

CITY OF PECULIAR, MISSOURI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

TOGETHER WITH
INDEPENDENT AUDITOR'S 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

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, and each major fund of the City of Peculiar, Missouri (the City), as of and for the year ended September 30, 2014, 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

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statement 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 2014, the respective changes in financial position-modified cash basis, and, where applicable, cash flows, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention on Note 1 of the financial statements that 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 opinions are not modified with respect to this matter.

Other Matters

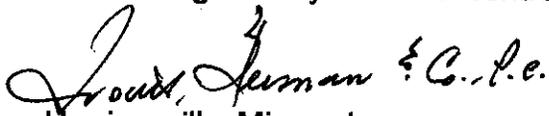
Supplementary Information

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 Missouri Local Government Employees Retirement System, budgetary comparison information, building schedule, and water and sewer systems information are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Missouri Local Government Employees Retirement System presented on page 46, budgetary comparison information on pages 47 to 59, building information on page 60, and water and sewer systems information on pages 61 and 62, 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. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2015 on our consideration of the City'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's internal control over financial reporting and compliance.


Harrisonville, Missouri
January 28, 2015

CITY OF PECULIAR, MISSOURI

**STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
SEPTEMBER 30, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,218,821	\$ 144,951	\$ 1,363,772
Restricted cash	152,129	2,980,708	3,132,837
Bond discounts, net of amortization	-	46,172	46,172
Internal balances	195,958	(195,958)	-
Capital assets:			
Land	1,176,800	157,500	1,334,300
Construction in progress	1,005,512	36,218	1,041,730
Infrastructure	11,722,857	-	11,722,857
Water and sewer facilities and transmission lines	-	12,204,697	12,204,697
Vehicles and equipment	1,430,592	708,067	2,138,659
Buildings and improvements	1,852,135	319,745	2,171,880
Less: accumulated depreciation	(4,525,595)	(3,875,630)	(8,401,225)
Total capital assets	12,662,301	9,550,597	22,212,898
Total assets	14,229,209	12,526,470	26,755,679
LIABILITIES			
Court bonds payable	5,560	-	5,560
Accrued liabilities	27,828	20,320	48,148
Bond discount/premium, net of amortization	76,623	-	76,623
Meter deposits	-	224,913	224,913
Long-term liabilities:			
Due within one year	95,056	582,193	677,249
Due in more than one year	2,144,004	8,773,640	10,917,644
Total liabilities	2,349,071	9,601,066	11,950,137
NET POSITION			
Net investments in capital assets	10,401,531	1,319,766	11,721,297
Restricted for:			
Debt service	-	432,144	432,144
Capital projects	72,103	-	72,103
Grants	84,203	-	84,203
Unrestricted	1,322,301	1,173,494	2,495,795
Total net position	\$ 11,880,138	\$ 2,925,404	\$ 14,805,542

See accompanying notes.

CITY OF PECULIAR, MISSOURI
STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
Elected officials	\$ 44,797	\$ -	\$ -	\$ -	\$ (44,797)	\$ (44,797)
Administrative/finance	376,183	52,389	86,497	-	(237,297)	(237,297)
Law enforcement	1,093,263	256,436	45,459	-	(791,368)	(791,368)
Public works	149,086	-	-	-	(149,086)	(149,086)
Streets	916,676	-	79,311	-	(837,365)	(837,365)
Parks	215,234	8,876	2,090	-	(204,268)	(204,268)
Courts	88,586	-	-	-	(88,586)	(88,586)
Planning	163,659	9,739	-	-	(153,920)	(153,920)
Facilities	88,522	-	-	-	(88,522)	(88,522)
Interest on long-term debt	96,398	-	-	-	(96,398)	(96,398)
Total governmental activities	<u>3,232,404</u>	<u>327,440</u>	<u>213,357</u>	<u>-</u>	<u>(2,691,607)</u>	<u>(2,691,607)</u>
Business-type activities:						
Water	1,240,061	1,214,770	-	19,650	-	(5,641)
Sewer	1,112,283	1,177,758	-	9,825	-	75,300
Trash	266,989	274,417	-	-	-	7,428
Total business-type activities	<u>2,619,333</u>	<u>2,666,945</u>	<u>-</u>	<u>29,475</u>	<u>-</u>	<u>77,087</u>
Total primary government	<u>\$ 5,851,737</u>	<u>\$ 2,994,385</u>	<u>\$ 213,357</u>	<u>\$ 29,475</u>	<u>(2,691,607)</u>	<u>(2,614,520)</u>
General revenues:						
Taxes:						
Property taxes					486,702	486,702
Franchise and other miscellaneous taxes					557,003	557,003
Local sales tax					1,104,924	1,104,924
Investment earnings					2,653	79,569
Miscellaneous					125,602	147,867
Transfers					(43,604)	-
Total general revenues					<u>2,233,280</u>	<u>2,376,065</u>
Change in net assets					<u>(458,327)</u>	<u>(238,455)</u>
Net position - beginning as restated					<u>12,338,465</u>	<u>15,043,997</u>
Net position - ending					<u>\$ 11,880,138</u>	<u>\$ 14,805,542</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Park Fund	Road & Street Fund	Gasoline Tax Fund	LET Fund	FBI Fund	Debt Service Fund	Capital Improvement Fund	East Growth Fund	West Growth Fund	2012 COP Construction Fund	2013 Bonds Construction Fund	2012 COP Debt Service Fund	Total Governmental Funds
ASSETS:														
Cash	\$ 579,556	\$ 322,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,167	\$ 8,002	\$ 10,761	\$ -	\$ -	\$ -	\$ 1,218,821
Due from others funds	1,272,807	2,715	125,544	79,926	580	89,986	448,172	140,025	-	-	-	-	-	2,076,373
Restricted cash	7,220	-	-	-	-	-	-	-	-	-	-	-	54,913	152,129
Total assets	\$ 1,859,383	\$ 325,050	\$ 125,544	\$ 79,926	\$ 580	\$ 89,986	\$ 448,172	\$ 438,996	\$ 8,002	\$ 10,761	\$ -	\$ -	\$ 54,913	\$ 3,447,323
LIABILITIES AND FUND BALANCES:														
LIABILITIES:														
Due to other funds	\$ 1,364,641	\$ 45,782	\$ 521	\$ 8,467	\$ -	\$ 5,793	\$ 241,597	\$ 169,081	\$ 2,900	\$ 15,000	\$ 16,921	\$ 9,637	\$ 75	\$ 1,880,415
Other payables	33,330	(189)	308	308	(372)	-	-	-	-	-	-	-	-	33,398
Total liabilities	\$ 1,397,971	\$ 45,593	\$ 829	\$ 8,775	\$ (372)	\$ 5,793	\$ 241,597	\$ 169,081	\$ 2,900	\$ 15,000	\$ 16,921	\$ 9,637	\$ 75	\$ 1,913,803
FUND BALANCES:														
Restricted:														
Road and street	-	-	-	71,151	952	-	-	-	-	-	-	-	-	72,103
Grants	-	-	-	-	-	84,203	-	-	-	-	-	-	-	84,203
Assign:														
Capital projects	-	-	-	-	-	-	-	287,915	-	-	-	-	-	287,915
Parks and recreation	-	279,454	-	-	-	-	-	-	-	-	-	-	-	279,454
Road and street	-	-	124,715	-	-	-	-	-	-	-	-	-	-	124,715
Debt service	-	-	-	-	-	-	206,575	-	-	-	-	-	54,838	261,413
Capital projects	-	-	-	-	-	-	-	-	5,102	3,761	(16,921)	(9,637)	-	(7,695)
Unassigned	461,412	-	-	-	-	-	-	-	-	-	-	-	-	461,412
Total fund balances	\$ 461,412	\$ 279,454	\$ 124,715	\$ 71,151	\$ 952	\$ 84,203	\$ 206,575	\$ 287,915	\$ 5,102	\$ 3,761	\$ (16,921)	\$ (9,637)	\$ 54,838	\$ 1,593,520
Total liabilities and fund balances	\$ 1,859,383	\$ 325,050	\$ 125,544	\$ 79,926	\$ 580	\$ 89,986	\$ 448,172	\$ 438,996	\$ 8,002	\$ 10,761	\$ -	\$ -	\$ 54,913	\$ 3,447,323

