u>	<u>1,798,999</u>
	<u>\$ 2,878,935</u>	<u>\$ 2,879,173</u>

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City generally intends to buy and hold the securities in its portfolios, and to sell only when a gain is present or when a swap that offers substantial economic gain is available. During the next fiscal year, the City does not intend to sell any securities at a loss in order to meet cash requirements.

At September 30, 2012, the City had the following investments and maturities:

	<u>Investment maturities (in years)</u>			
	<u>Value</u>	<u>Less than one</u>	<u>1-5</u>	<u>Greater than five</u>
Investment type:				
Money Market	\$ 1,080,174	\$ 1,080,174	\$ -	\$ -
State Revolving Fund	<u>1,798,761</u>	<u>-</u>	<u>644,196</u>	<u>1,154,565</u>
	<u>\$ 2,878,935</u>	<u>\$ 1,080,174</u>	<u>\$ 644,196</u>	<u>\$ 1,154,565</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. 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

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Continued):

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 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

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

A reconciliation of cash and cash equivalents is as follows:

Cash on hand	\$	1,286
Demand deposits		1,765,366
State Revolving Fund		1,798,761
Certificates of deposit		386,676
Money markets		<u>1,080,174</u>
Total	\$	<u>5,032,263</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

4. RESTRICTED CASH:

Restricted cash in the governmental funds at September 30, 2012, consisted of the following:

Restricted for municipal bonds	\$ 9,319
Restricted for capital projects and debt service	<u>158,506</u>
	<u>\$ 167,825</u>

Restricted cash in the proprietary fund at September 30, 2012, consisted of the following:

Restricted for meter deposits	\$ 244,666
Restricted for bond covenant requirements	<u>3,252,847</u>
	<u>\$ 3,497,513</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS:

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended September 30, 2012, was as follows:

	Balance at <u>10/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>9/30/2012</u>
Governmental activities:				
Capital assets not being depreciated,				
Land	\$ 1,081,800	\$ -	\$ -	\$ 1,081,800
Total not being depreciated	<u>1,081,800</u>	<u>-</u>	<u>-</u>	<u>1,081,800</u>
Capital assets being depreciated:				
Buildings and improvements	1,306,295	209,085	-	1,515,380
Office equipment and furniture	103,608	-	-	103,608
Machinery and equipment	59,888	20,173	-	80,061
Vehicles	248,102	77,723	-	325,825
Infrastructure	<u>11,460,335</u>	<u>262,522</u>	<u>-</u>	<u>11,722,857</u>
Total being depreciated	<u>13,178,228</u>	<u>569,504</u>	<u>-</u>	<u>13,747,732</u>
Less accumulated depreciation for:				
Buildings and improvements	292,123	33,793	-	325,916
Office equipment and furniture	68,779	11,138	-	79,917
Machinery and equipment	28,851	5,919	-	34,770
Vehicles	146,138	48,597	-	194,735
Infrastructure	<u>2,360,882</u>	<u>385,691</u>	<u>-</u>	<u>2,746,573</u>
Total accumulated depreciation	<u>2,896,773</u>	<u>485,138</u>	<u>-</u>	<u>3,381,911</u>
Capital assets being depreciated, net	<u>10,281,455</u>	<u>84,365</u>	<u>-</u>	<u>10,365,820</u>
Governmental capital assets, net	<u>\$ 11,363,255</u>	<u>\$ 84,365</u>	<u>\$ -</u>	<u>\$ 11,447,620</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental activities:	
General government	\$ 26,139
Police	38,617
Municipal court	280
Streets	405,718
Parks	<u>14,385</u>
	<u>\$ 485,139</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued):

Capital asset activity, resulting from modified cash basis transactions, for the year ended September 30, 2012:

