



# City of Peculiar, Missouri Financial Statements

For the Year Ended September 30, 2015

Together with Independent Auditor's Report

CITY OF PECULIAR MISSOURI  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2015  
AND  
INDEPENDENT AUDITOR'S REPORT

CITY OF PECULIAR, MISSOURI  
 FINANCIAL STATEMENTS  
 WITH SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

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## FINANCIAL SECTION

**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, 2015, 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 statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**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. 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, 2015, 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**

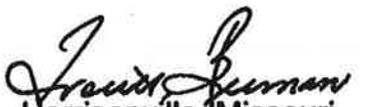
We draw attention on Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions 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, and building schedule 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 pages 44 to 45, budgetary comparison information on pages 46 to 58, building information on page 59, 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.

  
Louis Gorman & Co., P.C.  
Harrisonville, Missouri  
February 8, 2016

**City of Peculiar, Missouri**  
**Statement of Net Position -- Modified Cash Basis**  
**September 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 1,133,865	\$ 113,203	\$ 1,247,068
Restricted cash	7,583,649	3,204,005	10,787,654
Internal balances	431,243	(431,243)	-
Capital assets:			
Land	1,181,800	157,500	1,339,300
Construction in progress	1,005,512	137,678	1,143,190
Infrastructure	11,722,857	-	11,722,857
Water and sewer facilities and transmission lines	-	12,293,863	12,293,863
Vehicle and equipment	1,751,868	713,214	2,465,082
Buildings and improvements	1,873,469	319,745	2,193,214
Less: accumulated depreciation	<u>(5,196,377)</u>	<u>(4,255,806)</u>	<u>(9,452,183)</u>
Total capital assets	<u>12,339,129</u>	<u>9,366,194</u>	<u>21,705,323</u>
Total assets	<u>21,487,886</u>	<u>12,252,159</u>	<u>33,740,045</u>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	<u>-</u>	<u>331,298</u>	<u>331,298</u>
Total deferred outflows of resources	<u>-</u>	<u>331,298</u>	<u>331,298</u>
<b>Liabilities</b>			
Court bonds payable	2,810	-	2,810
Accrued liabilities	52,093	19,924	72,017
Bond discount/premium, net of amortization	746,728	56,625	803,353
Meter deposits	-	244,001	244,001
Long-term liabilities:			
Due within one year	132,100	624,733	756,833
Due in more than one year	<u>9,139,418</u>	<u>8,669,960</u>	<u>17,809,378</u>
Total liabilities	<u>10,073,149</u>	<u>9,615,243</u>	<u>19,688,392</u>
<b>Net Position</b>			
Net investment in capital assets	9,894,668	1,929,000	11,823,668
Restricted for:			
Debt service	-	1,160,071	1,160,071
Capital projects	7,604,817	-	7,604,817
Unrestricted	(6,084,748)	(120,857)	(6,205,605)
Total net position	<u>\$ 11,414,737</u>	<u>\$ 2,968,214</u>	<u>\$ 14,382,951</u>

The accompanying notes are an integral part of the basic financial statements.

**City of Peculiar, Missouri**  
Statement of Activities - Modified Cash Basis  
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
Elected officials	\$ 32,259	\$ -	\$ -	\$ -	\$ (32,259)	\$ -	\$ (32,259)
Administrative/finance	241,999	86,339	4,415	-	(151,245)	-	(151,245)
Law enforcement	1,039,434	171,540	41,543	-	(826,351)	-	(826,351)
Public works	88,309	-	-	-	(88,309)	-	(88,309)
Streets	1,542,356	-	53,731	-	(1,488,625)	-	(1,488,625)
Parks	361,223	14,509	388	-	(346,326)	-	(346,326)
Courts	88,974	-	-	-	(88,974)	-	(88,974)
Planning	175,325	2,984	-	-	(172,341)	-	(172,341)
Facilities	139,383	-	-	-	(139,383)	-	(139,383)
Interest on long-term debt	219,970	-	-	-	(219,970)	-	(219,970)
Total governmental activities	<u>3,929,232</u>	<u>275,372</u>	<u>100,077</u>	<u>-</u>	<u>(3,553,783)</u>	<u>-</u>	<u>(3,553,783)</u>
Business-type activities:							
Water	1,439,188	1,350,464	-	-	-	(88,724)	(88,724)
Sewer	1,248,350	1,253,755	-	15,326	-	20,731	20,731
Trash	291,106	285,679	-	-	-	(5,427)	(5,427)
Total business-type activities	<u>2,978,644</u>	<u>2,889,898</u>	<u>-</u>	<u>15,326</u>	<u>-</u>	<u>(73,420)</u>	<u>(73,420)</u>
Total primary government	<u>\$ 6,907,876</u>	<u>\$ 3,165,270</u>	<u>\$ 100,077</u>	<u>\$ 15,326</u>	<u>(3,553,783)</u>	<u>(73,420)</u>	<u>(3,627,203)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes					532,440	-	532,440
Franchise and other miscellaneous taxes					557,788	-	557,788
Local sales tax					1,214,183	-	1,214,183
Investment earnings					634	49,432	50,066
Miscellaneous					827,147	22,988	850,135
Transfers					(43,810)	43,810	-
Total general revenues					<u>3,088,382</u>	<u>116,230</u>	<u>3,204,612</u>
Change in net position					(465,401)	42,810	(422,591)
<b>Net position-beginning</b>					11,880,138	2,925,404	14,805,542
<b>Net position-ending</b>					<u>\$ 11,414,737</u>	<u>\$ 2,968,214</u>	<u>\$ 14,382,951</u>

The accompanying notes are an integral part of the basic financial statements.

**City of Peculiar, Missouri**  
 Balance Sheet - Modified Cash Basis -  
 Governmental Funds  
 September 30, 2015

	General Fund	Park Fund	Road & Street Fund	Gasoline Tax Fund	LET Fund	FBI Fund	Capital Improvement Fund	East Growth Fund	West Growth Fund	2012 COP Construction Fund	2013 Bonds Construction Fund	Debt Service Fund	2012 COP Debt Service Fund	Total Governmental Funds
<b>Assets:</b>														
Cash	\$ 138,941	\$ 218,259	\$ 93,917	\$ 21,131	\$ -	\$ -	\$ 855	\$ 13,105	\$ 22,766	\$ -	\$ 618,308	\$ 6,583	\$ -	\$ 1,133,865
Due from other funds	1,453,408	-	102,577	65,343	405	-	141,212	-	-	-	-	612,340	-	2,375,285
Restricted cash	9,864	-	-	-	-	-	646,262	-	-	-	6,872,637	-	54,886	7,583,649
<b>Total Assets</b>	<b>\$ 1,602,213</b>	<b>\$ 218,259</b>	<b>\$ 196,494</b>	<b>\$ 86,474</b>	<b>\$ 405</b>	<b>\$ -</b>	<b>\$ 788,329</b>	<b>\$ 13,105</b>	<b>\$ 22,766</b>	<b>\$ -</b>	<b>\$ 7,490,945</b>	<b>\$ 618,923</b>	<b>\$ 54,886</b>	<b>\$ 11,092,799</b>
<b>Liabilities:</b>														
Due to other funds	\$ 1,132,817	\$ 41,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,427	\$ 367,003	\$ 75	\$ 1,944,042
Other payables	39,571	2,457	961	961	-	-	2,014	-	-	-	8,939	-	-	54,903
<b>Total Liabilities</b>	<b>1,172,388</b>	<b>44,177</b>	<b>961</b>	<b>961</b>	<b>-</b>	<b>-</b>	<b>2,014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411,366</b>	<b>367,003</b>	<b>75</b>	<b>1,998,945</b>
<b>Fund Balances:</b>														
Restricted:														
Road and street	-	-	-	85,513	405	-	646,262	-	-	-	6,872,637	-	-	7,604,817
Assigned:														
Capital projects	-	-	-	-	-	-	140,053	-	-	-	-	-	-	140,053
Parks and recreation	-	174,082	-	-	-	-	-	-	-	-	-	-	-	174,082
Road and street	-	-	195,533	-	-	-	-	-	-	-	-	-	-	195,533
Debt Service	-	-	-	-	-	-	-	-	-	-	-	251,920	54,811	306,731
Capital projects	-	-	-	-	-	-	-	13,105	22,766	-	206,942	-	-	242,813
Unassigned	429,825	-	-	-	-	-	-	-	-	-	-	-	-	429,825
<b>Total fund balances</b>	<b>429,825</b>	<b>174,082</b>	<b>195,533</b>	<b>85,513</b>	<b>405</b>	<b>-</b>	<b>786,315</b>	<b>13,105</b>	<b>22,766</b>	<b>-</b>	<b>7,079,579</b>	<b>251,920</b>	<b>54,811</b>	<b>9,093,854</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,602,213</b>	<b>\$ 218,259</b>	<b>\$ 196,494</b>	<b>\$ 86,474</b>	<b>\$ 405</b>	<b>\$ -</b>	<b>\$ 788,329</b>	<b>\$ 13,105</b>	<b>\$ 22,766</b>	<b>\$ -</b>	<b>\$ 7,490,945</b>	<b>\$ 618,923</b>	<b>\$ 54,886</b>	<b>\$ 11,092,799</b>

The accompanying notes are an integral part of the basic financial statements.