See accompanying notes.

CITY OF PECULIAR, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET --
MODIFIED CASH BASIS -- TO THE STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
SEPTEMBER 30, 2014

Fund balances - total governmental funds	\$ 1,533,520
Amounts reported for governmental activities in the Statement of Net Position 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 Position.	12,662,301
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.	(76,623)
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>(2,239,060)</u>
Net Assets of governmental activities in the Statement of Net Position.	<u>\$ 11,880,138</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, 2014

	General Fund	Park Fund	Road & Street Fund	Gasoline Tax Fund	LET Fund	FBI Fund	Debt Service Fund	Capital Improvement Fund	East Growth Fund	West Growth Fund	2012 COP Construction Fund	2013 Bonds Construction Fund	2013 COP Debt Service Fund	Total
REVENUES:														
Taxes	\$ 770,312	\$ 189,795	\$ 190,105	\$ -	\$ -	\$ -	\$ 236,558	\$ 204,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,591,626
Franchise fees	384,262	-	-	-	-	-	-	-	-	-	-	-	-	384,262
Licenses and permits	36,768	4,621	79,311	172,741	-	-	-	-	5,000	6,000	-	-	-	52,389
Intergovernmental	45,459	-	-	-	-	-	-	-	-	-	-	-	-	297,511
Charges for services	9,739	8,876	-	-	-	-	-	-	-	-	-	-	-	18,615
Fees and fines	256,436	-	-	-	-	-	-	-	-	-	-	-	-	256,436
Investment income	1,180	624	-	-	-	384	-	209	5	15	-	-	137	2,853
Other	95,081	28,613	-	-	1,908	-	-	-	-	-	-	-	-	125,592
Contributions	85,497	2,090	-	-	-	-	-	-	-	-	-	-	-	87,587
	<u>1,695,734</u>	<u>224,619</u>	<u>269,416</u>	<u>172,741</u>	<u>1,908</u>	<u>384</u>	<u>236,558</u>	<u>205,065</u>	<u>5,005</u>	<u>6,015</u>	<u>-</u>	<u>89</u>	<u>137</u>	<u>2,817,691</u>
EXPENDITURES:														
Elected officials	44,797	-	-	-	-	-	-	-	-	-	-	-	-	44,797
Administrative/finance	350,787	-	-	-	2,666	-	-	-	-	-	-	-	-	353,453
Law enforcement	806,128	-	-	-	-	-	-	-	-	-	-	-	-	806,128
Public works	149,086	-	-	-	-	-	-	-	-	-	-	-	-	149,086
Streets	-	-	237,755	153,362	-	-	-	-	-	-	-	-	-	391,117
Parks	-	191,004	-	-	-	-	-	-	-	-	-	-	-	191,004
Courts	88,586	-	-	-	-	-	-	-	-	-	-	-	-	88,586
Planning	153,659	-	-	-	-	-	-	-	-	-	-	-	-	153,659
Fire	94,522	-	-	-	-	-	-	-	-	-	-	-	-	94,522
Courtesy	71,622	-	-	-	-	932,376	-	309,477	2,900	13,000	-	247,000	-	1,611,144
Debt service	128,706	7,200	-	-	111,000	-	25,900	21,435	-	-	-	-	13,500	306,841
Principal	7,520	17,330	-	-	-	55,450	-	3,657	-	-	-	-	12,261	86,338
Interest and fiscal charges	<u>1,901,413</u>	<u>250,303</u>	<u>237,755</u>	<u>153,362</u>	<u>2,666</u>	<u>1,063,376</u>	<u>80,450</u>	<u>334,749</u>	<u>2,900</u>	<u>13,000</u>	<u>-</u>	<u>247,000</u>	<u>25,761</u>	<u>4,292,735</u>
	<u>(215,679)</u>	<u>(15,694)</u>	<u>31,561</u>	<u>19,379</u>	<u>(758)</u>	<u>(1,042,982)</u>	<u>156,108</u>	<u>(129,684)</u>	<u>2,105</u>	<u>(6,965)</u>	<u>-</u>	<u>(246,911)</u>	<u>(25,624)</u>	<u>(1,475,054)</u>
Excess (deficiency) of revenues over expenditures														
OTHER FINANCING SOURCES (USES):														
Transfers in (out)	140,757	(4,712)	-	-	-	-	(107,769)	152,445	-	-	-	(97,476)	25,596	(43,604)
Proceeds from long-term debt	116,571	-	-	-	-	-	-	-	-	-	-	-	-	269,016
Total other financing sources (uses)	<u>257,328</u>	<u>(4,712)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,769)</u>	<u>152,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,476)</u>	<u>25,596</u>	<u>225,412</u>
Net change in fund balances	41,649	(20,386)	31,561	19,379	(758)	(1,042,982)	49,339	22,761	2,105	(6,965)	-	(344,387)	(28)	(1,249,642)
FUND BALANCES, October 1, 2013	419,763	299,850	99,054	51,772	1,710	1,127,185	158,236	245,154	2,997	10,746	(16,921)	334,750	54,865	2,783,192
FUND BALANCES, September 30, 2014	<u>\$ 461,412</u>	<u>\$ 279,464</u>	<u>\$ 128,715</u>	<u>\$ 71,151</u>	<u>\$ 952</u>	<u>\$ 84,203</u>	<u>\$ 206,575</u>	<u>\$ 267,919</u>	<u>\$ 5,102</u>	<u>\$ 3,761</u>	<u>\$ (16,921)</u>	<u>\$ (9,637)</u>	<u>\$ 54,838</u>	<u>\$ 1,533,520</u>

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, 2014

Net change in fund balances - total governmental funds \$ (1,249,642)

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. 749,495

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 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-term debt and related items. 41,820

Change in Net Position of governmental activities \$ (458,327)

See accompanying notes.

