

NOTICE OF SALE

\$7,750,000*
CITY OF MARYVILLE, MISSOURI
CERTIFICATES OF PARTICIPATION
SERIES 2017

Bids. Electronic bids for the purchase of \$7,750,000* principal amount of Certificates of Participation, Series 2017 (the “Certificates”) of the City of Maryville, Missouri (the “City”), herein described, will be received **until 11:00 A.M., Central Time**, on

January 9, 2017

All proposals must be submitted electronically through PARITY® as further described herein. No oral or auction bids will be considered. All bids will be read and evaluated at that time and place, and the award of the Certificates will be acted upon by the City Council.

Pre-Bid Revisions. The City reserves the right to issue a Supplemental Notice of Sale not later than 24 hours prior to the sale date through PARITY and I-Deal Prospectus (“Supplemental Notice”). If issued, the Supplemental Notice may modify such terms of this Notice of Sale as the City determines, including the date and time of the sale. Any such modifications will supersede the terms as set forth herein.

Adjustment of Issue Size. In order to properly structure the transaction with respect to the required size of the Project Fund for the projects to be funded for the City, the City reserves the right, on the date of the award of the Certificates to the successful bidder, in the City’s sole discretion, to increase or decrease the principal amount of any maturity by not more than 15% of the principal amount of such maturity, or to increase or decrease the aggregate principal amount of the Certificates by not more than 15%, depending on the interest rates bid and the bid premium, if any. After bids are received and the successful bidder is determined, the requirements for the Project Fund will be recalculated. Once the Project Fund requirements have been satisfied, the final sizing will be confirmed to the successful bidder. The successful bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount as described herein. In the event there is an increase or decrease in the final principal amount per maturity as described above, or in the aggregate principal amount of the Certificates, the successful bidder will be notified on the sale date by telephone, fax or electronic mail of such increases or decreases promptly after the sale and prior to the award of the bid by the City. In the event that the maturity amounts of the Certificates are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Certificates to the public and the price to be paid to the City by (ii) the principal amount of the Certificates) remains constant.

Terms of the Certificates. The Certificates will consist of fully registered certificates in the denomination of \$5,000 or any integral multiple thereof. The Certificates will be dated their date of delivery, and will become due in principal installments on March 1 in the years, subject to adjustment as provided herein, as follows:

* Preliminary, subject to change.

Serial Certificates*

Maturity Date <u>March 1</u>	Principal <u>Amount</u>
2018	\$530,000
2019	545,000
2020	550,000
2021	560,000
2022	580,000
2023	480,000
2024	495,000
2025	515,000
2026	525,000
2027	540,000
2028	205,000
2029	215,000
2030	220,000
2031	230,000
2032	235,000
2033	245,000
2034	255,000
2035	265,000
2036	275,000
2037	285,000

The Certificates will bear interest from the date thereof at rates to be determined when the Certificates are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on September 1, 2017.

Authority, Purpose and Security. The Certificates are being issued pursuant to the constitution and laws of the State of Missouri for the purpose of providing funds, together with other available funds of the City, to acquire, construct, renovate, furnish and equip (a) a new conference center at Mozingo Lake Recreation Park for the City, (b) energy savings measures by replacing water meters and acquiring related infrastructure towers, collectors and repeaters and software, and (c) various other capital improvements including road mill and overlay projects and purchasing rolling stock (collectively, the “Project”).

Pursuant to the terms of a Lease Purchase Agreement dated as of January 15, 2017 (the “Lease Agreement”), between the City and UMB Bank, N.A., as trustee (the “Trustee”), an Indenture of Trust dated as of January 15, 2017 (the “Indenture”) between the City and the Trustee, and the terms of a Base Lease dated as of January 15, 2017 (the “Base Lease”) between the City and the Trustee, (a) the City will lease certain real estate and the improvements thereon (the “Site”) to the Trustee, (b) the proceeds of the Certificates will be used to finance the costs of the Project, and (c) the Trustee will lease the Site and the improvements thereon and the remaining portions of the Project (collectively, the “Facilities”) to the City for an initial term ending September 30, 2017 (the “Original Term”), with successive one-year renewal options, provided that the final renewal term does not extend beyond September 30, 2037 (the “Renewal Terms”), which Renewal Terms are subject to the City’s annual budget appropriations.

The Certificates evidence undivided ownership interests in the right to receive lease payments (the “Rental Payments,” consisting of “Principal Components” and “Interest Components”) under the Lease Agreement. The Certificates are being executed and delivered pursuant to the Indenture, which will be executed by the City and the

* Preliminary, subject to change.

Trustee. Each Certificate evidences the undivided interest of the owner thereof in the right to receive Rental Payments from the City under the Lease Agreement, and other payments, revenues and receipts derived under the Lease Agreement (including, in certain circumstances, Certificate proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards), and are secured by a pledge and assignment of the trust estate granted by the Trustee in favor of the owners of the Certificates, as provided in the Indenture. Neither the Lease Agreement nor the Certificates shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The Certificates shall not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The Lease Agreement is subject to termination on an annual basis at the option of the City.

The Certificates will be payable solely from the rents, revenues and receipts received by the Trustee, as lessor under the Lease Agreement, for the use of the Facilities and not from any other fund or source of the Trustee, from certain proceeds of insurance policies or condemnation awards, from interest earnings on moneys in certain funds held by the Trustee, from money derived from the sale or lease of the Facilities or portions thereof and not from any other fund or source of the Trustee. Pursuant to the Indenture, the Trustee will pledge and assign such rents, revenues and receipts and other moneys to the payment of the Certificates and the Interest Component due thereon.

The Certificates are more particularly described in the Preliminary Official Statement dated the date hereof, available from the City's financial advisor, Piper Jaffray & Co. (the "Financial Advisor"). This Notice of Sale contains certain information for quick reference only. It is not, and is not intended to be, a summary of the Certificates. Each bidder is required to read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

Place of Payment. Principal will be payable upon presentation and surrender of the Certificates by the registered owners thereof at the payment office of the Trustee. Interest Components shall be paid to the registered owners of the Certificates as shown on the register at the close of business on the record date for such interest (a) by check or draft mailed by the Trustee to the address of such registered owners shown on the bond register, (b) at such other address as is furnished to the Trustee in writing by any registered owner or (c) in the case of an interest payment to any registered owner of \$500,000 or more in aggregate principal amount of the Certificates, by electronic transfer to such registered owner upon written notice given to the Trustee by such registered owner, not less than 5 days prior to the record date for such interest, containing the electronic transfer instructions including the name and address of the bank (which shall be in the continental United States), ABA routing number, account name and account number to which such registered owner wishes to have such transfer directed.

Book-Entry Only System and Blue Sky. The Certificates will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which payments of principal of and interest on the Certificates will be made. Individual purchases of Certificates will be made in book-entry form only. Purchasers will not receive certificates representing their interest in Certificates purchased. It shall be the obligation of the successful bidder to furnish to DTC an underwriter's questionnaire. It shall be the obligation of the successful bidder to qualify the Certificates, if such qualification is necessary, in the jurisdictions in which it intends to reoffer the Certificates.

Prepayment of Certificates Prior to Maturity. *Optional Redemption.* At the option of the City, the Certificates may be called for redemption and payment prior to maturity on March 1, 2026 and thereafter, in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

Extraordinary Optional Prepayment. The Certificates shall be subject to extraordinary optional prepayment prior to the stated maturity thereof, upon instructions from the City, as a whole or in part at any time at a price of 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date, upon the occurrence of any of the following conditions or events:

- (a) if title to, or the temporary or permanent use of, all or substantially all of the Facilities or the estate of the City or the Trustee in such Facilities shall be taken in any condemnation proceeding brought by any authority (other than the City or any entity controlled by or affiliated with the City) having the power of eminent domain;

- (b) if title to all, or substantially all, of the Facilities is found to be deficient or nonexistent to the extent that such Facilities are untenable or the efficient utilization of such Facilities by the City is impaired;
- (c) if all, or substantially all, of the Facilities are damaged or destroyed by fire or other casualty; or
- (d) if as a result of changes in the Constitution of the State of Missouri or of legislative or administrative action by the State of Missouri or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Indenture, the Lease Agreement, or the Base Lease shall become void or unenforceable, or impossible of performance without reasonable delay, or in any other way by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City.

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

Election to Specify Term Certificates. A bidder may elect to have all or a portion of the Certificates scheduled to mature consecutively issued as one or more term certificates scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, and subject to the bidder making such an election by including such information in the electronic bid submitted via PARITY®. Not less than all the Certificates of a single maturity may be converted to term certificates.

Conditions of Bids. Proposals will be received on all of the Certificates bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all Certificates of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/100 of 1%, with no zero coupons allowed. The interest rate on each maturity shall not exceed 5.00%, and the difference between the highest rate specified and the lowest rate specified on the Certificates shall not exceed 4.00%. No supplemental interest payments will be authorized. The Certificates shall be sold by the City for a price not less than 98% or more than 108% of the total principal amount thereof. Each bid shall specify the total interest cost during the life of the Certificates on the basis of such bid, the premium or discount, if any, offered by the bidder, and the net interest cost and the true interest cost on the basis of such bid. Each bidder agrees that, if it is awarded the Certificates, it will provide to the City the certification as to initial offering prices described under the caption "Certification as to Offering Prices" in this Notice of Sale.

Basis of Award. The Certificates will be awarded to the bidder whose bid will result in the lowest "true interest cost" ("TIC"), determined as follows: the TIC is the discount rate (expressed as a per-annum percentage rate) that, when used in computing the present value of all payments of principal and interest to be paid on the Certificates, from the scheduled payment dates back to the dated date of the Certificates, produces an amount equal to the price bid, including premium or discount, if any, but excluding any interest accrued to the date of delivery. Payments of principal and interest on the Certificates shall be based on the principal amounts set forth in this Notice of Sale and the interest rates specified by each bidder. Present value shall be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. No bidder shall be awarded the Certificates unless its bid shall be in compliance with the other terms and conditions of this Notice of Sale. In the event that two or more bidders offer bids at the same lowest TIC, the City shall determine which bid, if any, shall be accepted, and its determination shall be final. In the event the TIC specified in the bid does not correspond to the interest rates specified, the interest rates specified will govern and the TIC will be adjusted accordingly. The City reserves the right to waive irregularities and to reject any or all bids.

Legal Opinion. The Certificates will be sold subject to the approving legal opinion of Gilmore & Bell, P.C., Special Counsel, which opinion will be furnished and paid for by the City and printed on the Certificates and delivered to the successful bidder when the Certificates are delivered. Said opinions will also include the opinion of Bond Counsel relating to the exclusion of the interest on the Certificates from gross income for federal and Missouri

income tax purposes. Reference is made to the Preliminary Official Statement for further discussion of federal and Missouri income tax matters relating to the interest on the Certificates.

Certification as to Offering Prices. To provide the City with information necessary for compliance with Section 148 of the Code, the successful bidder will be required to complete, execute and deliver to the City prior to the delivery of the Certificates, a certificate regarding the “issue price” of the Certificates (as defined in Section 148 of the Code). For Certificates reoffered for sale, this certificate is intended to reflect the initial offering prices (excluding accrued interest and expressed as dollar prices) at which a substantial amount (i.e., 10% or more) of the Certificates of each maturity have been or are expected to be sold to the public. Prior to delivery of the Certificates, the successful bidder will execute and deliver to the City a written certification (the “Issue Price Certificate”) containing the following (1) the initial offering price and interest rate for each maturity of the Certificates; (2) that all of the Certificates of each maturity were offered to the public in a bona fide public offering at the initial offering prices on the date the successful bidder’s bid was accepted (the “Sale Date”), and (3) on the Sale Date the successful bidder reasonably expected that at least 10% of each maturity of the Certificates would be sold to the public at prices not higher than the initial offering prices. For purposes of the preceding sentence, “public” means persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. In the alternative, for Certificates not reoffered for sale, such certificate may instead provide that the successful bidder has purchased the Certificates for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Certificates for sale.

At the request of the City, the successful bidder will provide information explaining the factual basis for the successful bidder’s Issue Price Certificate. This agreement by the successful bidder to provide such information will continue to apply after the issue date of the Certificates if (1) the City requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission, or (2) the information is required to be retained by the City pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority.

In addition, the successful bidder shall provide such issue prices to the City and its Financial Advisor no later than 12:30 P.M., Central Time, on January 9, 2017.

Certificate of Final Terms. Prior to the delivery of the Certificates, the successful bidder will be required to execute and enter into with the City, a Certificate of Final Terms setting out the final terms of the Certificates, including the principal amounts, interest rates and pricing per maturity and the redemption provisions.

Delivery and Payment. The City will deliver the Certificates, properly prepared, executed and registered, without cost to the successful bidder on or about January 19, 2017 in book-entry form only through the facilities of The Depository Trust Company in New York, New York. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Certificates and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Certificates affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Certificates shall be made in federal reserve funds, immediately available for use by the City.

Good Faith Deposit. The successful bidder (the “Purchaser”) is required to submit a good faith deposit in the amount of \$155,000 (the “Deposit”) to the City in the form of an electronic transfer of federal reserve funds, immediately available for use by the City, as instructed by the City or its Financial Advisor, no later than 2:00 P.M., Central Time, on the day the proposals are received. If the Deposit is not received by such time, the City may terminate its proposed award of the Certificates to such Purchaser, and the City may contact the bidder with the next lowest TIC and offer said bidder the opportunity to become the Purchaser. The Deposit of the Purchaser shall constitute a good faith deposit and shall be retained by the City to insure performance of the requirements of the sale by the Purchaser. In the event the Purchaser shall fail to comply with the terms of its bid, the Deposit will be forfeited as full and complete liquidated damages. Upon delivery of the Certificates, the Deposit will be applied to the purchase price of the Certificates or shall be returned to the Purchaser, but no interest shall be allowed thereon. If a bid is accepted but the City fails to deliver the Certificates to the bidder in accordance with the terms and conditions of this Notice of Sale, the Deposit shall be returned to the Purchaser.

Rating. Standard & Poor's Rating Services is expected to give the Certificates a rating of "A+," which reflects its evaluation of the investment quality of the Certificates. Any explanation as to the significance of the rating may be obtained only from the rating agency. The rating is not a recommendation to buy, sell, or hold the Certificates, and such rating may be subject to revision or withdrawal at any time by the rating agency. Any downward revision or withdrawal of the rating may adversely affect the market price of the Certificates.

Submission of Bids. Electronic bids via PARITY® must be submitted in accordance with this Notice of Sale. During the electronic bidding, no bidder will see any other bidder's bid or the status of their bid relative to other bids (i.e., whether their bid is a leading bid). Bidders may modify or cancel their bid at any time up to the end of the bidding. If provisions of this Notice of Sale conflict with those of PARITY®, this Notice of Sale shall control. Bids for the Certificates must be received before **11:00 A.M. on MONDAY, JANUARY 9, 2017**. The City and the Financial Advisor shall not be responsible for any failure, misdirection, delay or error in the means of transmission selected by the bidder.

PARITY®. All proposals must be submitted electronically through PARITY®, and no other proposals will be considered. Information about the electronic bidding services of PARITY® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5000 and from the following web site: www.newissuehome.i-deal.com. The City shall not be responsible for proper operation of, or have any liability for, any delays, interruptions, or damages caused by the use of the PARITY® system. The City is using the PARITY® system as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Certificates. The use of the PARITY® system shall be at the bidder's risk and expense, and the City and its agents shall have no liability with respect thereto. The bids must be received as provided herein and by the time specified. The City is not bound by any advice or determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and the bid specifications. An electronic bid made through the facilities of PARITY® shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale, and such bid shall be binding upon the bidder as if made by a signed and sealed bid delivered to the City.

Preliminary Official Statement and Official Statement. The City has prepared a Preliminary Official Statement dated December 22, 2016, "deemed final" by the City except for the omission of certain information as provided by Securities and Exchange Commission Rule 15c2-12, electronic copies of which may be obtained from the Financial Advisor as provided herein. Upon the sale of the Certificates, the City will adopt the final Official Statement and will furnish the Purchaser with an electronic copy of the final Official Statement within seven business days of the acceptance of the Purchaser's proposal in order to comply with Rule 15c2-12(b)(4) of the Securities and Exchange Commission and Rule G-32 of the Municipal Securities Rulemaking Board. The City's acceptance of the successful bidder's proposal for the purchase of the Certificates shall constitute a contract between the City and the Purchaser for purposes of said Rules.

Continuing Disclosure. The City covenants and agrees to enter into a continuing disclosure undertaking to provide ongoing disclosure about the City, for the benefit of the certificate holders on or before the date of delivery of the Certificates as required by Section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission, which continuing disclosure undertaking shall be in the form as may be agreed to in writing by the Purchaser. See the Preliminary Official Statement for statements about the City's compliance with undertakings previously entered into by the City pursuant to Rule 15c2-12.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Certificates and the Purchaser agrees by submitting its bid proposal to pay the cost thereof. In no event will the City, Special Counsel or the Financial Advisor be responsible for the review of or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on the Certificates shall not be cause for the Purchaser to refuse to accept delivery of the Certificates.

Additional Information. Additional information regarding the Certificates may be obtained from the Financial Advisor, Piper Jaffray & Co., 11635 Rosewood Street, Leawood, Kansas, 66211, Attention: Jack Dillingham, Office: (913) 345-3371, Mobile: (660) 747-2040, Email: jack.c.dillingham@pjc.com.

DATED this 22nd day of December, 2016.

CITY OF MARYVILLE, MISSOURI

By: /s/ Jason McDowell
Mayor

ATTEST:

By: /s/ Sheila Smail
City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 22, 2016

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**NEW ISSUE
BOOK-ENTRY ONLY
BANK QUALIFIED**

**RATING: S&P: “A+”
See “Rating” herein.**

In the opinion of Gilmore & Bell, P.C., Special Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, (1) the interest component of the Rental Payments paid by the City with respect to the Series 2017 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest component of the Rental Payments is exempt from income taxation by the State of Missouri, and (3) the Series 2017 Certificates are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS” in this Official Statement.

\$7,750,000*
CITY OF MARYVILLE, MISSOURI
CERTIFICATES OF PARTICIPATION
SERIES 2017

Dated: Date of Delivery

**Due: March 1,
as shown on inside cover**

The Series 2017 Certificates are deliverable only as fully registered certificates, without coupons, and, when delivered, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2017 Certificates. Purchases of the Series 2017 Certificates will be made in book-entry form, in authorized denominations. Purchasers will not receive certificates representing their interests in Series 2017 Certificates purchased. So long as Cede & Co. is the registered owner of the Series 2017 Certificates, as nominee of DTC, references herein to the owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Series 2017 Certificates. Principal and interest components of Rental Payments represented by the Series 2017 Certificates will be payable at maturity or upon earlier prepayment at the payment office of UMB Bank, N.A., Kansas City, Missouri, as trustee and paying agent (the “Trustee” and “Paying Agent”). So long as DTC or its nominee, Cede & Co., is the owner, such payments will be made directly to such owner. DTC is expected, in turn, to remit such payments to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Series 2017 Certificates will be delivered in the denomination of \$5,000 or any integral multiple thereof. Principal components of Rental Payments will be payable each March 1, beginning March 1, 2018, and semiannual interest components of Rental Payments will be payable each March 1 and September 1, beginning September 1, 2017. Principal components of Rental Payments will be payable by check or draft mailed by the Trustee upon presentation and surrender of the Series 2017 Certificates by the registered owners thereof at the payment office of the Trustee. Interest components of Rental Payments will be payable by check or draft mailed (or by electronic transfer in certain circumstances as described herein) by the Trustee to the person in whose name each Series 2017 Certificate is registered on the 15th day of the month next preceding each interest payment date.

The Series 2017 Certificates evidence undivided ownership interests in the right to receive Rental Payments from the City under an annually renewable Lease Purchase Agreement dated as of January 15, 2017 (the “Lease Agreement”), between the Trustee, as lessor, and the City, as lessee. The Series 2017 Certificates are to be executed and delivered pursuant to an Indenture of Trust dated as of January 15, 2017 (the “Indenture”), executed by the Trustee and the City. The net proceeds from the Series 2017 Certificates, together with other available funds of the City, will be used to finance the costs of certain improvements for the City as further described herein and to pay the costs related to the delivery and sale of the Series 2017 Certificates.

Neither the Series 2017 Certificates nor the Lease Agreement shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The City is under no obligation to renew the Lease Agreement at the end of the Original Term or any Renewal Term. Neither the Series 2017 Certificates nor the Lease Agreement will constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

Series 2017 Certificates shall be subject to payment prior to maturity as more fully described herein.

The Series 2017 Certificates will be offered when, as and if delivered and approved by the Underwriter, subject to prior sale, modification or withdrawal of the offer without sale, and subject to the approval of validity and certain other matters by Gilmore & Bell, P.C., Kansas City, Missouri, Special Counsel, and certain other conditions. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C. It is expected that the Series 2017 Certificates will be available for delivery in New York, New York on or about January __, 2017.

Bids for the Series 2017 Certificates will only be received electronically through PARITY electronic bid submission system until 11:00 A.M., Central Time, on Monday, January 9, 2017.

The date of this Official Statement is January __, 2017.

* Preliminary, subject to change.

\$7,750,000*
CITY OF MARYVILLE, MISSOURI
CERTIFICATES OF PARTICIPATION
SERIES 2017

MATURITY SCHEDULE*

Serial Certificates

Maturity Date <u>March 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Price</u>
2018	\$530,000		
2019	545,000		
2020	550,000		
2021	560,000		
2022	580,000		
2023	480,000		
2024	495,000		
2025	515,000		
2026	525,000		
2027	540,000		
2028	205,000		
2029	215,000		
2030	220,000		
2031	230,000		
2032	235,000		
2033	245,000		
2034	255,000		
2035	265,000		
2036	275,000		
2037	285,000		

* Preliminary, subject to change.

CITY OF MARYVILLE, MISSOURI
415 N. Market Street
Maryville, Missouri 64468
(660) 562-8001

CITY COUNCIL

Jason McDowell, Mayor and Council Member
Rachael Martin, Mayor Pro-Tem and Council Member
Renee Riedel, Council Member
Tim Shipley, Council Member
Jerry Riggs, Council Member

CITY ADMINISTRATION

Greg McDanel, City Manager
Ryan Heiland, Assistant City Manager
Sheila Smail, City Clerk
Denise Town, Treasurer/Finance Director

CERTIFIED PUBLIC ACCOUNTANT

Hochschild, Bloom & Company LLP
Chesterfield, Missouri

SPECIAL COUNSEL

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

MUNICIPAL ADVISOR

Piper Jaffray & Co.
Leawood, Kansas

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2017 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

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

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representation with respect to the Series 2017 Certificates offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2017 Certificates offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “projected,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED IN THE “RISK FACTORS AND INVESTMENT CONSIDERATIONS” SECTION OF THIS OFFICIAL STATEMENT. NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE SERIES 2017 CERTIFICATES.....	3
THE BOOK-ENTRY ONLY SYSTEM.....	5
SECURITY FOR THE SERIES 2017 CERTIFICATES.....	7
THE TRUSTEE	8
RISK FACTORS AND INVESTMENT CONSIDERATIONS	9
PLAN OF FINANCE	16
LITIGATION	17
TAX MATTERS	17
UNDERWRITING.....	19
RATING	20
FINANCIAL STATEMENTS	20
LEGAL MATTERS	20
CONTINUING DISCLOSURE.....	20
MISCELLANEOUS.....	22

APPENDIX A - THE CITY

APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY
FOR THE YEAR ENDED SEPTEMBER 30, 2015

APPENDIX C - DEFINITIONS OF TERMS AND SUMMARIES OF CERTAIN DOCUMENTS

OFFICIAL STATEMENT
\$7,750,000*
CITY OF MARYVILLE, MISSOURI
CERTIFICATES OF PARTICIPATION
SERIES 2017

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the entire Official Statement and should be read in conjunction with the more detailed information and financial statements of the City contained in the specific sections of this Official Statement and a full review should be made of the entire Official Statement and the documents summarized or described herein.

Purpose of this Official Statement

This Official Statement, including its appendices, is furnished to provide information relating to the City of Maryville, Missouri (the “City”) and \$7,750,000* aggregate principal amount of the City of Maryville, Missouri Certificates of Participation, Series 2017 (the “Series 2017 Certificates”).

The City

The City is a third-class city organized and existing under the laws of the State of Missouri. See “GENERAL AND DEMOGRAPHIC INFORMATION” in **Appendix A** to this Official Statement.

Purpose of the Series 2017 Certificates

The proceeds from the sale of the Series 2017 Certificates will be used, together with other available funds of the City, (1) to acquire, construct, renovate, furnish and equip (a) a new conference center at Mazingo Lake Recreation Park in the City, (b) energy savings measures by replacing water meters and acquiring related infrastructure towers, collectors and repeaters and software, and (c) various other capital improvements including road mill and overlay projects and purchasing rolling stock (collectively, the “Project”), and (2) to pay the costs related to the delivery of the Series 2017 Certificates. See the caption “PLAN OF FINANCE” herein.

Security and Source of Payment

Pursuant to the terms of a Lease Purchase Agreement dated as of January 15, 2017 (the “Lease Agreement”), between the City and UMB Bank, N.A., as trustee (the “Trustee”), an Indenture of Trust dated as of January 15, 2017 (the “Indenture”) between the City and the Trustee, and the terms of a Base Lease dated as of January 15, 2017 (the “Base Lease”) between the City and the Trustee, (a) the City will lease certain real estate and the improvements thereon (the “Site”) to the Trustee, (b) the proceeds of the Series 2017 Certificates will be used to finance the costs of the Project, and (c) the Trustee will lease the Site and the improvements thereon and the remaining portions of the Project (collectively, the “Facilities”) to the City for an initial term ending September 30, 2017 (the “Original Term”), with successive one-year renewal options, provided that the final renewal term does not extend beyond September 30, 2037 (the “Renewal Terms”), which Renewal Terms are subject to the City’s annual budget appropriations.