**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, 2015

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

<b>Fund balance - total governmental funds</b>	\$ 9,093,854
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.	12,339,129
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.	(746,728)
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>(9,271,518)</u>
<b>Total net position -- governmental activities</b>	<u><u>\$ 11,414,737</u></u>

The accompanying notes are an integral part of the basic financial statements.

**City of Peculiar, Missouri**  
Statement of Revenues, Expenditures, and Changes in Fund Balances --  
Modified Cash Basis -- Governmental Funds  
For the Year Ended September 30, 2015

	General Fund	Park Fund	Road & Street Fund	Gasoline Tax Fund	LET Fund	FBI Fund	Capital Improvement Fund	East Growth Fund	West Growth Fund	2012 COP Construction Fund	2013 Bonds Construction Fund	Debt Service Fund	2012 COP Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>														
Taxes	\$ 836,601	\$ 212,587	\$ 223,098	\$ 179,606	\$ -	\$ -	\$ 212,588	\$ -	\$ -	\$ -	\$ -	\$ 261,749	\$ -	\$ 1,926,229
Franchise fees	378,182	-	-	-	-	-	-	-	-	-	-	-	-	378,182
Licenses and permits	44,050	15,289	-	-	-	-	-	8,000	19,000	-	-	-	-	86,339
Intergovernmental	41,543	-	53,731	-	-	-	-	-	-	-	-	-	-	95,274
Charges for services	2,984	14,509	-	-	-	-	-	-	-	-	-	-	-	17,493
Fees and fines	171,540	-	-	-	-	-	-	-	-	-	-	-	-	171,540
Investment income	296	104	-	-	-	16	80	3	5	-	-	-	130	634
Other	191,639	15,470	-	-	-	150	-	-	-	-	619,888	-	-	827,147
Contributions	4,415	388	-	-	-	-	-	-	-	-	-	-	-	4,803
<b>Total revenues</b>	<b>1,671,250</b>	<b>258,347</b>	<b>276,829</b>	<b>179,606</b>	<b>-</b>	<b>166</b>	<b>212,668</b>	<b>8,003</b>	<b>19,005</b>	<b>-</b>	<b>619,888</b>	<b>261,749</b>	<b>130</b>	<b>3,507,641</b>
<b>Expenditures:</b>														
Elected officials	32,259	-	-	-	-	-	-	-	-	-	-	-	-	32,259
Administrative/finance	212,899	-	-	-	547	-	-	-	-	-	-	-	-	213,446
Law enforcement	831,264	-	-	-	-	-	-	-	-	-	-	-	-	831,264
Public works	88,309	-	-	-	-	-	-	-	-	-	-	-	-	88,309
Streets	-	-	204,970	165,244	-	-	5,407	-	-	-	-	-	-	375,621
Parks	-	265,032	-	-	-	-	-	-	-	-	-	-	-	265,032
Courts	88,974	-	-	-	-	-	-	-	-	-	-	-	-	88,974
Planning	175,325	-	-	-	-	-	-	-	-	-	-	-	-	175,325
Facilities	89,203	-	-	-	-	-	-	-	-	-	-	-	-	89,203
Capital outlay	146,065	74,691	1,041	-	-	94,442	531,338	-	-	-	403,410	-	-	1,250,987
Debt service:														
Principal	15,012	7,200	-	-	-	-	49,354	-	-	-	-	30,000	13,500	115,066
Interest and fiscal charges	8,204	9,796	-	-	-	-	4,174	-	-	-	132,381	59,257	6,158	219,970
<b>Total expenditures</b>	<b>1,687,514</b>	<b>356,719</b>	<b>206,011</b>	<b>165,244</b>	<b>547</b>	<b>94,442</b>	<b>590,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>535,791</b>	<b>89,257</b>	<b>19,658</b>	<b>3,745,456</b>
Excess (deficiency) of revenues over (under) expenditures	(16,264)	(98,372)	70,818	14,362	(547)	(94,276)	(377,605)	8,003	19,005	-	84,097	172,492	(19,528)	(237,815)
<b>Other financing sources (uses):</b>														
Transfers in	61,720	85	-	-	-	10,073	80,150	-	-	16,921	-	-	19,501	188,450
Transfers out	(77,043)	(7,085)	-	-	-	-	(20,985)	-	-	-	-	(127,147)	-	(232,260)
Premium from bonds	-	-	-	-	-	-	-	-	-	-	691,385	-	-	691,385
Proceeds from long-term debt	-	-	-	-	-	-	836,840	-	-	-	6,313,734	-	-	7,150,574
<b>Total other financing sources (uses)</b>	<b>(15,323)</b>	<b>(7,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,073</b>	<b>896,005</b>	<b>-</b>	<b>-</b>	<b>16,921</b>	<b>7,005,119</b>	<b>(127,147)</b>	<b>19,501</b>	<b>7,798,149</b>
Net change in fund balances	(31,587)	(105,372)	70,818	14,362	(547)	(84,203)	518,400	8,003	19,005	16,921	7,089,216	45,345	(27)	7,560,334
<b>Fund balances at beginning of year</b>	<b>461,412</b>	<b>279,454</b>	<b>124,715</b>	<b>71,151</b>	<b>952</b>	<b>84,203</b>	<b>267,915</b>	<b>5,102</b>	<b>3,761</b>	<b>(16,921)</b>	<b>(9,637)</b>	<b>206,575</b>	<b>54,838</b>	<b>1,533,520</b>
<b>Fund balances at end of year</b>	<b>\$ 429,825</b>	<b>\$ 174,082</b>	<b>\$ 195,533</b>	<b>\$ 85,513</b>	<b>\$ 405</b>	<b>\$ -</b>	<b>\$ 786,315</b>	<b>\$ 13,105</b>	<b>\$ 22,766</b>	<b>\$ -</b>	<b>\$ 7,079,579</b>	<b>\$ 251,920</b>	<b>\$ 54,811</b>	<b>\$ 9,093,854</b>

The accompanying notes are an integral part of the basic financial statements.

**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

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

**Net change in fund balances -- total governmental funds** \$ 7,560,334

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 amount is the net effect of these differences in the treatment of capital and related items.

Capital Outlay	347,610
Depreciation Expense	(670,782)

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.