CITY OF PECULIAR, MISSOURI

STATEMENT OF NET POSITION – MODIFIED CASH BASIS --
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total Proprietary</u>
ASSETS:				
Current assets:				
Cash	\$ 144,951	\$ -	\$ -	\$ 144,951
Due from funds	<u>362,904</u>	<u>892,342</u>	<u>293,379</u>	<u>1,548,625</u>
Total current assets	<u>507,855</u>	<u>892,342</u>	<u>293,379</u>	<u>1,693,576</u>
Non-current assets:				
Restricted cash	2,757,558	223,150	-	2,980,708
Bond discount, net of amortization	-	46,172	-	46,172
Capital assets:				
Construction in progress	1,931	34,287	-	36,218
Land	40,000	117,500	-	157,500
Water and sewer facilities and transmission lines	5,703,814	6,500,883	-	12,204,697
Vehicles and equipment	465,348	242,719	-	708,067
Buildings and improvements	158,455	161,290	-	319,745
Less accumulated depreciation	<u>(2,326,564)</u>	<u>(1,549,066)</u>	-	<u>(3,875,630)</u>
Net capital assets	<u>4,042,984</u>	<u>5,507,613</u>	-	<u>9,550,597</u>
Total assets	<u>7,308,397</u>	<u>6,669,277</u>	<u>293,379</u>	<u>14,271,053</u>
LIABILITIES:				
Current liabilities:				
Accrued expenses	16,611	3,548	161	20,320
Due to funds	743,999	998,861	1,723	1,744,583
Meter deposits	203,319	21,594	-	224,913
Current portion of long-term obligations	<u>244,015</u>	<u>338,178</u>	-	<u>582,193</u>
Total current liabilities	1,207,944	1,362,181	1,884	2,572,009
Non-current liabilities,				
Bonds and notes payable	<u>5,375,037</u>	<u>3,398,603</u>	-	<u>8,773,640</u>
Total non-current liabilities	<u>5,375,037</u>	<u>3,398,603</u>	-	<u>8,773,640</u>
	<u>6,582,981</u>	<u>4,760,784</u>	<u>1,884</u>	<u>11,345,649</u>
NET POSITION:				
Net investment in capital assets	(652,622)	1,972,388	-	1,319,766
Restricted for debt service	375,919	56,225	-	432,144
Unrestricted	<u>1,002,119</u>	<u>(120,120)</u>	<u>291,495</u>	<u>1,173,494</u>
	<u>\$ 725,416</u>	<u>\$ 1,908,493</u>	<u>\$ 291,495</u>	<u>\$ 2,925,404</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION --
MODIFIED CASH BASIS -- PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total Proprietary</u>
OPERATING REVENUES,				
Charges for services	\$ 1,214,770	\$ 1,177,758	\$ 274,417	\$ 2,666,945
OPERATING EXPENSES:				
Personnel services	290,320	375,651	15,194	681,165
Contractual and professional services	506,575	102,224	248,926	857,725
Materials and supplies	40,979	31,645	2,869	75,493
Repairs and maintenance	26,457	105,302	-	131,759
Insurance	2,438	2,923	-	5,361
Utilities	-	77,845	-	77,845
Depreciation and amortization	189,244	193,789	-	383,033
	<u>1,058,013</u>	<u>889,379</u>	<u>266,989</u>	<u>2,212,381</u>
Income (loss) from operations	<u>158,757</u>	<u>288,379</u>	<u>7,428</u>	<u>454,564</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	73,550	3,366	-	76,916
Tower rental	22,265	-	-	22,265
Bond issue cost and interest expense	(184,048)	(222,904)	-	(406,952)
Other	19,650	9,825	-	29,475
	<u>(68,583)</u>	<u>(209,713)</u>	<u>-</u>	<u>(278,296)</u>
Net income (loss) before transfers	90,174	78,666	7,428	176,268
OTHER FINANCING SOURCES (USES):				
Transfers in	139,598	56,097	-	195,695
Transfers out	(147,926)	(3,524)	(641)	(152,091)
	<u>(8,328)</u>	<u>52,573</u>	<u>(641)</u>	<u>43,604</u>
Change in net position	81,846	131,239	6,787	219,872
TOTAL NET POSITION - beginning as restated	<u>643,570</u>	<u>1,777,254</u>	<u>284,708</u>	<u>2,705,532</u>
TOTAL NET POSITION - ending	<u>\$ 725,416</u>	<u>\$ 1,908,493</u>	<u>\$ 291,495</u>	<u>\$ 2,925,404</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

**COMBINED STATEMENT OF CASH FLOWS -- MODIFIED CASH BASIS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Water	Sewer	Trash	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Received from customers	\$ 1,214,770	\$ 1,177,758	\$ 274,417	\$ 2,666,945
Payments to employees and fringe benefits	(282,758)	(378,574)	(15,194)	(686,526)
Payments to vendors and suppliers	(560,740)	(313,488)	(251,634)	(1,125,842)
Other receipts	<u>22,265</u>	<u>-</u>	<u>-</u>	<u>22,265</u>
Net cash provided by operating activities	<u>383,537</u>	<u>485,716</u>	<u>7,589</u>	<u>876,842</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers (to) from other funds	(8,328)	52,573	(641)	43,604
Net advances (to) from other funds	<u>266,603</u>	<u>(104,543)</u>	<u>(6,948)</u>	<u>155,112</u>
Net cash (used) provided by noncapital financing activities	<u>258,275</u>	<u>(51,970)</u>	<u>(7,589)</u>	<u>198,716</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt	1,306,969	30,988	-	1,337,957
Acquisition and construction of capital assets	(307,561)	(487,487)	-	(795,048)
Principal paid on capital debt and leases	(488,062)	(294,607)	-	(782,669)
Interest and fiscal charges paid on capital debt and leases	<u>(184,048)</u>	<u>(222,904)</u>	<u>-</u>	<u>(406,952)</u>
Net cash used by capital and related financing activities	<u>347,298</u>	<u>(974,010)</u>	<u>-</u>	<u>(626,712)</u>
CASH FLOWS FROM INVESTING ACTIVITIES,				
Investment income	<u>73,550</u>	<u>3,386</u>	<u>-</u>	<u>76,916</u>
Net cash provided by investing activities	<u>73,550</u>	<u>3,386</u>	<u>-</u>	<u>76,916</u>
Net decrease in cash and cash equivalents	1,062,660	(536,898)	-	525,762
Cash and cash equivalents, October 1, 2013	<u>1,839,849</u>	<u>760,048</u>	<u>-</u>	<u>2,599,897</u>
Cash and cash equivalents, September 30, 2014	<u>\$ 2,902,509</u>	<u>\$ 223,150</u>	<u>\$ -</u>	<u>\$ 3,125,659</u>
Reconciliation of operating income to net cash provided by operating activities,				
Operating Income (loss)	<u>\$ 158,757</u>	<u>\$ 288,379</u>	<u>\$ 7,428</u>	<u>\$ 454,564</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	189,244	193,789	-	383,033
Miscellaneous nonoperating income	22,265	-	-	22,265
Changes in assets and liabilities:				
Accrued liabilities	1,786	3,548	161	5,495
Meter deposits	<u>11,485</u>	<u>-</u>	<u>-</u>	<u>11,485</u>
Total adjustments	<u>224,780</u>	<u>197,337</u>	<u>161</u>	<u>422,278</u>
Net cash provided by operating activities	<u>\$ 383,537</u>	<u>\$ 485,716</u>	<u>\$ 7,589</u>	<u>\$ 876,842</u>
Noncash Investing, capital, and financing activities:				
Assets acquired through assumption of a liability	\$ 1,306,969	\$ 30,988	\$ -	\$ 1,337,957
Assets acquired through a gift	19,650	9,806	-	29,456
Increase in receivables related to nonoperating income	216,094	597,379	-	813,473