* Preliminary, subject to change.

The Series 2017 Certificates evidence undivided ownership interests in the right to receive lease payments (the “Rental Payments,” consisting of “Principal Components” and “Interest Components”) under the Lease Agreement. The Series 2017 Certificates are being executed and delivered pursuant to the Indenture, which will be executed by the City and the Trustee.

The Series 2017 Certificates will be payable solely from the rents, revenues and receipts received by the Trustee, as lessor under the Lease Agreement, for the use of the Facilities and not from any other fund or source of the Trustee, from certain proceeds of insurance policies or condemnation awards, from interest earnings on moneys in certain funds held by the Trustee, from money derived from the sale or lease of the Facilities or portions thereof and not from any other fund or source of the Trustee. Pursuant to the Indenture, the Trustee will pledge and assign such rents, revenues and receipts and other moneys to the payment of the Series 2017 Certificates and the Interest Component due thereon.

Parity Obligations

The Indenture provides for the future delivery of additional certificates (“Additional Certificates”) which, if delivered, would rank on a parity with the Series 2017 Certificates and any other certificates then outstanding under the Indenture. See the caption “SECURITY FOR THE SERIES 2017 CERTIFICATES – Parity Obligations” herein. The Series 2017 Certificates and any future Additional Certificates delivered under the Indenture are hereinafter referred to collectively as the “Certificates.”

Limited Obligations

The payments scheduled to be made by the City under the Lease Agreement are payable solely from amounts which may but are not required to be appropriated annually by the City. See “SECURITY FOR THE SERIES 2017 CERTIFICATES” herein. The Series 2017 Certificates, the Lease Agreement and any payments required under the Lease Agreement shall not constitute a mandatory payment obligation of the City in any year beyond the year during which the City is a lessee under the Lease Agreement, or constitute or give rise to a general obligation or other indebtedness of the City. The City is not legally obligated to budget or appropriate moneys for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease Agreement is in effect, and there can be no assurance that the City will appropriate funds to make Rental Payments or renew the Lease Agreement after the Original Term or any Renewal Term of the Lease Agreement. The City may terminate its obligations under the Lease Agreement on an annual basis. The City will have the option to purchase the Trustee’s title and interest in the Facilities as provided in the Indenture and the Lease Agreement.

Except for its duties as Trustee to make payments from the funds and accounts created and held under the Indenture, UMB Bank, N.A. has no obligation to make any debt service payment on the Series 2017 Certificates or any payments under the Lease Agreement.

Risk Factors

Payment of the Principal Component and Interest Component distributable with respect to the Series 2017 Certificates is subject to certain risks. See the caption “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

Continuing Disclosure Information

The City has covenanted in its Continuing Disclosure Certificate to provide certain financial information and notices of material events to the Municipal Securities Rulemaking Board, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Other Information

This Official Statement includes financial and other information about the City and also contains descriptions of the Series 2017 Certificates, the Base Lease, the Lease Agreement and the Indenture. See “DEFINITIONS OF TERMS AND SUMMARIES OF CERTAIN DOCUMENTS” in *Appendix C* hereto. The descriptions of the Series 2017 Certificates, the Base Lease, the Lease Agreement, the Indenture and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of those documents, copies of which may be viewed at the offices of the City’s municipal advisor, Piper Jaffray & Co. (the “Municipal Advisor”), 11635 Rosewood Street, Leawood, Kansas 66211, (913) 345-3371, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

THE SERIES 2017 CERTIFICATES

General

The Series 2017 Certificates will be dated their date of delivery, will mature on March 1 in the years and in the respective principal amounts (subject to prior prepayment as described herein) and shall bear interest at the respective rates per annum, as set forth on the Inside Cover Page hereof. The Series 2017 Certificates will be delivered in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Principal Component and prepayment premium, if any, of Rental Payments represented by Series 2017 Certificates shall be payable by check or draft mailed to the registered owner thereof at the payment office of the Trustee upon presentation and surrender thereof. The Interest Components of Rental Payments represented by the Series 2017 Certificates shall be payable semiannually on March 1 and September 1, beginning September 1, 2017, to the registered owner of each Certificate, determined as of the close of business on the Record Date (which shall be the fifteenth day of the calendar month next preceding the Certificate Payment Date) (a) by check or draft mailed to such registered owner at the address appearing on the registration books of the Trustee or its successor, as registrar, or (b) in the case of an interest payment to the Securities Depository or to any other Registered Owner of \$500,000 or more in aggregate principal amount of the Series 2017 Certificates, by electronic transfer to such Registered Owner upon written request given to the Trustee by such Registered Owner, not less than 5 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account name and account number to which such Registered Owner wishes to have such transfer directed. All such payments shall be made in lawful money of the United States of America.

Prepayment of Series 2017 Certificates

Optional Prepayment. The Series 2017 Certificates are subject to prepayment on and after March 1, 2026, as a whole or in part at any time at 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date.

Extraordinary Optional Prepayment. The Series 2017 Certificates shall be subject to extraordinary optional prepayment prior to the stated maturity thereof, upon instructions from the City, as a whole or in part at any time at a price of 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date, upon the occurrence of any of the following conditions or events:

- (a) if title to, or the temporary or permanent use of, all or substantially all of the Facilities or the estate of the City or the Trustee in such Facilities shall be taken in any condemnation proceeding brought by any authority (other than the City or any entity controlled by or affiliated with the City) having the power of eminent domain;
- (b) if title to all, or substantially all, of the Facilities is found to be deficient or nonexistent to the extent that such Facilities are untenable or the efficient utilization of such Facilities by the City is impaired;

- (c) if all, or substantially all, of the Facilities are damaged or destroyed by fire or other casualty; or
- (d) if as a result of changes in the Constitution of the State of Missouri or of legislative or administrative action by the State of Missouri or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Indenture, the Lease Agreement, or the Base Lease shall become void or unenforceable, or impossible of performance without reasonable delay, or in any other way by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City.

Selection of Series 2017 Certificates to be Prepaid

Series 2017 Certificates shall be prepaid only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Series 2017 Certificates are to be paid prior to maturity, such Series 2017 Certificates shall be prepaid from such maturities selected by the City, with Series 2017 Certificates of less than a full maturity to be selected by the Trustee in \$5,000 units of face value by lot or in such other equitable manner as the Trustee may determine.

Notice of Prepayment

Notice of the prepayment identifying the Series 2017 Certificates or portions thereof to be prepaid shall be given by the Trustee to the Owners of Series 2017 Certificates by mailing a copy of the notice by first-class mail, postage pre-paid, at least 20 days prior to the date of prepayment to the Owner of each Certificate to be prepaid at the address shown on the registration books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; provided, however, that any defect in giving such notice by mailing as aforesaid shall not affect the validity of any proceedings for the prepayment of Series 2017 Certificates. Any notice of prepayment shall state the date and place of prepayment, the maturities and the CUSIP numbers of the Series 2017 Certificates or portions of Certificates to be prepaid (and in the case of the prepayment of a portion of any Series 2017 Certificates, the amount of Principal Component being paid), the prepayment price and that interest will cease to accrue from and after the prepayment date.

Prepayments

Prior to the date fixed for prepayment, funds shall be deposited with the Trustee to pay, and the Trustee is authorized and directed to apply such funds to the prepayment of, the Series 2017 Certificates, together with the Interest Component accrued thereon to the prepayment date, and any required premium. Upon the giving of notice and the deposit of such funds or government securities as may be available for prepayment pursuant to the Indenture, the Interest Components of Rental Payments represented by the Series 2017 Certificates or portions thereof thus called shall no longer accrue after the date fixed for prepayment.

Registration, Transfer and Exchange of Series 2017 Certificates

Any Series 2017 Certificate may be transferred or exchanged only upon the Register upon surrender thereof at the payment office of the Trustee duly endorsed for transfer or accompanied by an assignment or authorization for exchange duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer or exchange, the Trustee shall execute and deliver in exchange for such Series 2017 Certificate a new fully registered Series 2017 Certificate or Certificates, registered in the name of the transferee, of the same series and maturity, of any denomination or denominations authorized by the Indenture, and bearing interest at the same rate.

In all cases in which Series 2017 Certificates shall be exchanged or transferred, the Trustee shall execute and deliver Series 2017 Certificates in accordance with the Indenture. All Series 2017 Certificates surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. The Trustee may make a charge to the Registered Owner requesting the same for every such exchange or transfer of Series 2017 Certificates sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such new Certificate shall be delivered. The fees and charges of the Trustee for making any transfer or exchange hereunder and the expense of any certificate printing necessary to effect such transfer or exchange shall be paid by the City.

THE BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2017 Certificates. The Series 2017 Certificates will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Series 2017 Certificates.

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

Purchases of Series 2017 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Certificates, except in the event that use of the book-entry system for the Series 2017 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2017 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Certificates, such as prepayments, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Series 2017 Certificates may wish to ascertain that the nominee holding the Series 2017 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2017 Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2017 Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2017 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal Components and Interest Components on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2017 Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2017 Certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the

foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Transfer Outside Book-Entry Only System

If the Book-Entry Only System is discontinued the following provisions would apply. The Series 2017 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2017 Certificates, together with instructions for transfer. Series 2017 Certificates may be exchanged for other Series 2017 Certificates of any denomination authorized by the Indenture in the same aggregate principal amount, series, payment date and interest rate, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

SECURITY FOR THE SERIES 2017 CERTIFICATES

Nature of Series 2017 Certificates; Limited Obligations

Each Series 2017 Certificate evidences the undivided interest of the Owner thereof in the right to receive Rental Payments from the City under the Lease Agreement, and other payments, revenues and receipts derived under the Lease Agreement (including, in certain circumstances, Certificate proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards), and are secured by a pledge and assignment of the Trust Estate granted by the Trustee in favor of the Owners of the Series 2017 Certificates, as provided in the Indenture. Neither the Lease Agreement nor the Series 2017 Certificates shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The Series 2017 Certificates shall not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The Lease Agreement is subject to termination on an annual basis at the option of the City.

The Original Term of the Lease Agreement shall commence on the date of its delivery (the “Commencement Date”), and subject to earlier termination pursuant to the provisions thereof, shall terminate on the last day of City’s current fiscal year (i.e., September 30, 2017). The Lease Term may be extended, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one-year Renewal Term for up to the final Renewal Term to expire not later than September 30, 2037. Under the terms of the Lease Agreement, if the City elects to renew the Lease Agreement at the end of the Original Term or any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its revenues derived from property taxes, sales taxes and other sources, which appropriation shall be sufficient to make the Rental Payments coming due during the ensuing fiscal year.

The City is obligated to make two annual Rental Payments to the Trustee at least 15 days prior to each Certificate Payment Date during each fiscal year in which the Lease Agreement is in effect, which payments represent the Principal Components, redemption premium, if any, and Interest Components of Rental Payments represented by the Series 2017 Certificates becoming due during such fiscal year (but only if the City elects to renew the Lease Agreement for each Renewal Term). THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR RENTAL PAYMENTS OR RENEW THE LEASE AGREEMENT AFTER THE ORIGINAL TERM. NEITHER THE SERIES 2017 CERTIFICATES NOR THE LEASE AGREEMENT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE AGREEMENT IS IN EFFECT. THE CITY IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS FOR ANY SUBSEQUENT FISCAL YEAR BEYOND THE CURRENT FISCAL YEAR.

The City will have the option to purchase the Trustee's title and interest in the Facilities as provided in the Indenture and the Lease Agreement. See "DEFINITIONS OF TERMS AND SUMMARIES OF CERTAIN DOCUMENTS – SUMMARY OF THE LEASE AGREEMENT - Option to Purchase the Facilities," and "SUMMARY OF THE INDENTURE - Satisfaction and Discharge of the Indenture" in *Appendix C* hereto.

Property Subject to the Base Lease and the Lease Agreement

Pursuant to the provisions of the Base Lease and the Lease Agreement between the Trustee and the City, (a) the City will lease the Site to the Trustee for a term ending September 30, 2066, (b) the proceeds of the Series 2017 Certificates will be used to pay the costs of the Project and costs related to the delivery of the Series 2017 Certificates as described in this Official Statement, and (c) the Trustee will lease the Facilities (including of the Site and the improvements thereon, as described below) to the City for an initial term ending September 30, 2017 (the "Original Term"), with successive one-year renewal options, provided that the final renewal term does not extend beyond September 30, 2037 (the "Renewal Terms"), which Renewal Terms are subject to annual budget appropriations. The Site includes almost five acres of real property and includes the conference center to be constructed.

Other property subject to the Lease Agreement includes (a) equipment and software to be acquired and installed pursuant to an energy savings contract with Schneider Electric Buildings Americas, Inc. that provides for replacement water meters and related infrastructure towers, collectors and repeaters and software for the City's water system, (b) various items of rolling stock including a dump truck and paint striping machine, and (c) asphalt mill and overlaying projects for streets and roads in the City.

Parity Obligations

Additional Certificates may be delivered without the consent of the Owners of the Certificates (a) to refund the Certificates of any series in a manner which provides present value debt service savings to the City or (b) to make additional improvements to the Facilities as the City may deem necessary so long as the total principal amount of all Certificates then Outstanding under the Indenture does not exceed \$7,750,000.

All Additional Certificates will be secured by the lien of the Indenture and will rank on parity with the Series 2017 Certificates and any Additional Certificates. Unless provided otherwise in a supplement to the Indenture, any Additional Certificates will be in substantially the same form as the Series 2017 Certificates, but will bear such date or dates, bear such interest rate or rates, have such payment date or dates, prepayment dates and prepayment premiums, and be issued at such prices as are approved in writing by the City, subject to the requirements of the Indenture.

THE TRUSTEE

UMB Bank, N.A., Kansas City, Missouri, a national banking association authorized to transact business in the State of Missouri, will be the Trustee under the Indenture and a party to the Lease Agreement and the Base Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Indenture, the Lease Agreement or the Base Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2017 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Indenture, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Indenture, the Lease Agreement or the Base Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either expressed or implied in the Certificates, the Indenture, the Lease Agreement or the Base Lease, all such liability, if any, being expressly waived by the Owners of the Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Certificates. Insofar as the City is concerned, the Trustee and the Owner of any Certificate and any person

claiming by, through or under the Trustee or the Owner of any Certificate may look solely to the Trust Estate described in the Indenture for payment of the interests evidenced by the Certificates.

As security for the compensation, expenses, disbursements and indemnification to which it is entitled upon the occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Lease Agreement, the Trustee will have a first lien with right of payment prior to payment on account of any Principal Components or Interest Components with respect to the Certificates for such compensation, expenses, disbursements and indemnification.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The purchase of the Series 2017 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2017 Certificates should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain risk factors relating to the Series 2017 Certificates are described below.

General

The following is a discussion of certain risks that could affect the Rental Payments and other payments to be made by the City with respect to the Lease Agreement and the Series 2017 Certificates. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Series 2017 Certificates are an appropriate investment. Prospective purchasers of the Series 2017 Certificates should consider carefully all possible factors that may result in a default in the payment of the Principal Component or Interest Component of Rental Payments represented by the Series 2017 Certificates, by the City under the Lease Agreement, the prepayment of the Series 2017 Certificates prior to maturity or the determination that the Interest Component of the Rental Payments represented by the Series 2017 Certificates might be includible in gross income for purposes of federal and Missouri income taxation. The following list of possible factors, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Series 2017 Certificates. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

Right of the City to Terminate the Lease Agreement Annually by Declining to Appropriate Funds

The City's obligations under the Lease Agreement may be terminated on an annual basis by the City without any penalty and there is no assurance that the City will renew the Lease Agreement. The likelihood that the City will renew the Lease Agreement throughout the Lease Term is dependent upon certain factors which are beyond the control of the owners of the Series 2017 Certificates, including (a) the continuing need of the City for facilities such as the Facilities, (b) the demographic conditions within the City, and (c) the ability of the City to generate sufficient funds from taxes and other sources to pay its obligations under the Lease Agreement and the other obligations of the City.

The City Council has declared its current intention and expectation that the Lease Agreement will be renewed annually until the Trustee's leasehold interest in the Facilities is acquired by the City. Such a declaration cannot be construed as contractually obligating or otherwise binding the City. Neither the payment of the Rental Payments by the City under the Lease Agreement nor any payments under the Series 2017 Certificates constitutes a general obligation or other indebtedness of the City or a mandatory payment obligation of the City in any fiscal year subsequent to a fiscal year in which the Lease Agreement is in effect.

The obligation of the City to pay Rental Payments and Additional Payments is limited to those City funds which are specifically budgeted and appropriated annually by the City Council for such purpose. The failure to renew the Lease Agreement would mean the loss of occupancy of the Facilities by the City for the remainder of the term of the Base Lease, which terminates no later than September 30, 2066.

Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee would exercise its available remedies under the Base Lease, the Lease Agreement and the Indenture against the City including the sale or lease of its interest in the Facilities on behalf of the owners of the Series 2017 Certificates. The Trustee's interest in the Facilities is the leasehold estate in the Site and the improvements thereon granted by the Base Lease. The moneys derived from any sale or lease of its interest in the Facilities, along with other moneys then held by the Trustee under the provisions of the Indenture (with certain exceptions as provided in the Lease Agreement and the Indenture), are required to be used to pay the Rental Payments to the extent moneys are available.

Due to the nature of the Facilities, no assurance can be given that the Trustee could sell, relet or assign its interest in the Facilities for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Components and Interest Components of Rental Payments then due with respect to the Series 2017 Certificates. The Facilities include the conference center, meter reading and related equipment and software and rolling stock and other capital improvements for the City. The number of potential purchasers or lessees of the Facilities will be limited. Furthermore, no assurance can be given that the amount, if any, realized upon any sale, reletting or assignment of the Trustee's interest in the Facilities will be available and sufficient to provide for the payment of the Series 2017 Certificates on a timely basis.

Delays in Exercising Remedies

A termination of the City's right of possession of the Facilities under the Lease Agreement as a result of an Event of Default or an Event of Nonappropriation or expiration of the term of the Lease Agreement at the end of the Original Term or any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and the right to sell, relet or assign its interest in the Facilities in accordance with the provisions of the Base Lease, the Lease Agreement and the Indenture. However, the enforceability of the Base Lease, the Lease Agreement and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State of Missouri or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

Further, the Facilities are used by the City for the performance of its governmental functions. Due to the governmental use of the Facilities and the delays inherent in obtaining possession of the Facilities and other judicial remedies, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Components and Interest Components of Rental Payments with respect to the Series 2017 Certificates. The legal opinions to be delivered with the delivery of the Series 2017 Certificates will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all outstanding Series 2017 Certificates in full, the Series 2017 Certificates would be paid in part on a *pro rata* basis. Any delays in the ability of the Trustee to obtain possession of the Facilities will, of necessity, result in delays in any payment of Principal Components and Interest Components of Rental Payments with respect to the Series 2017 Certificates.

Changes in Economic, Demographic and Market Conditions

Changes in real estate market conditions in the Maryville area, as well as changes in general or local demographic or economic conditions, could adversely affect the value of the property located within the City

and the level of economic activity in the City and, consequently, the amounts of real estate taxes, sales taxes and other revenues generated by the City. Such changes could also have an adverse impact on the financial condition of the City and, thus, the City resources available for appropriation for the payment of the Rental Payments with respect to the Series 2017 Certificates.

In particular, sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. Demographic changes in the population of the City may adversely affect the level of sales tax revenues. A decline in the City's population, or reductions in the level of commercial and industrial activity in the City, could reduce the number and value of taxable transactions and thus reduce the amount of sales tax revenues. Internet and on-line sales have also caused local sales tax collections to decline. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on sales tax revenues.

Destruction of the Facilities

The Lease Agreement requires the Facilities to be insured as described in "SUMMARY OF THE LEASE AGREEMENT – Insurance" in *Appendix C* hereto. If the Facilities are damaged or destroyed, the City is nevertheless required to continue to make payments under the Lease Agreement, subject to the exercise of its option to extend the term of the Lease Agreement for each next succeeding Renewal Term and to the application of Net Proceeds from insurance and certain other sources to repair, restore, modify, improve or replace the affected portions of the Facilities. If the Net Proceeds from insurance and such other sources are sufficient to repair, restore, modify, improve or replace the affected portion of the Facilities, such proceeds are to be so applied. If the Net Proceeds are insufficient for such purpose, (1) the City is obligated to commence and thereafter complete the work and pay any cost in excess of such net proceeds, but only from Additional Payments appropriated by the City, in order for the affected portion of the Facilities to be repaired, restored and replaced, (2) if the failure to repair or restore does not materially detract from the value of the Facilities, such net proceeds may be deposited into the Certificate Fund, or (3) the City may apply net proceeds to the payment of the Option Purchase Price applicable on the next available Optional Payment Date and, if such net proceeds are insufficient to pay such Option Purchase Price, the City is required under the Lease Agreement to pay such amounts as are necessary to equal the full Option Purchase Price.

There can be no assurance either as to the adequacy of or timely payment under property damage insurance in effect at that time or that the City will elect to extend the term of the Lease Agreement for the next Renewal Term succeeding such damage or destruction. See "SUMMARY OF THE LEASE AGREEMENT — Damage, Destruction and Condemnation" in *Appendix C* hereto.

Construction Risks

Weather, labor disputes, availability of materials and supplies, casualty damages, unanticipated subsoil conditions, unanticipated construction difficulties and other "**force majeure**" occurrences or events or financial failure or failure to perform by a contractor, subcontractor or supplier may affect the timely construction of the Project. No assurance can be given that the acquisition, construction and installation of the Project will be completed on schedule, within budget or without material errors and defects. Any such failure could affect the City's decision to continue appropriations under the Lease Agreement.

Results of a Termination of the Lease Term

In the event that the City Council does not budget and appropriate, specifically with respect to the Lease Agreement, on or before October 1 of each year, moneys sufficient to pay all Rental Payments and the reasonably estimated Additional Payments coming due for the next Lease Term, an "Event of Nonappropriation" shall be deemed to have occurred.

Special Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of either such event, there is no assurance that the Series 2017 Certificates may be transferred by a holder thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Special Counsel has rendered no opinion with respect to the income tax consequences applicable to the Interest Component of Rental Payments represented by the Series 2017 Certificates subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of either such event there is no assurance that the Interest Component of such Rental Payments will remain excludable from gross income for federal or Missouri income tax purposes.

See “DEFINITIONS OF TERMS AND SUMMARIES OF CERTAIN DOCUMENTS – SUMMARY OF THE LEASE AGREEMENT” in *Appendix C* hereto for a discussion of the results of an Event of Nonappropriation, and the ability of the Trustee to waive, under certain circumstances, the effects of the occurrence of an Event of Nonappropriation without notice to or the consent of the registered owners of the Series 2017 Certificates.

Parity Obligations

The Indenture provides for the future delivery of Additional Certificates that, if delivered, would rank on a parity with the Series 2017 Certificates and any other Additional Certificates then Outstanding under the Indenture. Additional Certificates may be delivered for any purpose permitted under the Act without the consent of or notice to the Registered Owners of the Series 2017 Certificates (i) if the Additional Certificates are being issued to refund Certificates to provide present value debt service savings for the City, or (ii) if Additional Certificates to be issued are in an amount, together with all other Certificates then Outstanding, not to exceed \$7,750,000. There is no requirement to provide additional property in connection with the issuance of Additional Certificates that would be subject to the terms of the Base Lease or the Lease. The issuance of Additional Certificates without a corresponding addition to the Facilities could reduce the likelihood that, in the Event of Default or Event of Nonappropriation by the City, the Trustee would be able to relet or assign its interest in the Facilities for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Components and Interest Components of Rental Payments then due with respect to the Certificates.

Bankruptcy

In addition to the limitations on remedies contained in the Indenture and the Lease, the rights and remedies provided in the Indenture and the Lease Agreement may be limited by and are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of Missouri.

Amendment of the Indenture, the Lease Agreement and the Base Lease

Certain amendments to the Indenture, the Lease Agreement and the Base Lease may be made with the consent of the owners of not less than a majority in principal amount of the Certificates (including any Additional Certificates which may be hereafter delivered) then outstanding affected by such supplemental indentures or supplemental leases. Such amendments may adversely affect the security of the owners of the Certificates.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on November 4, 1980. This amendment limits the ability of the City to impose new or increased taxes to provide funding for the payment of the Series 2017 Certificates, or other governmental

purposes of the City, without voter approval. The amendment (popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes which may be imposed in any Fiscal Year, and the limit may not be exceeded without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. The limitation on local governmental units does not apply to taxes imposed for the payment of principal of and interest on general obligation bonds approved by the requisite percentage of voters.

The Hancock Amendment also requires political subdivisions of the State to obtain voter approval in order to increase any “*tax, license or fee*.” The precise meaning and application of the phrase “*tax, license or fee*” is unclear, but decisions of the Missouri Supreme Court have indicated that it does not apply to traditionally set user fees. The limitations imposed by the Hancock Amendment restrict the City’s ability to increase many but not all taxes, licenses and certain fees without obtaining voter approval.