Principal Payments	115,066
Issuance of debt	(7,150,574)
Bond premiums and discount, net	(667,055)
	(667,055)

**Change in net position of governmental activities** \$ (465,401)

**City of Peculiar, Missouri**  
**Statement of Net Position -- Modified Cash Basis --**  
**Proprietary Funds**  
**September 30, 2015**

	Water	Sewer	Trash	Total Proprietary
<b>Assets</b>				
Current assets:				
Cash	\$ 3,401	\$ 88,895	\$ 20,907	\$ 113,203
Due from funds	393,704	807,728	264,678	1,466,110
Total current assets	<u>397,105</u>	<u>896,623</u>	<u>285,585</u>	<u>1,579,313</u>
Non-current assets:				
Restricted cash	2,769,732	434,273	-	3,204,005
Capital assets:				
Land	40,000	117,500	-	157,500
Construction in progress	137,678	-	-	137,678
Water and sewer facilities and transmission lines	5,758,693	6,535,170	-	12,293,863
Vehicles and equipment	470,495	242,719	-	713,214
Buildings and improvements	158,455	161,290	-	319,745
Less: accumulated depreciation	<u>(2,516,327)</u>	<u>(1,739,479)</u>	<u>-</u>	<u>(4,255,806)</u>
Net capital assets	<u>4,048,994</u>	<u>5,317,200</u>	<u>-</u>	<u>9,366,194</u>
Total assets	<u>7,215,831</u>	<u>6,648,096</u>	<u>285,585</u>	<u>14,149,512</u>
<b>Deferred outflows of resources</b>				
Deferred loss on refunding	<u>-</u>	<u>331,298</u>	<u>-</u>	<u>331,298</u>
Total deferred outflows of resources	<u>-</u>	<u>331,298</u>	<u>-</u>	<u>331,298</u>
<b>Liabilities</b>				
Current liabilities:				
Accrued liabilities	14,083	5,401	440	19,924
Due to funds	888,167	1,009,186	-	1,897,353
Meter deposits	220,682	23,319	-	244,001
Bond premiums and discounts, net of amortization	5,294	51,331	-	56,625
Current portion of long-term obligations	387,257	237,476	-	624,733
Total current liabilities	<u>1,515,483</u>	<u>1,326,713</u>	<u>440</u>	<u>2,842,636</u>
Non-current liabilities				
Bonds and notes payable	<u>5,234,680</u>	<u>3,435,280</u>	<u>-</u>	<u>8,669,960</u>
Total non-current liabilities	<u>5,234,680</u>	<u>3,435,280</u>	<u>-</u>	<u>8,669,960</u>
Total liabilities	<u>6,750,163</u>	<u>4,761,993</u>	<u>440</u>	<u>11,512,596</u>
<b>Net Position</b>				
Net investment in capital assets	(206,465)	2,135,465	-	1,929,000
Restricted for debt service	1,160,071	-	-	1,160,071
Unrestricted	(487,938)	81,936	285,145	(120,857)
Total net position	<u>\$ 465,668</u>	<u>\$ 2,217,401</u>	<u>\$ 285,145</u>	<u>\$ 2,968,214</u>

The accompanying notes are an integral part of the basic financial statements.

**City of Peculiar, Missouri**  
Statement of Revenues, Expenditures, and Changes in Fund Net Position --  
Modified Cash Basis -- Proprietary Funds  
For the Year Ended September 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total Proprietary</u>
<b>Operating revenues:</b>				
Charges for services	\$ 1,350,464	\$ 1,253,755	\$ 285,679	\$ 2,889,898
<b>Operating expenses:</b>				
Personnel services	372,095	433,959	32,174	838,228
Contractual and professional services	539,668	168,054	256,603	964,325
Materials and supplies	59,480	28,248	2,329	90,057
Repairs and maintenance	80,159	157,984	-	238,143
Insurance	618	831	-	1,449
Utilities	-	84,881	-	84,881
Depreciation and amortization	189,485	190,524	-	380,009
	<u>1,241,505</u>	<u>1,064,481</u>	<u>291,106</u>	<u>2,597,092</u>
Income (loss) from operations	<u>108,959</u>	<u>189,274</u>	<u>(5,427)</u>	<u>292,806</u>
<b>Non-operating revenues:</b>				
Interest income	49,368	64	-	49,432
Tower rental	22,988	-	-	22,988
Bond issue cost and interest expense	(197,683)	(183,869)	-	(381,552)
Other	-	15,326	-	15,326
	<u>(125,327)</u>	<u>(168,479)</u>	<u>-</u>	<u>(293,806)</u>
Net income (loss) before transfers	(16,368)	20,795	(5,427)	(1,000)
<b>Other financing sources (uses):</b>				
Transfers in	62,703	325,936	-	388,639
Transfers out	(306,083)	(37,823)	(923)	(344,829)
	<u>(243,380)</u>	<u>288,113</u>	<u>(923)</u>	<u>43,810</u>
Change in net position	(259,748)	308,908	(6,350)	42,810
<b>Net position, beginning of year</b>	<u>725,416</u>	<u>1,908,493</u>	<u>291,495</u>	<u>2,925,404</u>
<b>Net position, end of year</b>	<u>\$ 465,668</u>	<u>\$ 2,217,401</u>	<u>\$ 285,145</u>	<u>\$ 2,968,214</u>

The accompanying notes are an integral part of the basic financial statements.

**City of Peculiar, Missouri**  
 Combined Statement of Cash Flows --  
 Modified Cash Basis -- Proprietary Funds  
 For the Year Ended September 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Received from customers	\$ 1,350,464	\$ 1,253,755	\$ 285,679	\$ 2,889,898
Payments to employees and fringe benefits	(372,713)	(434,790)	(32,174)	(839,677)
Payments to vendors and suppliers	(664,472)	(435,589)	(258,653)	(1,358,714)
Other receipts	22,988	-	-	22,988
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	336,267	383,376	(5,148)	714,495
<b>Cash flows from noncapital financing activities:</b>				
Operating transfers (to) from other funds	(243,380)	288,113	(923)	43,810
Operating grants	-	15,326	-	15,326
Net advances (to) from other funds	113,368	94,939	26,978	235,285
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used) provided by noncapital financing activities	(130,012)	398,378	26,055	294,421
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from issuance of revenue bonds net of premium and discount	544,882	3,243,082	-	3,787,964
Deferred charge on refunding	-	(331,298)	-	(331,298)
Acquisition and construction of capital assets	(195,773)	-	-	(195,773)
Principal paid on capital debt and leases	(536,425)	(3,209,715)	-	(3,746,140)
Interest and fiscal charges paid on capital debt and leases	(197,683)	(183,869)	-	(381,552)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used) by capital and related financing activities	(384,999)	(481,800)	-	(866,799)
<b>Cash flows from investing activities</b>				
Investment income	49,368	64	-	49,432
Net cash provided by investing activities	<hr/>	<hr/>	<hr/>	<hr/>
	49,368	64	-	49,432
Net decrease in cash and cash equivalents	(129,376)	300,018	20,907	191,549
Cash and cash equivalents, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	2,902,509	223,150	-	3,125,659
Cash and cash equivalents, end of the year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,773,133	\$ 523,168	\$ 20,907	\$ 3,317,208
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	\$ 108,959	\$ 189,274	\$ (5,427)	\$ 292,806
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	189,485	190,524	-	380,009
Miscellaneous nonoperating income	22,988	-	-	22,988
Changes in assets and liabilities:				
Accrued liabilities	(2,528)	1,853	279	(396)
Meter deposits	17,363	1,725	-	19,088
	<hr/>	<hr/>	<hr/>	<hr/>
Total adjustments	227,308	194,102	279	421,689
Net cash provided by operating activities	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 336,267	\$ 383,376	\$ (5,148)	\$ 714,495
<b>Noncash investing, capital, and financing activities:</b>				
Assets acquired through assumption of a liability	\$ 195,773	\$ -	\$ -	\$ 195,773

The accompanying notes are an integral part of the basic financial statements.

# 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. 61, "*The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and 34,*" and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

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

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

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or part by fees charged to external parties for goods and services.

# CITY OF PECULIAR, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

The funds of the financial reporting entity are described below:

#### Governmental Fund Types

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

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.

# CITY OF PECULIAR, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Financial Statements (Continued)

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

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 Construction Fund, and 2013 Bonds Construction Fund.

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.

#### 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.

# CITY OF PECULIAR, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for 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.

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting (Continued)

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: 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 equivalents.

Capitalized Assets: 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 assets and depreciated over their estimated useful lives.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net 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

# CITY OF PECULIAR, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities, and Equity (Continued)

Deferred Outflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, a deferred charge for refunding. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 carry over to the following year. A maximum dollar limit, depending upon years of continuous employment, is paid upon termination for these hours.

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

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.

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, and Equity (Continued)

c. Unrestricted net position does not meet the definition of "restricted."