See accompanying notes.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Peculiar, Missouri (the City), have been prepared on a modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Reporting 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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation: 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 nonexchange revenues. Business-type activities are financed in whole or part by fees charged to external parties for goods and services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program receipts include (a) charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

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.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

Fund Financial Statements (Continued):

The funds of the financial reporting entity are described below:

Governmental Fund Types

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

The following are the City's Governmental fund types:

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

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

The FBI Fund accounts for the Federal forfeiture funds obtained from the Federal Government that are restricted for capital purchases for law enforcement.

The 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 utilizes two of these funds: Debt Service Fund and 2012 COP Debt Service Fund.

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 six of these funds: Capital Improvement Fund, East Growth Fund, West Growth Fund, 2012 COP Bonds Fund, 2012 COP Construction Fund, and 2013 Bonds Construction Fund.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Financial Statements (Continued):

Enterprise 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.

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.

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 Position, 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.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

Basis of Accounting (Continued):

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.

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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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

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.

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 the 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.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

Assets, Liabilities, and Equity (Continued):

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 position and displayed in three components as follows:

- a. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. 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 provision or enabling legislation.
- c. Unrestricted net position 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.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

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.

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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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

Revenues, Expenditures, and Expenses (Continued):

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.

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 under **Basis of Accounting**, 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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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

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, 2014, 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 July 31, 2013, on which the fiscal year 2014 levy was based, is as follows:

Real estate	\$ 45,433,172
Personal property	<u>8,737,549</u>
 Total	 <u>\$ 54,170,721</u>

The tax levies per \$100 of assessed valuation of tangible real and personal property for the calendar year 2013, were as follows:

General Fund	\$.4556
Debt Service	<u>.4070</u>
	<u>\$.8626</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, 2014, the City had no deficit fund balances.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS:

At September 30, 2014, the carrying amount of the City's demand deposits in financial institutions was \$1,779,765. 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.

At September 30, 2014, the City's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Money Market	\$ 1,606,906	\$ 1,606,906
State Revolving Fund (Controlled by State)	<u>1,108,652</u>	<u>1,108,652</u>
	<u>\$ 2,715,558</u>	<u>\$ 2,715,558</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, 2014, 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	\$ 1,606,906	\$ 1,606,906	\$ -	\$ -
State Revolving Fund	<u>1,108,652</u>	<u>168,148</u>	<u>12,170</u>	<u>928,349</u>
	<u>\$ 2,715,558</u>	<u>\$ 1,775,054</u>	<u>\$ 12,170</u>	<u>\$ 928,349</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.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Continued):

Credit Risk(Continued):

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 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		1,779,765
State Revolving Fund		1,108,652
Money markets		<u>1,606,906</u>
Total	\$	<u>4,496,609</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

4. RESTRICTED CASH:

Restricted cash in the governmental funds at September 30, 2014, consisted of the following:

Restricted for municipal bonds	\$ 7,220
Restricted for grants	89,996
Restricted for capital projects and debt service	<u>54,913</u>
	<u>\$ 152,129</u>

Restricted cash in the proprietary funds at September 30, 2014, consisted of the following:

Restricted for meter deposits	\$ 224,913
Restricted for bond covenant requirements	<u>2,755,795</u>
	<u>\$ 2,980,708</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, 2014, was as follows:

	<u>Balance at</u> <u>10/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>9/30/2014</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,096,800	\$ 80,000	\$ -	\$ 1,176,800
Construction in progress	<u>758,512</u>	<u>247,000</u>	<u>-</u>	<u>1,005,512</u>
Total not being depreciated	<u>1,855,312</u>	<u>327,000</u>	<u>-</u>	<u>2,182,312</u>
Capital assets being depreciated:				
Buildings and improvements	1,615,535	236,600	-	1,852,135
Office equipment and furniture	117,249	4,635	-	121,884
Machinery and equipment	127,920	298,629	-	426,549
Vehicles	351,535	530,624	-	882,159
Infrastructure	<u>11,722,857</u>	<u>-</u>	<u>-</u>	<u>11,722,857</u>
Total being depreciated	<u>13,935,096</u>	<u>1,070,488</u>	<u>-</u>	<u>15,005,584</u>
Less accumulated depreciation for:				
Buildings and improvements	368,681	51,259	-	419,940
Office equipment and furniture	88,881	7,697	-	96,578
Machinery and equipment	43,187	62,432	-	105,619
Vehicles	238,756	136,954	-	375,710
Infrastructure	<u>3,138,098</u>	<u>389,650</u>	<u>-</u>	<u>3,527,748</u>
Total accumulated depreciation	<u>3,877,603</u>	<u>647,992</u>	<u>-</u>	<u>4,525,595</u>
Capital assets being depreciated, net	<u>10,057,493</u>	<u>422,496</u>	<u>-</u>	<u>10,479,989</u>
Governmental capital assets, net	<u>\$ 11,912,805</u>	<u>\$ 749,496</u>	<u>\$ -</u>	<u>\$ 12,662,301</u>

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

Governmental activities:	
General government	\$ 22,201
Police	166,797
Municipal court	-
Streets	440,801
Parks	<u>18,194</u>
	<u>\$ 647,993</u>

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued):

	<u>Balance at</u> <u>10/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>9/30/2014</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 157,500	\$ -	\$ -	\$ 157,500
Construction in progress	<u>-</u>	<u>36,218</u>	<u>-</u>	<u>36,218</u>
Total capital assets not being depreciated	<u>157,500</u>	<u>36,218</u>	<u>-</u>	<u>193,718</u>
Other capital assets:				
Vehicles and equipment	579,477	128,590	-	708,067
Building and improvements	319,745	-	-	319,745
Water, sewer facilities, and transmission lines	<u>11,544,879</u>	<u>659,818</u>	<u>-</u>	<u>12,204,697</u>
Total other capital assets	<u>12,444,101</u>	<u>788,408</u>	<u>-</u>	<u>13,232,509</u>
Less accumulated depreciation for:				
Machinery and equipment	452,321	66,414	-	518,735
Building and improvements	8,976	8,452	-	17,428
Water, sewer facilities, and transmission lines	<u>3,034,114</u>	<u>305,353</u>	<u>-</u>	<u>3,339,467</u>
Total accumulated depreciation	<u>3,495,411</u>	<u>380,219</u>	<u>-</u>	<u>3,875,630</u>
Other capital assets, net	<u>8,948,690</u>	<u>408,189</u>	<u>-</u>	<u>9,356,879</u>
Business-type capital assets, net	<u>\$ 9,106,190</u>	<u>\$ 444,407</u>	<u>\$ -</u>	<u>\$ 9,550,597</u>

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

Business-type activities:

Sewer	\$ 190,976
Water	<u>189,244</u>
	<u>\$ 380,220</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, 2014, consisted of the following:

	Balance October 1, 2013	Additions	Retirements	Balance September 30, 2014	Amount Due Within One Year
General Obligation Bonds	\$ 1,039,999	\$ -	\$ 24,999	\$ 1,015,000	\$ 30,000
Note Payable	234,686	-	234,686	-	-
Capital Lease	-	269,016	26,456	242,560	44,356
Certificates of Participation	1,315,000	-	333,500	981,500	20,700
	<u>\$ 2,589,685</u>	<u>\$ 269,016</u>	<u>\$ 619,641</u>	<u>\$ 2,239,060</u>	<u>\$ 95,056</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. Payments are due in semi-annual installments of \$24,999 to \$75,000 through 2032; interest at 1.5% to 3.1%.