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

Other Factors

One or more of the following factors or events could adversely affect the City’s operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Management.* Changes in key management personnel could affect the capability of the management of the City.
2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the City, increased unemployment and inability to control expenses in periods of inflation, could adversely impact the City’s financial condition.
3. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City’s financial performance.
4. *Environmental Hazards.* The City has covenanted in the Lease Agreement to comply with all applicable environmental laws. No environmental studies have been performed with respect to the Facilities. The City is not aware of any environmental condition at the Facilities or any of the City’s other property that requires any present remedial action. The discovery of such a condition with respect to the Facilities may adversely affect the City’s willingness to renew the Lease Agreement after the expiration of any Renewal Term and the discovery of such a condition with respect to any of the other property of the City could adversely impact the City’s financial performance.
5. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.

6. *Natural Disasters.* The occurrence of natural disasters, such as tornadoes, earthquakes, floods or droughts, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.

Power of Eminent Domain

Cities are granted under the laws of the State of Missouri the power to condemn property for any purpose for which such cities are authorized to acquire property. There is no assurance that if the City were to condemn the Trustee's interest under the Base Lease or the Lease Agreement that the condemnation award would be sufficient to pay the outstanding Principal Components and Interest Components with respect to the Series 2017 Certificates. The City has agreed in the Base Lease and the Lease Agreement that, in the event that the whole or any part of the Facilities is taken by eminent domain proceedings, the interest of the Trustee will be recognized. The City and the Trustee have reached an agreement on the terms of the acquisition of the Facilities at the City's option, and to the use of the Facilities. The City has agreed that any acquisition of the Facilities or rights to their use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease Agreement, including payment of Rental Payments and the applicable purchase price (as defined and set forth in the Indenture). If the City allows the Lease Agreement to expire without exercising its option to purchase, whether by failure to exercise its option to extend the Lease Agreement for a Renewal Term, failure to exercise its option to purchase at the conclusion of the Lease Term or failure to cure an Event of Default (as such terms are defined in the Lease Agreement), the City's failure to exercise the option to purchase shall constitute an irrevocable determination by the City that the Facilities are not required by it for any public purpose for the term of the Base Lease. The enforceability of the foregoing agreements of the City has not been the subject of judicial interpretation.

No Reserve Fund or Credit Enhancement

No debt service reserve fund, financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to insure payment of the Principal Component or Interest Component due with respect to the Series 2017 Certificates. Accordingly, any potential purchaser of the Series 2017 Certificates should consider the financial ability of the City to pay Rental Payments under the Lease Agreement.

Taxability

The Series 2017 Certificates are not subject to prepayment nor is the interest rate subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the Interest Component paid or to be paid on any Series 2017 Certificate is or was includible in the gross income of the Owners of the Series 2017 Certificates for federal income tax purposes. **It may be that Owners of the Series 2017 Certificates would continue to hold their certificates, receiving Principal Components and Interest Components as and when due, but would be required to include such payments of Interest Component in gross income for federal income tax purposes. Special Counsel expresses no opinion as to the federal tax exemption of Interest Component on the Series 2017 Certificates in the event of payment thereof (a) if the City fails to budget and appropriate sufficient moneys to pay the Rental Payments under the Lease Agreement or (b) the Lease Agreement terminates for any reason.**

Risk of Audit

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given that the Internal Revenue Service will not commence an audit of the Series 2017 Certificates. Owners of the Series 2017 Certificates are advised that, if an audit of the Series 2017 Certificates were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Owners of the Series 2017 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2017 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Prepayment

Any person who purchases a Series 2017 Certificate at a price in excess of its principal amount or who holds such Certificate trading at a price in excess of par should consider the fact that the Series 2017 Certificates are subject to prepayment prior to maturity at the prepayment prices described herein in the event such Series 2017 Certificates are prepaid prior to maturity. See the section herein captioned “THE SERIES 2017 CERTIFICATES – Prepayment Provisions.”

Secondary Market

The Underwriter will not be obligated to repurchase any of the Series 2017 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2017 Certificates. No assurance is given that any secondary market will develop following the completion of the offering of the Series 2017 Certificates and no assurance is given that the initial offering price for the Series 2017 Certificates will continue for any period of time.

The lowering or withdrawal of the investment rating initially assigned to the Series 2017 Certificates could adversely affect the market price for and the marketability of the Series 2017 Certificates. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating its facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities will fluctuate as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of the City, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor’s circumstances, and may require commitment of the investor’s funds for an indefinite period of time, perhaps until maturity.

Defeasance Risks

When all Certificates are deemed paid as provided in the Indenture (See “SUMMARY OF THE INDENTURE – Satisfaction and Discharge of the Indenture” and “– Certificates Deemed to be Paid” in *Appendix C* hereto), the Indenture will be released and terminated and the Facilities encumbered by the Base Lease and the Lease Agreement as security for the Certificates will be released. Any Certificate shall be deemed to be paid when (a) payment of the Principal Component of Rental Payments evidenced by such Certificate and premium, if any, thereon and the Interest Component of Rental Payments payable with respect thereto, whether such payment is by reason of the stated payment date or upon prepayment as provided in the Indenture, either (i) has been made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (1) cash sufficient to make such payment and/or (2) Defeasance Obligations, maturing as to principal and interest in such amounts and at such time as will insure the availability of sufficient moneys to make such payment. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United

States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Indenture, the Base Lease or the Lease Agreement that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Certificates defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

PLAN OF FINANCE

Sources and Uses of Funds

In connection with the sale and delivery of the Series 2017 Certificates, it is contemplated that funds will be obtained and applied as follows:

Sources of Funds

Principal Amount of Series 2017 Certificates	\$
Net Original Issue Premium	
Other Available Funds of the City	
Total Sources	\$

Uses of Funds

Project Costs	\$
Costs of Issuance including Underwriter's Discount	
Total Uses	\$

The Facilities

The Facilities consists of the City's interest in the land upon which the conference center will be constructed, together with all other improvements now or to be located thereon, are situated. The Site includes almost five acres of real property. The Facilities also include the remaining portions of the Project.

The Project

The Conference Center. The conference center will be a 30,000 square foot public conference center at Mozingo Lake Recreation Park. The facility will be owned and operated by the City as a part of Mozingo Lake Recreation Park operations. The conference center will be located adjacent to the Sechrest 18 and Watson 9 public golf courses. The facility will also be connected by an exterior pedestrian sidewalk to a new 40-room Boulders Inn & Suites currently under construction.

The conference center will feature meeting space for up to 500 persons that is divisible to facilitate smaller meeting areas. A new golf clubhouse, indoor youth golf instructional areas, catering kitchen, offices, restrooms, supply storage, and indoor golf cart storage are also included in design. The facility will also feature space for a full service restaurant to be operated by a third-party. The conference center will also include necessary site work, a new roadway for safety improvements, associated parking, pedestrian sidewalks, landscaping and an events lawn for public gatherings. The conference center will serve weddings, banquets, conferences, trainings, golf outings and large scale meeting space identified as lacking in a Hotel Market Feasibility Study performed by the IDM Group in 2011. The conference center is identified in the Maryville Comprehensive Plan and the Mozingo Lake Recreation Park 20-Year Master Plan as a top priority project for the community. The estimated costs of the conference center are approximately \$4,550,000. Costs of the conference center not paid from the proceeds of the Series 2017 Certificates shall be paid from other legally available funds of the City.

Energy Savings Improvements. The City has entered into an Energy Savings Contract with Schneider Electric Buildings Americas, Inc. to provide improvements to generate energy savings for the City. This

portion of the Project will include in the replacement of water meters, meter reading equipment and related infrastructure towers, collectors and repeaters and software for the City.

Other Improvements. The remaining portions of the Project will include acquiring a dump truck and paint striping equipment for the City's street department, and making some asphalt mill and overlay improvements to streets and roads in the City.

Retail Sales Taxes

The following table shows collections of sales taxes for the City during the last six fiscal years:

<u>Fiscal Year</u>	<u>1% General</u>	<u>1/8% Parks</u>	<u>1/8% Parks</u>	<u>1/2% Capital</u>	<u>1/2% Mozingo</u>
2016	\$1,940,921	\$232,971	\$232,992	\$932,289	\$970,447
2015	1,902,061	227,818	227,818	911,155	951,025
2014	1,850,867	221,556	221,556	884,269	925,381
2013	1,784,655	213,249	213,249	852,444	892,287
2012	1,865,997	223,540	223,541	893,322	932,995
2011	1,758,435	211,478	211,482	843,771	879,203

Source: City.

The City currently collects two 1/8% sales taxes for park purposes. One of the sales taxes for park purposes has no expiration date, but the other park sales tax is expected to expire on March 31, 2021.

The City has imposed a sales tax that is used to fund capital improvements and another sale tax to fund improvements and operations at Mozingo Lake Recreation Park. The sales tax for capital improvement purposes is set to expire on September 30, 2018 and the City plans to renew or extend the sales tax by ballot issue to be submitted to the voters in 2017 that would require a simple majority approval. The sales tax for improvements and operation costs at Mozingo Lake was continued at an election in April 2016 with a sunset provision on December 31, 2037.

LITIGATION

There is no action, suit, proceeding or litigation pending against the City, or to the knowledge of the City or of its officials threatened, which in any way questions or affects the validity of the Lease Agreement, the Base Lease, the Indenture, the Series 2017 Certificates or any proceedings or transactions relating to their authorization, sale or delivery, or which would affect the validity of the agreements related to the construction, operation or management of the Project.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2017 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers) and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017 Certificates.

Opinion of Special Counsel

In the opinion of Gilmore & Bell, P.C., Special Counsel, under the law existing as of the issue date of the Series 2017 Certificates:

Federal and Missouri Tax Exemption. The Interest Component of the Rental Payments paid by the City under the Lease Agreement and distributed to the owners of the Series 2017 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Component is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The Series 2017 Certificates are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Special Counsel’s opinions are provided as of the date of the original issue of the Series 2017 Certificates, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2017 Certificates in order that the Interest Component be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Component in gross income for federal and State of Missouri income tax purposes retroactive to the date of delivery of the Series 2017 Certificates. Special Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017 Certificates but has reviewed the discussion under the section herein captioned “TAX MATTERS.”

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Series 2017 Certificate over its issue price. The issue price of a Series 2017 Certificate is the first price at which a substantial amount of the Series 2017 Certificates of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt obligations accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2017 Certificate during any accrual period generally equals (1) the issue price of that Series 2017 Certificate, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2017 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any Interest Component payable on that Series 2017 Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2017 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2017 Certificate is issued at a price that exceeds the stated redemption price at maturity of the Series 2017 Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2017 Certificate. Under Section 171 of the Code, the purchaser of that Series 2017 Certificate must amortize the premium over the term of the Series 2017 Certificate using constant yield principles, based on the purchaser’s yield to maturity. As premium is

amortized, the owner's basis in the Series 2017 Certificate and the amount of tax-exempt Interest Component received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2017 Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Series 2017 Certificates. Upon the sale, exchange or retirement (including redemption) of a Series 2017 Certificate, an owner of the Series 2017 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2017 Certificate (other than in respect of accrued and unpaid Interest Component) and such owner's adjusted tax basis in the Series 2017 Certificate. To the extent a Series 2017 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of Principal Component, Interest Component and prepayment premium paid on the Series 2017 Certificates, and to the proceeds paid on the sale of the Series 2017 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2017 Certificates should be aware that ownership of the Series 2017 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2017 Certificates. Special Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017 Certificates, including the possible application of state, local, foreign and other tax laws.

UNDERWRITING

Based upon bids received by the City on January 9, 2016, the Series 2017 Certificates were awarded to _____ (the "Underwriter") for reoffering by the Underwriter. The Underwriter has agreed to purchase the Series 2017 Certificates at an aggregate purchase price equal to \$_____ (the principal amount of the Series 2017 Certificates plus a net original issue premium of \$_____, less an underwriter's discount of \$_____), plus accrued interest, if any. The Underwriter is purchasing the Series 2017 Certificates for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Series 2017 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Series 2017 Certificates to the public. The Underwriter may offer and sell Series 2017 Certificates to certain dealers (including dealers depositing Series 2017 Certificates into investment trusts) at prices lower than the public offering prices.

The Underwriter has read and participated in the preparation of certain portions of this Official Statement and has supervised in the compilation and editing thereof. The Underwriter, has not, however,

independently verified the factual and financial information contained in this Official Statement and, accordingly, expresses no view as to the sufficiency or accuracy thereof.

RATING

Standard & Poor's Ratings Services is expected to give the Series 2017 Certificates a rating of "A+". Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by said rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2017 Certificates.

The City has furnished the rating agency with certain information and materials relating to the Series 2017 Certificates and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Series 2017 Certificates any proposed revision or withdrawal of the rating of the Series 2017 Certificates or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Certificate, the City is required to bring to the attention of the holders of the Series 2017 Certificates any revision or withdrawal of the rating of the Series 2017 Certificates but has not undertaken any responsibility to oppose any such revision or withdrawal. See the section herein captioned "CONTINUING DISCLOSURE." Any such revision or withdrawal of the rating could have an adverse effect on the market price and marketability of the Series 2017 Certificates.

FINANCIAL STATEMENTS

The City maintains its financial records on the basis of a fiscal year ending September 30. Set forth in *Appendix B* are the audited financial statements of the City for the fiscal year ended September 30, 2015. Such financial statements have been examined by Hochschild, Bloom & Company LLP, independent certified public accountants located in Chesterfield, Missouri.

LEGAL MATTERS

Certain legal matters incident to the authorization and execution by the City of the Indenture, the Base Lease and the Lease Agreement and the delivery and sale of the Series 2017 Certificates and with regard to the tax-exempt status of the Interest Component of Rental Payments to be made on the Series 2017 Certificates are subject to the approving opinion of Gilmore & Bell, P.C., Special Counsel. Special Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City.

CONTINUING DISCLOSURE

The City is executing a Continuing Disclosure Certificate for the benefit of the owners and Beneficial Owners of the Series 2017 Certificates in order to comply with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The City is the only "obligated person" with responsibility for continuing disclosure.

Pursuant to the Continuing Disclosure Certificate, the City will, not later than **180** days after the end of the City's fiscal year, provide to the Municipal Securities Rulemaking Board (the "MSRB") the following financial information and operating data (the "Annual Report"):

- (1) The audited financial statements of the City for the prior fiscal year prepared in accordance with accounting principles generally accepted in the United States of America. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report promptly after they become available.
- (2) Updates as of the end of the fiscal year of the financial information and operating data contained in **Appendix A** of this Official Statement under the following sections:

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

Legal Debt Capacity

FINANCIAL INFORMATION CONCERNING THE CITY

Sources of Revenue

Retail Sales Taxes

Property Valuations

History of Property Valuation

Tax Rates – *The table showing tax levies*

Tax Collection Record

Pursuant to the Continuing Disclosure Certificate, the City also will file notice with the MSRB of the occurrence of any of the following events with respect to the Series 2017 Certificates, no later than 10 business days after the occurrence of such event (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2017 Certificates, or other material events affecting the tax status of the Series 2017 Certificates;
- (7) modifications to rights of certificate holders, if material;
- (8) certificate calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2017 Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

Notwithstanding any other provision of the Continuing Disclosure Certificate, the City may amend the Continuing Disclosure Certificate and any provision of the Continuing Disclosure Certificate may be waived, provided Special Counsel or other counsel experienced in federal securities law matters provides the City with its opinion that the undertaking of the City, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Certificate.

In the event of a failure of the City to comply with any provision of the Continuing Disclosure Certificate, the Underwriter or any owner or Beneficial Owner of the Series 2017 Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Certificate. A default under the Continuing Disclosure Certificate will not be deemed an event of default under the Lease Agreement, the Indenture or the Series 2017 Certificates, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply with the Continuing Disclosure Certificate will be an action to compel performance.

The City has engaged in undertakings similar to the Continuing Disclosure Certificate with respect to certain prior obligations of the City, to provide to the national information repositories (presently, only the MSRB) the City's audited financial statements and certain operating data. The City has been timely in filing its audited financial statements and operating data updates in each of the last five years. However, certain portions of the required operating data updated either were presented in a format other than that required by the prior undertakings or failed to contain all of the data required to comply with such prior undertakings. Over the last five years, the City has failed to file notices of its failures to file all of its annual operating data, and in addition, the City has failed to file or has not timely filed notices of certain material events related to rating changes of bonds. In order to promote compliance with the City's obligations under the Continuing Disclosure Certificate and the City's prior undertakings with respect to the content of Annual Reports, the City engaged the law firm of Gilmore & Bell, P.C. to provide filing reminders and to assist the City in determining the required content of the Annual Reports and in submitting such Annual Reports to the MSRB via EMMA. The City's filings for its financial statements and operating data since fiscal year 2012 have been timely and materially complete.

Electronic Municipal Market Access System (EMMA)

All Annual Reports and notices of Material Events required to be filed by the City pursuant to the Continuing Disclosure Certificate must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the City or the Series 2017 Certificates is incorporated by reference in this Official Statement.

MISCELLANEOUS

Municipal Advisor

Piper Jaffray & Co. (the "Municipal Advisor") has acted as Municipal Advisor to the City in connection with the sale of the Series 2017 Certificates. The Municipal Advisor has assisted the City in matters relating to the planning, structuring and issuance of the Series 2017 Certificates and various other debt related matters. The Municipal Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Series 2017 Certificates.

Certification and Other Matters Regarding Official Statement

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or registered owners of any of the Series 2017 Certificates.

References herein to the Indenture, the Lease Agreement, the Base Lease and certain other matters are brief discussions of certain provisions thereof. Such discussions do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

The form of this Official Statement and its distribution and use by the Underwriter has been approved by the City. However, neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the City's financial condition or its ability to make payments required under the Lease Agreement and the Indenture.

CITY OF MARYVILLE, MISSOURI

By: _____
Mayor

APPENDIX A

THE CITY

TABLE OF CONTENTS

	<u>Page</u>
THE CITY	
Location and Size	A-2
Government and Organization	A-2
Utilities and Services	A-2
Medical and Health Facilities	A-3
Recreational, Cultural and Religious Facilities	A-3
Educational Institutions and Facilities	A-3
Elementary and Secondary Schools	A-3
Economy	A-4
ECONOMIC INFORMATION CONCERNING THE CITY	
Commerce and Industry	A-4
General and Demographic Information	A-4
Population Distribution by Age.....	A-5
Employment.....	A-5
Income Statistics	A-5
Housing	A-5
Building Construction	A-6
DEBT STRUCTURE OF THE CITY	
Current Indebtedness of the City.....	A-6
History of General Obligation Indebtedness.....	A-6
Debt Summary	A-7
Overlapping Indebtedness	A-7
Legal Debt Capacity	A-7
Other Obligations.....	A-8
Defaults on City Indebtedness.....	A-8
FINANCIAL INFORMATION CONCERNING THE CITY	
Accounting, Budgeting and Auditing Procedures	A-8
Sources of Revenue	A-9
Retail Sales Taxes.....	A-9
Tax Increment Financing.....	A-9
Property Valuations	A-10
Property Tax Levies and Collections	A-11
Tax Rates	A-12
Tax Collection Record.....	A-12
Major Property Taxpayers	A-13
Pension and Employee Retirement Plans	A-13

THE CITY

Location and Size

The City encompasses approximately 6.2 square miles and is located in Nodaway County, Missouri (“Nodaway County”), approximately 95 miles north of Kansas City, Missouri. The City has a current estimated population of 12,287 according to information compiled by the Missouri State Demographer’s office for the year 2015.

Government and Organization

Maryville is a city of the third class and political subdivision of the State of Missouri, organized and existing under the constitution and laws of the State of Missouri. The City is governed by a Council - Manager form of government and exercises powers of municipal government specifically granted by the State of Missouri. The City is governed by a City Council composed of five members who are elected at large for staggered three-year terms without restriction as to reelection. The Mayor is elected by the City Council from among the Council Members for a one-year term without restriction as to reelection. The Mayor presides over meetings of the City Council.

The current members of the City Council of the City are:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jason McDowell	Mayor	4/18
Rachael Martin	Mayor Pro Tem	4/17
Renee Riedel	Council Member	4/19
Tim Shipley	Council Member	4/17
Jerry Riggs	Council Member	4/18
Greg McDanel	City Manager	
Ryan Heiland	Assistant City Manager	
Sheila Smail	City Clerk	
Denise Town	Treasurer/Finance Director	

The City Council establishes utility and tax rates and authorizes all municipal indebtedness. The City Council appoints a City Manager who acts as the chief administrative officer of the City and serves at the pleasure of the City Council. The City Manager is responsible to the City Council for administration of City policy, preparation of the annual budget, appointment of City employees and supervision of the City’s operating departments. The City’s budget, prepared by the City Manager after consultation with each department, is reviewed and adopted by the City Council. Tax rates are established by the City Council to support the budget adopted. As required by state law, the aggregate City budget may not include any expenditures in excess of anticipated revenues. The City’s fiscal year ends on September 30.

Utilities and Services

The City provides water and wastewater treatment to its residents. Kansas City Power & Light provides electricity and Empire District Gas Company provides natural gas to residents of the City. There is one daily newspaper, one weekly newspaper, two radio stations and a cable television company located in the City. Telephone service is provided by CenturyLink.

Northwest Missouri Regional Airport is located two miles west of the City on 175 acres and is used for general aviation with no commercial airlines. Airport services include a 4,600 foot concrete runway, fuel, maintenance, a terminal building and several hangars.

Medical and Health Facilities

Health care services available to the residents of the City include a hospital, three medical clinics, thirty-one physicians, six dentists, six chiropractors, four optometrists and five nursing homes.

SSM Health St. Francis Hospital, a non-profit facility affiliated with SSM Health, a Catholic not-for-profit health system that includes 20 hospital and health services in Missouri, Illinois, Oklahoma and Wisconsin, provides comprehensive medical care to the people of Northwest Missouri. The hospital is an 81-bed full-service fully-accredited health care organization.

Ambulance services are provided by Nodaway County Ambulance District.

Recreational, Cultural and Religious Facilities

Recreational facilities include an aquatic center, a country club, eleven public parks, and a bowling alley. In addition, the City offers a variety of activities and programs such as arts and crafts, tennis, softball, swimming, volleyball, basketball and playgrounds. A benefit of having a state university in the City is the availability of participation in its academic, athletic and cultural events including musicals, symphonies, rock and country concerts and lectures. Each year the City hosts the Nodaway County Fair featuring regional arts and crafts.

Mozingo Lake Park is a 3,000 acre facility which includes 26 miles of shoreline surrounding a 1,000 acre lake, providing numerous opportunities for fishing, boating, and water sports as well as camping and hiking, plus an 18-hole public championship golf course.

Conception Abbey, one of only 33 basilicas in the nation, is located near the City. Built in 1892, the Basilica boasts Romanesque architecture and original European artwork and scribes dating back to the sixth century. The building covers more than 47,000 square feet and is open to the public.

There are many churches of various denominations which meet the spiritual needs of the City's residents, and serve the role of helping those less fortunate.

Educational Institutions and Facilities

Northwest Missouri State University (the "University") has been a part of the Maryville community since 1905. Approximately 5,200 undergraduate students are currently enrolled at the University. The University offers seven baccalaureate degrees, five master's degrees and the specialist in education degree with three areas of emphasis. The University is composed of three colleges and schools which include the College of Arts and Sciences, Business & Professional Studies and Education & Human Services, and the graduate school program.

Northwest Technical School is one of the leading vocational technical schools in Missouri with more than 275 students served during the day and 800 individuals per semester attending evening classes. The Vo-Tech school offers training in agriculture, auto body, auto mechanics, building trades, business and office skills, computer skills, electronics, occupational foods, health occupations, marketing and distributive education, welding, machine shop and licensed practical nursing. In addition, the school conducts customized training programs to meet the special needs of area industries.

Elementary and Secondary Schools

The Maryville R-II School District is classified as "Accredited," the highest rating given by the Missouri School Improvement Program administered by the Missouri Department of Elementary and Secondary Education. The school system provides a comprehensive academic program and diverse curricular activities to approximately 1,500 students and includes an elementary school, a middle school, a high school, a technical school and a special education cooperative.

Economy

Maryville is in the middle of an agriculture center. Approximately 390,000 acres of a total of approximately 540,000 acres in Nodaway County are used for agricultural purposes. Nodaway County ranks in the top five counties in the State of Missouri for number of beef cattle, hogs and pigs and yield per acre for soybeans and corn.

Other industries represented in the Maryville community include steel products, wholesale fertilizer, lawn and wild flower seed, small engines, forged and rebuilt auto parts, metal culverts, business forms, printing, auto and truck chains, weather vanes, education and health care.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Some major employers in Maryville, Missouri, include:

	<u>Name</u>	<u>Type</u>	<u>Employees</u>
1.	Kawasaki Motors Mfg. Corp.	Small Engines	750
2.	Northwest Missouri State University	Education	700
3.	SSM Health St. Francis Hospital	Health Care	499
4.	Focus	Staffing	350
5.	Maryville R-II School District	Education	250
6.	Wal-Mart Superstore	Retail	240
7.	Maryville Treatment Center	Health Care	200
8.	Federal Mogul	Automotive Parts	200
9.	Hy-Vee Food Store	Grocery	195
10.	NUCOR-LMP	Metal Fabrication	150

Source: City of Maryville, September 30, 2015 Comprehensive Annual Financial Report ("CAFR").

General and Demographic Information

The following table sets forth certain population information.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of Maryville	9,558	10,663	10,830	11,972
Nodaway County	21,996	21,709	22,120	23,370
State of Missouri	4,923,000	5,117,000	5,878,415	5,988,927

Source: U.S. Census Bureau, Census 2010.

Population Distribution by Age (2010 Census)

<u>Age</u>	<u>City of Maryville</u>	<u>Nodaway County</u>	<u>State of Missouri</u>
Under 5	526	1,216	390,237
5-19 years	2,871	5,092	1,211,174
20-44 years	5,440	9,091	1,937,372
45-64 years	1,765	4,894	1,611,850
65 years and older	<u>1,370</u>	<u>3,077</u>	<u>838,294</u>
Total	<u>11,972</u>	<u>23,370</u>	<u>5,988,927</u>
Median Age	22.7	28.5	37.9

Source: U.S. Census Bureau, Census 2010.