	<u>Balance at</u> <u>10/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>9/30/2012</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 157,500	\$ -	\$ -	\$ 157,500
Construction in progress	<u>321,488</u>	<u>-</u>	<u>321,488</u>	<u>-</u>
Total capital assets not being depreciated	<u>478,988</u>	<u>-</u>	<u>321,488</u>	<u>157,500</u>
Other capital assets:				
Vehicles and equipment	500,625	70,130	-	570,755
Building and improvements	-	316,910	-	316,910
Infrastructure	<u>8,928,478</u>	<u>1,898,156</u>	<u>-</u>	<u>10,826,634</u>
Total other capital assets	<u>9,429,103</u>	<u>2,285,196</u>	<u>-</u>	<u>11,714,299</u>
Less accumulated depreciation for:				
Machinery and equipment	321,358	65,448	-	386,806
Building and improvements	-	735	-	735
Infrastructure	<u>2,511,326</u>	<u>239,713</u>	<u>-</u>	<u>2,751,039</u>
Total accumulated depreciation	<u>2,832,684</u>	<u>305,896</u>	<u>-</u>	<u>3,138,580</u>
Other capital assets, net	<u>6,596,419</u>	<u>1,979,300</u>	<u>-</u>	<u>8,575,719</u>
Business-type capital assets, net	<u>\$ 7,075,407</u>	<u>\$ 1,979,300</u>	<u>\$ 321,488</u>	<u>\$ 8,733,219</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Business-type activities:	
Sewer	\$ 206,243
Water	<u>99,653</u>
	<u>\$ 305,897</u>

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT:

Governmental Activities

Changes in the debt for the year ended September 30, 2012, consisted of the following:

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2012</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 251,807	\$ -	\$ 8,347	\$ 243,460	\$ 8,774
Certificates of participation	635,000	705,000	-	1,340,000	25,000
	<u>\$ 886,807</u>	<u>\$ 705,000</u>	<u>\$ 8,347</u>	<u>\$ 1,583,460</u>	<u>\$ 33,774</u>

Note Payable

In July 2010, the City entered into a note payable agreement in the amount of \$260,000 for the purpose of purchasing a building for the Police Department and Municipal Court. Principal and interest payments are due monthly, with the final payment due on August 1, 2030. The City has not pledged general tax revenues, funds, or money to pay this obligation.

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 8,774	\$ 11,974	\$ 20,748
2014	9,223	11,525	20,748
2015	9,695	11,053	20,748
2016	10,191	10,557	20,748
2017	10,712	10,036	20,748
2018-2022	62,367	41,373	103,740
2023-2027	80,039	23,701	103,740
2028-2030	52,459	3,739	56,198
	<u>\$ 243,460</u>	<u>\$ 123,958</u>	<u>\$ 367,418</u>

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Refunding Certificate of Participation

In November 2007, \$635,000 of insured Refunding Certificates of Participation were issued for the purpose of refunding previously delivered and outstanding Certificates of Participation (Park Project, Series 2002). Rental payments are due January 1, starting on January 1, 2019, with the final payment due on January 1, 2027. Interest payments are due on July 1 and January 1. Rental payments are payable from funds appropriated by the City through Park revenues. The City has not pledged general tax revenues, funds, or money to pay this obligation.

The base lease between the City as lessor and Southwest Trust Company, N.A. as lessee and trustee transfer. A leasehold interest in certain real estate held by the City to the trustee. The term of the base lease is November 14, 2007 through January 1, 2027, on the date the certificates have been paid in full, whichever is earlier.

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.

The base lease between the City as a lessor and First Bank of Missouri as lessee and trustee transfer. The term of the base lease is June 1, 2012, through May 1, 2023, on the date the certificates have been paid in full, whichever is earlier.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Future minimum lease payments are as follows:

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 25,000	\$ 48,184	\$ 73,184
2014	25,000	51,145	76,145
2015	25,000	50,833	75,833
2016	25,000	50,457	75,457
2017	25,000	50,021	75,021
2018-2022	380,000	223,208	603,208
2023-2027	600,000	119,533	719,533
2028-2032	<u>235,000</u>	<u>30,262</u>	<u>265,262</u>
	<u>\$ 1,340,000</u>	<u>\$ 623,643</u>	<u>\$ 1,963,643</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Business-Type Activities

Changes in the debt for the year ended September 30, 2012, consisted of the following:

	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012	Amount Due Within One Year
1994 Water Pollution Control Revenue Bonds	\$ 749,000	\$ -	\$ 180,000	\$ 569,000	\$ 186,000
1999A Water Pollution Control Revenue Bonds	755,000	-	75,000	680,000	80,000
1999A Water Pollution Control General Obligation Bonds	860,000	-	80,000	780,000	85,000
2002 NID Sallee Estates Sewer Installation Project	74,000	-	4,000	70,000	5,000
2006 NID Industrial Park Sewer Expansion Project	225,000	-	10,000	215,000	10,000
2007 Refunding Certificates of Participation	1,895,000	-	-	1,895,000	-
2007 Combined Waterworks & Sewerage System Bonds	605,000	-	-	605,000	-
2011 Combined Waterworks & Sewerage System Bonds	3,125,000	-	90,000	3,035,000	95,000
SRF Note Payable	<u>1,654,946</u>	<u>-</u>	<u>234,500</u>	<u>1,420,446</u>	<u>-</u>
	<u>\$ 9,942,946</u>	<u>\$ -</u>	<u>\$ 673,500</u>	<u>\$ 9,269,446</u>	<u>\$ 461,000</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Neighborhood Improvement District (NID)

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%.

On March 22, 2006, the City issued \$225,000 in Neighborhood Improvement District-Industrial Park Expansion Project General Obligation Bonds to finance the project. This issue is to be repaid through a special tax assessment levied on owners of property benefitting. Bonds are due in annual installments beginning in 2012 until maturity on March 1, 2026. Interest is due on March 1 and September 1. Interest rates range from 4.5% to 5%.

Neighborhood Improvement District Bonds are general obligation issues even though their purpose is for business activity asset.

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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

The bond proceeds were used to produce capital assets which are recorded in the proprietary fund. The corresponding liability for bonds payable are also recorded in the proprietary fund. The capital asset is depreciated annually and the liability reduction paid by the debt service fund results in calculations affecting capital assets net of related debt. Future minimum NID general obligation bond payments are as follows:

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 15,000	\$ 14,065	\$ 29,065
2014	15,000	13,325	28,325
2015	16,000	12,556	28,556
2016	22,000	11,617	33,617
2017	22,000	10,513	32,513
2018-2022	115,000	35,283	150,283
2023-2026	<u>80,000</u>	<u>8,000</u>	<u>88,000</u>
	<u>\$ 285,000</u>	<u>\$ 105,359</u>	<u>\$ 390,359</u>

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 calculated to meet all payment obligations.

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 fund. 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 the enterprise fund. 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. Future minimum general obligation bond payments are as follows:

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 85,000	\$ 37,769	\$ 122,769
2014	90,000	33,175	123,175
2015	110,000	27,925	137,925
2016	115,000	22,019	137,019
2017	120,000	16,000	136,000
2018-2019	<u>260,000</u>	<u>13,250</u>	<u>273,250</u>
	<u>\$ 780,000</u>	<u>\$ 150,138</u>	<u>\$ 930,138</u>

The above general obligation issue payments are scheduled to be paid with tax dollars levied by the Board on an annual basis. If tax dollars are not adequate to make the payments, then proprietary funds will be required.

Revenue Bonds

On August 1, 1994, the City issued \$2,605,000 in Water Pollution Control Revenue Bonds (State Revolving Fund Program-Multiple Participant Series). The funds were used for expansion and improvement of the enterprise fund systems. Bond and interest payments are to be paid with proprietary fund revenues. Bonds are due July 1 from year to year until maturity on July 1, 2015. Interest is payable on January 1 and July 1. Interest rates range from 4.25% to 6.05%.

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%.

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%.

On February 24, 2011, the City issued \$3,125,000 in Combined Waterworks and Sewerage System Revenue Bonds. The funds are to be used for improvement of the City's combined waterworks and sewerage system. Bond and interest payments are to be made with

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

proprietary revenues. Bonds are due in annual installments varying from year to year until maturity on January 1, 2013. Interest is payable on January 1 and July 1. Interest ranges from 1% to 5.75%.

Future minimum revenue bond payments are as follows:

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 361,000	\$ 233,844	\$ 594,844
2014	369,000	216,678	585,678
2015	379,000	198,731	577,731
2016	370,000	176,111	546,111
2017	385,000	160,667	545,667
2018-2022	1,200,000	602,908	1,802,908
2023-2027	895,000	389,162	1,284,162
2028-2032	<u>930,000</u>	<u>110,999</u>	<u>1,040,999</u>
	<u>\$ 4,889,000</u>	<u>\$ 2,089,100</u>	<u>\$ 6,978,100</u>

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.