Future minimum bond payments are as follows:

Years ending September 30,	Principal	Interest	Total
2015	\$ 30,000	\$ 47,338	\$ 77,338
2016	30,000	47,338	77,338
2017	30,000	47,338	77,338
2018	30,000	47,338	77,338
2019	55,000	21,925	76,925
2020-2024	290,000	94,300	384,300
2025-2029	330,000	57,594	387,594
2030-2033	220,000	10,349	230,349
	<u>\$ 1,015,000</u>	<u>\$ 373,520</u>	<u>\$ 1,388,520</u>

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Certificate 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.

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.

Advanced Refunding

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 are as follows:

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 20,700	\$ 27,127	\$ 47,827
2016	20,700	26,840	47,540
2017	21,900	26,495	48,395
2018	24,600	26,087	50,687
2019	57,000	25,295	82,295
2020-2024	409,500	101,611	511,111
2025-2029	348,800	39,072	387,872
2030-2033	78,300	6,269	84,569
	<u>\$ 981,500</u>	<u>\$ 278,796</u>	<u>\$ 1,260,296</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, 2014, consisted of the following:

	Balance October 1, 2013	Additions	Retirements	Balance September 30, 2014	Amount Due Within One Year
Notes Payable	\$ 1,174,746	\$ -	\$ 251,300	\$ 923,446	\$ -
Certificates of Participation	2,317,800	-	34,300	2,283,500	34,300
Revenue Bonds	4,528,000	1,245,000	369,000	5,404,000	414,000
General Obligation Bonds	695,000	-	90,000	605,000	110,000
Capital Leases	-	92,957	13,070	79,887	17,893
Neighborhood Improvement District	65,000	-	5,000	60,000	6,000
	<u>\$ 8,780,546</u>	<u>\$ 1,337,957</u>	<u>\$ 762,670</u>	<u>\$ 9,355,833</u>	<u>\$ 582,193</u>

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%.

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.

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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

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>
2015	\$ 6,000	\$ 3,306	\$ 9,306
2016	7,000	2,929	9,929
2017	7,000	2,523	9,523
2018	7,000	2,117	9,117
2019	7,000	1,711	8,711
2020-2024	<u>26,000</u>	<u>2,320</u>	<u>28,320</u>
	<u>\$ 60,000</u>	<u>\$ 14,906</u>	<u>\$ 74,906</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 collected 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%.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

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:

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 110,000	\$ 27,925	\$ 137,925
2016	115,000	22,019	137,019
2017	120,000	16,000	136,000
2018	125,000	9,875	134,875
2019	<u>135,000</u>	<u>3,375</u>	<u>138,375</u>
	<u>\$ 605,000</u>	<u>\$ 79,194</u>	<u>\$ 684,194</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 used.

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%.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

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 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%.

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%.

Future minimum revenue bond payments are as follows:

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 414,000	\$ 237,141	\$ 651,141
2016	420,000	214,096	634,096
2017	435,000	198,152	633,152
2018	510,000	179,837	689,837
2019	270,000	164,547	434,547
2020-2024	1,120,000	678,478	1,798,478
2025-2029	1,330,000	406,038	1,736,038
2030-2033	<u>905,000</u>	<u>73,939</u>	<u>978,939</u>
	<u>\$ 5,404,000</u>	<u>\$ 2,152,228</u>	<u>\$ 7,556,228</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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

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, 2014.

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 assets. A corresponding liability is also recorded.

Refunding Certificate 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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

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>
2015	\$ 34,300	\$ 61,465	\$ 95,765
2016	34,300	60,963	95,263
2017	38,100	60,341	98,441
2018	40,400	59,592	99,992
2019	143,000	57,818	200,818
2020-2024	1,090,500	224,700	1,315,200
2025-2029	836,200	62,661	898,861
2030-2033	<u>66,700</u>	<u>6,269</u>	<u>72,969</u>
	<u>\$ 2,283,500</u>	<u>\$ 593,809</u>	<u>\$ 2,877,309</u>

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL LEASES:

The City has entered into lease agreements for financing capital equipment and a building. The lease agreements qualify as capital leases for accounting purposes, therefore have been recorded at the present value of their future lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset</u>	
Police annex building	\$ 116,571
Police, water, and sewer vehicles	<u>245,402</u>
 Total assets acquired	 <u>\$ 361,973</u>

The future minimum lease payments and the present value of the remaining minimum lease payments as of September, 30, 2014, are as follows:

<u>Years Ending September 30,</u>	
2015	\$ 68,723
2016	69,545
2017	70,344
2018	71,161
2019	32,134
2020-2024	<u>31,566</u>
	343,473
Less: amount representing interest	<u>21,026</u>
Present value of future minimum lease payments	<u>\$ 322,447</u>
 Governmental activities	 \$ 242,560
Business-type activities	<u>79,887</u>
	<u>\$ 322,447</u>

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

8. INTERFUND TRANSACTIONS:

Interfund due from and due to balances at September 30, 2014, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 1,272,607	\$ 1,364,641
Parks Fund	2,715	45,782
Street Fund	125,544	521
Gasoline Tax Fund	79,926	8,467
LET Fund	580	-
FBI Fund	-	5,793
Capital Improvement Fund	146,829	169,081
East Growth Fund	-	2,900
West Growth Fund	-	15,000
2012 COP Construction Fund	-	16,921
2013 Bond Construction Fund	-	9,637
Debt Service Fund	448,172	241,597
2012 Debt Service Fund	-	75
Water Fund	362,904	743,999
Sewer Fund	892,342	998,861
Trash Fund	<u>293,379</u>	<u>1,723</u>
	<u>\$ 3,624,998</u>	<u>\$ 3,624,998</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.