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

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

Revenues, Expenditures, and Expenses

Program Receipts: In the Statement of Activities, modified cash basis receipts that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

Administrative/Finance	Permits and fees
Law Enforcement	Fines and grants
Public Works	Motor vehicle franchise fees
Streets	Intergovernmental revenue
Parks	Permits and fees
Planning	Permits and fees

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

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 receive property tax. Cass County collects property taxes and remits the portion of the City's share to the City.

Gasoline/Vehicle Tax: The City receives a share of the state gasoline and vehicle tax charged and collected by the State. These taxes support the general fund.

Franchise Fees: Franchise fees are collected by the City from utility companies for the use of City right of way. This revenue supports the general fund.

# CITY OF PECULIAR, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenues, Expenditures, and Expenses (Continued)

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

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

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

Expenditures/Expenses: In the government-wide financial statements, expenses are reported on the modified cash basis and are classified by function for both governmental and business-type activities. There have been certain allocations of indirect expenses to functions in the statement of activities. In the fund financial statements, expenditures are classified as Governmental Funds - by department and Proprietary Fund - by operating and non-operating. In the fund financial statements, governmental funds report expenditures of financial resources. The proprietary fund reports expenses relating to use of economic resources.

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

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.

# CITY OF PECULIAR, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Aldermen - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen 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 Aldermen 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, 2015, 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, 2014, on which the fiscal year 2015 levy was based, is as follows:

Real estate	\$ 45,804,526
Personal property	<u>9,359,901</u>
Total	<u>\$ 55,164,427</u>

The tax levies per \$100 of assessed valuation of tangible real and personal property for the calendar year 2014, were as follows:

General Fund	\$ 0.4556
Debt Service	<u>0.4577</u>
Total	<u>\$ 0.9133</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, 2015, the City had no deficit fund balances.

**CITY OF PECULIAR, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

**2. COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

At September 30, 2015, the carrying amount of the City's demand deposits in financial institutions was \$2,685,229. 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, 2015, the City's investments consisted of the following:

	Carrying Amount	Fair Value
Money Market	\$ 1,666,485	\$ 1,666,660
MoDOT	6,872,637	6,872,637
State Revolving Fund (Controlled by State)	809,085	809,085
	<u>\$ 9,348,207</u>	<u>\$ 9,348,382</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, 2015, the City had the following investments and maturities:

	Investment maturities (in years)			
	Value	Less than one	1 - 5	Greater than five
Investment type:				
Money Market	\$ 1,666,660	\$ 1,666,660	\$ -	\$ -
MoDOT	6,872,637	6,872,637	-	-
State Revolving Fund	809,085	-	-	809,085
	<u>\$ 9,348,382</u>	<u>\$ 8,539,297</u>	<u>\$ -</u>	<u>\$ 809,085</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**

**2. COMPLIANCE AND ACCOUNTABILITY (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	2,685,229
State Revolving Fund	809,085
MoDOT	6,872,637
Money markets	<u>1,666,485</u>
Total	<u>\$ 12,034,722</u>

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**3. RESTRICTED CASH**

Restricted cash in the governmental funds at September 30, 2015, consisted of the following:

Restricted for court bonds	\$ 9,864
Restricted for capital projects and debt service	<u>7,573,785</u>
Total	<u>\$ 7,583,649</u>

Restricted cash in the proprietary funds at September 30, 2015, consisted of the following:

Restricted for meter deposits	\$ 237,889
Restricted for bond covenant requirements	<u>2,966,116</u>
Total	<u>\$ 3,204,005</u>

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS**

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended September 30, 2015, was as follows:

	<u>Balance at 10/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 09/30/2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,176,800	\$ 5,000	\$ -	\$ 1,181,800
Construction in Progress	<u>1,005,512</u>	<u>-</u>	<u>-</u>	<u>1,005,512</u>
Total not being depreciated	<u>2,182,312</u>	<u>5,000</u>	<u>-</u>	<u>2,187,312</u>
Capital assets being depreciated:				
Buildings and improvements	1,852,135	21,334	-	1,873,469
Office equipment and furniture	121,884	97,175	-	219,059
Machinery and equipment	426,549	35,264	-	461,813
Vehicles	882,159	188,837	-	1,070,996
Infrastructure	<u>11,722,857</u>	<u>-</u>	<u>-</u>	<u>11,722,857</u>
Total being depreciated	<u>15,005,584</u>	<u>342,610</u>	<u>-</u>	<u>15,348,194</u>
Less accumulated depreciation for:				
Buildings and improvements	419,940	56,554	-	476,494
Office equipment and furniture	96,578	12,583	-	109,161
Machinery and equipment	105,619	61,395	-	167,014
Vehicles	375,710	171,226	-	546,936
Infrastructure	<u>3,527,748</u>	<u>369,024</u>	<u>-</u>	<u>3,896,772</u>
Total accumulated depreciation	<u>4,525,595</u>	<u>670,782</u>	<u>-</u>	<u>5,196,377</u>
Capital assets being depreciated, net	<u>10,479,989</u>	<u>(328,172)</u>	<u>-</u>	<u>10,151,817</u>
Government capital assets, net	<u>\$ 12,662,301</u>	<u>\$ (323,172)</u>	<u>\$ -</u>	<u>\$ 12,339,129</u>

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

Governmental Activities	
General government	\$ 26,915
Police	174,635
Streets	449,933
Parks	<u>19,299</u>
	<u>\$ 670,782</u>

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS (CONTINUED)**

	<u>Balance at 10/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 09/30/2015</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 7,500	\$ -	\$ -	\$ 157,500
Construction in Progress	<u>36,218</u>	<u>137,679</u>	<u>36,219</u>	<u>137,678</u>
Total not being depreciated	<u>193,718</u>	<u>137,679</u>	<u>36,219</u>	<u>295,178</u>
Capital assets being depreciated:				
Vehicles and equipment	708,067	5,147	-	713,214
Buildings and improvements	319,745	-	-	319,745
Water, sewer facilities, and transmission lines	<u>12,204,697</u>	<u>89,166</u>	<u>-</u>	<u>12,293,863</u>
Total being depreciated	<u>13,232,509</u>	<u>94,313</u>	<u>-</u>	<u>13,326,822</u>
Less accumulated depreciation for:				
Vehicles and equipment	518,735	54,082	-	572,817
Buildings and improvements	17,428	8,452	-	25,880
Water, sewer facilities, and transmission lines	<u>3,339,467</u>	<u>317,642</u>	<u>-</u>	<u>3,657,109</u>
Total accumulated depreciation	<u>3,875,630</u>	<u>380,176</u>	<u>-</u>	<u>4,255,806</u>
Capital assets being depreciated, net	<u>9,356,879</u>	<u>(285,863)</u>	<u>-</u>	<u>9,071,016</u>
Business-type activities capital assets, net	<u>\$ 9,550,597</u>	<u>\$ (148,184)</u>	<u>\$ 36,219</u>	<u>\$ 9,366,194</u>

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

Business-type activities	
Sewer	\$ 190,413
Water	<u>189,763</u>
	<u>\$ 380,176</u>

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT**

Governmental Activities

Changes in the debt for the year ended September 30, 2015, consisted of the following:

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015	Amount Due Within One Year
General Obligation					
Bonds	\$ 1,015,000	\$ 6,959,996	\$ 30,000	\$ 7,944,996	\$ 30,000
Capital Lease	242,560	187,527	64,366	365,722	81,400
Certificates of Participation	981,500	-	20,700	960,800	20,700
	<u>2,239,060</u>	<u>7,147,523</u>	<u>115,066</u>	<u>9,271,518</u>	<u>132,100</u>
Bond Discounts	(9,341)	-	(529)	(8,812)	-
Bond Premiums	85,964	691,385	21,809	755,540	-
	<u>\$ 2,315,683</u>	<u>\$ 7,838,908</u>	<u>\$ 136,346</u>	<u>\$ 10,018,245</u>	<u>\$ 132,100</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%.

In March 2015, the City issued \$6,959,996 in General Obligation Bonds for the purpose of road improvements to 211th Street Highway Overpass. Payments are due in semi-annual installments of \$50,000 to \$745,000 through 2035; interest at 1.0% to 3.5%.