The City maintains its records and this report has been prepared using the modified cash basis of accounting. Article II, Section 2.2 u (ii) of Series 1994A, Combined Waterworks and Sewage System Refunding and Improvement Bonds, states that the City shall maintain system records in accordance with generally accepted governmental accounting standards defined in the Governmental Accounting, Auditing and Financial Reporting Manual (1988 Ed.) issued by the Government Finance Officers' Association.

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

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the year ended September 30, 2012.

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

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

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 assets. A corresponding liability is also recorded.

Refunding Certificate of Participation

In November 2007, \$1,895,000 on insured Refunding Certificates of Participation were issued for the purpose of refunding previously delivered and outstanding certificates of participation (Series 2003 and 2004). Rental payments are due January 1, starting on January 1, 2019, with the final payment due on January 1, 2027. Interest payments are due on July 1 and January 1. Rental payments are payable with enterprise operating funds. The City annually appropriates (budgets) funding for this debt.

The base lease between the City, as lessor, and Southwest Trust Company N.A., 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 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:

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 84,822	\$ 84,822
2014	-	84,822	84,822
2015	-	84,822	84,822
2016	-	84,822	84,822
2017	-	84,822	84,822
2018-2022	675,000	373,437	1,048,437
2023-2027	<u>1,220,000</u>	<u>144,596</u>	<u>1,364,596</u>
	<u>\$ 1,895,000</u>	<u>\$ 942,143</u>	<u>\$ 2,837,143</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

7. INTERFUND TRANSACTIONS:

Interfund due from and due to balances at September 30, 2012, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 6,500	\$ 345,334
Parks Fund	8,666	-
Street Fund	35,465	-
Gasoline Tax Fund	23,025	-
Chapter 100 Fund	26,151	-
Capital Improvement Fund	73,503	-
East Growth Fund	1,000	-
2012 COP Bonds	-	6,500
Debt Service Fund	152,755	-
Proprietary Fund	<u>24,769</u>	<u>-</u>
	<u>\$ 351,834</u>	<u>\$ 351,834</u>

Interfund transactions occurred in several areas during the current year.

1. The City's general fund collects property taxes and distributes the appropriate amounts to the debt service fund.
2. 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 fund to make the payments.
3. Fund transfers were made from the debt service fund to the enterprise fund.

Transfers during the year ended September 30, 2012, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 27,000
Chapter 100 Fund	54,000	-
2012 COP Fund	-	324,300
Debt Service Fund	-	155,828
Proprietary Fund	<u>480,128</u>	<u>27,000</u>
	<u>\$ 534,128</u>	<u>\$ 534,128</u>

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

8. EMPLOYEE PENSION PLAN:

Plan Description

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

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

Funding Status

The City's full-time employees do not contribute to the pension plan. The June 30th statutorily required contribution rates are 15.5% (General) and 14.5% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

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

Annual required contribution	\$ 137,919
Interest on net pension obligation	82
Adjustment to annual required contribution	<u>(74)</u>
Annual pension cost	137,927
Actual contributions	<u>137,505</u>
Increase (decrease) in NPO	422
NPO beginning of the year	<u>1,136</u>
NPO end of the year	<u>\$ 1,558</u>

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

8. EMPLOYEE PENSION PLAN (Continued):

The annual required contribution (ARC) was determined as part of the February 29, 2009, and February 28, 2010, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period as of February 29, 2009 was 18 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2010 was 17 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2010 was 17 years for the General division and 16 years for the Police division.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 147,941	100%	\$ -
2011	\$ 142,040	99.2%	\$ 1,136
2012	\$ 137,927	99.7%	\$ 1,558

9. DEFERRED COMPENSATION PLAN:

The City provides for a deferred compensation plan for their employees. Funds are paid to and retained by ING in individual employee accounts. There is no cost to the City in the operation of this plan. The deferred compensation plan is designed to comply with Internal Revenue Code 457.

10. COUNTY ROAD TAX:

Road tax is remitted to the county by the state to be distributed to each City for the purpose of road upkeep. The county distributes these funds after the City makes the expenditure and submits the appropriate paperwork.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

11. RISK MANAGEMENT:

The City is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage has been purchased by the City to cover all risks.