Employment

The following table sets forth unemployment figures for the last four years and the current year for Nodaway County and the State of Missouri.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016*</u>
<i>Nodaway County</i>					
Total Labor Force	11,895	12,219	11,637	11,136	11,219
Unemployed	651	721	758	549	504
Unemployment Rate	5.5%	5.9%	6.5%	4.9%	4.5%
<i>State of Missouri</i>					
Total Labor Force	2,992,858	3,000,135	3,058,118	3,113,760	3,136,936
Unemployed	207,391	209,034	186,901	155,584	142,285
Unemployment Rate	6.9%	6.9%	6.1%	5.0%	4.5%

Source: Missouri Department of Labor and Industrial Relations. *Average, January through May 2016.

Income Statistics

The following table sets forth income figures from Census 2010:

	<u>Per Capita</u>	<u>Median Family</u>
City	\$18,239	\$54,235
Nodaway County	18,909	55,231
State of Missouri	24,724	57,661

Source: U.S. Census Bureau, Census 2010, American Community Survey 5-year Estimates.

Housing

The median value of owner occupied housing units in the area of the City and related areas were as follows:

	<u>Median Value</u>
City	\$109,700
Nodaway County	94,900
State of Missouri	137,700

Source: U.S. Census Bureau, Census 2010, American Community Survey 5-year Estimates.

Building Construction

The following table indicates the number of building permits issued within the City over a five-year period. These numbers reflect all permits issued for new construction or renovation.

<u>Year</u>	<u>Number of Permits Issued</u>		
	<u>Residential</u>	<u>Non-Residential</u>	<u>Total</u>
2015	47	24	71
2014	50	10	60
2013	59	19	78
2012	57	16	73
2011	54	15	69

Source: City.

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following table sets forth as of December 1, 2016 all of the outstanding general obligation indebtedness of the City.

<u>Name of Issue</u>	<u>Issue Date</u>	<u>Principal Amount</u>	<u>Amount Outstanding</u>
GO Refunding & Imp Bonds	4/20/2009	\$4,220,000	\$2,945,000

History of General Obligation Indebtedness

The following table sets forth debt information pertaining to the City as of the end of each of the last five fiscal years:

<u>As of September 30</u>	<u>Total Outstanding Debt</u>	<u>Debt as Percentage of Assessed Value</u>
2016	\$2,945,000	2.23%
2015	3,155,000	2.45
2014	3,380,000	2.62
2013	3,600,000	2.82
2012	3,795,000	3.07

Debt Summary
(as of 10/1/2016)

2016 Assessed Valuation:	\$132,118,657
2016 Estimated Actual Valuation:	\$554,115,594
Estimated Population	12,287
Total Outstanding General Obligation Debt:	\$2,945,000
Overlapping Debt ⁽¹⁾ :	\$11,779,350
Direct and Overlapping General Obligation Debt:	\$14,724,350
Ratio of General Obligation Debt to Assessed Valuation:	2.22%
Ratio of General Obligation Debt to Estimated Actual Valuation:	0.53%
Per Capita General Obligation Debt:	\$239.68
Ratio of Direct and Overlapping Debt to Assessed Valuation:	11.14%
Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	2.66%
Per Capita Direct and Overlapping Debt:	\$1,198.37

⁽¹⁾ Includes general obligation debt of political subdivisions with boundaries overlapping the City. See "Debt Structure of the City - Overlapping Indebtedness."

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness (including general obligation bonds) of political subdivisions with boundaries overlapping the City as of December 1, 2016, and the percent attributable (on the basis of current assessed valuation) to the City.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Maryville R-II School District	\$18,150,000	64.9%	\$11,779,350

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10 percent of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10 percent for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Article VI, Section 26(e) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of purchasing or constructing waterworks, electric or other light plans to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. The legal debt margin of the City for an election to be held in 2017 is:

Constitutional Debt Limit	
(20% of assessed valuation)	\$26,423,731
Indebtedness Outstanding	<u>2,945,000</u>
LEGAL DEBT MARGIN	<u>\$23,478,731</u>

Other Obligations

The City also issues obligations where the City pledges income derived from the acquired or constructed assets or other specific sources to pay debt service and enters into capital leases to finance the acquisition or improvement of City property or property in the City. Obligations outstanding as of December 1, 2016 are as follows:

<u>Purpose</u>	<u>Principal Outstanding</u>
Combined Waterworks and Sewerage System Revenue Bonds Series 2013	\$13,295,000
Certificates of Participation, Series 2013	1,715,000
Certificates of Participation, Series 2010	2,260,000
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009	785,000
Tax Increment Revenue Bonds, Series 2015	1,480,000
Notes and Capital Leases	<u>868,736</u> ⁽¹⁾
Total	<u>\$8,232,419</u>

⁽¹⁾ Outstanding as of September 30, 2016.

Defaults on City Indebtedness

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

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with accounting principles generally accepted in the United States of America. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate.

An annual budget is prepared under the direction of the City Manager and submitted to the City Council for consideration prior to the fiscal year commencing on October 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the fund level. Budgeted amounts are as originally adopted or as amended by the City Council if total fund expenditures are expected to exceed the original budget. The adopted and any revised budget must conform to the statutory definition of a balanced budget, where the available fund reserves plus estimated revenues equal or are greater than estimated appropriations. Once the budget has been approved, it becomes the responsibility of the City Manager and the Finance Director to monitor and report on the financial activity of the organization and condition of the annual budget. Ultimate budgetary responsibility is maintained at the department level. As allowed by the City Manager, requests for supplemental appropriations or changes to budgeted expenditures will be considered and are also subject to the approval of the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending September 30, 2015 was performed by Hochschild, Bloom & Company LLP, Certified Public Accountants, Chesterfield, Missouri. Copies of the audit reports for the past 5 years are on file in the City Clerk's Office and are available for review. The Comprehensive Annual Financial Report of the City is included in **Appendix B** attached hereto.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the last fiscal year for which audited financial statements are available:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$6,407,525	72.36%
Licenses, Permits & Fees	93,586	1.06
Intergovernmental Revenues	1,375,848	15.53
Charge for Services	572,865	6.47
Fines & Forfeitures	240,070	2.71
Interest	5,204	0.06
Other Revenue	160,075	1.81
	<u>\$8,855,173</u>	<u>100.00%</u>

Source: City of Maryville, Missouri Annual Financial Report, September 30, 2015.

Retail Sales Taxes

The following table shows collections of sales taxes for the City during the last six fiscal years:

<u>Fiscal Year</u>	<u>1% General</u>	<u>1/8% Parks</u>	<u>1/8% Parks</u>	<u>1/2% Capital</u>	<u>1/2% Mozingo</u>
2016	\$1,940,921	\$232,971	\$232,992	\$932,289	\$970,447
2015	1,902,061	227,818	227,818	911,155	951,025
2014	1,850,867	221,556	221,556	884,269	925,381
2013	1,784,655	213,249	213,249	852,444	892,287
2012	1,865,997	223,540	223,541	893,322	932,995
2011	1,758,435	211,478	211,482	843,771	879,203

Source: City.

The City currently collects two 1/8% sales taxes for park purposes. One of the sales taxes for park purposes has no expiration date, but the other park sales tax is expected to expire on March 31, 2021.

The City has imposed a sales tax that is used to fund capital improvements and another sale tax to fund improvements and operations at Mozingo Lake Recreation Park. The sales tax for capital improvement purposes is set to expire on September 30, 2018 and the City plans to renew or extend the sales tax by ballot issue to be submitted to the voters in 2017 that would require a simple majority approval. The sales tax for improvements and operation costs at Mozingo Lake was continued at an election in April 2016 with a sunset provision on December 31, 2037.

Tax Increment Financing

The City has created tax increment financing districts within the City to reimburse redevelopment project costs to assist in the developments. These costs are payable solely from moneys on deposit in a "special allocation fund." The moneys deposited into the special allocation fund may consist of (a) certain payments in

lieu of taxes, attributable to the increase in assessed valuation of the real property within the districts as a result of development, and (b) fifty percent of the total additional revenue from taxes (including the sales taxes of the City but excluding certain other taxes) of local taxing districts which are generated by economic activities within the districts over the amount of such taxes generated by economic activities within the year in the calendar year in which the districts were created. As a result, the payments in lieu of taxes attributable to the increase in assessed valuation of the real property within the districts and up to fifty percent (50%) of the additional revenues generated by the sales taxes within such districts over the amount so generated in the year in which such districts were created may not be available to the City but instead might be deposited into the special allocation fund and used to pay redevelopment project costs related to the development. The City does not expect that the amount of such payments in lieu of taxes or sales taxes paid into special allocation funds from these projects will materially affect its ability to pay the Series 2017 Certificates.

Property Valuations

Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

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

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

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

Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment of **2016** (the last completed assessment):

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$67,898,020	19%	\$357,358,000
Commercial	31,113,839	32	97,230,747
Agricultural	<u>38,710</u>	12	<u>322,583</u>
Sub-Total	99,050,569		454,911,330
Personal Property	<u>33,068,088</u>	33 1/3%*	<u>99,204,264</u>
Total	<u>\$132,118,657</u>		<u>\$554,115,594</u>

* Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2016	\$132,118,657	(2.01)%
2015	134,780,715	4.54
2014	128,932,126	(0.18)
2013	129,165,575	1.17
2012	127,674,372	3.23
2011	123,677,284	(1.80)

Property Tax Levies and Collections

Tax Collection Procedure:

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

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

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

Tax Rates

Debt Service Levy. The current debt service levy of the City is \$0.1290 per \$100 of assessed valuation. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefor and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The current general fund levy of the City is \$0.3556 per \$100 of assessed valuation. The general fund levy cannot exceed the "tax rate ceiling" for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate. The tax levy for debt service on the City's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's general fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition. The current tax rate ceiling for the general fund is \$0.3556 per \$100 of assessed valuation.

The following table shows the City's tax levies (per \$100 of assessed valuation) for the current fiscal year and each of the last six years:

<u>Fiscal Year Ended September 30</u>	<u>General Fund</u>	<u>Park & Rec Fund</u>	<u>Debt Service</u>	<u>Total Levy</u>
2017	\$0.3556	\$0.4085	\$0.1290	\$0.8931
2016	0.3415	0.4036	0.1352	0.8803
2015	0.3412	0.3000	0.1378	0.7790
2014	0.3383	0.3000	0.1294	0.7677
2013	0.3383	0.3000	0.1294	0.7677
2012	0.3383	0.3000	0.1294	0.7677
2011	0.3297	0.3000	0.1194	0.7491

Tax Collection Record

The following table sets forth tax collection information for the City for the last five fiscal years for which audited financial statements are available.

<u>Year Ended September 30</u>	<u>Total Levy</u>	<u>Taxes Levied</u>	<u>Current and Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>%</u>
2015	\$0.7790	\$1,004,381	\$983,216	97.89%
2014	0.7677	991,604	970,736	97.90
2013	0.7677	980,156	972,034	99.17
2012	0.7677	949,471	939,118	98.91
2011	0.7491	943,456	934,266	99.03

Major Property Taxpayers

The following table sets forth the ten largest real property taxpayers in the City based upon assessed valuation of **2016**.

	<u>Name of Taxpayer</u>	<u>Local Assessed Valuation</u>	<u>Percentage of Total Local Assessed Valuation</u>
1.	L&L Holdings LLC	\$2,512,680	1.90%
2.	Wal-Mart	2,494,200	1.89
3	Daniels Childrens Investments LLC	1,470,290	0.73
4.	Federal Mogul Vehicle Component	971,140	0.75
5.	Maryville Missouri Assisted Living Prop Inv	778,840	0.59
6.	Deluxe Manufacturing	743,140	0.56
7.	Nucor-LMP Inc.	714,650	0.54
8.	Inland Realty	602,580	0.46
9.	Krzyzostaniok, Dorothy	572,320	0.43
10.	Snyder & Snyder LLC	502,850	0.38

Source: Nodaway County Assessor's Office.

Pension and Employee Retirement Plans

The City participates in the Missouri Local Government Employees' Retirement System ("LAGERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by state statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015 (the "**2015 LAGERS CAFR**") is available at <http://www.molagers.org/financial.html>. The link to the 2015 LAGERS CAFR is provided for general background information only, and the information in the 2015 LAGERS CAFR is not incorporated by reference herein. The 2015 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

All full-time general and police employees of the City are eligible to participate in LAGERS. As permitted by LAGERS, the City has elected the non-contributory plan, meaning its participating employees do not contribute to the pension plan. The City is required by statute to contribute at an actuarially determined rate for each category of participating employees. For the September 30, 2015 fiscal year, the City contributed \$345,466 to LAGERS on behalf of participating employees. The City's actuarially determined contribution rate for the period ending September 30, 2015 was 12.1% of covered payroll for general employees, 7.6% of covered payroll for police employees and 5.2% of covered payroll for fire employees. In the fiscal year ended September 30, 2015, the City's contribution to LAGERS on behalf of its employees represented approximately 5.7% of the City's total current general fund expenditures.

The following provides a historical comparison of the City's actual contributions to LAGERS relative to the actuarially determined contributions for the last five fiscal years of the City:

Schedule of City Contributions

<u>Year Ended September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>
2015	\$345,466	\$345,466	\$0
2014	355,620	355,620	0
2013	357,009	357,009	0
2012	308,810	308,810	0
2011	267,764	190,162	77,602

Source: The City; LAGERS.

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *An Amendment of GASB Statement No. 68*, beginning with its audited financial statements for the fiscal year ended September 30, 2015. This Statement requires the City to record net pension liability and pension expense on its financial statements. The net pension liability is the difference between the total pension liability and the plan’s fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability and investment experience.

As of September 30, 2015, the City had 127 participants (active members, retirees, beneficiaries and inactive, nonretired members) in LAGERS. The City has exclusive financial responsibility for the LAGERS liabilities relating to current and former City employees. According to information provided by LAGERS, the City’s accrued pension expense for the year ended September 30, 2015 was \$115,810 and the net pension liability (asset) attributable to the City’s participation in LAGERS as of September 30, 2015, to be recorded on the City’s financial statements for the fiscal year ended September 30, 2015, was as set forth below.

Total Pension Liability	\$12,081,299
Less: Plan Fiduciary Net Position	<u>13,480,136</u>
Net Pension Liability/(Asset)	\$ 1,398,837)

The City’s net pension liability is based on a 7.25% discount rate, which is also the current assumed investment rate of return of LAGERS. LAGERS advised the City that its proportionate share of the net pension liability using a 1% higher or lower discount rate at September 30, 2015 would be as follows:

Net Pension Liability/(Asset) Sensitivity (General and Police Divisions Combined)

	<u>1.0% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1.0% Increase (8.25%)</u>
City’s Net Pension Liability/(Asset)	\$461,088	(\$1,398,837)	(\$2,932,459)

For additional information regarding the City’s participation in LAGERS relating to the fiscal year ended September 30, 2015 see “**Note 11 – Missouri LAGERS Defined Benefit Pension Plan**” in *Appendix B*, and for additional information regarding LAGERS, see the 2015 LAGERS CAFR.



CITY OF MARYVILLE, MISSOURI

Comprehensive Annual Financial Report

For the Year Ended September 30, 2015

CITY OF MARYVILLE, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015



Report issued by the Department of Finance

Table of Contents

Introductory Section

Letter of transmittal	i – v
GFOA certificate	vi
Organizational chart	vii
Principal officials	viii

Financial Section

Independent auditor's report	1
Management's discussion and analysis	4
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	16
Statement of activities	17
Fund financial statements:	
Balance sheet-governmental funds	18
Reconciliation of the governmental funds balance sheet to the statement of net position	19
Statement of revenues, expenditures, and changes in fund balances - governmental funds	20
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	21
Statement of net position-proprietary funds	22
Statement of revenues, expenses, and changes in net position-proprietary funds	23
Statement of cash flows-proprietary funds	24
Statement of fiduciary net position-fiduciary fund	26
Notes to the basic financial statements	27
Required Supplementary Information:	
Budgetary comparison schedule-General fund	49
Budgetary comparison schedule-Park and Recreation fund	50
Schedule of Changes in Net Pension Liability and Related Ratios	51
Schedule of Pension Contributions	52
Note to required supplementary information	53
Other Supplementary Information:	
Budgetary comparison schedule-Capital Improvements fund	54
Nonmajor governmental funds:	
Combining balance sheet	55
Combining statement of revenues, expenditures and changes in fund balances	56
Schedule of revenues, expenditures, and changes in fund balances-budget to actual:	
Debt service fund	57
TIF project fund	58
Internal service funds:	
Combining statement of net position	59
Combining statement of revenues, expenses, and changes in net position	60
Combining statement of cash flows	61
Agency funds:	
Combining statement of assets and liabilities	62
Combining statement of changes in assets and liabilities	63

Table of Contents

Statistical Section (unaudited)

Net position by component	64
Changes in net position	65
Fund balances – governmental funds	68
Changes in fund balances – governmental funds	70
Tax revenues by source – governmental funds	72
Program revenues by function/program	73
Principal sales tax industries	74
Direct and overlapping sales tax rates	75
Assessed value and estimated actual value of taxable property	76
Direct and overlapping property tax rates	78
Principal real property taxpayers	79
Property tax levies and collections	80
Ratios of outstanding debt by type	81
Ratios of net general bonded debt outstanding	83
Direct and overlapping governmental activities debt	84
Legal debt margin information	85
Pledged-revenue coverage	87
Demographic and economic statistics	88
Principal employers	89
Full-time equivalent city government employees by functions/programs	90
Operating indicators by function/program	91
Capital asset statistics by function/program	92

Introductory Section

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City of Maryville, Missouri

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February 11, 2016

Honorable Mayor, Members of the City Council, and
Citizens of the City of Maryville, Missouri:

It is our pleasure to formally submit the Comprehensive Annual Financial Report (CAFR) of the City of Maryville, Missouri (the City), for the fiscal year ended September 30, 2015. This report was prepared by the Finance Department, and the responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Hochschild, Bloom and Company, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Maryville, Missouri's financial statements for the year ended September 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Maryville's MD&A can be found immediately following the Independent Auditors' Report.

For purposes of preparing this comprehensive annual financial report, all funds that are controlled by or dependent on, the City of Maryville are included. This comprises such services as administration, public safety, public works, recreational activities, water and sanitary sewerage utility, municipal court services, and a transfer station for disposal of refuse. GASB has established the criteria to determine the financial reporting entity for a municipal government's financial report. Therefore, the City used these criteria to examine the relationship of the City to other associated but legally separate entities, to determine if their inclusion in this report would be necessary to fairly present the financial position of the City. These legally separate entities are referred to as component units. These criteria generally have to do with financial benefit or burden, and levels of influence over the activities of these organizations. Based on this criteria, the City has determined that no outside agency or organization meets the above criteria and therefore, no other agency or organization has been included as a component unit in the financial statements.

PROFILE OF THE GOVERNMENT

The City of Maryville, Missouri was established on February 14, 1845 and was named after Mrs. Mary Graham, wife of Mr. Amos Graham, then the county clerk. Because Mary was the first women to live in the predetermined boundaries of the City, Maryville was named after her. Thomas Adams was the first settler in what is now the City of Maryville in 1840. By 1859 Maryville had flourished with many stores, a hotel, a post office, one church and the current Nodaway County Courthouse was built. Several attempts were made to incorporate the town of Maryville, but it wasn't until July 19, 1869 that Maryville officially became incorporated. It was at this time that a railroad was built from Maryville to Savannah and follows the route of the existing Highway 71. Construction of the railroad brought a stream of activity to the town square. In 1880, the town of Maryville was incorporated into a "City" and from there on the City of Maryville appointed a Mayor and Boards of Alderman.

On November 14, 1960 Maryville voted to establish a City Council/City Manager form of government from which it currently operates. In accordance with these statutes, the registered voters within the City elect five council members on an at-large nonpartisan basis serving three year staggered terms. All policymaking and legislative authority is vested in the City Council, whose responsibilities include, but are not limited to, passing ordinances, adopting the annual budget, and appointing committees. The City Council appoints a City Manager to serve as the chief administrative officer of the City, who is responsible for carrying out the policies and ordinances of the City Council, and overseeing the day-to-day operations of the City.

Today, the City of Maryville is the county seat of Nodaway County, and is incorporated as a third-class city under the Missouri statutes. The City encompasses approximately 6.2 square miles and is located in the northwest corner of the state, approximately 95 miles north of Kansas City, Missouri. The City's population is 11,972 according to the 2010 census. The City is empowered to levy a property tax on the real and personal property located within its boundaries, and by state statute to extend its corporate limits by annexation.

The City has approximately 80 full-time employees and provides a full range of services. These services include public safety protection, maintenance of streets and other infrastructure, water and sewerage sanitation, a transfer station facility for refuse disposal, code enforcement, a regional airport, and recreational opportunities provided by Mozingo Lake and the parks system.

LOCAL ECONOMY

Maryville offers a diverse employment base revolving around a foundation of agriculture, education and industry. The three pillars of the economy accentuate the hard work ethic in the community and are appropriately the key elements by which the City markets itself to promote economic development opportunities. This blend enables the City to minimize the significant stresses associated with potential business closings or migration of residents from the community during times of economic downturns. Overall the long-term outlook for the Maryville economy continues to be promising and provides ample opportunities for success through its strategic planning and partnerships developed with entities in the community and State.

The City of Maryville is a blend of small town living and cultural amenities usually found in larger communities. Northwest Missouri State University (NWMSU), located near downtown Maryville, was established in 1905 and currently offers courses in a balanced selection of degree opportunities to over 7,000 students. Through its "Encore" series, residents are able to enjoy a wide offering of musical events and lectures. NWMSU also features the Missouri Academy, an accelerated residential program for Missouri high school-age students academically excelling in science and math. The Academy offers an opportunity for exceptional students to live and work in a community of peers while earning college credits and a high school diploma. The two-year program of college coursework is tailored to individual abilities and taught by Northwest faculty. The local economy also benefits from the Center for Innovation and Entrepreneurship (CIE) located on the university campus. The CIE is a 46,679 square foot business incubator containing three lab research areas, scientific instrument rooms, office space, training areas, and a product distribution center. The CIE effectively connects industry and academics and is tailored to support business acceleration in the region.

The City welcomes industry of all types into the community and recognizes their contributions on the local, regional, national and global economy. Several large industries located in Maryville include Kawasaki, LaCiede Chain, NuCor-LMP, and Federal Mogul. In November 2012, one of Maryville's largest industries, Energizer Holdings, Inc., announced the plant closure effective November 2013. The closure laid off 300 employees in the

region and presented an immediate challenge for property and sales tax revenue. While the closure also presents a long-term challenge, an opportunity now exists to work Nodaway County Economic Development (NCED), and other community leaders to repurpose the facility and grow the employment base. In FY15, the City completed the voluntary annexation of Kawasaki, the community's single largest employer. The annexation also facilitated a \$25.5 million expansion facilitated by Industrial Revenue Bonds to create over thirty (30) new jobs.

The City understands the value of developing partnerships for economic development purposes to stimulate the local economy. To this end, the City has established itself as a leader in the recruitment of new businesses, both corporate and industrial by taking a leadership role in creating a resource team of local entities which help to evaluate potential new businesses in the community. Each opportunity is measured by the committee to determine the value it would add to the community with a cost-benefit analysis according to the Maryville Comprehensive Plan. For the last four years, the economic development team traveled to the International Council of Shopping Centers (ICSC) annual retail conference to recruit new retail opportunities. This effort led to several successful openings for retailers and the continued redevelopment of the Mary Mart Shopping Center through the use of a Community Improvement District (CID). In FY15, the City of Maryville noted several new businesses locating on a vacant tract along E. First Street. The additional retail opportunities are a direct result of a progressive City Council working with the developer to provide necessary infrastructure to the site. By continuing to establish these partnerships, the City is positive about its future retail growth and in sustaining upward trends.

Assessed real estate in the City has shown an overall increase during the past ten years. The increase has been a blend of reassessing existing structures and the addition of new construction. A 10-year historical summary of property growth and the relation to assessed value is provided in the statistical section of this report.

MAJOR INITIATIVES & LONG TERM FINANCIAL PLANNING

Major initiatives and long-term financial planning are integrally connected when these matters are associated with municipal government operations. Without long-term financial planning there are no major initiatives. Most initiatives require significant capital expenditure and financing for projects; likewise the major initiatives demand a conscious and assertive effort to perform long-range planning that appropriately assesses the long-term financial implications. The City of Maryville has been fortunate to recognize the marriage of these two items and consequently have remained financially healthy while also accomplishing major initiatives that have both direct and indirect impact to the community to impact quality of life. Significant initiatives are further described below to provide an understanding on how they benefit the community.

One of the most critical projects completed during the fiscal year was the 4th Street Improvement Project, Phase I. The project sought to physically and aesthetically transform the six (6) block corridor along 4th Street from downtown to the campus of Northwest Missouri State University. Construction items on the \$2.1 million project included ADA compliant sidewalks and trail, decorative street lights, landscaping, asphalt mill and overlay, a major intersection realignment, waterline replacements, entryway feature, and university way-finding elements. Nearly \$1.1 million in grants and outside funding was secured to assist with construction efforts. The award-winning project signifies a strong partnership with Northwest Missouri State University and a significant accomplishment in the Maryville Comprehensive Plan.