Future minimum bond payments are as follows:

Years ending September 30	Principal	Interest	Total
2016	\$ 30,000	\$ 336,867	\$ 366,867
2017	80,000	404,968	484,968
2018	54,998	439,970	494,968
2019	79,998	424,556	504,554
2020	94,999	443,731	538,730
2021-2025	1,770,000	1,044,964	2,814,967
2026-2030	2,395,000	769,525	3,164,525
2031-2034	3,440,000	300,649	3,740,949
	<u>\$ 7,944,996</u>	<u>\$ 4,165,229</u>	<u>\$ 12,110,225</u>

**CITY OF PECULIAR, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

**5. LONG-TERM DEBT (CONTINUED)**

Certificates of Participation

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

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:

Years ending September 30	Principal	Interest	Total
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	59,400	24,140	83,540
2021-2025	447,300	90,620	537,920
2026-2030	275,900	29,003	304,903
2031-2033	54,000	3,188	57,188
	\$ 960,800	\$ 251,669	\$ 1,212,469

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT (CONTINUED)**

Business-Type Activities

Changes in the debt for the year ended September 30, 2015, consisted of the following:

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015	Amount Due Within One Year
Notes Payable	\$ 923,446	\$ -	\$ 268,946	\$ 654,500	\$ -
Certificates of Participation	2,283,500	-	34,300	2,249,200	34,300
Revenue Bonds	5,404,000	3,685,000	3,309,000	5,780,000	450,000
General Obligation Bonds	605,000	-	110,000	495,000	115,000
Neighborhood Improvement District	60,000	-	6,000	54,000	7,000
Capital Lease	79,887	-	17,894	61,993	18,433
Bond Discount	(46,172)	-	(46,172)	-	-
Bond Premium	-	59,605	2,980	56,625	-
	<u>\$ 9,309,661</u>	<u>\$ 3,924,605</u>	<u>\$ 3,702,948</u>	<u>\$ 9,351,318</u>	<u>\$ 624,733</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 assets. As special assessment taxes are used to liquidate the debt, the revenue and expense transactions are accounted for in the Debt Service Fund (a governmental fund). In years when special assessment revenues do not meet the required payments, enterprise funds have been required.

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

**CITY OF PECULIAR, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

**5. 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>
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	8,000	1,276	9,276
2021-2024	<u>18,000</u>	<u>1,044</u>	<u>19,044</u>
	<u>\$ 54,000</u>	<u>\$ 11,600</u>	<u>\$ 65,600</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%.

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>
2016	\$ 115,000	\$ 22,019	\$ 137,019
2017	120,000	16,000	136,000
2018	125,000	9,875	134,875
2020	<u>135,000</u>	<u>3,375</u>	<u>138,375</u>
	<u>\$ 495,000</u>	<u>\$ 51,269</u>	<u>\$ 546,269</u>

## CITY OF PECULIAR, MISSOURI

### NOTES TO FINANCIAL STATEMENTS

#### 5. LONG-TERM DEBT (CONTINUED)

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

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

On 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%.

##### Advanced Refunding

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

**CITY OF PECULIAR, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

**5. LONG-TERM DEBT (CONTINUED)**

Years ending September 30,	Principal	Interest	Total
2016	\$ 450,000	\$ 183,327	\$ 633,327
2017	465,000	166,845	631,845
2018	535,000	148,537	683,537
2019	295,000	133,691	428,691
2020	295,000	123,666	418,666
2021-2025	1,145,000	534,672	1,679,672
2026-2030	1,355,000	362,097	1,717,097
2031-2034	1,240,000	108,665	1,348,665
	<u>\$ 5,780,000</u>	<u>\$ 1,761,500</u>	<u>\$ 7,541,500</u>

Revenue bonds are collateralized by the revenue of the water and sewer systems. Ordinances provide that the revenue of the system is to be used to pay operating and maintenance expenses to include debt service. As long as bonds are outstanding, monies derived from operations cannot be directed to the general government or municipal functions of the City.

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

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

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the year ended September 30, 2015.

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.

**CITY OF PECULIAR, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

**5. LONG-TERM DEBT (CONTINUED)**

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.

**6. CAPITAL LEASES**

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>
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	150,600	54,972	205,572
2021-2025	1,197,700	195,767	1,393,467
2026-2030	599,100	39,704	638,804
2031-2033	46,000	3,188	49,188
	<u>\$ 2,249,200</u>	<u>\$ 532,344</u>	<u>\$ 2,781,544</u>

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>432,929</u>
Total assets acquired	<u>\$ 549,500</u>

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**6. CAPITAL LEASES (CONTINUED)**

The future minimum lease payments and the present value of the remaining minimum lease payments as of September, 30, 2015, are as follows:

<u>Years Ending September 30,</u>	
2016	\$ 107,047
2017	108,464
2018	109,917
2019	71,769
2020	36,141
2021	<u>12,627</u>
	445,965
Less: amount representing interest	<u>18,249</u>
Present value of future minimum lease payments	<u>\$ 427,716</u>
Governmental activities	\$ 365,722
Business-type activities	<u>61,994</u>
	<u>\$ 427,716</u>

**CITY OF PECULIAR, MISSOURI**

NOTES TO FINANCIAL STATEMENTS

**6. CAPITAL LEASES (CONTINUED)**

Interfund due from and due to balances at September 30, 2015, were as follows:

	Due From	Due To
General Fund	\$ 1,453,408	\$ 1,132,817
Parks Fund	--	41,720
Street Fund	102,577	--
Gasoline Tax Fund	65,343	--
LET Fund	405	--
Capital Improvement Fund	141,212	--
2013 Bond Construction Fund	--	402,427
Debt Service Fund	612,340	367,003
2012 Debt Service Fund	--	75
Water Fund	393,704	888,167
Sewer Fund	807,728	1,009,186
Trash Fund	264,678	--
	\$ 3,841,395	\$ 3,841,395

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

**7. INTERFUND TRANSACTIONS**

Transfers during the year ended September 30, 2015, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 61,720	\$ 77,043
Park Fund	85	7,085
FBI Fund	10,073	--
Capital Improvement Fund	80,150	20,985
2012 COP Construction Fund	16,921	--
Debt Service Fund	--	127,147
2012 Debt Service Fund	19,501	--
Water Fund	62,703	306,083
Sewer Fund	325,936	37,823
Trash Fund	--	923
	<u>\$ 577,089</u>	<u>\$ 577,089</u>

**8. EMPLOYEE PENSION PLAN**

Plan Description

The City defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to LAGERS, PO Box 1665, Jefferson City, Missouri 65102 or by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**8. EMPLOYEE PENSION PLAN (CONTINUED)**

Benefit Multiplier:	1.75% for life, plus 0.25% to age 65
Final Average Salary:	Three Years
Member Contributions:	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	11	10
Inactive employees entitled to but not yet receiving benefits	13	9
Active employees	18	8
	<u>42</u>	<u>27</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 12.7 % (General) and 11.5% (Police) of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**8. EMPLOYEE PENSION PLAN (CONTINUED)**

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.00%
Fixed Income	25.00%	2.50%
Real Assets	20.00%	4.00%
Strategic Assets	6.50%	5.00%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**8. EMPLOYEE PENSION PLAN (CONTINUED)**

Changes in the Net Pension Liability

	<b>General Division</b>		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2014</b>	\$ 2,053,791	\$ 2,300,601	\$ (246,810)
<b>Changes for the year:</b>			
Service cost	96,168	--	96,168
Interest	148,512	--	148,512
Difference between expected and actual experience	19,365	--	19,365
Contributions - employer	--	110,137	(110,137)
Contributions - employee	--	--	--
Net investment income	--	51,776	(51,776)
Benefit payments, including refunds	(107,059)	(107,059)	--
Administrative expense	--	(3,542)	3,542
Other changes	--	9,225	(9,225)
<b>Net changes</b>	<u>156,986</u>	<u>60,537</u>	<u>96,449</u>
<b>Balances at 6/30/2015</b>	<u>\$ 2,210,777</u>	<u>\$ 2,361,138</u>	<u>\$ (150,361)</u>