12. CONTINGENCIES:

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

Additionally, the City's sewer and water utilities are subject to federal and state regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the City expect such compliance to have, any material effect upon the financial condition of the City. Management of the City believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

13. MAJOR SUPPLIERS:

During the year ended September 30, 2012, the City relied upon the Public Water Supply District #2 (PWSD #2) for water which was resold to customers. The City has an ongoing contract with PWSD #2 to purchase water. PWSD #2 makes rate adjustments periodically which the City has absorbed.

14. SEGMENT INFORMATION:

Water, sewer, and trash services are primarily financed by user charges and are accounted for in a combined proprietary fund. The City's estimate of the segmented financial data as of and for the year ended September 30, 2012, for these funds are as follows:

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

14. SEGMENT INFORMATION (Continued):

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
Operating revenues	\$ 859,653	\$ 1,204,613	\$ 263,570	\$ 2,327,836
Depreciation and amortization	102,487	209,078	-	311,565
Operating income (loss)	(58,264)	460,767	12,499	415,002
Net income (loss)	(12,666)	609,774	12,499	609,607
Property, plant, and equipment additions	312,854	1,972,342	-	2,285,196
Total fixed assets, net of accumulated depreciation	2,128,102	6,605,112	-	8,733,214
Revenue bonds	2,766,500	1,517,500	-	4,284,000
State revolving fund loan	1,420,446	-	-	1,420,446
General obligation bonds	780,000	-	-	780,000
Neighborhood Improvement District Bonds	-	285,000	-	285,000
Certificates of participation	1,250,000	1,250,000	-	2,500,000

15. SUBSEQUENT EVENTS:

Subsequent to year-end, the City issued \$1.1 million of General Obligation Bonds for the first phase of the 211th street interchange project.

16. EXPENDITURES IN EXCESS OF BUDGET APPROPRIATION:

In June 2012, the City issued Certificates of Participation in the amount of \$705,000 for the purchase of City Hall and other improvements. While the City Council approved the bond issue through an ordinance, the City's FY 2012 budget was not formally amended by the Council to include the financing sources and uses of the bonds in the 2012 COP Bond Fund. Therefore, actual expenditures exceeded budgetary appropriations by \$553,164, which is in violation of Missouri state statutes.

17. PLEDGED REVENUES:

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay four debt issues totaling \$4,889,000. The 1994, 1999, 2007, and 2011 bonds were issued in the amounts of \$2,605,000, \$1,365,000, \$605,000, and \$3,125,000, respectively. Proceeds from the bonds were used for the expansion and improvement of the waterworks and sewerage system as well as the refunding of prior debt. The bonds are payable from the sewer and water funds net revenues and are payable through 2032. The total interest and principal remaining on the bonds is \$6,978,100. Principal and interest paid for the current year is \$857,200.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

16. EVALUATION OF SUBSEQUENT EVENTS:

The City has evaluated subsequent events through December 31, 2012, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PECULIAR, MISSOURI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY ACCOUNTING

The City prepares its budget for all governmental funds on the modified cash basis of accounting. This basis is consistent with the basis of accounting used in preparing and presenting the basic financial statements. All unexpended appropriations lapse at year-end.

- 1) Prior to September 1, management submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A public hearing is conducted to obtain taxpayer comments. Prior to this hearing, the budget document is made available for public inspection.
- 3) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- 4) Any transfer of budgeted amounts between object levels within any fund or any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
- 5) Budgets are prepared on the modified cash basis of accounting which corresponds to the fund statements.
- 6) Actual expenditures may not legally exceed the budgeted expenditures in any budgeted fund.

MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM:

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>
2/28/2010	\$ 981,135	\$ 1,409,541	\$ 428,406
2/28/2011	\$ 1,123,003	\$ 1,536,995	\$ 413,992
2/29/2012	\$ 1,356,968	\$ 1,619,576	\$ 262,608