In 2015, numerous improvements were made to the flow and functionality of vehicular and pedestrian traffic throughout the community. In addition to pedestrian enhancements on 4th Street, the 7th & 9th Street Trail Project was completed to extend the City's trail network. The project was made possible by a Transportation Enhancement (TE) Program grant through the Missouri Department of Transportation (MoDOT) and supplemented by capital improvement sales tax funds. Approved in 2008, the half-cent capital improvement sales tax assists with capital replacement needs and is scheduled to sunset in 2018 unless renewed by the voters. The sales tax was also used to improve the intersection of South Avenue & South Main by upgrading the vehicle detection system to radar technology. In addition to improvements in traffic flow, 2015 marked a significant year in upgrading roadway conditions. Over \$675,000 of asphalt mill and overlay work in the community and at Mazingo Lake Recreation Park was completed to repair substandard streets. Improving street conditions will continue as a top priority of City Council which will require ongoing capital investment.

With the presence of Northwest Missouri State University (NWMSU), Maryville's housing stock contains a significant amount of rental properties. Approximately 65% of all the residential housing is used in a rental capacity, predominantly targeted at students seeking higher education. Rental properties often have a tendency

to deteriorate quickly in university based communities, especially if property owners do not reinvest in structure maintenance. In these communities property maintenance code enforcement is crucial to the preservation and redevelopment of housing stock. In this fiscal year, the City will actively enforce codes to bring selected houses back to respectable standing while ensuring the demolition of homes which are dilapidated and substandard. Over the past three (4) years, the City has initiated the removal of nearly forty (40) unsafe and dangerous structures within the community. In 2013, the City Council approved the Campus Town Redevelopment Incentive Program (CTRIP) to further encourage the rehabilitation of housing stock in the Campus Town Overlay District. The program provides demolition and permit fee incentives to property owners willing to reinvest in the district located just east of campus. Due to the program's success and ongoing demand, the City Council extended CTRIP by resolution for another two (2) years in April 2015. Also In 2015, Oak Pointe Assisted Living & Memory Care opened their doors providing an additional high-quality housing option for seniors. The City of Maryville participated in the support, recruitment, and planning of the \$6 million facility to ensure success.

Well maintained water and sewer infrastructure are vital components to ensure continued health and quality of life for Maryville. Over the past year the City has completed the Water Main Project, Phase I to replace a critical feed line from the treatment plant along Highway 136 to Depot Street. The total cost of the project was approximately \$1 million and replaced a 16" main that had been the source of frequent breaks due to age and deterioration. The sanitary sewer collection system also received attention with the completion of the Third & Munn and Prather Avenue Sewer Replacement Projects. The City also worked with a contractor to complete smoke testing of the entire sewer system to identify areas with a high rate of I&I (inflow and infiltration) of storm water. Staff proceeded to purchase a CCTV Sewer Camera to further inspect lines noted as deficient and created a two (2) full-time employee Sewer Maintenance Crew. It is anticipated that continued efforts to reduce I&I in the sewer system will be a major focus in future budgets. The presence of I&I increase the likelihood of system backups and electricity costs for mechanical treatment.

In 2015, the City of Maryville completed construction of a new wastewater treatment facility to meet new ammonia discharge requirements by the Missouri Department of Natural Resources (DNR). The previous wastewater system did not meet expected effluent limits issued in February 2008. The \$13.75 million project was financed by voter approved Revenue Bonds supported by increased sewer user fees. Construction on the project began in the summer of 2013 and was declared operational by the mandated deadline of July 1, 2015. The project was completed within budget and represents one of the largest capital improvements undertaken by the City of Maryville.

The City of Maryville also owns and operates Mozingo Lake Recreation Park, a 3,000 acre facility of which 1,000 acres is a lake, which acts as our primary water source to our customers. Surrounding the lake are various recreational activities including: RV camping, primitive camping, cabins, youth cabins, golf, hiking, water recreational activities, fishing and pavilions for family gatherings. Significant efforts continue in rebranding and marketing Mozingo Lake Recreation Park and its amenities into one (1) easily identifiable destination. In FY 15, the City continued working with a local volunteer committee on the development of a nine (9) hole junior/short golf course at Mozingo Lake Recreation Park. The vision quickly gained the attention of legendary golfer Tom Watson, who subsequently agreed to design the course at no cost. A grass roots fundraising campaign generated over \$600,000 towards construction of the course during the fiscal year. The Watson 9 is now growing in and should be playable in spring 2016. The course will serve as a unique amenity for regional junior golf and boosting tourism revenue for the park. At Mozingo, two (2) additional concrete trails were also constructed through the Recreational Trails Program (RTP). The park successfully celebrated its 20th Anniversary in July with a weekend of events geared toward celebrating the past and embracing the future outlined in the Mozingo Lake Master Plan. It is anticipated over the next several years that the City will proceed with the renewal of a critical one-half of one percent sales tax used for operations, maintenance, and improvement of the park.

The projects described above are only a fraction of the major initiatives pursued by the City of Maryville. These projects are designed to improve the quality of life for the citizens of Maryville and strategically position the City for continued success. With these projects moving forward, city staff will also ensure the delivery of core services and remain solvent as an organization.

RELEVANT FINANCIAL POLICIES

The City has adopted a comprehensive set of accounting policies. During the fiscal year, the following policy was particularly relevant. The City has a policy that requires periodic reviews of all outstanding debt to be

undertaken to determine refunding opportunities. Refunding will be considered when the analysis indicates the potential for present value savings of approximately 3% of the principal being refunded for current refundings, and a 5% threshold for advance refundings. During the fiscal year, the City issued Advanced Refunding Bonds in the amount of \$1,745,000 and paid amounts to refund \$2,045,000 of the outstanding Series 2005 bonds. This resulted in a savings of approximately 7.7% on the refunded bonds and 9.0% on the refunding bonds.

BUDGETARY CONTROLS

The annual budget serves as the foundation for the City's financial planning and control and is prepared by fund and department. After the proposed budget is prepared, it is submitted to the City Council for review. The Council may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered fund balance or less any deficit estimated for the beginning of the budget year. Following public hearings on the proposed budget, it is approved through the adoption of the budget resolution by the affirmative vote of a majority of the members of the City Council.

INDEPENDENT AUDIT

City policy requires an annual audit to be made of the financial statements of the various funds. The independent certified public accounting firm of Hochschild, Bloom and Company audited the financial statements contained in this report for the year ended September 30, 2015. The auditor's report on the basic financial statements is included in the financial section of this report.

RISK MANAGEMENT

The City is provided property, casualty and liability insurance coverage by Missouri Intergovernmental Risk Management Association (MIRMA). MIRMA is comprised of approximately 77 municipalities across the state in a shared risk pool.

The City's health insurance is provided by United Healthcare. The City's dental insurance is provided by Principal Life.

In addition to the insurance coverage provided by MIRMA, the City has established several risk control measures through the City's safety committee in an effort to minimize accident-related losses.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Maryville for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. This was the seventh year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

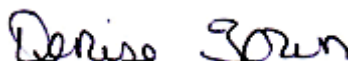
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was accomplished through the efforts of the Finance Department. Our sincere thanks to all of those who assisted.

Respectfully submitted,



Greg McDanel
City Manager



Denise Town
Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Maryville
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

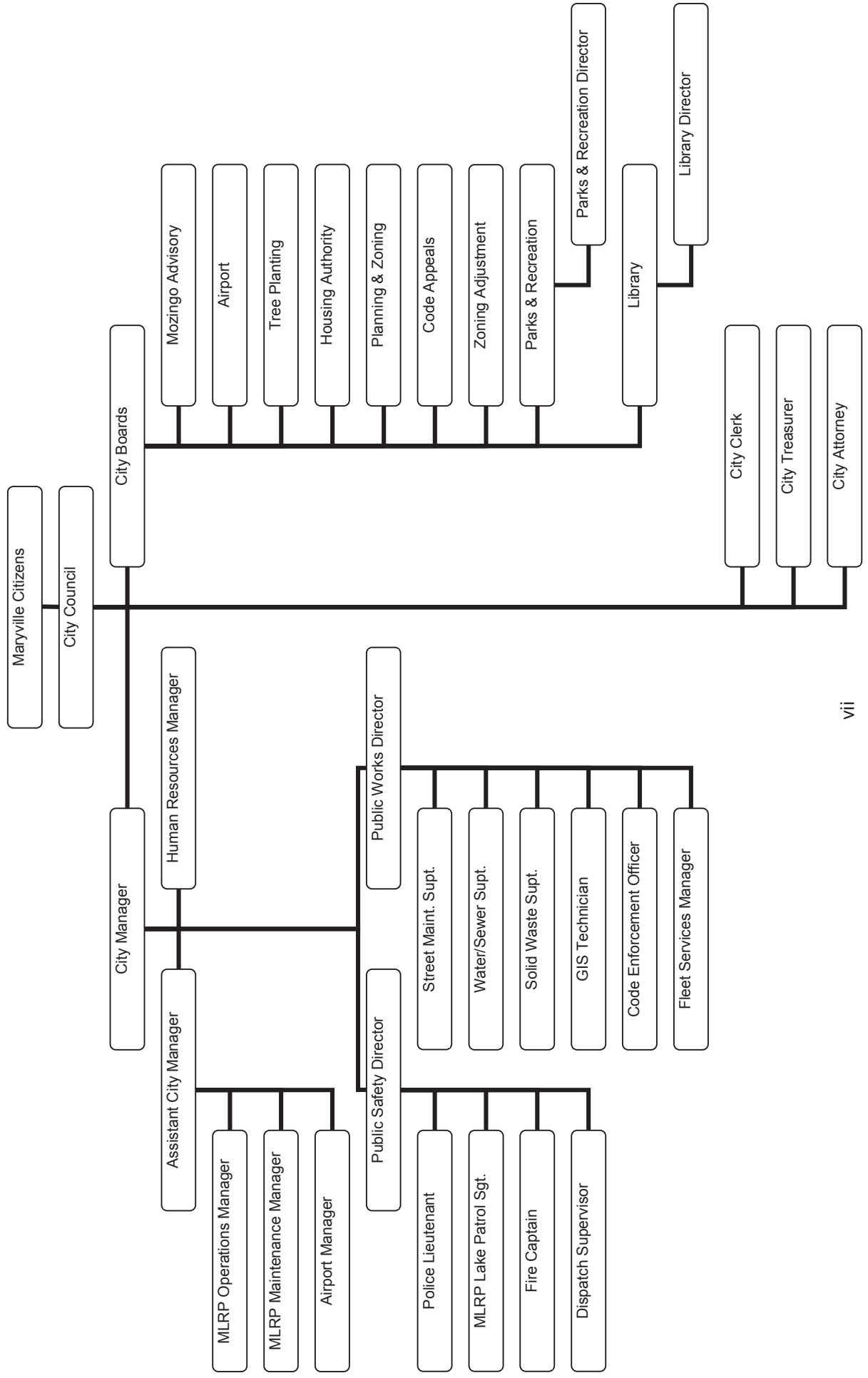
September 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

City of Maryville, Missouri

Organizational Chart Year Ended September 30, 2015



City of Maryville, Missouri

Principal Officials Year Ended September 30, 2015

Elected Officials

Title	Name
Mayor	Renee Riedel
Mayor Pro-Tem	Timothy Shipley
Council Member	Rachael Martin
Council Member	Jason McDowell
Council Member	Gerald Riggs

Administration

City Manager	Greg McDanel
Assistant City Manager	Ryan Heiland
City Clerk	Sheila Smail
Public Safety Director	R. Keith Wood
Public Works Director	C.E. Goodall
City Treasurer	Denise Town
City Attorney	Taryn Henry
Park & Recreation Director	Rod Auxier

Financial Section

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

February 11, 2016

Honorable Mayor and Members of the City Council
CITY OF MARYVILLE, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF MARYVILLE, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

- ☐ 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- ☐ 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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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 City'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 City'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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information and introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Maryville's (the City) financial statements presents a narrative overview and comparative analysis of the financial activities of the City for the fiscal year ended September 30, 2015.

We offer those interested in the City of Maryville's financial statements this narrative overview and analysis of the financial activities of the City of Maryville for the fiscal year ended September 30, 2015.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the September 30, 2015 fiscal year by \$35,561,254 (net position). The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the September 30, 2014 fiscal year by \$32,759,557 (net position).

The government's total net position increased by \$2,801,697 for fiscal year September 30, 2015.

As of the close of this current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,269,384, a decrease of \$1,222,879 in comparison with the prior year. Approximately 25 percent of this total amount, \$833,673, is available for spending at the government's discretion (unassigned fund balance). As of the close of the September 30, 2014 fiscal year, the City of Maryville's governmental funds reported combined ending fund balances of \$4,492,263, a decrease of \$1,023,485 in comparison with the prior year. Approximately 28 percent of the total amount, \$1,236,200, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$833,673, or 12.6 percent of total General Fund expenditures.

The City's total debt, excluding compensated absences, decreased by \$2,484,303 (8.3 percent) during the current fiscal year.

City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expense pertaining to earned but unused vacation.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and park and recreation. The business-type activities of the City include water/sewer utility, solid waste, and Mozingo recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: **Governmental** Funds, **Proprietary** Funds, and **Fiduciary** Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six (6) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Park and Recreation Fund, and the Capital Improvements Fund which are considered to be major funds. Data from the remaining governmental funds, the TIF Fund, the Debt Retirement Fund, and the Permanent Fund are combined into a single, aggregated

City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers—either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of Proprietary funds:

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise funds to account for the operations of the Water and Sewer, Solid Waste, and Mazingo Recreation activities. All Enterprise funds are considered to be major funds of the City.

Internal Service Funds are used to report activities that provide supplies and services for certain City programs and activities. The City uses Internal Service funds to account for its fleet of vehicles and equipment and health insurance benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The Internal Service funds are combined into a single, aggregated presentation in the propriety fund financial statements. Individual fund data for the Internal Service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City has two agency funds, which are reported under the Fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary funds is much like that used for Proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for the General Fund and major special revenue funds.

Combining Statements

The combining statements referred to earlier in connection with non-major Governmental funds, Internal Service funds and Fiduciary funds are presented immediately following the required supplementary information on pensions and budgetary comparison information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,561,254 at the close of the fiscal year ended September 30, 2015.

The largest portion of the City's net position reflects its investment of \$26,663,764 (75.0 percent) in capital assets (e.g. land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated from these liabilities.

City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

Net Position

	Governmental Activities 2015	Business-Type Activities 2015	Total 2015	Governmental Activities 2014	Business-Type Activities 2014	Total 2014
Assets						
Current and other assets	\$ 5,522,036	\$ 8,190,305	\$13,712,341	\$ 7,374,623	\$16,595,711	\$23,970,334
Capital assets	<u>18,156,881</u>	<u>32,202,559</u>	<u>50,359,440</u>	<u>16,820,610</u>	<u>25,942,802</u>	<u>42,763,412</u>
Total assets	<u>23,678,917</u>	<u>40,392,864</u>	<u>64,071,781</u>	<u>24,195,233</u>	<u>42,538,513</u>	<u>66,733,746</u>
Deferred Outflows of Resources						
Deferred outflows-pension related	<u>473,457</u>	<u>168,214</u>	<u>641,671</u>	-	-	-
Liabilities						
Noncurrent liabilities	6,276,680	18,760,347	25,037,027	7,875,189	19,950,999	27,826,188
Other liabilities	<u>2,188,292</u>	<u>1,848,534</u>	<u>4,036,826</u>	<u>2,428,054</u>	<u>3,801,141</u>	<u>6,229,195</u>
Total liabilities	<u>8,464,972</u>	<u>20,608,881</u>	<u>29,073,853</u>	<u>10,303,243</u>	<u>23,752,140</u>	<u>34,055,383</u>
Deferred Inflows of Resources						
Deferred inflows-pension related	<u>76,397</u>	<u>1,948</u>	<u>78,345</u>	-	-	-
Net Position						
Net investment in capital assets	12,384,247	14,279,517	26,663,764	10,070,223	14,347,365	24,417,588
Endowment	115,431	-	115,431	115,431	-	115,431
Restricted	1,360,618	605,824	1,966,442	1,917,620	589,185	2,506,805
Unrestricted	<u>1,750,709</u>	<u>5,064,908</u>	<u>6,815,617</u>	<u>1,845,178</u>	<u>3,874,555</u>	<u>5,719,733</u>
Total net position	<u>\$15,611,005</u>	<u>\$19,950,249</u>	<u>\$35,561,254</u>	<u>\$13,948,452</u>	<u>\$18,811,105</u>	<u>\$32,759,557</u>

An additional portion of the City's net position (5.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$6,815,617.

City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

Analysis of Changes in Net Position

The changes in net position are highlighted in the following table, which shows the City's revenues and expenses for the fiscal year. These two main components are subtracted to yield the change in net position.

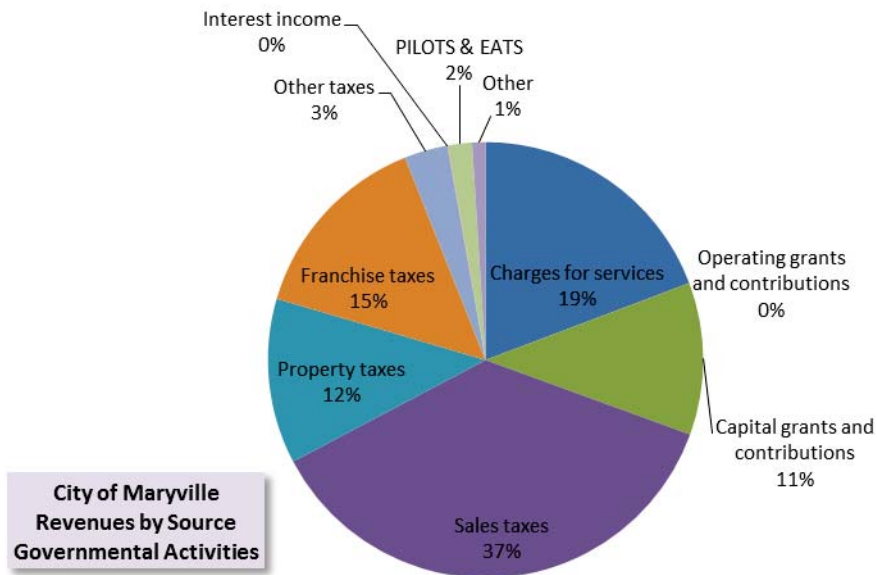
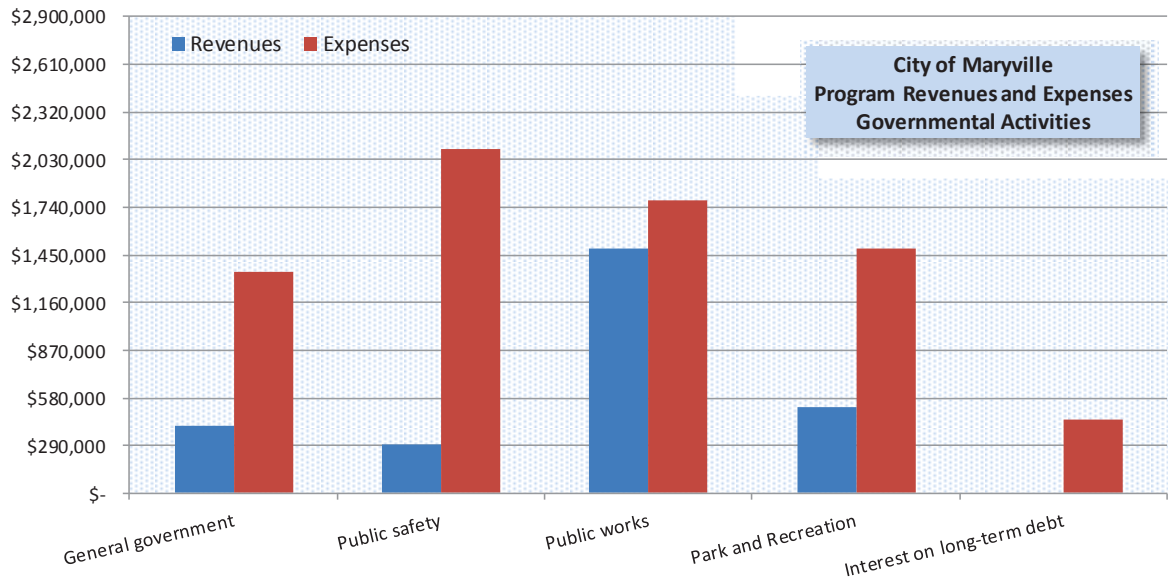
Changes in Net Position

	Governmental Activities 2015	Business-Type Activities 2015	Total 2015	Governmental Activities 2014	Business-Type Activities 2014	Total 2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,714,502	\$ 5,924,093	\$ 7,638,595	\$ 1,860,704	\$ 5,856,933	\$ 7,717,637
Operating grants and contributions	780	39,136	39,916	19,802	39,178	58,980
Capital grants and contributions	1,004,714	1,032,652	2,037,366	658,383	177,291	835,674
General revenues:						
Property taxes	1,090,117	-	1,090,117	1,075,334	-	1,075,334
Sales taxes	3,268,852	951,025	4,219,877	3,178,249	925,380	4,103,629
Franchise taxes	1,284,360	-	1,284,360	1,130,069	-	1,130,069
Other taxes	286,711	-	286,711	293,028	-	293,028
PILOTS & EATS-TIF	157,896	-	157,896	175,019	-	175,019
Interest income	5,204	13,628	18,832	5,886	17,055	22,941
Other	88,167	8,292	96,459	43,315	7,062	50,377
Gain on sale of capital assets	-	19,900	19,900	-	-	-
Total revenues	8,901,303	7,988,726	16,890,029	8,439,789	7,022,899	15,462,688
Expenses:						
General government	1,346,176	-	1,346,176	872,047	-	872,047
Public safety	2,093,104	-	2,093,104	1,919,497	-	1,919,497
Public works	1,781,467	-	1,781,467	3,164,805	-	3,164,805
Parks and recreation	1,487,910	-	1,487,910	1,713,593	-	1,713,593
Interest on long-term debt	446,699	-	446,699	368,199	-	368,199
Solid waste	-	309,452	309,452	-	418,168	418,168
Water and sewer	-	4,551,475	4,551,475	-	4,163,637	4,163,637
Mozingo recreation	-	2,072,049	2,072,049	-	1,995,356	1,995,356
Total expenses	7,155,356	6,932,976	14,088,332	8,038,141	6,577,161	14,615,302
Excess (deficiency) before transfers	1,745,947	1,055,750	2,801,697	401,648	445,738	847,386
Transfers	(83,394)	83,394	-	24,520	(24,520)	-
Increase (decrease) in net position	1,662,553	1,139,144	2,801,697	426,168	421,218	847,386
Net position, beginning	13,948,452	18,811,105	32,759,557	11,864,334	18,043,477	29,907,811
Restatement	-	-	-	1,657,950	346,410	2,004,360
Net position, ending	\$15,611,005	\$19,950,249	\$35,561,254	\$13,948,452	\$18,811,105	\$32,759,557

City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

Governmental activities. Governmental activities increased the City's net position by \$1,662,553. The largest single revenue source for the City was sales tax, which increased by \$90,603 (2.9 percent) from 2014. Certain revenues are generated that are specific to governmental program activities. These totaled \$2,719,996 in 2015 and \$2,538,889 in 2014.



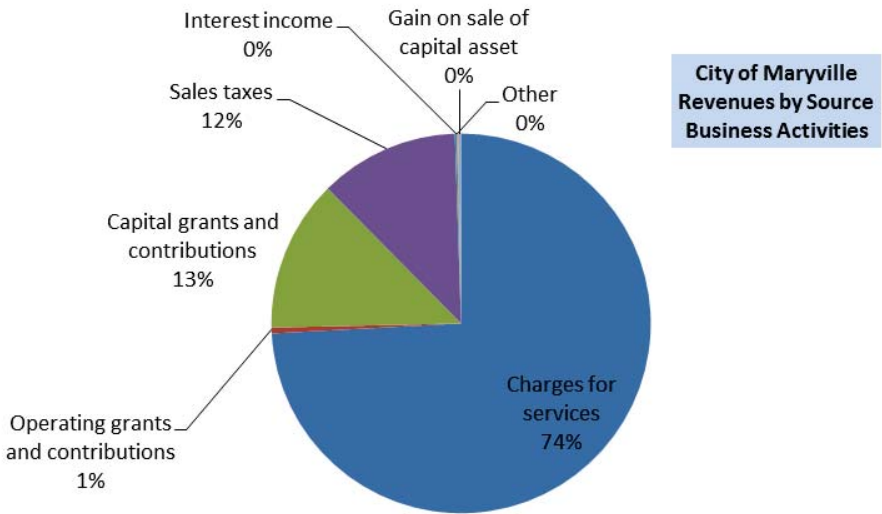
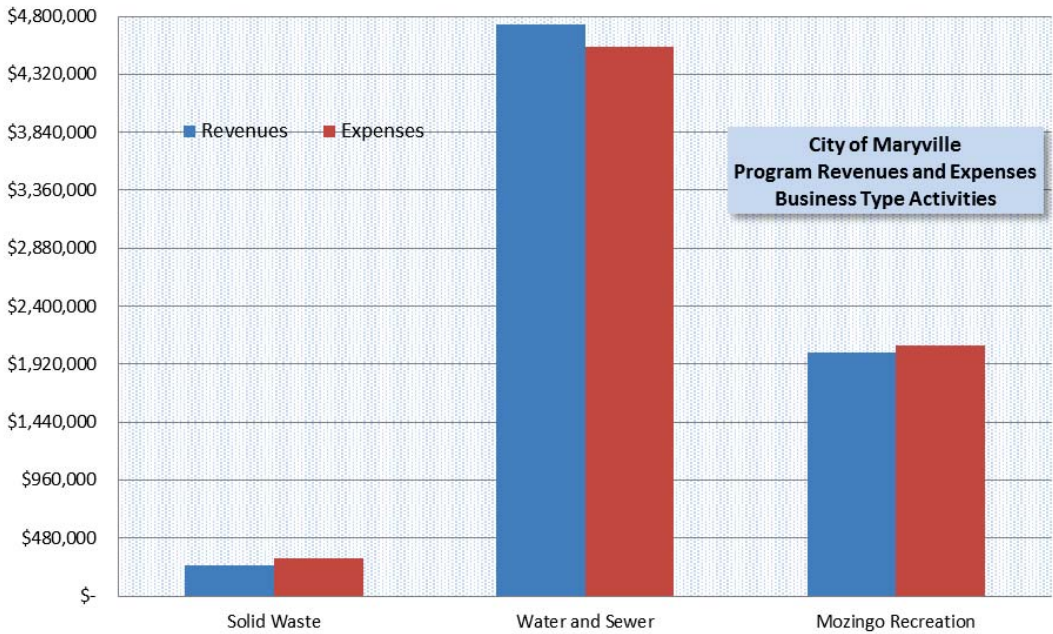
As shown in the Program Revenues and Expenses graph, public safety is the largest function in expense (29.3 percent), followed by public works (25.0 percent) and park and recreation (20.8 percent). General revenues

City of Maryville, Missouri

Management’s Discussion and Analysis
For Fiscal Year Ended September 30, 2015

such as sales and property taxes are not shown by program, but are effectively used to support program activities citywide.