	<b>Police Division</b>		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2014</b>	\$ 1,102,021	\$ 1,227,339	\$ (125,318)
<b>Changes for the year:</b>			
Service cost	41,607	--	41,607
Interest	80,552	--	80,552
Difference between expected and actual experience	(68,439)	--	(68,439)
Contributions - employer	--	52,471	(52,471)
Contributions - employee	--	--	--
Net investment income	--	23,659	(23,659)
Benefit payments, including refunds	(23,209)	(23,209)	--
Administrative expense	--	(1,957)	1,957
Other changes	--	9,367	(9,367)
<b>Net changes</b>	<u>30,511</u>	<u>60,331</u>	<u>(29,820)</u>
<b>Balances at 6/30/2015</b>	<u>\$ 1,132,532</u>	<u>\$ 1,287,670</u>	<u>\$ (155,138)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**8. EMPLOYEE PENSION PLAN (CONTINUED)**

	<b>General Division</b>		
	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 2,513,944	\$ 2,210,777	\$ 1,959,443
Plan Fiduciary Net Position	2,361,138	2,361,138	2,361,138
Net Pension Liability/(Asset) (NPL)	<u>\$ 152,806</u>	<u>\$ (150,361)</u>	<u>\$ (401,695)</u>

	<b>Police Division</b>		
	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 1,317,037	\$ 1,132,532	\$ 982,714
Plan Fiduciary Net Position	1,287,670	1,287,670	1,287,670
Net Pension Liability/(Asset) (NPL)	<u>\$ 29,367</u>	<u>\$ (155,138)</u>	<u>\$ (304,956)</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2015 the employer recognized pension expense of \$98,857 for General Division and \$19,559 for Police Division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General Division		Police Division	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 15,465	\$ --	\$ --	\$ (50,211)
Differences in assumptions	--	--	--	--
Excess (deficit) investment returns	92,264	--	53,303	--
Contributions subsequent to the measurement date*	31,986	--	13,708	--
Total	<u>\$ 139,715</u>	<u>\$ --</u>	<u>\$ 67,011</u>	<u>\$ (50,211)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2015.

**CITY OF PECULIAR, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**8. EMPLOYEE PENSION PLAN (CONTINUED)**

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	General Division	Police Division
Year ended:		
2016	\$ 26,966	\$ (4,902)
2017	26,966	(4,902)
2018	26,966	(429)
2019	26,831	13,325
2020	--	--
Thereafter	--	--
Total	<u>\$ 107,729</u>	<u>\$ 3,092</u>

**9. DEFERRED COMPENSATION PLAN**

The City provides for a deferred compensation plan for their employees. Funds are paid to and retained by Paychex 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 401(k).

**10. COUNTY ROAD TAX**

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

**11. RISK MANAGEMENT**

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

**12. CONTINGENCIES**

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

## CITY OF PECULIAR, MISSOURI

### NOTES TO FINANCIAL STATEMENTS

#### 12. CONTINGENCIES (CONTINUED)

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

#### 13. MAJOR SUPPLIERS

During the year ended September 30, 2015, 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.

#### 14. PLEDGED REVENUES

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay four debt issues totaling \$5,780,000. The 1999, 2007, 2013, and 2014 bonds were issued in the amounts of \$1,365,000, \$605,000, \$1,245,000, and \$3,685,000, 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 \$7,541,500. Principal and interest paid for the current year is \$444,019.

#### 15. SUBSEQUENT EVENTS

The City has evaluated subsequent events through February 8, 2016, the date which the financial statements were available to be issued. There were no subsequent events through this date.

## 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.

City of Peculiar, Missouri  
Missouri Local Government Employees Retirement System  
Schedule of Net Pension Liability  
For the Year Ended September 30, 2015

	<b>2015</b>
<b>Total Pension Liability</b>	
Service cost	\$ 137,775
Interest on Total Pension Liability	229,064
Benefit changes	-
Difference between expected and actual experience	(49,074)
Assumption Changes	-
Benefit payments, including refunds	130,268
<b>Net Change in Total Pension Liability</b>	<b>187,497</b>
<b>Total pension liability beginning</b>	<b>3,155,812</b>
<b>Total pension liability ending (a)</b>	<b>\$ 3,343,309</b>
 <b>Plan fiduciary net position</b>	
Contributions-employer	\$ 162,608
Contributions-employee	-
Net investment income	75,435
Benefit payments, including refunds	130,268
Pension plan administrative expense	5,499
Other (Net Transfer)	18,592
<b>Net change in plan fiduciary net position</b>	<b>\$ 120,868</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,527,940</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,648,808</b>
<b>Net pension liability/(asset) - ending (a) - (b)</b>	<b>\$ (305,499)</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	109.14%
 <b>Covered-employee payroll</b>	\$ 1,145,019
 <b>Net pension liability as a percentage of covered employee payroll</b>	-26.68%

City of Peculiar, Missouri  
 Missouri Local Government Retiree System  
 Schedule of Contributions  
 For the Year Ended September 30, 2015

Last 10 Fiscal Years

FISCAL YEAR	ACTUARIALLY DETERMINED CONTRIBUTION	CONTRIBUTION IN RELATION	CONTRIBUTION DEFICIENCY	COVERED EMPLOYEE PAYROLL	CONTRIBUTION AS PERCENTAGE
2006	\$ 109,459.76	\$ 109,086.74	\$ 373.02	\$ 909,816.00	11.99%
2007	\$ 112,265.18	\$ 129,866.33	\$ (17,601.15)	\$ 935,484.57	13.88%
2008	\$ 126,429.20	\$ 164,095.01	\$ (37,665.81)	\$ 1,117,115.15	14.69%
2009	\$ 158,383.71	\$ 174,253.59	\$ (15,869.88)	\$ 1,212,759.47	14.37%
2010	\$ 138,073.55	\$ 138,073.60	\$ (0.05)	\$ 983,932.02	14.03%
2011	\$ 151,357.16	\$ 147,305.21	\$ 4,051.95	\$ 980,519.66	15.02%
2012	\$ 144,295.79	\$ 144,295.98	\$ (0.19)	\$ 951,730.09	15.16%
2013	\$ 168,201.19	\$ 165,749.94	\$ 2,451.25	\$ 1,098,310.63	15.09%
2014	\$ 163,557.31	\$ 163,557.32	\$ (0.01)	\$ 1,170,886.74	13.97%
2015	\$ 165,798.49	\$ 165,798.53	\$ (0.04)	\$ 1,215,087.61	13.64%

**City of Peculiar, Missouri**  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Modified Cash Basis  
General Fund  
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Over/ (Under)
<b>Revenues:</b>				
Taxes	\$ 834,000	\$ 819,000	\$ 836,601	\$ 17,601
Franchise fees	375,000	370,000	378,182	8,182
Licenses and permits	39,500	39,500	44,050	4,550
Intergovernmental	55,000	55,000	41,543	(13,457)
Charges for services	10,000	10,000	2,984	(7,016)
Fees and fines	277,000	200,000	171,540	(28,460)
Investment income	1,000	1,000	296	(704)
Other	74,000	74,000	196,054	122,054
Total revenue	<u>1,665,500</u>	<u>1,568,500</u>	<u>1,671,250</u>	<u>102,750</u>
<b>Expenditures:</b>				
Current:				
Elected officials	234,626	235,126	32,259	(202,867)
Administrative/finance	254,302	304,000	212,899	(91,101)
Law enforcement	845,183	902,161	831,264	(70,897)
Public works	138,435	140,535	88,309	(52,226)
Courts	107,305	107,305	88,974	(18,331)
Planning	190,823	190,823	175,325	(15,498)
Facilities	54,000	54,000	89,203	35,203
Emergency management	1,500	1,500	-	(1,500)
Capital outlay	11,600	11,600	146,065	134,465
Debt service:				
Principal	20,748	20,748	15,012	(5,736)
Interest and fiscal charges	-	-	8,204	8,204
Total expenditures	<u>1,858,522</u>	<u>1,967,798</u>	<u>1,687,514</u>	<u>(280,284)</u>
Revenue over expenditures	<u>(193,022)</u>	<u>(399,298)</u>	<u>(16,264)</u>	<u>383,034</u>
<b>Other financing sources (uses):</b>				
Transfer in	-	-	61,720	61,720
Transfer out	(23,857)	(23,857)	(77,043)	53,186
Total other financing sources (uses)	<u>(23,857)</u>	<u>(23,857)</u>	<u>(15,323)</u>	<u>114,906</u>
Net change in fund balance	<u>\$ (216,879)</u>	<u>\$ (423,155)</u>	<u>(31,587)</u>	<u>\$ 391,568</u>
Fund balance at beginning of year			<u>461,412</u>	
Fund balance at end of year			<u>\$ 429,825</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Modified Cash Basis