CITY OF PECULIAR, MISSOURI
NOTES TO FINANCIAL STATEMENTS

8. INTERFUND TRANSACTIONS (Continued):

Transfers during the year ended September 30, 2014, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 262,987	\$ 122,230
2012 COP Bonds	-	97,476
Park Fund	-	4,712
Debt Service Fund	-	107,769
2012 COP Debt Service	37,063	11,467
Water Fund	139,598	147,926
Sewer Fund	56,097	3,524
Trash Fund	-	641
	<u>\$ 495,745</u>	<u>\$ 495,745</u>

9. 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 13.7% (General) and 14.6% (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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

9. EMPLOYEE PENSION PLAN (Continued):

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	\$ 161,334
Interest on net pension obligation	114
Adjustment to annual required contribution	<u>(103)</u>
Annual pension cost	161,345
Actual contributions	<u>161,334</u>
Increase (decrease) in NPO	11
NPO beginning of the year	<u>1,572</u>
NPO end of the year	<u><u>\$ 1,583</u></u>

The annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014, 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 28, 2011, was 22 years for the General division and 26 years for the Police division. The amortization period as of February 28, 2012, was 26 years for the General division and 19 years for the Police division.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 137,927	100%	\$ 1,558
2013	\$ 159,840	100.0%	\$ 1,572
2014	\$ 161,345	100.0%	\$ 1,583

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

10. 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.

11. 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.

12. 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.

13. 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.

14. MAJOR SUPPLIERS:

During the year ended September 30, 2014, 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.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

15. EXPENDITURES IN EXCESS OF BUDGET APPROPRIATION:

The 2013 Bond Construction Fund's actual expenditures exceeded budgetary amounts by \$9,726, which is in violation of Missouri state statutes.

In 2013, the City received monies through the Federal Forfeiture program. When the budget was made the actual amount of monies was not known. The FBI Fund's actual expenditures exceeded budgetary amounts by \$43,376, which is in violation of Missouri state statutes.

16. 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, 2011, and 2013 bonds were issued in the amounts of \$2,605,000, \$1,365,000, \$605,000, \$3,125,000, and \$1,245,000 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 2034. The total interest and principal remaining on the bonds is \$7,556,228. Principal and interest paid for the current year is \$601,326.

17. EVALUATION OF SUBSEQUENT EVENTS:

In October 2014, the City issued Series 2014 Combines Waterworks and Sewerage Refunding and Improvement Revenue Bonds in the amount of \$3,685,000. The City has evaluated subsequent events through January 28, 2015, the date which the financial statements were available to be issued.

18. HOUSE BILL 103:

House Bill 103 amending Section 302.341.2 RSMo 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 court costs for traffic violation. Total police fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$256,346. "Annual general operating revenue of the city" is not defined in the amended statute and may or may not include various sources of City's revenues. However, the City's general tax revenue, franchise fees, and fines totaled \$1,411,010. Using the general sales tax and total fines and court costs as the "annual general operating revenue," the City's total police fines and court costs revenues are only 18.2% of this total "annual general operating revenue," which is substantially below the 30% threshold requirement of the amended statute. This demonstrates at a minimum that the City did not exceed the percentage requirement regardless of how "annual general operating revenue" is calculated.

CITY OF PECULIAR, MISSOURI

NOTES TO FINANCIAL STATEMENTS

19. PRIOR PERIOD ADJUSTMENTS:

Change in accounting principle - For the year ended September 30, 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This resulted in an adjustment to the beginning net position for sewer fund on the statement of activities for 2014 of (\$49,732) and an adjustment to the beginning net position for the water fund of (\$83,638). Adjustment was required to the Statement of Activities - Modified Cash Basis for Governmental Activities for 2014 of (\$70,034). The adjustment is required to remove bond costs no longer required to be capitalized in accordance with GASB 65.

Change in debt structure - For the year ended September 30, 2014, the City restructured one debt issue which was previously recorded as Governmental debt. The allocation of the debt has been changed to 25% water, 25% sewer, and 50% governmental. This resulted in an adjustment to beginning net position on the statement of revenues, expenses, and changes in fund net position for 2014 for both water and sewer of \$156,400. This also resulted in a change to beginning net position on the Statement of Activities - Modified Cash Basis for Governmental Activities of \$312,800 and Business-type Activities of (\$312,000).

Statement of Revenues, Expenses, and Changes in Fund Net Position - Modified Cash Basis

	<u>Water Fund</u>	<u>Sewer Fund</u>
Net position as originally reported Setember 30, 2013	\$ 883,608	\$ 1,983,386
Elimination of bond costs	(83,638)	(49,732)
Change in debt structure	<u>(156,400)</u>	<u>(156,400)</u>
Net position as restated September 30, 2013	<u>\$ 643,570</u>	<u>\$ 1,777,254</u>
 Statement of Activities - Modified Cash Basis		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position as originally reported Setember 30, 2013	\$ 12,095,699	\$ 3,151,702
Elimination of bond costs	(70,034)	(133,370)
Change in debt structure	<u>312,800</u>	<u>(312,800)</u>
Net position as restated September 30, 2013	<u>\$ 12,338,465</u>	<u>\$ 2,705,532</u>

SUPPLEMENTARY INFORMATION

CITY OF PECULIAR, MISSOURI

NOTES TO 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>
2/29/2012	\$ 1,356,968	\$ 1,619,576	\$ 262,608
2/28/2013	\$ 1,556,954	\$ 1,808,822	\$ 251,868
2/28/2014	\$ 1,957,131	\$ 2,083,604	\$ 126,473

<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>
2/29/2012	84%	\$ 860,467	31%
2/28/2013	86%	\$ 1,053,519	24%
2/29/2014	94%	\$ 1,213,432	10%

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 419,763	\$ 419,763	\$ 419,763	\$ -
Resources (Inflows):				
Taxes	771,287	771,287	770,312	(975)
Franchise fees	372,505	372,505	384,262	11,757
Licenses and permits	37,500	37,500	36,768	(732)
Intergovernmental	51,000	51,000	45,459	(5,541)
Charges for services	4,000	7,200	9,739	2,539
Fees and fines	276,000	276,000	256,436	(19,564)
Investment income	1,000	1,000	1,180	180
Other	50,000	75,700	181,578	105,878
Transfers from others funds	75,800	295,800	262,987	(32,813)
Proceeds from long-term debt	-	117,000	116,571	(429)
	<u>1,639,092</u>	<u>2,004,992</u>	<u>2,065,292</u>	<u>60,300</u>
Amounts available for appropriation	<u>2,058,855</u>	<u>2,424,755</u>	<u>2,485,055</u>	<u>60,300</u>
Charges to appropriations (Outflows):				
Elected officials	131,000	234,250	44,797	189,453
Administrative/finance	295,279	295,879	350,787	(54,908)
Law enforcement	1,987,114	785,404	808,128	(22,724)
Public works	139,242	129,242	149,086	(19,844)
Streets	-	-	-	-
Parks	-	-	-	-
Courts	93,832	95,132	88,586	6,546
Planning	118,089	180,089	163,659	16,430
Facilities	112,100	102,100	88,522	13,578
Emergency management	-	-	-	-
Capital outlay	2,200	1,600	71,622	(70,022)
Debt service:				
Principal	52,300	169,300	128,706	40,594
Interest and fiscal charges	-	-	7,520	(7,520)
Transfers to other funds	20,000	30,000	122,230	(92,230)
Total charges to appropriations	<u>2,931,156</u>	<u>2,022,996</u>	<u>2,023,643</u>	<u>(647)</u>
Ending budgetary fund balance	\$ (872,301)	\$ 401,759	\$ 461,412	\$ 59,653