Business-type activities. Business-type activities increased the City's net position by \$1,139,144. This is mainly due to capital contributions for trail development and a junior golf course at Mozingo Lake Recreation Park.



City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

As shown in the preceding two graphs for business-type activities' revenues, the largest of the City's business-type activities, Water and Sewer, had expenses of \$4,551,475, followed by Mozingo Recreation with expenses of \$2,072,049, and finally Solid Waste with \$309,452 in expenses. For the fiscal year, expenses exceeded revenues in two of the three activities. Fees provided the largest share of revenues (74.2 percent) followed by capital grants and contributions (12.9 percent), and sales taxes (11.9 percent) collected for operations at Lake Mozingo.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue Funds, Capital Project Fund, Permanent Fund and Debt Service Fund.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,269,384, a decrease of \$1,222,879 in comparison with the prior year. Approximately 26 percent of this total amount, (\$833,673), constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$138,183), 2) restricted for particular purposes (\$1,360,618), 3) committed for particular purposes (\$378,163), or 4) assigned for the subsequent year's budget appropriation (\$558,747).

As of the end of the September 30, 2014 fiscal year, the City's governmental funds reported

combined ending fund balances of \$4,492,263, a decrease of \$1,248,890 in comparison with the prior year. Approximately 28 percent of this total amount, (\$1,236,200), constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$145,495), 2) restricted for particular purposes (\$1,917,620), 3) committed for particular purposes (\$558,582), or 4) assigned for the subsequent year's budget appropriation (\$634,366).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$833,673, while total fund balance was \$1,796,345. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.6 percent of total General Fund expenditures, while total fund balance represents 27.2 percent of that same amount. The fund balance of the City's General Fund decreased by \$665,877 during the current fiscal year. This was mainly due to capital related projects, such as equipment purchases and street improvements.

The Park and Recreation Fund has a total fund balance of \$250,995. The net decrease in fund balance during the current year was \$669. This was due to infrastructure improvements.

The Capital Improvements Fund has a total fund balance of \$209,910. The net decrease in fund balance during the current year was \$265,964. The decrease was due to the completion of projects started in the previous fiscal year.

General Fund Budgetary Highlights

Actual revenue exceeded the budget in a few categories due to conservative estimates for franchise taxes, and sales tax, etc. On the expenditure side, some projects were delayed or modified, and a change was made in health insurance plans, resulting in favorable budget to actual expenditure variances.

City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

Proprietary Funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Solid Waste Fund at the end of the year was \$(1,853,143); the Water and Sewer Fund was \$5,790,156; and the Mozingo Recreation Fund was \$1,127,895. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Fiduciary Funds

The City maintains Fiduciary Funds for the assets of the Municipal Court Agency Fund and the Library Tax Agency Fund.

City of Maryville, Missouri

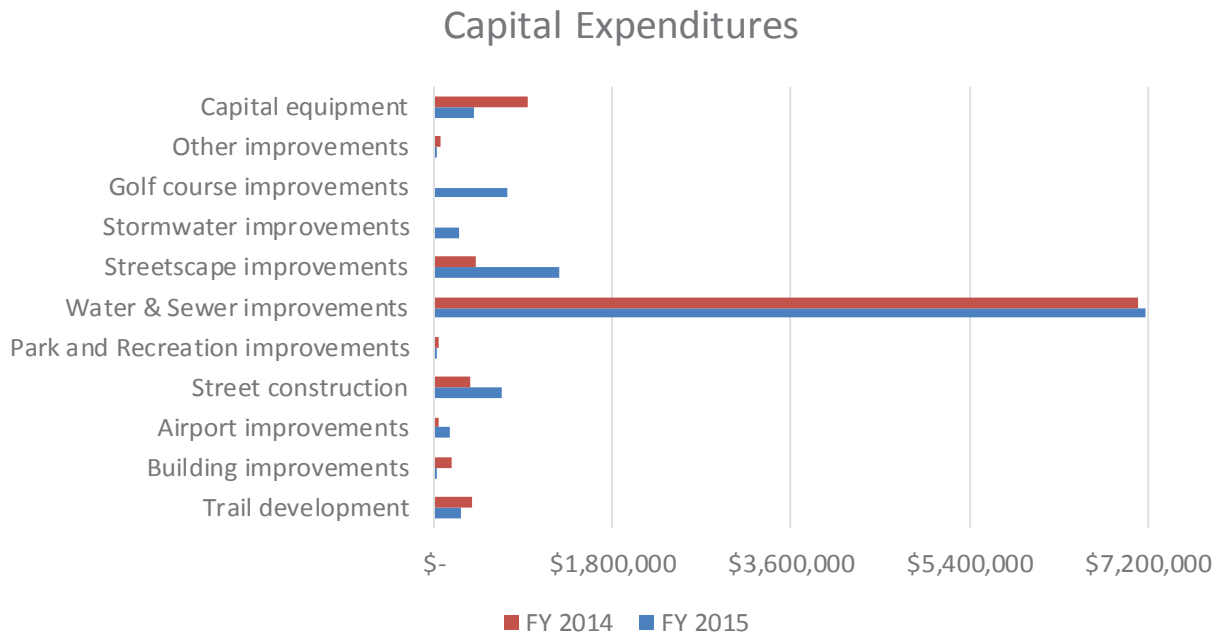
Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$50,359,440 (net of accumulated depreciation). This investment in capital assets includes land, intangible, construction in progress, buildings, improvements, machinery and equipment. Major capital asset expenditures during 2015 and 2014 include:

	2015	2014
Trail development	\$ 262,118	\$ 369,946
Building improvements	12,854	180,457
Airport improvements	160,726	46,922
Street construction	675,445	351,487
Park and Recreation improvements	22,500	45,132
Water & Sewer improvements	7,171,974	7,112,922
Streetscape improvements	1,255,465	422,793
Storm water improvements	246,300	-
Golf course improvements	726,797	-
Other improvements	28,574	60,153
Capital equipment	391,512	938,557
	<u>\$ 10,954,265</u>	<u>\$ 9,528,369</u>

The following graph shows the capital expenditures:



City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 456,757	\$ 456,757	\$ 1,907,872	\$ 1,907,872	\$ 2,364,629	\$ 2,364,629
Intangible asset	-	-	165,854	165,854	165,854	165,854
Buildings	5,455,318	5,455,318	23,498,462	9,079,318	28,953,780	14,534,636
Improvements other than buildings	21,120,412	18,344,981	38,428,066	36,363,598	59,548,478	54,708,579
Construction in progress	483,030	951,059	1,187,368	9,681,371	1,670,398	10,632,430
Machinery and equipment	3,798,166	3,741,897	6,352,813	6,207,500	10,150,979	9,949,397
Accumulated depreciation	(13,156,802)	(12,129,402)	(39,337,876)	(37,462,711)	(52,494,678)	(49,592,113)
Total	\$18,156,881	\$16,820,610	\$ 32,202,559	\$25,942,802	\$ 50,359,440	\$ 42,763,412

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$3,155,000, which is debt backed by the full faith and credit of the government.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 3,155,000	\$ 3,380,000	\$ -	\$ -	\$ 3,155,000	\$ 3,380,000
TIF revenue bonds	1,745,000	2,140,000	-	-	1,745,000	2,140,000
Revenue bonds	-	-	14,680,000	15,270,000	14,680,000	15,270,000
Certificates of participation	2,530,000	3,315,000	2,375,000	2,485,000	4,905,000	5,800,000
Premium	87,634	94,706	31,350	42,073	118,984	136,779
Discount	-	(39,319)	(215,325)	(227,287)	(215,325)	(266,606)
Capital leases	-	-	1,077,068	1,441,139	1,077,068	1,441,139
Total	\$ 7,517,634	\$ 8,890,387	\$ 17,948,093	\$19,010,925	\$ 25,465,727	\$ 27,901,312

The City's total debt decreased by \$2,435,585 (8.7 percent) during the current fiscal year. Additional information on the City's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The fiscal year 2016 marks the City's fourth year in transitioning to a priority-based budgeting process. While the organization is still several years away from being truly priority-based with performance measurement, the process once again included several Strategic Planning Sessions to identify goals of the community. Short-term and long-term goals were adopted by the City Council in August 2015 and remain as overarching, high level objectives for the organization, reflective of the community's priorities. The FY 2016 budget process marks the third year under the guidance of the Maryville Comprehensive Plan, which is designed to provide an essential legal basis for land use regulation such as zoning and to present a unified and compelling vision for the community.

The FY 2016 budget funds all the essential City services that Maryville residents expect, such as law enforcement and street maintenance. The City has remained fiscally sound while aggressively pursuing measures to improve the quality of life in our neighborhoods and upgrade infrastructure. The City has strategically positioned itself to once again include numerous project initiatives in the budget.

The FY 16 budget includes significant funds for airport runway improvements, street improvements, water/sewer infrastructure improvements, and employee benefits. A compensation study was completed during FY 2015 by a consulting group, with an updated pay scale to be implemented in January 2016. In January 2016 a sewer

City of Maryville, Missouri

Management's Discussion and Analysis For Fiscal Year Ended September 30, 2015

rate increase of 20% will be implemented in order to maintain sufficient net revenues available for debt service and to continue infrastructure improvements.

While conservative numbers were used to prepare the FY 2016 budget, the residential and business growth rate within the City is trending upward. Many factors contribute to the trend, but municipal actions and programs over the previous two fiscal years will continue to positively impact revenues in FY 2016 and beyond. The City's strategy for economic development and the removal of unsafe and dangerous structures have led to a variety of new retail options, infill residential development and a rejuvenated rental housing market.

During FY 2015 the City worked with newly annexed Kawasaki Motors Manufacturing Corporation to complete a significant expansion. The City issued \$25.5 million in Industrial Revenue Bonds (Chapter 100) to facilitate a 100,000 square foot expansion and create a minimum of thirty (30) new jobs. The bonds will be repaid by the company and the City is not legally obligated to the debt. In FY 2016 the City will work alongside Nodaway County Economic Development to further assist our local industry.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Denise Town, City Treasurer, City of Maryville, P.O. Box 438, Maryville, Missouri 64468.

Basic Financial Statements

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City of Maryville, Missouri

Statement of Net Position

September 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash, cash equivalents and investments	\$ 3,368,172	\$ 6,439,199	\$ 9,807,371
Receivables, net:			
Taxes	670,514	137,014	807,528
Grants	25,701	159,014	184,715
Utilities	---	702,846	702,846
Accounts	26,354	---	26,354
Other	3,427	24,090	27,517
Prepays	180,716	96,080	276,796
Inventory	27,177	236,923	264,100
Cash - restricted for refundable deposits	---	216,277	216,277
Total Current Assets	4,302,061	8,011,443	12,313,504
Noncurrent Assets:			
Net pension asset	1,219,975	178,862	1,398,837
Capital assets:			
Nondepreciable	939,787	3,261,094	4,200,881
Depreciable, net	17,217,094	28,941,465	46,158,559
Total Noncurrent Assets	19,376,856	32,381,421	51,758,277
Total Assets	23,678,917	40,392,864	64,071,781
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows-pension related	473,457	168,214	641,671
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	756,143	338,788	1,094,931
Refundable deposits - restricted cash	---	216,277	216,277
Accrued interest payable	19,833	147,533	167,366
Compensated absences payable	167,316	59,625	226,941
Long-term liabilities due within one year	1,245,000	1,086,311	2,331,311
Total Current Liabilities	2,188,292	1,848,534	4,036,826
Noncurrent Liabilities:			
Landfill post-closure liability	---	1,882,972	1,882,972
Long-term liabilities due in more than one year	6,276,680	16,877,375	23,154,055
Total Noncurrent Liabilities	6,276,680	18,760,347	25,037,027
Total Liabilities	8,464,972	20,608,881	29,073,853
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows-pension related	76,397	1,948	78,345
NET POSITION			
Net investment in capital assets	12,384,247	14,279,517	26,663,764
Endowment	115,431	---	115,431
Restricted:			
Debt service	645,446	605,824	1,251,270
Tax increment financing project debt service	226,563	---	226,563
Park and recreation	250,995	---	250,995
Capital improvements	209,910	---	209,910
Municipal cemetery	24,694	---	24,694
Other purposes	3,010	---	3,010
Unrestricted	1,750,709	5,064,908	6,815,617
Total Net Position	\$ 15,611,005	\$ 19,950,249	\$ 35,561,254

City of Maryville, Missouri

Statement of Activities

For the Year Ended September 30, 2015

Function/Programs	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 1,346,176	\$ 410,008	\$ ---	\$ ---	\$ (936,168)	\$ ---	\$ (936,168)
Public safety	2,093,104	284,900	780	9,000	(1,798,424)	---	(1,798,424)
Public works	1,781,467	496,623	---	995,714	(289,130)	---	(289,130)
Park and recreation	1,487,910	522,971	---	---	(964,939)	---	(964,939)
Interest on long-term debt	446,699	---	---	---	(446,699)	---	(446,699)
Total Governmental Activities	<u>7,155,356</u>	<u>1,714,502</u>	<u>780</u>	<u>1,004,714</u>	<u>(4,435,360)</u>	<u>---</u>	<u>(4,435,360)</u>
Business-Type Activities:							
Solid waste	309,452	253,512	---	---	---	(55,940)	(55,940)
Water/sewer utility	4,551,475	4,532,432	39,136	159,260	---	179,353	179,353
Mozingo recreation	2,072,049	1,138,149	---	873,392	---	(60,508)	(60,508)
Total Business-Type Activities	<u>6,932,976</u>	<u>5,924,093</u>	<u>39,136</u>	<u>1,032,652</u>	<u>---</u>	<u>62,905</u>	<u>62,905</u>
Total Primary Government	<u>\$ 14,088,332</u>	<u>\$ 7,638,595</u>	<u>\$ 39,916</u>	<u>\$ 2,037,366</u>	<u>\$ (4,435,360)</u>	<u>\$ 62,905</u>	<u>\$ (4,372,455)</u>
General Revenues:							
Taxes:							
Property Taxes					1,090,117	---	1,090,117
Sales Taxes					3,268,852	951,025	4,219,877
Franchise Taxes					1,284,360	---	1,284,360
Other Taxes					286,711	---	286,711
PILOT & EATS - TIF					157,896	---	157,896
Interest					5,204	13,628	18,832
Other					88,167	8,292	96,459
Gain on sale of capital assets					---	19,900	19,900
Transfers					(83,394)	83,394	---
Total General Revenues and Transfers					<u>6,097,913</u>	<u>1,076,239</u>	<u>7,174,152</u>
Change in Net Position					<u>1,662,553</u>	<u>1,139,144</u>	<u>2,801,697</u>
Net Position - Beginning					<u>13,948,452</u>	<u>18,811,105</u>	<u>32,759,557</u>
Net Position - Ending					<u>\$ 15,611,005</u>	<u>\$ 19,950,249</u>	<u>\$ 35,561,254</u>

City of Maryville, Missouri

Balance Sheet

Governmental Funds

September 30, 2015

	General Fund	Park and Recreation Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	\$ 1,899,820	\$ 278,810	\$ 63,857	\$ 1,031,904	\$ 3,274,391
Receivables, net:					
Taxes	464,637	37,887	132,676	35,314	670,514
Grants	10,755	---	14,946	---	25,701
Accounts	16,074	879	---	9,401	26,354
Inventory	22,752	---	---	---	22,752
Total Assets	<u>\$ 2,414,038</u>	<u>\$ 317,576</u>	<u>\$ 211,479</u>	<u>\$ 1,076,619</u>	<u>\$ 4,019,712</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 617,693	\$ 66,581	\$ 1,569	\$ 64,485	\$ 750,328
Total Liabilities	<u>617,693</u>	<u>66,581</u>	<u>1,569</u>	<u>64,485</u>	<u>750,328</u>
Fund Balances:					
Nonspendable:					
Inventory	22,752	---	---	---	22,752
Endowment	---	---	---	115,431	115,431
Restricted for:					
Debt service	---	---	---	645,446	645,446
Tax increment financing project debt service	---	---	---	226,563	226,563
Park and recreation	---	244,770	---	---	244,770
Capital improvements	---	---	209,910	---	209,910
Municipal cemetery	---	---	---	24,694	24,694
Other purposes	3,010	6,225	---	---	9,235
Committed to:					
Capital, construction and services	378,163	---	---	---	378,163
Assigned:					
Subsequent year's budget appropriation of fund balances	558,747	---	---	---	558,747
Unassigned	833,673	---	---	---	833,673
Total Fund Balances	<u>1,796,345</u>	<u>250,995</u>	<u>209,910</u>	<u>1,012,134</u>	<u>3,269,384</u>
Total Liabilities and Fund Balances	<u>\$ 2,414,038</u>	<u>\$ 317,576</u>	<u>\$ 211,479</u>	<u>\$ 1,076,619</u>	<u>\$ 4,019,712</u>

City of Maryville, Missouri

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2015

Fund Balances - Total Governmental Funds	\$ 3,269,384
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of depreciation are not financial resources and are not reported in governmental funds.	18,155,931
--	------------

Long-term debt and compensated absences are not due and payable with current financial resources and are not reported in governmental funds.	
--	--

General obligation and TIF revenue bonds	(4,900,000)
Certificates of participation	(2,530,000)
Compensated absences	(170,462)
Bond premium	(87,634)

Accrued interest payable for the current portion of interest due on general obligation bonds has not been reported in the governmental funds.	(19,833)
---	----------

Other long-term assets are not available to pay for current period expenditures	178,053
---	---------

Certain items are not a financial resource and, therefore, are not reported in the governmental funds. These consist of:

Deferred outflows, pension related	464,809
Net pension asset	1,211,951
Deferred inflows, pension related	(76,397)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicles, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

115,203

Net position of governmental activities	<u><u>\$ 15,611,005</u></u>
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City of Maryville, Missouri

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2015

	General Fund	Park and Recreation Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,270,258	\$ 647,720	\$ 911,155	\$ 578,392	\$ 6,407,525
Licenses and permits	93,586	---	---	---	93,586
Intergovernmental	1,304,458	---	71,390	---	1,375,848
Charges for services	49,894	522,971	---	---	572,865
Fines and forfeitures	240,070	---	---	---	240,070
Interest	3,250	438	188	1,328	5,204
Other	118,662	23,413	18,000	---	160,075
Total Revenues	6,080,178	1,194,542	1,000,733	579,720	8,855,173
EXPENDITURES					
Current:					
General government	2,240,632	---	---	670	2,241,302
Public safety	2,231,898	---	---	---	2,231,898
Public works	2,127,638	---	---	---	2,127,638
Park and recreation	---	1,227,606	---	---	1,227,606
Capital outlay	---	---	377,901	---	377,901
Debt service:					
Principal retirement	---	---	785,000	320,000	1,105,000
Interest and fiscal charges	---	---	76,619	269,898	346,517
Bond issue costs	---	---	---	64,450	64,450
Total expenditures	6,600,168	1,227,606	1,239,520	655,018	9,722,312
Excess of revenues over (under) expenditures	(519,990)	(33,064)	(238,787)	(75,298)	(867,139)
OTHER FINANCING SOURCES (USES)					
Transfers in	12,100	---	---	122,299	134,399
Transfers out	(164,928)	(6,794)	(27,177)	(18,894)	(217,793)
Insurance recoveries	6,941	39,189	---	---	46,130
Issuance of refunding bonds	---	---	---	1,745,000	1,745,000
Payment to refunding bond escrow agent	---	---	---	(2,063,476)	(2,063,476)
Total other financing sources (uses)	(145,887)	32,395	(27,177)	(215,071)	(355,740)
Net change in fund balances	(665,877)	(669)	(265,964)	(290,369)	(1,222,879)
Fund balances - Beginning	2,462,222	251,664	475,874	1,302,503	4,492,263
Fund balances - Ending	\$ 1,796,345	\$ 250,995	\$ 209,910	\$ 1,012,134	\$ 3,269,384

City of Maryville, Missouri **Reconciliation of the Statement of Revenues, Expenditures, and** **Changes in Fund Balances of Governmental Funds** **to the Statement of Activities**

For the Year Ended September 30, 2015

Net change in fund balances - Total governmental funds	\$ (1,222,879)
--	----------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	2,553,067
Depreciation expense	(1,213,237)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net assets.	(2,929)
---	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,150,000
Issuance of refunding debt	(1,745,000)
Amortization of bond discount and premium	(32,247)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on bonds	14,991
Accrued compensated absences liability	(11,998)
Accrued net pension asset	187,555
Prepays	(12,982)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and insurance, to individual funds.