<u>Actuarial Valuation Date</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percent of Covered Payroll</u>
2/28/2010	70%	\$ 1,022,913	42%
2/28/2011	73%	\$ 879,029	47%
2/29/2012	84%	\$ 860,467	31%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuation, please contact the LAGERS office in Jefferson City.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 239,536	\$ 239,536	\$ 239,536	\$ -
Resources (Inflows):				
Taxes	721,000	721,000	772,745	51,745
Franchise fees	372,000	372,000	359,863	(12,137)
Licenses and permits	50,500	50,500	37,302	(13,198)
Intergovernmental	160,000	58,000	53,067	(4,933)
Charges for services	8,000	8,000	2,823	(5,177)
Fees and fines	284,000	284,000	263,417	(20,583)
Investment income	5,000	5,000	2,687	(2,313)
Other	50,500	145,500	126,034	(19,466)
Transfers from others funds	-	54,000	54,000	-
	<u>1,651,000</u>	<u>1,698,000</u>	<u>1,671,938</u>	<u>(26,062)</u>
Amounts available for appropriation	<u>1,890,536</u>	<u>1,937,536</u>	<u>1,911,474</u>	<u>(26,062)</u>
Charges to appropriations (Outflows):				
Elected officials	30,000	159,000	60,988	98,012
Administrative/finance	282,000	282,000	278,114	3,886
Law enforcement	735,000	785,000	723,962	61,038
Public works	335,500	204,000	228,732	(24,732)
Courts	94,000	94,000	88,093	5,907
Planning	120,000	101,000	94,627	6,373
Emergency management	2,000	2,000	1,957	43
Capital outlay	5,000	5,000	15,100	(10,100)
Debt service:				
Principal	21,000	21,000	8,347	12,653
Interest and fiscal charges	-	-	11,931	(11,931)
Transfers to other funds	-	27,000	27,000	-
Total charges to appropriations	<u>1,624,500</u>	<u>1,680,000</u>	<u>1,538,851</u>	<u>141,149</u>
Ending budgetary fund balance	<u>\$ 266,036</u>	<u>\$ 257,536</u>	<u>\$ 372,623</u>	<u>\$ 115,087</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
PARK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance	\$ 289,636	\$ 289,636	\$ 289,636	\$ -
Resources (Inflows):				
Taxes	148,000	148,000	150,653	2,653
Licenses and permits	3,000	3,000	662	(2,338)
Investment income	3,000	3,000	1,385	(1,615)
Other	22,000	22,000	26,581	4,581
	<u>176,000</u>	<u>176,000</u>	<u>179,281</u>	<u>3,281</u>
Amounts available for appropriation	<u>465,636</u>	<u>465,636</u>	<u>468,917</u>	<u>3,281</u>
Charges to appropriations (Outflows):				
Parks	139,925	139,925	105,164	34,761
Capital outlay	-	-	234	(234)
Debt service, Interest and fiscal charges	28,500	28,500	28,387	113
	<u>168,425</u>	<u>168,425</u>	<u>133,785</u>	<u>34,640</u>
Total charges to appropriations	<u>168,425</u>	<u>168,425</u>	<u>133,785</u>	<u>34,640</u>
Ending budgetary fund balance	<u>\$ 297,211</u>	<u>\$ 297,211</u>	<u>\$ 335,132</u>	<u>\$ 37,921</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
ROAD AND STREET FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 11,577	\$ 11,577	\$ 11,577	\$ -
Resources (Inflows):				
Taxes	152,000	152,000	150,656	(1,344)
Licenses and permits	-	-	300	300
Intergovernmental	<u>35,000</u>	<u>70,000</u>	<u>75,048</u>	<u>5,048</u>
	<u>187,000</u>	<u>222,000</u>	<u>226,004</u>	<u>4,004</u>
Amounts available for appropriation	<u>198,577</u>	<u>233,577</u>	<u>237,581</u>	<u>4,004</u>
Charges to appropriations (Outflows):				
Streets	148,900	183,900	128,831	55,069
Capital outlay	<u>38,100</u>	<u>38,100</u>	<u>73,285</u>	<u>(35,185)</u>
Total charges to appropriations	<u>187,000</u>	<u>222,000</u>	<u>202,116</u>	<u>19,884</u>
Ending budgetary fund balance	<u>\$ 11,577</u>	<u>\$ 11,577</u>	<u>\$ 35,465</u>	<u>\$ 23,888</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
GASOLINE TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows),				
Taxes	-	144,000	148,146	4,146
Amounts available for appropriation	-	144,000	148,146	4,146
Charges to appropriations (Outflows),				
Streets	-	144,000	125,121	18,879
Total charges to appropriations	-	144,000	125,121	18,879
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,025</u>	<u>\$ 23,025</u>

See accompanying notes.