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
PARK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 299,850	\$ 299,850	\$ 299,850	\$ -
Resources (Inflows):				
Taxes	135,000	153,000	189,795	36,795
Licenses and permits	700	3,400	4,621	1,221
Charges for services	17,868	17,868	8,876	(8,992)
Investment income	1,000	1,000	624	(376)
Other	33,100	28,100	30,703	2,603
	<u>187,668</u>	<u>203,368</u>	<u>234,619</u>	<u>31,251</u>
Amounts available for appropriation	<u>487,518</u>	<u>503,218</u>	<u>534,469</u>	<u>31,251</u>
Charges to appropriations (Outflows):				
Parks	168,098	195,189	191,004	4,185
Capital outlay	177,490	233,742	34,769	198,973
Debt service:				
Principal	25,000	25,000	7,200	17,800
Interest and fiscal charges	-	-	17,330	(17,330)
Transfers to other funds	2,000	2,500	4,712	(2,212)
	<u>372,588</u>	<u>456,431</u>	<u>255,015</u>	<u>201,416</u>
Total charges to appropriations	<u>372,588</u>	<u>456,431</u>	<u>255,015</u>	<u>201,416</u>
Ending budgetary fund balance	<u>\$ 114,930</u>	<u>\$ 46,787</u>	<u>\$ 279,454</u>	<u>\$ 232,667</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 ROAD AND STREET FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 93,054	\$ 93,054	\$ 93,054	\$ -
Resources (Inflows):				
Taxes	136,350	136,350	190,105	53,755
Licenses and permits	600	600	-	(600)
Intergovernmental	30,000	80,000	79,311	(689)
	<u>166,950</u>	<u>216,950</u>	<u>269,416</u>	<u>52,466</u>
Amounts available for appropriation	<u>260,004</u>	<u>310,004</u>	<u>362,470</u>	<u>52,466</u>
Charges to appropriations (Outflows), Streets	<u>166,950</u>	<u>286,450</u>	<u>237,755</u>	<u>48,695</u>
Total charges to appropriations	<u>166,950</u>	<u>286,450</u>	<u>237,755</u>	<u>48,695</u>
Ending budgetary fund balance	<u>\$ 93,054</u>	<u>\$ 23,554</u>	<u>\$ 124,715</u>	<u>\$ 101,161</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 GASOLINE TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 51,772	\$ 51,772	\$ 51,772	\$ -
Resources (Inflows), Intergovernmental	162,625	162,625	172,741	10,116
Amounts available for appropriations	214,397	214,397	224,513	10,116
Charges to appropriations (Outflows), Streets	162,625	162,625	153,362	9,263
Total charges to appropriations	162,625	162,625	153,362	9,263
Ending budgetary fund balance	\$ 51,772	\$ 51,772	\$ 71,151	\$ 853

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 LET FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 1,710	\$ 1,710	\$ 1,710	\$ -
Resources (Inflows), Other	4,000	4,000	1,908	(2,092)
Amounts available for appropriations	5,710	5,710	3,618	(2,092)
Charges to appropriations (Outflows), Administrative/finance	4,000	4,000	2,666	1,334
Total charges to appropriations	4,000	4,000	2,666	1,334
Ending budgetary fund balance	\$ 1,710	\$ 1,710	\$ 952	\$ (758)

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
FBI FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 1,127,185	\$ 1,127,185	\$ 1,127,185	\$ -
Resources (Inflows),				
Investment income	-	-	394	394
	-	-	394	394
Amounts available for appropriation	<u>1,127,185</u>	<u>1,127,185</u>	<u>1,127,579</u>	<u>394</u>
Charges to appropriations (Outflows):				
Capital outlay	-	1,000,000	932,376	67,624
Debt service,				
Principal	-	-	111,000	(111,000)
Total charges to appropriations	-	<u>1,000,000</u>	<u>1,043,376</u>	<u>(43,376)</u>
Ending budgetary fund balance	<u>\$ 1,127,185</u>	<u>\$ 127,185</u>	<u>\$ 84,203</u>	<u>\$ (42,982)</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 CAPITAL IMPROVEMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 245,154	\$ 245,154	\$ 245,154	\$ -
Resources (Inflows):				
Taxes	173,000	173,000	204,856	31,856
Intergovernmental	118,100	118,100	-	(118,100)
Investment income	500	500	209	(291)
Proceeds from long-term debt	-	153,000	152,445	(555)
	<u>291,600</u>	<u>444,600</u>	<u>357,510</u>	<u>(87,090)</u>
Amounts available for appropriations	<u>536,754</u>	<u>689,754</u>	<u>602,664</u>	<u>(87,090)</u>
Charges to appropriations (Outflows):				
Capital outlay	317,000	612,600	309,477	303,123
Debt service:				
Principal	-	-	21,435	(21,435)
Interest and fiscal charges	-	-	3,837	(3,837)
Total charges to appropriations	<u>317,000</u>	<u>612,600</u>	<u>334,749</u>	<u>277,851</u>
Ending budgetary fund balance	<u>\$ 219,754</u>	<u>\$ 77,154</u>	<u>\$ 267,915</u>	<u>\$ 190,761</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
EAST GROWTH FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 2,997	\$ 2,997	\$ 2,997	\$ -
Resources (Inflows):				
Licenses and permits	-	3,000	5,000	2,000
Investment income	-	-	5	5
	<u>-</u>	<u>3,000</u>	<u>5,005</u>	<u>2,005</u>
Amounts available for appropriations	<u>2,997</u>	<u>5,997</u>	<u>8,002</u>	<u>2,005</u>
Charges to appropriations (Outflows), Capital outlay	<u>-</u>	<u>3,000</u>	<u>2,900</u>	<u>100</u>
Total charges to appropriations	<u>-</u>	<u>3,000</u>	<u>2,900</u>	<u>100</u>
Ending budgetary fund balance	<u>\$ 2,997</u>	<u>\$ 2,997</u>	<u>\$ 5,102</u>	<u>\$ 2,105</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
WEST GROWTH FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 10,746	\$ 10,746	\$ 10,746	\$ -
Resources (Inflows):				
Licenses and permits	-	5,000	6,000	1,000
Investment income	-	10	15	5
	-	5,010	6,015	1,005
Amounts available for appropriations	<u>10,746</u>	<u>15,756</u>	<u>16,761</u>	<u>1,005</u>
Charges to appropriations (Outflows),				
Capital outlay	-	15,000	13,000	2,000
Total charges to appropriations	-	<u>15,000</u>	<u>13,000</u>	<u>2,000</u>
Ending budgetary fund balance	<u>\$ 10,746</u>	<u>\$ 756</u>	<u>\$ 3,761</u>	<u>\$ 3,005</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI
BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
2012 COP CONSTRUCTION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<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	\$ (16,921)	\$ (16,921)	\$ (16,921)	\$ -
Resources (Inflows):				
Investment income	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Amounts available for appropriation	<u>(15,921)</u>	<u>(15,921)</u>	<u>(16,921)</u>	<u>(1,000)</u>
Charges to appropriations (Outflows),				
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total charges to appropriations	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Ending budgetary fund balance	<u>\$ (16,921)</u>	<u>\$ (16,921)</u>	<u>\$ (16,921)</u>	<u>\$ -</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 2013 BOND CONSTRUCTION FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 334,750	\$ 334,750	\$ 334,750	\$ -
Resources (Inflows),				
Investment income	-	-	89	89
Amounts available for appropriation	<u>334,750</u>	<u>334,750</u>	<u>334,839</u>	<u>89</u>
Charges to appropriations (Outflows):				
Capital outlay	-	236,750	247,000	(10,250)
Transfers out	-	98,000	97,476	524
Total charges to appropriations	-	<u>334,750</u>	<u>344,476</u>	<u>(9,726)</u>
Ending budgetary fund balance	\$ <u>334,750</u>	\$ -	\$ <u>(9,637)</u>	\$ <u>(9,637)</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 158,236	\$ 158,236	\$ 158,236	\$ -
Resources (Inflows),				
Taxes	<u>237,000</u>	<u>237,000</u>	<u>236,558</u>	<u>(442)</u>
	<u>237,000</u>	<u>237,000</u>	<u>236,558</u>	<u>(442)</u>
Amounts available for appropriation	<u>395,236</u>	<u>395,236</u>	<u>394,794</u>	<u>(442)</u>
Charges to appropriations (Outflows):				
Debt service:				
Principal	130,000	80,000	25,000	55,000
Interest and fiscal charges	106,514	72,000	55,450	16,550
Transfers to other funds	-	108,800	107,769	1,031
Total charges to appropriations	<u>236,514</u>	<u>260,800</u>	<u>188,219</u>	<u>72,581</u>
Ending budgetary fund balance	<u>\$ 158,722</u>	<u>\$ 134,436</u>	<u>\$ 206,575</u>	<u>\$ 72,139</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