The net revenues (expenses) of the internal service funds is reported with governmental activities.	(1,788)
---	---------

Change in net position of governmental activities	<u><u>\$ 1,662,553</u></u>
---	----------------------------

City of Maryville, Missouri

Statement of Net Position

Proprietary Funds

September 30, 2015

	Solid Waste Fund	Water and Sewer Fund	Mozingo Recreation Fund	Totals	Governmental Activities - Internal Service Funds
ASSETS					
Current:					
Cash, cash equivalents and investments	\$ 150	\$ 5,713,191	\$ 725,858	\$ 6,439,199	\$ 93,781
Receivables, net:					
Taxes	---	---	137,014	137,014	---
Utilities	27,776	675,070	---	702,846	---
Grants	---	---	159,014	159,014	---
Other	---	13,617	10,473	24,090	3,427
Prepaid expense	5,569	47,572	42,939	96,080	2,663
Inventory	---	207,945	28,978	236,923	4,425
Cash - refundable deposits	---	192,912	23,365	216,277	---
Total Current Assets	33,495	6,850,307	1,127,641	8,011,443	104,296
Noncurrent:					
Net pension asset	7,905	69,710	101,247	178,862	8,024
Capital assets:					
Nondepreciable	162,599	2,346,347	752,148	3,261,094	---
Depreciable, net	198,103	26,260,025	2,483,337	28,941,465	950
Total Noncurrent Assets	368,607	28,676,082	3,336,732	32,381,421	8,974
Total Assets	402,102	35,526,389	4,464,373	40,392,864	113,270
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows-pension related	8,427	75,016	84,771	168,214	8,648
LIABILITIES					
Current:					
Accounts payable and accrued expenses	16,267	210,967	111,554	338,788	5,815
Refundable deposits - restricted assets	---	192,912	23,365	216,277	---
Accrued interest payable	---	147,533	---	147,533	---
Compensated absences payable	2,958	17,907	38,760	59,625	900
Current portion of long term debt	---	987,864	98,447	1,086,311	---
Total Current Liabilities	19,225	1,557,183	272,126	1,848,534	6,715
Noncurrent:					
Landfill post-closure liability	1,882,972	---	---	1,882,972	---
Revenue bonds	---	13,894,390	---	13,894,390	---
Certificates of participation	---	2,261,636	---	2,261,636	---
Lease obligations payable	---	629,005	76,751	705,756	---
Compensated absences payable	773	4,683	10,137	15,593	---
Total Noncurrent Liabilities	1,883,745	16,789,714	86,888	18,760,347	---
Total Liabilities	1,902,970	18,346,897	359,014	20,608,881	6,715
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows-pension related	---	---	1,948	1,948	---
NET POSITION					
Net investment in capital assets	360,702	10,858,528	3,060,287	14,279,517	950
Restricted for debt service	---	605,824	---	605,824	---
Unrestricted	(1,853,143)	5,790,156	1,127,895	5,064,908	114,253
Total net position	\$ (1,492,441)	\$ 17,254,508	\$ 4,188,182	\$ 19,950,249	\$ 115,203

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City of Maryville, Missouri

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended September 30, 2015

	Solid Waste Fund	Water and Sewer Fund	Mozingo Recreation Fund	Totals	Governmental Activities - Internal Service Funds
Operating Revenues:					
Charges for services	\$ 253,126	\$ 4,513,590	\$ 1,124,463	\$ 5,891,179	\$ 1,074,970
Miscellaneous	386	18,842	13,686	32,914	16,015
Total Operating Revenues	253,512	4,532,432	1,138,149	5,924,093	1,090,985
Operating Expenses:					
Personnel	88,658	562,578	862,228	1,513,464	60,472
Contractual services	177,491	1,623,066	524,863	2,325,420	979,800
Commodities	7,540	239,021	417,086	663,647	51,871
Depreciation	35,759	1,806,663	257,722	2,100,144	630
Total Operating Expenses	309,448	4,231,328	2,061,899	6,602,675	1,092,773
Operating income (loss)	(55,936)	301,104	(923,750)	(678,582)	(1,788)
Nonoperating Revenues (Expenses):					
Taxes	---	---	951,025	951,025	---
Intergovernmental and contributions	---	39,136	---	39,136	---
Interest income	3	12,639	986	13,628	---
Insurance recovery	---	8,292	---	8,292	---
Gain on sale of capital assets	2,925	4,675	12,300	19,900	---
Interest expenses and fees	(4)	(320,147)	(10,150)	(330,301)	---
Total Nonoperating Revenues (Expenses)	2,924	(255,405)	954,161	701,680	---
Income (loss) before capital contributions and transfers	(53,012)	45,699	30,411	23,098	(1,788)
Transfers in	360,198	---	---	360,198	---
Transfers out	---	(249,626)	(27,178)	(276,804)	---
Capital contributions	---	159,260	873,392	1,032,652	---
Change in net position	307,186	(44,667)	876,625	1,139,144	(1,788)
Total Net Position - Beginning	(1,799,627)	17,299,175	3,311,557	18,811,105	116,991
Total Net Position - Ending	\$ (1,492,441)	\$ 17,254,508	\$ 4,188,182	\$ 19,950,249	\$ 115,203

City of Maryville, Missouri

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2015

	Solid Waste Fund	Water and Sewer Fund	Mozingo Recreation Fund	Totals	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers	\$ 259,207	\$ 4,476,324	\$ 1,124,463	\$ 5,859,994	\$ 1,091,262
Cash paid to suppliers	(262,652)	(2,529,664)	(912,473)	(3,704,789)	(1,031,681)
Cash paid to employees	(79,795)	(580,693)	(883,087)	(1,543,575)	(61,347)
Other operating	---	14,767	17,929	32,696	---
Net Cash Provided by (used in)					
Operating Activities	(83,240)	1,380,734	(653,168)	644,326	(1,766)
Cash Flows from Non-Capital Financing Activities:					
Sales tax	---	---	945,483	945,483	---
Intergovernmental and contributions	---	39,136	18,016	57,152	---
Transfers to other funds	58,732	---	(27,178)	31,554	---
Net Cash Provided by Non-Capital Financing Activities	58,732	39,136	936,321	1,034,189	---
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets	---	(8,324,361)	(510,380)	(8,834,741)	---
Sale of capital assets	2,925	4,675	12,300	19,900	---
Insurance recovery	---	8,292	---	8,292	---
Principal payments on capital debt	(1,080)	(968,831)	(94,160)	(1,064,071)	---
Interest paid on capital debt	(4)	(322,818)	(10,150)	(332,972)	---
Net Cash Provided by (used in) Capital and Related Financing Activities	1,841	(9,603,043)	(602,390)	(10,203,592)	---
Cash Flows from Investing Activities:					
Maturity of investments	---	7,391,437	---	7,391,437	---
Income received on investments	3	12,639	986	13,628	---
Net Cash Provided by Investing Activities	3	7,404,076	986	7,405,065	---
Net Increase (Decrease) in Cash and Cash Equivalents	(22,664)	(779,097)	(318,251)	(1,120,012)	(1,766)
Cash and Cash Equivalents, beginning of year	22,814	5,661,150	1,067,474	6,751,438	95,547
Cash and Cash Equivalents, end of year	\$ 150	\$ 4,882,053	\$ 749,223	\$ 5,631,426	\$ 93,781

(continued)

City of Maryville, Missouri

Statement of Cash Flows (Continued)

Proprietary Funds

For the Year Ended September 30, 2015

	Solid Waste Fund	Water and Sewer Fund	Mozingo Recreation Fund	Totals	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (used in) Operating Activities:					
Operating income (loss)	\$ (55,936)	\$ 301,104	\$ (923,750)	\$ (678,582)	\$ (1,788)
Adjustments to reconcile operating income (loss)					
to net cash provided by (used in) operating activities:					
Depreciation	35,759	1,806,663	257,722	2,100,144	630
Net pension asset	17,351	41,279	41,213	99,843	6,860
Deferred outflows	(6,289)	(64,397)	(72,796)	(143,482)	(7,202)
Deferred inflows	---	---	1,948	1,948	---
Landfill post-closure expense	(48,718)	---	---	(48,718)	---
Change in assets and liabilities:					
Receivables	5,696	(41,341)	4,243	(31,402)	277
Prepaid expenses	625	(2,717)	5,001	2,909	(6)
Inventory	---	(21,422)	(4,867)	(26,289)	285
Accounts payable and accrued expenses	(29,529)	(657,411)	19,992	(666,948)	(289)
Compensated absences	(2,199)	5,003	8,776	11,580	(533)
Refundable deposits	---	13,973	9,350	23,323	---
Net Cash provided by (used in) Operating Activities	<u>\$ (83,240)</u>	<u>\$ 1,380,734</u>	<u>\$ (653,168)</u>	<u>\$ 644,326</u>	<u>\$ (1,766)</u>
Reconciliation of cash and cash equivalents to specific assets on the statement of net assets:					
Cash, cash equivalents and investments	\$ 150	\$ 5,713,363	\$ 725,858	\$ 6,439,371	\$ 93,781
Restricted cash and cash equivalents	---	192,740	23,365	216,105	---
Less: Investments in certificates of deposit	---	(999,000)	---	(999,000)	---
Less: Investments in money market mutual funds	---	(25,050)	---	(25,050)	---
Cash and cash equivalents, end of year	<u>\$ 150</u>	<u>\$ 4,882,053</u>	<u>\$ 749,223</u>	<u>\$ 5,631,426</u>	<u>\$ 93,781</u>
Supplemental disclosure of cash flow information:					
Noncash investing, capital and financing activities:					
Change in capital asset acquisitions through accounts payable	\$ ---	\$ (108,208)	\$ (20,333)	\$ (128,541)	\$ ---
Contributed capital assets	---	159,260	725,917	885,177	---
Amortization of bond premiums and discounts, net as a component of interest expense	<u>\$ ---</u>	<u>\$ 1,240</u>	<u>\$ ---</u>	<u>\$ 1,240</u>	<u>\$ ---</u>
Change in landfill post-closure valuation liability	<u>\$ (48,718)</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (48,718)</u>	<u>\$ ---</u>
Change in net pension asset	<u>\$ 17,351</u>	<u>\$ 41,279</u>	<u>\$ 41,213</u>	<u>\$ 99,843</u>	<u>\$ 6,860</u>

City of Maryville, Missouri
Statement of Fiduciary Net Position

Fiduciary Fund
September 30, 2015

	Agency Fund
ASSETS	
Cash, cash equivalents and investments	\$ 6,749
Total Assets	\$ 6,749
LIABILITIES	
Court bonds payable	6,749
Total Liabilities	6,749
NET POSITION	
Net Position	\$ ---

City of Maryville, Missouri

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies:

The City of Maryville, Missouri (the City) was incorporated in 1869 and covers an area of approximately 4.4 square miles in Nodaway County, Missouri approximately 95 miles north of Kansas City, Missouri. The City is a city of the third class and operates under the Council-Manager form of government. The City Manager is the chief administrative officer of the City. The City provides services to its 11,972 residents, including law enforcement, fire protection, water and sewer services, community enrichment and development, and various social services. The Maryville R-II School District, a separate governmental entity, provides educational services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

The City's relationship to other legally separate organizations has been examined to determine if their inclusion in the City's basic financial statements is necessary to fairly present the financial position and activities of the City. The criteria used in this determination included an examination of the nature and significance of the organization's relationship with the City, financial benefit or burden to the City, the ability of the City Council to appoint members of the governing board, and the level of influence the City has over the activities of the organization. Based on these criteria, the following related organization has been excluded from the accompanying financial statements:

Maryville Public Library (the Library) – The City's mayor appoints all members of the Library's Board, but a board member cannot be removed except for specific acts (illegal acts, etc.). The Library is able to establish and approve its own budget and legally set its own fees and charges for services. Therefore, although the City appoints all members of the Library board, the Library is able to act independently without City oversight, and is not included within the City's reporting entity.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise

City of Maryville, Missouri

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, continued

funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting:

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types:

Governmental Funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial position, rather than upon net income. The following are the City's major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

The **Park and Recreation Fund** is a Special Revenue Fund used to account for the maintenance and improvement of all City park facilities and the development and supervision of various recreation programs. The Parks Fund is financed by a 1/8 cent sales tax and charges for services.

The **Capital Improvements Fund** is a Capital Projects Fund used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds. The Capital Improvements Fund of the City is used to account for transactions related to projects primarily financed through the City's 1/2 cent sales tax for capital improvements.

The other governmental funds of the City are considered nonmajor and are as follows:

The **Debt Service Fund** is used to account for the servicing of the general long-term debt of the City.

The **Tax Increment Financing Fund** is a Special Revenue Fund, created to account for the issuance of TIF revenue bonds used to pay construction costs and developments of the Maryville Town Center project. Monies received from the tax increment will be used to retire the tax increment bonds issued.

Permanent Funds are permanent funds used to account for and report resources to the extent that only the earnings, and not principal, may be used for purposes that support the City's programs. The Permanent Fund of the City is the Oak Hill Cemetery Perpetual Care Trust Fund.

City of Maryville, Missouri

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, continued

Proprietary Fund Types

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 upon income determination, financial position and cash flows.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Enterprise Funds of the City are all major funds and consist of the Solid Waste Fund, Water and Sewer Fund and the Mozingo Recreation Fund.

Additionally, the City reports the following fund types:

Internal Service Funds account for fleet management and health insurance services provided to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The Internal Service Funds of the City are the Central Garage Fund and the Group Insurance Fund.

Fiduciary Fund Types

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the City holds for others in an agency capacity. The Agency Funds of the City are the Municipal Court Fund and the Library Tax Fund.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Agency funds are also recorded on the accrual basis of accounting but do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales and franchise taxes, reduced by an appropriate allowance for uncollectible taxes, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. Property taxes are levied each year on all taxable real and personal property in the City. The City's property tax is

City of Maryville, Missouri

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, continued

levied each October on the assessed value as of the prior January 1. On January 1, a lien attached to all property for which taxes are unpaid.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer, solid waste fees, and golf and recreation fees at Mozingo Lake. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

The City pools cash resources of its various funds in order to facilitate the management of cash. Income from the pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash and investments is reported as such within this report. Some investments are separately held by certain funds, while other investments are allocated between two or more funds. Investments are reported at fair value. Investments authorized by the City's investment policy include collateralized certificates of deposit and money market accounts, and direct obligations of the U.S. Government with maturities of two years or less.

Cash and Cash Equivalents

For purposes of the financial statements, including the cash flow statement, the City considers all accounts subject to withdrawal by check or on demand to be cash and cash equivalents. Certificates of deposit and money market mutual funds are considered to be investments.

Restricted Assets

Cash in the Water/Sewer Fund is restricted for repayment of refundable water deposits. Cash in the Mozingo Recreation Fund is restricted for repayment of refundable deposits for cabin reservations.

Receivables

Receivables result primarily from miscellaneous services provided to citizens in the governmental funds. Water, sewer and solid waste services are accounted for in the Water/Sewer and Solid Waste Funds. All are net of an allowance for uncollectibles.

Inventory

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

Capital Assets

The City's capital assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure reported in the applicable governmental or business-type

City of Maryville, Missouri

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, continued

activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The City has not capitalized general governmental infrastructure assets purchased or constructed prior to October 1, 2003 as allowed by Governmental Accounting Standards Board Statement No. 34.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest, if significant, incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. \$344,422 in interest was capitalized during the year ended September 30, 2015.

Depreciation has been provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives for each capital asset type are as follows:

Improvements other than buildings	10 to 30 years
Buildings	10 to 25 years
Machinery and equipment	3 to 10 years
Sewer mains, lines and treatment plant	10 to 40 years
Water wells, reservoirs, main and lines	10 to 40 years
Golf course improvements	10 to 20 years

Interfund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Compensated Absences

The City's vacation policy grants an employee twelve days of vacation after six months of service and the vacation increases for every five years of service to the City. Accumulated vacation days are limited to 150% of the employee's yearly accrual. All vacation hours over the maximum shall be lost and shall have no value. Unused vacation hours are paid if an employee resigns in good standing after at least six months of service.

After employment for six months, employees are allowed to accumulate four hours of sick leave per pay period up to a maximum of 720 hours. Employees may not use more than three days sick pay at a time without notice from a doctor. All sick pay is forfeited upon termination of employment and therefore, is not included in compensated absences payable.

For proprietary fund types and the Government-wide statements, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of

City of Maryville, Missouri

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, continued

the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Fund Balance Policies

The City's policy is to report the fund balance in the following categories, when applicable, listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is legally or contractually required to be maintained. It is not in spendable form, which includes items that are not expected to be converted to cash in the normal course of business, such as inventory, prepaids, supplies, and long-term receivables.

Restricted -- The portion of fund balance that is subject to external enforceable legal restrictions.

Committed -- The portion of fund balance with self-imposed constraints or limitations that have been imposed by formal action (ordinance) of the City Council. Such constraint is binding unless modified or rescinded by formal action (ordinance) of the City Council.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose, intent expressed by the City Manager to which the City Council has designated authority by policy passed by resolution.

Unassigned -- Amounts that are available for any purpose, these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least restricted, in the following order:

- a. Non-spendable (if funds become spendable)
- b. Restricted
- c. Committed
- d. Assigned
- e. Unassigned

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

City of Maryville, Missouri

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies, continued

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows related to the pension.

In addition to the liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows related to the pension.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Deposits and Investments

Authorized Investments

Missouri State Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of state and local government entities, certificates of deposit, repurchase agreements and money market mutual funds. As of September 30, 2015, the City's funds were in depository accounts, certificates of deposit, and money market mutual funds.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to 24 months. As of September 30,

City of Maryville, Missouri

Notes to Basic Financial Statements

2. Deposits and Investments, continued

2015, the City has \$111,118 invested in money market mutual funds in which funds may be withdrawn at any time, and \$1,473,500 in certificates of deposit.

Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a policy regarding credit risk. As of September 30, 2015, the City's investments in money market mutual funds were rated Aaa and AAA by Moody's Investor Services and Standard and Poor's, respectively.

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure to the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires all investments and deposits which exceed the financial institution's insurance limits shall be secured by eligible collateral. The fair value of the collateral must be equal to or greater than 110% of the value of the total deposits less the amount of insurance coverage. Collateral must be held by an independent third party. As of September 30, 2015 the City was not exposed to custodial credit risk for deposits. The City's investment in money market mutual funds are not subject to custodial credit risk.

The City's investments during the year did not vary substantially from those at year-end in amounts or level of risk.

3. Accounts Receivable

Taxes receivables as of year end for the government's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

Governmental Funds:

	General Fund	Park and Recreation Fund	Capital Improvements Fund	Debt Service Fund	Total
Taxes:					
Property taxes	\$ 7,666	\$ 6,775	\$ -	\$ 3,048	\$ 17,489
Sales taxes	274,028	33,168	132,676	33,169	473,041
Franchise taxes	185,259	-	-	-	185,259
Gross taxes	466,953	39,943	132,676	36,217	675,789
Less: Allowance for Uncollectibles	(2,316)	(2,056)	-	(903)	(5,275)
Total Taxes Receivables	\$ 464,637	\$ 37,887	\$ 132,676	\$ 35,314	\$ 670,514

City of Maryville, Missouri

Notes to Basic Financial Statements

3. Accounts Receivable, continued

Enterprise Funds:

	Mozingo Recreation Fund
Taxes:	
Sales tax	\$ 137,014
Total Taxes Receivable	<u>\$ 137,014</u>

4. Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2015

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 456,757	\$ -	\$ -	\$ 456,757
Construction in progress	951,059	378,730	846,759	483,030
Total capital assets not being depreciated	<u>1,407,816</u>	<u>378,730</u>	<u>846,759</u>	<u>939,787</u>
Capital assets, being depreciated:				
Buildings	5,455,318	-	-	5,455,318
Improvements other than buildings	18,344,981	2,775,431	-	21,120,412
Machinery and equipment	3,741,897	245,665	189,396	3,798,166
Total capital assets being depreciated	<u>27,542,196</u>	<u>3,021,096</u>	<u>189,396</u>	<u>30,373,896</u>
Less accumulated depreciation for:				
Buildings	2,747,440	244,059	-	2,991,499
Improvements other than buildings	7,001,626	644,511	-	7,646,137
Machinery and equipment	2,380,336	325,297	186,467	2,519,166
Total accumulated depreciation	<u>12,129,402</u>	<u>1,213,867</u>	<u>186,467</u>	<u>13,156,802</u>
Total capital assets being depreciated, net	<u>15,412,794</u>	<u>1,807,229</u>	<u>2,929</u>	<u>17,217,094</u>
Governmental activities capital assets, net	<u>\$16,820,610</u>	<u>\$ 2,185,959</u>	<u>849,688</u>	<u>\$18,156,881</u>

Business Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,907,872	\$ -	\$ -	\$ 1,907,872
Intangible asset	165,854	-	-	165,854
Construction in progress	9,681,371	1,028,215	9,522,218	1,187,368
Total capital assets not being depreciated	<u>11,755,097</u>	<u>1,028,215</u>	<u>9,522,218</u>	<u>3,261,094</u>
Capital assets, being depreciated:				
Buildings	9,079,318	14,419,144	-	23,498,462
Improvements other than buildings	36,363,598	2,064,468	-	38,428,066
Machinery and equipment	6,207,500	411,588	266,275	6,352,813
Total capital assets being depreciated	<u>51,650,416</u>	<u>16,895,200</u>	<u>266,275</u>	<u>68,279,341</u>

City of Maryville, Missouri

Notes to Basic Financial Statements

4. Capital Assets, continued

Less accumulated depreciation for:

Buildings	5,679,541	660,906	-	6,340,447
Improvements other than buildings	28,404,794	1,015,770	-	29,420,564
Machinery and equipment	3,378,376	464,764	266,275	3,576,865
Total accumulated depreciation	37,462,711	2,141,440	266,275	39,337,876

Total capital assets being depreciated, net	14,187,705	14,753,760	-	28,941,465
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Business type activities capital assets, net	\$ 25,942,802	\$15,781,975	\$ 9,522,218	\$ 32,202,559
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Depreciation expense was charged to governmental activities functions/programs as follows:

Governmental Activities:

General government	\$ 169,502
Public safety	111,226
Public works	642,352
Parks and recreation	290,157
Internal service	630
Total depreciation expense, governmental activities	<u>\$ 1,213,867</u>

Business-type Activities:

Solid Waste	\$ 35,759
Water and Sewer	1,806,663
Mozingo Recreation	<u>257,722</u>
Total depreciation expense, business-type activities	<u>\$ 2,100,144</u>

Equipment of \$41,296 and related accumulated depreciation of \$41,296 was transferred to business-type activities from governmental activities.

5. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Balance September 30, 2014	Additions	Retirements	Balance September 30, 2015	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 3,380,000	-	\$ 225,000	\$ 3,155,000	\$ 210,000
TIF revenue bonds	2,140,000	1,745,000	2,140,000	1,745,000	220,000
Certificates of participation	3,315,000	-	785,000	2,530,000	815,000
Premium	94,706	-	7,072	87,634	-
Discount	(39,319)	-	(39,319)	-	-
Compensated absences	159,897	156,122	144,657	171,362	167,316
	<u>\$ 9,050,284</u>	<u>\$ 1,901,122</u>	<u>\$ 3,262,410</u>	<u>\$ 7,688,996</u>	<u>\$ 1,412,316</u>
Business-Type Activities:					
Revenue bonds	\$ 15,270,000	-	\$ 590,000	\$ 14,680,000	\$ 600,000
Certificates of participation	2,485,000	-	110,000	2,375,000	115,000
Premium	42,073	-	10,723	31,350	-
Discount	(227,287)	-	(11,962)	(215,325)	-
Capital leases	1,441,139	-	364,071	1,077,068	371,311
Landfill post-closure liability	1,931,690	-	48,718	1,882,972	-
Compensated absences	63,638	50,446	38,866	75,218	59,625
	<u>\$ 21,006,253</u>	<u>\$ 50,446</u>	<u>\$ 1,150,416</u>	<u>\$ 19,906,283</u>	<u>\$ 1,145,936</u>

Internal Service Funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the governmental activities. For the year ended September 30, 2015, \$900 of accrued compensated absences is included in the above amount. For the governmental activities, the General Fund and the Park and Recreation Fund generally liquidate accrued compensated absences.

City of Maryville, Missouri

Notes to Basic Financial Statements

5. Long-Term Debt, continued

Long-term debt (including the current portions) of the City is as follows:

Governmental Activities:

General Obligation Bonds:

Amount
Outstanding

On April 21, 2009, the City issued \$4,220,000 of its General Obligation Refunding and Improvement Bonds, Series 2009 with interest rates ranging from 2.75% to 5.00%, maturing 2029 to (1) current refund the City's outstanding General Obligation Park Improvement Refunding Bonds, Series 1999 in the principal amount of \$470,000, (2) Advance refund the City's outstanding General Obligation Bonds, Series 2001 in the principal amount of \$1,855,000, and (3) pay the costs of the Project defined by the ordinance authorizing the Series 2009 Bonds. The principal amount of the Bonds was allocated as follows: \$465,000 was allocated to refund the Series 1999 Bonds, \$1,855,000 was allocated to refund the Series 2001 Bonds, and \$1,900,000 was allocated for the construction of the Project.

\$ 3,155,000

Tax Increment Revenue Bonds:

\$1,745,000 of Tax Increment Refunding Revenue Bonds (Maryville Town Center Project I), Series 2015 were issued by the City on September 30, 2015 to redeem all of the City's outstanding Tax Increment Revenue Bonds (Maryville Town Center Project I), Series 2005. The 2015 bonds bear interest at a fixed rate of 3.75% and have a stated maturity date of March 1, 2026. Interest on the 2015 bonds is payable in semi-annual installments due on March 1 and September 1 in each year. There are no scheduled principal installments on the 2015 bonds. The 2015 bonds are payable from payments in lieu of taxes and economic activity tax revenue ("TIF Revenues"). Principal is payable on each March 1, in the amount of the TIF Revenues available after transfers are made to pay bond trustee fees, enforcement expenses of the City, interest due on the bonds and any reserve fund deficiency. The principal remaining on the 2015 bonds is \$1,745,000 payable through March 1, 2026, or such earlier date on which the principal is fully paid. For fiscal year 2015, the total principal and interest paid on the 2015 bonds was \$0 and the total of TIF Revenues received by the City was \$280,194.

1,745,000

Certificates of Participation:

\$1,730,000 in Certificates of Participation issued July 17, 2008, due in varying annual installments through December 1, 2015, with interest at 4.2% to 4.5% due June 1 and December 1 of each year.

285,000

\$3,560,000 in Certificates of Participation issued March 15, 2013, due in varying semi-annual installments through September 1, 2018, with interest at 2% due March 1 and September 1 of each year.

2,245,000

Compensated absences

171,362

Total governmental activities

\$ 7,601,362

City of Maryville, Missouri

Notes to Basic Financial Statements

5. Long-Term Debt, continued

Business-Type Activities:

Revenue Bonds:

On June 17, 2009, the City issued \$3,170,000 of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2009 with interest rates ranging from 2.75% to 4.00% to current refund the City's outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series 1999A in the principal amount of \$4,000,000. Proceeds of the Bonds, along with transfers totaling \$914,000 from the funds and accounts established for the Series 1999A Bonds, provided for the payment of the principal of and interest on the Series 1999A Bonds when called for redemption.

The City has pledged future water/sewer customer revenues to repay the revenue bonds. Proceeds from the bonds provided financing for water treatment plant improvements. Annual principal and interest payments on the bonds are expected to require less than 35% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,246,750, payable through 2018. For the current year, principal and interest paid and total customer net revenues were \$421,669 and \$2,120,649 respectively.

\$ 1,155,000

On November 5, 2013, the City issued \$13,750,000 of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013. Proceeds from the Bonds will be used to construct a new mechanical wastewater treatment plant. Bonds are due in annual installments through January 1, 2033, with interest at 0.50% to 4.25% due January 1 and July 1 of each year.

13,525,000

Certificates of Participation:

On November 4, 2010, the City issued \$2,795,000 in Certificates of Participation, consisting of \$770,000 of tax exempt Series 2010A and \$2,025,000 of taxable Build America Bonds Series 2010B. Series 2010A bonds are due in annual installments through February 1, 2018, with interest at 2.75% to 3.0% due February 1 and August 1 of each year. Series 2010B bonds are due in annual installments starting 2019 through February 2031, with interest at 5.063% to 6.332% due February 1 and August 1 of each year starting February 1, 2011.

2,375,000

Capital Leases:

In June 2009, the City entered into an agreement to finance the construction of concrete golf cart paths to replace the existing deteriorated asphalt paths for a cost of \$700,000. The lease calls for monthly payments of \$8,692 at 4.485% until June 2017. The aggregate cost of the golf cart paths is \$748,447, less accumulated depreciation of \$243,243 results in a carrying value of \$505,204.

175,198

In July 2013, the City entered into an agreement to re-finance the acquisition and replacement of its membranes modules for all three (3) trains at the water treatment plant and one in the Capex building. The lease calls for monthly payments of \$23,704 at 1.49% until December 2018. The aggregate cost of the membranes is \$2,178,369, less accumulated depreciation of \$762,429 results in a carrying value of \$1,415,940.