SUPPLEMENTARY INFORMATION

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 128,973	\$ 128,973	\$ 128,973	\$ -
Resources (Inflows):				
Taxes	185,000	185,000	170,284	(14,716)
Licenses and permits	10,000	10,000	-	(10,000)
Investment income	1,500	1,500	-	(1,500)
Other	2,000	2,000	-	(2,000)
	<u>198,500</u>	<u>198,500</u>	<u>170,284</u>	<u>(28,216)</u>
Amounts available for appropriation	<u>327,473</u>	<u>327,473</u>	<u>299,257</u>	<u>(28,216)</u>
Charges to appropriations (Outflows), Capital outlay	<u>252,500</u>	<u>314,318</u>	<u>187,080</u>	<u>127,238</u>
Total charges to appropriations	<u>252,500</u>	<u>314,318</u>	<u>187,080</u>	<u>127,238</u>
Ending budgetary fund balance	<u>\$ 74,973</u>	<u>\$ 13,155</u>	<u>\$ 112,177</u>	<u>\$ 99,022</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
EAST GROWTH FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 119,474	\$ 119,474	\$ 119,474	\$ -
Resources (Inflows):				
Licenses and permits	1,000	1,000	1,001	1
Investment income	<u>1,800</u>	<u>1,800</u>	<u>520</u>	<u>(1,280)</u>
	<u>2,800</u>	<u>2,800</u>	<u>1,521</u>	<u>(1,279)</u>
Amounts available for appropriation	<u>122,274</u>	<u>122,274</u>	<u>120,995</u>	<u>(1,279)</u>
Charges to appropriations (Outflows),				
Capital outlay	<u>100,000</u>	<u>120,000</u>	<u>118,000</u>	<u>2,000</u>
Total charges to appropriations	<u>100,000</u>	<u>120,000</u>	<u>118,000</u>	<u>2,000</u>
Ending budgetary fund balance	<u>\$ 22,274</u>	<u>\$ 2,274</u>	<u>\$ 2,995</u>	<u>\$ 721</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
WEST GROWTH FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 8,719	\$ 8,719	\$ 8,719	\$ -
Resources (Inflows):				
Licenses and permits	1,000	1,000	1,000	-
Investment income	<u>200</u>	<u>200</u>	<u>16</u>	<u>(184)</u>
	<u>1,200</u>	<u>1,200</u>	<u>1,016</u>	<u>(184)</u>
Amounts available for appropriation	<u>9,919</u>	<u>9,919</u>	<u>9,735</u>	<u>(184)</u>
Charges to appropriations (Outflows),				
Capital outlay	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Total charges to appropriations	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Ending budgetary fund balance	<u>\$ 9,919</u>	<u>\$ 919</u>	<u>\$ 9,735</u>	<u>\$ 8,816</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 15,232	\$ 15,232	\$ 15,232	\$ -
Resources (Inflows), Taxes	<u>147,000</u>	<u>295,000</u>	<u>293,351</u>	<u>(1,649)</u>
	<u>147,000</u>	<u>295,000</u>	<u>293,351</u>	<u>(1,649)</u>
Amounts available for appropriation	<u>162,232</u>	<u>310,232</u>	<u>308,583</u>	<u>(1,649)</u>
Charges to appropriations (Outflows), Transfers to other funds	<u>148,800</u>	<u>158,800</u>	<u>155,828</u>	<u>2,972</u>
Total charges to appropriations	<u>148,800</u>	<u>158,800</u>	<u>155,828</u>	<u>2,972</u>
Ending budgetary fund balance	<u>\$ 13,432</u>	<u>\$ 151,432</u>	<u>\$ 152,755</u>	<u>\$ 1,323</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 2012 COP BONDS FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows),				
Investment income	-	-	170	170
Proceeds from long-term debt	-	-	705,000	705,000
	-	-	705,170	705,170
Amounts available for appropriation	-	-	705,170	705,170
Charges to appropriations (Outflows),				
Capital outlay	-	-	191,155	(191,155)
Discount on Bonds	-	-	10,575	(10,575)
Debt service:				
Interest and fiscal charges	-	-	27,134	(27,134)
Transfers to other funds	-	-	324,300	(324,300)
Total charges to appropriations	-	-	553,164	(553,164)
Ending budgetary fund balance	\$ -	\$ -	\$ 152,006	\$ 152,006

See accompanying notes.