Park Fund

For the Year Ended September 30, 2015

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>Budgetary</b>	<b>Over/</b>
			<b>Basis</b>	<b>Over/</b>
				<b>(Under)</b>
<b>Revenues:</b>				
Taxes	\$ 200,000	\$ 215,000	\$ 212,587	\$ (2,413)
Licenses and permits	4,400	4,900	15,289	10,389
Charges for services	10,000	10,000	14,509	4,509
Investment income	500	500	104	(396)
Other	28,850	31,350	15,858	(15,492)
Total revenues	<u>243,750</u>	<u>261,750</u>	<u>258,347</u>	<u>(3,403)</u>
<b>Expenditures:</b>				
Parks	255,067	262,354	265,032	2,678
Capital outlay	290,800	269,100	74,691	(194,409)
Debt service:				
Principal	-	21,791	7,200	(14,591)
Interest and fiscal charges	1,000	1,000	9,796	8,796
Total expenditures	<u>546,867</u>	<u>554,245</u>	<u>356,719</u>	<u>(197,526)</u>
Revenue over expenditures	<u>(303,117)</u>	<u>(292,495)</u>	<u>(98,372)</u>	<u>194,123</u>
<b>Other financing sources (uses):</b>				
Transfer in	28,791	7,000	85	(6,915)
Transfer out	-	-	(7,085)	(7,085)
Total other financing sources (uses)	<u>28,791</u>	<u>7,000</u>	<u>(7,000)</u>	<u>(14,000)</u>
Net change in fund balance	<u>\$ (274,326)</u>	<u>\$ (285,495)</u>	<u>(105,372)</u>	<u>\$ 180,123</u>
<b>Fund balance at beginning of year</b>			<u>279,454</u>	
<b>Fund balance at end of year</b>			<u>\$ 174,082</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
 Modified Cash Basis  
 Road and Street Fund  
 For the Year Ended September 30, 2015

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>Budgetary</b>	<b>Over/</b>
			<b>Basis</b>	<b>(Under)</b>
<b>Revenues:</b>				
Taxes	\$ 235,000	\$ 235,000	\$ 223,098	\$ (11,902)
Licenses and permits	600	600	-	(600)
Intergovernmental	85,000	85,000	53,731	(31,269)
Total revenues	<u>320,600</u>	<u>320,600</u>	<u>276,829</u>	<u>(43,771)</u>
<b>Expenditures:</b>				
Capital outlay	-	-	1,041	1,041
Streets	424,600	424,600	204,970	(219,630)
Total expenditures	<u>424,600</u>	<u>424,600</u>	<u>206,011</u>	<u>(218,589)</u>
Revenue over expenditures	<u>(104,000)</u>	<u>(104,000)</u>	<u>70,818</u>	<u>174,818</u>
<b>Other financing sources (uses):</b>				
Transfer out	41,000	66,000	-	(66,000)
Total other financing sources (uses)	<u>41,000</u>	<u>66,000</u>	<u>-</u>	<u>(66,000)</u>
Net change in fund balance	<u>\$ (63,000)</u>	<u>\$ (38,000)</u>	<u>70,818</u>	<u>\$ 108,818</u>
<b>Fund balance at beginning of year</b>			<u>124,715</u>	
<b>Fund balance at end of year</b>			<u>\$ 195,533</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
 Modified Cash Basis  
 Gasoline Tax Fund  
 For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 161,900	\$ 161,900	\$ 179,606	\$ 17,706
Total revenues	161,900	161,900	179,606	17,706
<b>Expenditures:</b>				
Streets	218,996	218,996	165,244	(53,752)
Total expenditures	218,996	218,996	165,244	(53,752)
Net change in fund balance	<u>\$ (57,096)</u>	<u>\$ (57,096)</u>	14,362	<u>\$ 71,458</u>
<b>Fund balance at beginning of year</b>			<u>71,151</u>	
<b>Fund balance at end of year</b>			<u>\$ 85,513</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Modified Cash Basis

LET Fund

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
<b>Revenues:</b>				
Other	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)
Total revenues	<u>4,000</u>	<u>4,000</u>	-	<u>(4,000)</u>
<b>Expenditures:</b>				
Administrative/finance	4,940	4,940	547	(4,393)
Total expenditures	<u>4,940</u>	<u>4,940</u>	<u>547</u>	<u>(4,393)</u>
Net change in fund balance	<u>\$ (940)</u>	<u>\$ (940)</u>	(547)	<u>\$ 393</u>
<b>Fund balance at beginning of year</b>			<u>952</u>	
<b>Fund balance at end of year</b>			<u>\$ 405</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Modified Cash Basis

FBI Fund

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 100	\$ 100	\$ 16	\$ (84)
Other	-	-	150	150
Total revenues	100	100	166	66
<b>Expenditures:</b>				
Capital outlay	127,749	127,749	94,442	(33,307)
Total expenditures	127,749	127,749	94,442	(33,307)
Revenue over expenditures	(127,649)	(127,649)	(94,276)	33,373
<b>Other financing sources (uses):</b>				
Transfer in	-	-	10,073	10,073
Total other financing sources (uses)	-	-	10,073	10,073
Net change in fund balance	<u>\$ (127,649)</u>	<u>\$ (127,649)</u>	<u>\$ (84,203)</u>	<u>\$ 43,446</u>
Fund balance at beginning of year			84,203	
Fund balance at end of year			<u>\$ -</u>	

**City of Peculiar, Missouri**  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
Modified Cash Basis  
Capital Improvement Fund  
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 200,000	\$ 200,000	\$ 212,588	\$ 12,588
Intergovernmental	160,000	160,000	-	(160,000)
Investment income	500	500	80	(420)
Total revenues	<u>360,500</u>	<u>360,500</u>	<u>212,668</u>	<u>(147,832)</u>
<b>Expenditures:</b>				
Capital outlay	907,671	1,612,763	531,338	(1,081,425)
Streets	-	-	5,407	5,407
Debt service:				
Principal	71,000	71,000	49,354	(21,646)
Interest and fiscal charges	-	-	4,174	4,174
Total expenditures	<u>978,671</u>	<u>1,683,763</u>	<u>590,273</u>	<u>(1,093,490)</u>
Revenue over expenditures	<u>(618,171)</u>	<u>(1,323,263)</u>	<u>(377,605)</u>	<u>945,658</u>
<b>Other financing sources (uses):</b>				
Transfer in	91,271	116,271	80,150	(36,121)
Transfer out	-	(5,100)	(20,985)	15,885
Proceeds from long-term debt	265,000	991,362	836,840	(154,522)
Total other financing sources (uses)	<u>356,271</u>	<u>1,102,533</u>	<u>896,005</u>	<u>(190,643)</u>
Net change in fund balance	<u>\$ (261,900)</u>	<u>\$ (220,730)</u>	518,400	<u>\$ 755,015</u>
Fund balance at beginning of year			<u>267,915</u>	
Fund balance at end of year			<u>\$ 786,315</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
 Modified Cash Basis  
 East Growth Fund  
 For the Year Ended September 30, 2015

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Over/ (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Licenses and permits	\$ 3,000	\$ 4,000	\$ 8,000	\$ 4,000
Investment income	-	-	3	3
Total revenues	<u>3,000</u>	<u>4,000</u>	<u>8,003</u>	<u>4,003</u>
<b>Expenditures:</b>				
Capital outlay	3,000	4,000	-	(4,000)
Total expenditures	<u>3,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>8,003</u>	<u>\$ 8,003</u>
<b>Fund balance at beginning of year</b>			<u>5,102</u>	
<b>Fund balance at end of year</b>			<u>\$ 13,105</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
 Modified Cash Basis  
 West Growth Fund  
 For the Year Ended September 30, 2015