BUDGETARY COMPARISON SCHEDULE -- MODIFIED CASH BASIS --
 2012 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 54,866	\$ 54,866	\$ 54,866	\$ -
Resources (Inflows):				
Investment income	-	-	137	137
Transfers from other funds	48,000	48,000	37,063	(10,937)
	<u>48,000</u>	<u>48,000</u>	<u>37,200</u>	<u>(10,800)</u>
Amounts available for appropriation	<u>102,866</u>	<u>102,866</u>	<u>92,066</u>	<u>(10,800)</u>
Charges to appropriations (Outflows):				
Debt service:				
Principal	25,000	25,000	13,500	11,500
Interest and fiscal charges	23,000	23,000	12,261	10,739
Transfers to other funds	-	-	11,467	(11,467)
Total charges to appropriations	<u>48,000</u>	<u>48,000</u>	<u>37,228</u>	<u>10,772</u>
Ending budgetary fund balance	<u>\$ 54,866</u>	<u>\$ 54,866</u>	<u>\$ 54,838</u>	<u>\$ (28)</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

SUPPLEMENTAL SCHEDULE -- MODIFIED CASH BASIS --
 BUILDING FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Administrative</u>	<u>Public Works</u>
Beginning budgetary fund balance	\$ -	\$ -
Revenues	<u>\$ -</u>	<u>\$ -</u>
Expenditures:		
Supplies	3,944	36
Maintenance	12,893	3,154
Utilities	12,392	6,817
Insurance	2,840	2,326
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>32,069</u>	<u>12,333</u>
Other Financing Sources, Transfers in	<u>32,068</u>	<u>12,281</u>
Net change in fund balance	<u>1</u>	<u>52</u>
Ending budgetary fund balance	<u>\$ 1</u>	<u>\$ 52</u>

See accompanying notes.

CITY OF PECULIAR, MISSOURI

**SUPPLEMENTAL SCHEDULE -- MODIFIED CASH BASIS --
HISTORY AND OPERATION OF THE WATER AND SEWER SYSTEMS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Customer and Operations	No. Customers		
	Year	Water	Sewer
	2009	1770	1962
	2010	1797	1964
	2011	1799	1967
	2012	1800	1968
	2013	1725	1978
	2014	1631	1889

Top Water Customers

User	Usage in Gallons	Percentage of
		Total
Pilot/Flying J	7,532,600	8%
Peculiar Senior Citizen Housing	1,128,700	1%
Aarons Auto Wash	979,100	1%
Ray-Pec Shull Elementary	286,100	0.30%
Peculiar Elementary	745,979	0.83%

Top Sewer Customers

User	Usage in Gallons	Percentage of
		Total
Pilot/Flying J	7,532,600	45%
Sioux Chief MFG	1,673,400	10%
Peculiar Senior Citizen Housing	1,128,700	6%
Ray-Pec High School	1,204,200	9%
Aarons Auto Wash	979,100	5%

System Revenue History

	Waterworks	Sewerage
	Collections	Collections
2008	\$685,600	\$553,396
2009	\$713,690	\$732,717
2010	\$811,788	\$913,823
2011	\$820,152	\$1,044,918
2012	\$859,653	\$1,204,613
2013	\$924,002	\$1,183,042
2014	\$1,214,770	\$1,177,758

Current System Rates

		Per 1,000 Gallons	
		Water	Sewer
Within City Limits	First 1,000	\$ 17.21	\$ 15.00
	Over 1,000	\$ 12.77	\$ 6.85
Outside City Limits	First 1,000	\$ 19.95	\$ 50.00
	Over 1,000	\$ 13.77	\$ 9.35
Business-Government	First 1,000	\$ -	\$ 20.00
	Over 1,000	\$ -	\$ 8.35
PWSD#2/10	First 1,000	\$ -	\$ 15.00
	Over 1,000	\$ -	\$ 16.85

CITY OF PECULIAR, MISSOURI

**SUPPLEMENTAL SCHEDULE -- MODIFIED CASH BASIS --
HISTORY AND OPERATION OF THE WATER AND SEWER SYSTEMS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Historical Debt Service Coverage

	2011	2012	2013	2014
System Revenue				
Water	\$ 820,152	\$ 859,653	\$ 924,002	\$ 1,214,770
Sewer	1,044,918	1,204,613	1,183,042	1,177,758
Investment Income	120,868	112,296	92,393	76,916
Other Income	20,462	21,037	22,514	51,740
Total Revenue	<u>2,006,400</u>	<u>2,197,599</u>	<u>2,221,951</u>	<u>2,521,184</u>
Operating Expenses (excluding depreciation)				
Total Water/Sewer Expenses	<u>1,385,439</u>	<u>1,350,198</u>	<u>1,546,260</u>	<u>1,562,359</u>
Net Revenues available for Debt Service	620,961	847,401	675,691	958,825
Annual Debt Service on Revenue Bonds	\$ 365,213	\$ 595,226	\$ 594,844	\$ 601,326
Debt Service Coverage	<u>1.70</u>	<u>1.42</u>	<u>1.14</u>	<u>1.59</u>
Surplus	<u>\$ 255,748</u>	<u>\$ 252,175</u>	<u>\$ 80,847</u>	<u>\$ 357,499</u>