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>Budgetary</b>	<b>Over/</b>
			<b>Basis</b>	<b>(Under)</b>
<b>Revenues:</b>				
Licenses and permits	\$ 5,000	\$ 7,000	\$ 19,000	\$ 12,000
Investment income	-	-	5	5
Total revenues	<u>5,000</u>	<u>7,000</u>	<u>19,005</u>	<u>12,005</u>
<b>Expenditures:</b>				
Capital outlay	21,000	23,090	-	(23,090)
Total expenditures	<u>21,000</u>	<u>23,090</u>	<u>-</u>	<u>(23,090)</u>
Net change in fund balance	<u>\$ (16,000)</u>	<u>\$ (16,090)</u>	19,005	<u>\$ 35,095</u>
<b>Fund balance at beginning of year</b>			<u>3,761</u>	
<b>Fund balance at end of year</b>			<u>\$ 22,766</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
 Modified Cash Basis  
 2012 COP Fund  
 For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures:</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
<b>Other financing sources (uses):</b>				
Transfer in	-	-	16,921	16,921
Total other financing sources (uses)	-	-	16,921	16,921
Net change in fund balance	\$ -	\$ -	16,921	\$ -
<b>Fund balance at beginning of year</b>			(16,921)	
<b>Fund balance at end of year</b>			\$ -	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
 Modified Cash Basis  
 2013 Bond Const. Fund  
 For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 23,000	\$ -	\$ -	\$ -
Other	-	-	619,888	619,888
Total revenues	<u>23,000</u>	<u>-</u>	<u>619,888</u>	<u>619,888</u>
<b>Expenditures:</b>				
Capital outlay	30,553	7,008,638	403,410	(6,605,228)
Debt service:				
Interest and fiscal charges	-	-	132,381	132,381
Total expenditures	<u>30,553</u>	<u>7,008,638</u>	<u>535,791</u>	<u>(6,472,847)</u>
Revenue over expenditures	<u>(7,553)</u>	<u>(7,008,638)</u>	<u>84,097</u>	<u>7,092,735</u>
<b>Other financing sources (uses):</b>				
Bond Premiums	-	695,000	691,385	(3,615)
Proceeds from long-term debt	-	7,008,638	6,313,734	(694,904)
Total other financing sources (uses)	<u>-</u>	<u>7,703,638</u>	<u>7,005,119</u>	<u>(694,904)</u>
Net change in fund balance	<u>\$ (7,553)</u>	<u>\$ 695,000</u>	<u>\$ 7,089,216</u>	<u>\$ 6,397,831</u>
Fund balance at beginning of year			(9,637)	
Fund balance at end of year			<u>\$ 7,079,579</u>	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -  
 Modified Cash Basis  
 Debt Service Fund  
 For the Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Over/ (Under)
<b>Revenues:</b>				
Taxes	\$ 247,100	\$ 247,100	\$ 261,749	\$ 14,649
Total revenues	247,100	247,100	261,749	14,649
<b>Expenditures:</b>				
Debt Service:				
Principal	36,000	36,000	30,000	(6,000)
Interest and fiscal charges	58,144	58,144	59,257	1,113
Total expenditures	94,144	94,144	89,257	(4,887)
Revenue over expenditures	152,956	152,956	172,492	19,536
<b>Other financing sources (uses):</b>				
Transfer out	(137,925)	(137,925)	(127,147)	10,778
Total other financing sources (uses)	(137,925)	(137,925)	(127,147)	10,778
Net change in fund balance	\$ 15,031	\$ 15,031	\$ 45,345	\$ 30,314
Fund balance at beginning of year			206,575	
Fund balance at end of year			\$ 251,920	

**City of Peculiar, Missouri**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Modified Cash Basis

2012 Debt Service Fund

For the Year Ended September 30, 2015

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>Budgetary</b>	<b>Over/</b>
			<b>Basis</b>	<b>(Under)</b>
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 130	\$ 130
Total revenues	-	-	130	130
<b>Expenditures:</b>				
Debt Service:				
Principal	55,000	55,000	13,500	(41,500)
Interest and fiscal charges	89,748	89,748	6,158	(83,590)
Total expenditures	144,748	144,748	19,658	(125,090)
Revenue over expenditures	(144,748)	(144,748)	(19,528)	125,220
<b>Other financing sources (uses):</b>				
Transfer in	144,078	144,078	19,501	(124,577)
Total other financing sources (uses)	144,078	144,078	19,501	(124,577)
Net change in fund balance	\$ (670)	\$ (670)	\$ (27)	\$ 643
<b>Fund balance at beginning of year</b>			54,838	
<b>Fund balance at end of year</b>			\$ 54,811	

**City of Peculiar, Missouri**  
 Supplemental Schedule -  
 Modified Cash Basis  
 Building Funds  
 For the Year Ended September 30, 2015

	<u>Administrative</u>	<u>Public Works</u>
<b>Revenues:</b>		
Other	\$ 122,290	\$ -
Total revenues	<u>122,290</u>	<u>-</u>
<b>Expenditures:</b>		
Supplies	1,796	-
Maintenance	8,603	6,754
Utilities	13,490	7,196
Insurance	657	507
Capital outlay	144,955	-
Total expenditures	<u>169,501</u>	<u>14,457</u>
 Revenue over expenditures	 <u>(47,211)</u>	 <u>(14,457)</u>
<b>Other financing sources (uses):</b>		
Transfer in	47,211	14,509
Total other financing sources (uses)	<u>47,211</u>	<u>14,509</u>
 Net change in fund balance	 \$ -	 \$ 52
<b>Fund balance at beginning of year</b>	<u>1</u>	<u>52</u>
<b>Fund balance at end of year</b>	<u>\$ 1</u>	<u>\$ 104</u>

**City of Peculiar, Missouri**  
**History and Operation of the Water and Sewer System**  
**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
	2015	1660	1942

**Top Water Customers**

User	Usage in Gallons	Percentage of Total
Pilot/Flying J	8,543,700	10%
Aaron's Auto Wash	1,121,700	1%
Peculiar Senior Citizen Housing	853,700	1%
Peculiar Elementary	568,400	0.60%
Caseys	294,100	0.30%

**Top Sewer Customers**

User	Usage in Gallons	Percentage of Total
Pilot/Flying J	8,543,700	9%
Sioux Chief MFG	1,886,000	2%
Aarons Auto Wash	1,121,700	1%
Ray-Pec High School	1,101,000	1%
Peculiar Senior Citizen Housing	853,700	1%

**System Revenue History**

	Waterworks Collections	Sewerage 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
2015	\$1,350,464	\$1,253,755

**City of Peculiar, Missouri**  
**History and Operation of the Water and Sewer System**  
**For the Year Ended September 30, 2014**

<b>Current System Rates</b>		Per 1,000 Gallons			
		Water		Sewer	
		\$	17.21	\$	15.00
Within City Limits	First 1,000	\$	12.77	\$	6.85
	Over 1,000				
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

**Historical Debt Service Coverage**

	2011	2012	2013	2014	2015
System Revenue					
Water	\$ 820,152	\$ 859,653	\$ 924,002	\$ 1,214,770	\$ 1,350,464
Sewer	1,044,918	1,204,613	1,183,042	1,177,758	1,253,755
Investment Income	120,868	112,296	92,393	76,916	49,432
Other Income	20,462	21,037	21,668	51,740	38,314
Total Revenue	<u>2,006,400</u>	<u>2,197,599</u>	<u>2,221,105</u>	<u>2,521,184</u>	<u>2,691,965</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>	<u>1,925,977</u>
Net Revenues available for Debt Service	620,961	847,401	674,845	958,825	765,988
Annual Debt Service on Revenue Bonds	\$ 365,213	\$ 595,226	\$ 595,555	\$ 601,328	\$ 674,809
Debt Service Coverage	<u>1.70</u>	<u>1.42</u>	<u>1.13</u>	<u>1.59</u>	<u>1.14</u>
Surplus	\$ 255,748	\$ 252,175	\$ 79,290	\$ 357,497	\$ 91,179