\$ 901,870

City of Maryville, Missouri

Notes to Basic Financial Statements

5. Long-Term Debt, continued

Compensated Absences	<u>75,218</u>
Total business-type activities	<u>\$ 18,207,286</u>

In September 2015, the City issued Advanced Refunding bonds amounting to \$1,745,000 and paid amounts to refund \$2,045,000 of outstanding Series 2005 bonds (the old debt). The net proceeds were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payment on the old debt. As a result, the old debt is considered to be defeased and the liability for this debt has been removed from the City's financial statements. As of September 30, 2015, \$2,045,000 of debt is considered defeased. The City decreased its aggregated debt service payments by \$283,833 over 11 years using an effective interest rate of 3.75% which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$157,095.

Annual debt service requirements for long-term liabilities at September 30, 2015 are as follows:

Governmental Activities:

Year Ending September 30,	Certificates of Participation		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 815,000	\$ 48,663	\$ 210,000	\$ 133,461
2017	845,000	30,100	230,000	123,561
2018	870,000	13,050	270,000	112,311
2019	-	-	275,000	99,533
2020	-	-	300,000	86,830
2021 - 2025	-	-	1,105,000	270,880
2026 - 2029	-	-	765,000	73,315
	<u>\$ 2,530,000</u>	<u>\$ 91,813</u>	<u>\$ 3,155,000</u>	<u>\$ 899,891</u>

Business-Type Activities:

Year Ending September 30,	Revenue Bonds	
	Principal	Interest
2016	\$ 600,000	\$ 502,378
2017	620,000	487,215
2018	635,000	468,701
2019	660,000	444,280
2020	670,000	429,808
2021 - 2025	3,675,000	1,851,349
2026 - 2030	4,340,000	1,165,545
2031 - 2033	3,480,000	232,856
	<u>\$ 14,680,000</u>	<u>\$ 5,582,132</u>

Year Ending September 30,	Capital Leases		Certificates of Participation	
	Principal	Interest	Principal	Interest
2016	\$ 371,311	\$ 17,442	\$ 115,000	\$ 128,667
2017	353,716	8,924	115,000	125,504
2018	281,113	3,331	120,000	122,273
2019	70,928	176	125,000	117,459
2020	-	-	130,000	111,003
2021 - 2025	-	-	705,000	441,298

City of Maryville, Missouri

Notes to Basic Financial Statements

5. Long-Term Debt, continued

2026 - 2030	-	-	870,000	204,207
2031 - 2031	-	-	195,000	6,174
	<u>\$ 1,077,068</u>	<u>\$ 29,873</u>	<u>\$ 2,375,000</u>	<u>\$ 1,256,585</u>

Debt Covenants

The covenants providing for the issuance of the Combined Waterworks and Sewerage Refunding Revenue Bonds issued in 2009 and the Combined Waterworks and Sewerage Revenue Bonds issued in 2013 are as follows:

The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the system to produce revenues sufficient to:

- i. Pay the costs of operation and maintenance
- ii. Pay the principal and interest on the bonds
- iii. Enable the City to have Net Revenues Available for Debt Service not less than 110% of the amount required to be paid in principal and interest of the fiscal year on all system revenue bonds outstanding
- iv. Provide reasonable and adequate reserves for the payment of the bonds

With respect to the 2009 Combined Waterworks and Sewerage Refunding Revenue Bonds and the 2013 Combined Waterworks and Sewerage System Revenue Bonds, the City is required to make the following deposits to both the 2009 debt service account and the 2013 debt service account:

- i. The City will deposit monthly payments not less than 1/6th of the interest that will be the succeeding interest payment and monthly payments not less than 1/12th of the next principal payment.

On September 30, 2015, the City has the following account balances relating to its combined waterworks and sewerage system revenue bonds:

2009 Debt service account	\$ 103,587
2013 Debt service account	287,237
Operation and maintenance account	<u>215,000</u>
Total	<u>\$ 605,824</u>

6. Interfund Transfers

Interfund transfers for the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Major Governmental Funds:		
General	\$ 12,100	\$ 164,928
Park and Recreation	-	6,794
Capital Improvements	-	27,177
Nonmajor Governmental Funds:		
TIF	122,299	-
Debt Service	-	6,794
Oak Hill Cemetery Perpetual Care Trust	-	12,100
Total governmental activities	<u>\$ 134,399</u>	<u>\$ 217,793</u>
Business-type activities:		
Solid Waste	\$ 360,198	-
Water and Sewer	-	249,626
Mozingo Recreation	-	27,178
Total business-type activities	<u>\$ 360,198</u>	<u>\$ 276,804</u>

City of Maryville, Missouri

Notes to Basic Financial Statements

6. Interfund Transfers, continued

Total interfund transfers	\$ 494,597	\$ 494,597
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Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund was reimbursed for administrative expenses by the Enterprise Funds in the amount of \$234,729. This reimbursement is recorded as an operating expense by the Enterprise Funds and as revenue by the General Fund.

7. Operating Lease

The City has a lease for golf carts dated September 2013 for a period through October 2017. This lease does not meet the criteria for capitalization and, accordingly, accounts for this lease as an operating lease. The future minimum lease payments required for the lease are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2016	\$ 38,220
2017	38,220
2018	3,185
Total	<u>\$ 79,625</u>

8. Risk Management

The City is a member of the Missouri Intergovernmental Risk Management Association (the Association), a not-for-profit organization incorporated in 1981 to operate as a group self-insurer. The Association seeks to prevent or lessen casualty or property losses to its members, which consist of cities within the State of Missouri. The Association has approximately sixty members. The Association is governed by a ten-member board of directors elected by the members of the Association. The Association operates as a risk management pool. The City has no direct control over budgeting, financing, governing body or management selection.

The Association is funded by its member cities. Member assessments are collected in advance and are calculated based on members' payroll data multiplied by a pool assessment factor. The assessment factor is based on the loss experience of the entire pool adjusted up or down for each City depending on the City's own loss experience. Cities with a consistent record of costly claims will pay more than cities with a consistent record of lesser claims activity. Coverage obtained by the City through the Association includes property, crime, general liability, auto liability, workers' compensation, public officials and police professional liability. Per-occurrence coverage limits provided by the Association (the Association's self-insured retention limits combined with excess insurance contract limits) are \$2,000,000 for liability claims, \$100,000 for crime claims, \$10,725,000 for workers' compensation claims and 100% replacement cost per location for property claims after a \$1,000 deductible. Losses from individual claims in excess of these limits remain the responsibility of the respective cities. Management of the City is not aware of any deficit situations in the Association that would require an accrual of a liability as of September 30, 2015.

In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, the Association and its member cities would be responsible for such defaulted amounts. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations.

City of Maryville, Missouri

Notes to Basic Financial Statements

8. Risk Management, continued

The City is commercially insured for health insurance. Settled claims have not exceeded coverage in any of the last three fiscal years.

9. Post-Closure Care Cost

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City closed the landfill effective October 28, 2008. The \$1,882,972 reported as landfill post-closure liability at September 30, 2015, represents the City's Financial Assurance Instrument (FAI) in its Contract of Obligation with Missouri Department of Natural Resources, and is based on the cost to perform all post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to provide a financial assurance instrument in such amount and form as prescribed by the State of Missouri Department of Natural Resources (DNR). The City is in compliance with these requirements, and at September 30, 2015, the City was under a "Contract of Obligation" totaling \$1,882,972. The "Contract of Obligation" authorizes DNR to collect \$1,882,972 from any funds due the City from the Missouri Department of Revenue and the State Treasurer to compensate for State corrective procedures if the City does not properly close and monitor the landfill. After the sixth anniversary of the beginning of the post-closure care period, DNR will annually allow the City to decrease the FAI in an amount equal to the estimated post-closure care cost for the previous twelve months, provided the FAI is sufficient to cover the costs for the remaining post-closure care period plus five years.

10. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all regular full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death or an unforeseeable emergency.

All amounts of compensation deferred under the plan and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of plan participants and/or beneficiaries in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of City management that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

11. Missouri LAGERS Defined Benefit Pension Plan

General Information about the 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

Notes to Basic Financial Statements

11. Missouri LAGERS Defined Benefit Pension Plan, continued

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 accessing the LAGERS website at 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 and fire) 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 fire) and receive a reduced allowance.

	<u>2015 Valuation</u>
Benefit Multiplier:	1.75%
Final Average Salary:	3 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:

Inactive employees or beneficiaries currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>74</u>
	<u>127</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 12.1% (General), 7.6% (Police) and 5.2% (Fire) 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
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City of Maryville, Missouri

Notes to Basic Financial Statements

11. Missouri LAGERS Defined Benefit Pension Plan, continued

Salary Increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25% net of investment and administrative expenses

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back 0 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%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 6/30/2014	\$ 11,376,509	\$ 13,027,891	\$ (1,651,382)
Changes for the year:			
Service Cost	300,444	-	300,444
Interest	823,571	-	823,571
Difference between expected and actual experience	(84,357)	-	(84,357)
Contributions - employer	-	347,325	(347,325)
Net investment income	-	253,794	(253,794)
Benefit payments, including refunds	(334,868)	(334,868)	-
Administrative expense	-	(11,372)	11,372
Other changes	-	197,366	(197,366)
Net changes	704,790	452,245	252,545
Balances at 6/30/2015	\$ 12,081,299	\$ 13,480,136	\$ (1,398,837)

City of Maryville, Missouri

Notes to Basic Financial Statements

11. Missouri LAGERS Defined Benefit Pension Plan, continued

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.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 13,941,224	\$ 12,081,299	\$ 10,547,677
Plan Fiduciary Net Position	13,480,136	13,480,136	13,480,136
Net Pension Liability/(Asset) (NPL)	\$ 461,088	\$ (1,398,837)	\$ (2,932,459)

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 \$115,810. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 4,168	\$ (78,345)
Excess (deficit) investment returns	558,237	-
Contributions subsequent to the measurement date*	79,266	-
Total	<u>\$ 641,671</u>	<u>\$ (78,345)</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.

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

Year ended:	
2016	\$ 208,644
2017	129,379
2018	129,379
2019	129,380
2020	(10,180)
Thereafter	(23,277)

Payable to the Pension Plan

At September 30, 2015, the City had no payable for outstanding amount of contributions to the pension plan required for the year ended September 30, 2015.

City of Maryville, Missouri

Notes to Basic Financial Statements

12. Commitments and Contingent Liabilities

As of September 30, 2015, the City was obligated on construction contracts and commitments as follows:

<u>Project Description</u>	<u>Fund</u>	<u>Commitment</u>	<u>Type of Commitment</u>
Building needs assessment	General	8,965	Engineering
S. Main study	General	2,739	Engineering
Airport runway	General	454,702	Engineering
Airport runway	General	3,016,358	Construction
Storm drainage project	General	17,200	Construction
Demolition services	General	6,350	Construction
Trails	Capital Improvements	13,928	Engineering
Sewer treatment facility	Water/Sewer	40,374	Engineering
Sewer treatment facility	Water/Sewer	2,700	Construction
Sewer line project	Water/Sewer	473,845	Construction
Water & sewer lines	Water/Sewer	80,000	Construction
Trails	Mozingo Recreation	22,000	Construction
Sanitary sewer system	Mozingo Recreation	94,444	Construction
Cabin	Mozingo Recreation	48,970	Construction
Economic impact study	Mozingo Recreation	13,000	Professional fees

13. Fund Equity Deficit

At September 30, 2015 the Solid Waste (Enterprise) Fund had a deficit fund equity balance of \$1,492,441. The environmental liability determined by an engineering estimate is the primary cause of the deficit in the Solid Waste Fund.

14. Ground Lease

On September 11, 2002, the City and the Missouri National Guard (Guard) entered into a ground lease with Northwest Missouri State University for the land on which the armory/community center was built. In exchange for the use of the facility, the University is not charging rent to the Guard or the City. The term of the lease is 50 years with the title to the land remaining with the University.

15. Conduit Debt Obligations

The City issued Industrial Revenue Bonds during 2015 to provide financial assistance to the private sector entity, Kawasaki Motors Manufacturing Corp., U.S.A., for the purpose of acquiring, constructing, improving and equipping an approximately 100,800 square foot expansion of an existing manufacturing facility, deemed to be in the public interest. The bonds are secured by the property financed and are payable solely out of the rents, revenues and receipts derived by the City from the Project and the Lease. Upon repayment of the bonds, ownership of the acquired facility and equipment transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The 2015 Series is structured to pay the principal balance at maturity, December 1, 2025. At September 30, 2015, the aggregate future principal maturities of outstanding bonds was \$25,500,000.

City of Maryville, Missouri

Notes to Basic Financial Statements

16. Retroactive Restatement of Net Position

The previously stated net position has been retroactively restated to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*, and recognize the Municipal Cemetery Perpetual Fund as a permanent fund as follows:

	Governmental Activities	Solid Waste Activities	Water Sewer Activities	Mozingo Recreation Activities	Total Business Activities
Net position, September 30, 2014, as previously reported	12,290,502	(1,831,757)	17,163,902	3,132,550	18,464,695
Restatement for:					
Permanent fund balance	151,605	---	---	---	---
Net pension asset	1,449,883	29,992	124,654	167,032	321,678
Contributions subsequent to the measurement date	56,462	2,138	10,619	11,975	24,732
Net Position, September 30, 2014, As Restated	<u>\$ 13,948,452</u>	<u>\$ (1,799,627)</u>	<u>\$ 17,299,175</u>	<u>\$ 3,311,557</u>	<u>\$ 18,811,105</u>

17. New Pronouncements

The City implemented the following Governmental Accounting Standards Board (GASB) statements during the year ended September 30, 2015:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirement of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The adoption of this statement resulted in recognizing a net pension asset.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial periods beginning after December 15, 2013, and should be applied on a prospective basis. The adoption of this statement had no effect on the City.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The adoption of this statement resulted in recognizing contributions subsequent to the measurement date.

17. New Pronouncements, continued

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The Statements which might impact the City are as follows:

- GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurement. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investment disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This statement is effective for financial statements for fiscal years beginning after June 15, 2016.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for financial statements beginning after June 15, 2015.
- GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients,
 - The gross dollar amount of taxes abated during the period,
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

This Statement is effective for financial statements for periods beginning after December 15, 2015.

Management has not yet determined the effect, if any, these Statements will have in the City’s future financial statements.

Required Supplementary Information

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City of Maryville, Missouri

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Year Ended September 30, 2015

	Budget			Final to Actual Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 4,150,195	\$ 4,150,195	\$ 4,270,258	\$ 120,063
Licenses and permits	70,275	70,275	93,586	23,311
Intergovernmental revenues	1,362,741	1,362,741	1,304,458	(58,283)
Charges for services	51,905	51,905	49,894	(2,011)
Fines and forfeitures	320,225	320,225	240,070	(80,155)
Interest	4,000	4,000	3,250	(750)
Other	136,190	136,190	118,662	(17,528)
Total Revenues	<u>6,095,531</u>	<u>6,095,531</u>	<u>6,080,178</u>	<u>(15,353)</u>
EXPENDITURES				
Current:				
General government	2,377,844	2,377,844	2,240,632	137,212
Public safety	2,379,471	2,379,471	2,231,898	147,573
Public works	2,385,530	2,385,530	2,127,638	257,892
Total expenditures	<u>7,142,845</u>	<u>7,142,845</u>	<u>6,600,168</u>	<u>542,677</u>
Excess of revenues over (under) expenditures	<u>(1,047,314)</u>	<u>(1,047,314)</u>	<u>(519,990)</u>	<u>527,324</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,500	13,500	12,100	(1,400)
Transfers out	(159,134)	(159,134)	(164,928)	(5,794)
Insurance recoveries	---	---	6,941	6,941
Total other financing sources (uses)	<u>(145,634)</u>	<u>(145,634)</u>	<u>(145,887)</u>	<u>(253)</u>
Net change in fund balances	<u>\$ (1,192,948)</u>	<u>\$ (1,192,948)</u>	<u>(665,877)</u>	<u>\$ 527,071</u>
Fund balances - Beginning			<u>2,462,222</u>	
Fund balances - Ending			<u>\$ 1,796,345</u>	

City of Maryville, Missouri

Required Supplementary Information Budgetary Comparison Schedule Park and Recreation Fund For the Year Ended September 30, 2015

	Budget			Final to Actual Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 635,650	\$ 635,650	\$ 647,720	\$ 12,070
Charges for services	558,931	539,662	522,971	(16,691)
Interest	500	500	438	(62)
Other	9,000	26,611	23,413	(3,198)
Total Revenues	1,204,081	1,202,423	1,194,542	(7,881)
EXPENDITURES				
Current:				
Park and recreation	1,197,781	1,289,372	1,227,606	61,766
Excess of revenues over (under) expenditures	6,300	(86,949)	(33,064)	53,885
OTHER FINANCING USES				
Transfers out	(6,300)	(6,300)	(6,794)	(494)
Insurance recoveries	---	39,189	39,189	---
Total other financing sources (uses)	(6,300)	32,889	32,395	(494)
Net change in fund balances	\$ ---	\$ (54,060)	(669)	\$ 53,391
Fund balances - Beginning			251,664	
Fund balances - Ending			\$ 250,995	

City of Maryville, Missouri

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios For the Year Ended September 30, 2015

Total Pension Liability	
Service Cost	\$ 300,444
Interest on the Total Pension Liability	823,571
Difference between expected and actual experience	(84,357)
Benefit Payments	<u>(334,868)</u>
Net Change in Total Pension Liability	704,790
Total Pension Liability Beginning	11,376,509
Total Pension Liability Ending (a)	<u><u>\$ 12,081,299</u></u>
Plan Fiduciary Net Position	
Contributions-employer	\$ 347,325
Pension Plan Net Investment income	253,794
Benefit Payments	(334,868)
Pension Plan Administrative expense	(11,372)
Other	<u>197,366</u>
Net Change in Plan Fiduciary Net Position	452,245
Plan Fiduciary Net Position Beginning	13,027,891
Plan Fiduciary Net Position Ending (b)	<u><u>\$ 13,480,136</u></u>
Employer Net Pension Liability (Asset) (a-b)	<u><u>\$ (1,398,837)</u></u>
Plan Fiduciary Net Position as a percentage of the	
Total Pension Liability	111.58%
Covered Employee Payroll (for February 28/29 Actuarial Valuation)	\$ 3,157,873
Employer's Net Pension Liability (Asset) as a	
percentage of covered employee payroll	-44.30%

Notes to schedule:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

City of Maryville, Missouri

Required Supplementary Information Schedule of Pension Contributions Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$180,854	\$188,401	\$175,794	\$160,781	\$158,120	\$267,764	\$308,810	\$357,009	\$355,620	\$345,466
Contributions in relation to the actuarially determined contribution	180,854	188,401	175,794	160,781	158,120	190,162	308,810	357,009	355,620	345,466
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$77,602	\$0	\$0	\$0	\$0
Covered-employee payroll	\$2,803,738	\$2,733,683	\$2,761,774	\$2,915,936	\$3,115,190	\$3,094,761	\$2,900,862	\$3,111,651	\$3,085,234	\$3,266,142
Contributions as a percentage of covered-employee payroll	6.45%	6.89%	6.37%	5.51%	5.08%	6.14%	10.65%	11.47%	11.53%	10.58%

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 14 to 26 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.5% wage inflation; 3.0% price inflation
Salary increases	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	105% of the 1994 Group Annuity Mortality Table set back zero years for men and zero years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.
Other information	None

City of Maryville, Missouri

Note to Required Supplementary Information

Budgetary Data

A legally adopted annual budget is prepared for governmental fund types by the City Manager and presented to Council each year prior to the beginning of the fiscal year. This budget is officially adopted by the City Council each September through the passage of an ordinance, and all budget amendments are approved by the City Council. All budgets are presented on the modified accrual basis of accounting. Accordingly, the budget schedules present actual expenditures in accordance with accounting principles generally accepted in the United States of America. The City's legal level of budgetary control is at the fund level. Any expenditure that will cause a fund to exceed the total fund budget must be approved by the City Council through a budget amendment ordinance. There was one budget amendment made to the original adopted budget. The amendment was made to increase expenditures in the Park and Recreation Fund, the Capital Improvements Fund, the Debt Retirement Fund and the TIF Fund by a total of \$238,619, and transfers out in the Debt Retirement Fund and the Capital Improvements Fund increased by \$2,650. A review of the budget is done annually as part of the budget preparation process and any revisions needed are presented to the City Council for supplemental appropriation. Unencumbered appropriations lapse at year-end.

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Other Supplementary Information

Combining and Individual Fund Financial
Statements and Schedules

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City of Maryville, Missouri

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Capital Improvements Fund For the Year Ended September 30, 2015

	Budget			Final to Actual Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 886,780	\$ 904,650	\$ 911,155	\$ 6,505
Intergovernmental revenues	---	74,083	188	(73,895)
Interest	600	200	71,390	71,190
Other	---	18,000	18,000	---
Total Revenues	887,380	996,933	1,000,733	3,800
EXPENDITURES				
Capital Outlay	299,992	381,876	377,901	3,975
Debt service:				
Principal retirement	785,000	785,000	785,000	---
Interest and fiscal charges	77,225	77,225	76,619	606
Total expenditures	1,162,217	1,244,101	1,239,520	4,581
Excess of revenues over (under) expenditures	(274,837)	(247,168)	(238,787)	8,381
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,325)	(27,300)	(27,177)	123
Net change in fund balances	\$ (300,162)	\$ (274,468)	(265,964)	\$ 8,504
Fund balances - Beginning			475,874	
Fund balances - Ending			\$ 209,910	

City of Maryville, Missouri

Combining Balance Sheet

Non-Major Governmental Funds

September 30, 2015

	Debt Service	Special Revenue	Permanent	Total
	Debt Retirement Fund	TIF Fund	Oak Hill Cemetery Perpetual Care Trust Fund	Non-Major Governmental Funds
ASSETS				
Cash, cash equivalents and investments	\$ 610,132	\$ 281,647	\$ 140,125	\$ 1,031,904
Receivables, net:				
Taxes	35,314	---	---	35,314
Accounts	---	9,401	---	9,401
Total Assets	<u>\$ 645,446</u>	<u>\$ 291,048</u>	<u>\$ 140,125</u>	<u>\$ 1,076,619</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ ---	\$ 64,485	\$ ---	\$ 64,485
Total Liabilities	<u>---</u>	<u>64,485</u>	<u>---</u>	<u>64,485</u>
Fund Balances:				
Nonspendable:				
Endowment	---	---	115,431	115,431
Restricted for:				
Debt service	645,446	226,563	---	872,009
Municipal cemetery	---	---	24,694	24,694
Total Fund Balances	<u>645,446</u>	<u>226,563</u>	<u>140,125</u>	<u>1,012,134</u>
Total Liabilities and Fund Balances	<u>\$ 645,446</u>	<u>\$ 291,048</u>	<u>\$ 140,125</u>	<u>\$ 1,076,619</u>

City of Maryville, Missouri
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended September 30, 2015

	Debt Service	Special Revenue	Permanent	Total
	Debt Retirement Fund	TIF Fund	Oak Hill Cemetery Perpetual Care Trust Fund	Non-Major Governmental Funds
REVENUES				
Taxes	\$ 420,496	\$ 157,896	\$ ---	\$ 578,392
Interest	645	63	620	1,328
Total Revenues	421,141	157,959	620	579,720
EXPENDITURES				
General government	---	670	---	670
Debt service:				
Principal retirement	225,000	95,000	---	320,000
Interest and fiscal charges	151,982	117,916	---	269,898
Bond issue costs	---	64,450	---	64,450
Total expenditures	376,982	278,036	---	655,018
Excess of revenues over (under) expenditures	44,159	(120,077)	620	(75,298)
OTHER FINANCING SOURCES (USES)				
Transfers in	---	122,299	---	122,299
Transfers out	(6,794)	---	(12,100)	(18,894)
Issuance of refunding bonds	---	1,745,000	---	1,745,000
Payment to refunding bond escrow agent	---	(2,063,476)	---	(2,063,476)
Total other financing sources (uses)	(6,794)	(196,177)	(12,100)	(215,071)
Net change in fund balances	37,365	(316,254)	(11,480)	(290,369)
Fund balances - Beginning	608,081	542,817	151,605	1,302,503
Fund balances - Ending	\$ 645,446	\$ 226,563	\$ 140,125	\$ 1,012,134

City of Maryville, Missouri

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Debt Service - Debt Retirement Fund For the Year Ended September 30, 2015

	Budget			Final to Actual
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes	\$ 404,810	\$ 419,451	\$ 420,496	\$ 1,045
Interest	615	648	645	(3)
Total Revenues	405,425	420,099	421,141	1,042
EXPENDITURES				
Debt service:				
Principal retirement	225,000	225,000	225,000	---
Interest and fiscal charges	151,993	152,113	151,982	131
Total expenditures	376,993	377,113	376,982	131
Excess of revenues over expenditures	28,432	42,986	44,159	1,173
OTHER FINANCING USES				
Transfers out	(6,225)	(6,900)	(6,794)	106
Net change in fund balances	\$ 22,207	\$ 36,086	37,365	\$ 1,279
Fund balances - Beginning			608,081	
Fund balances - Ending			\$ 645,446	

City of Maryville, Missouri

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual TIF Project Special Revenue Fund For the Year Ended September 30, 2015

	Budget			Final to Actual Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 154,100	\$ 157,136	\$ 157,896	\$ 760
Interest	60	60	63	3
Total Revenues	154,160	157,196	157,959	763
EXPENDITURES				
Capital Outlay:				
General government	670	670	670	---
Debt Service:				
Principal retirement	95,000	95,000	95,000	---
Interest and fiscal charges	118,060	118,060	117,916	144
Bond issue costs	---	65,024	64,450	574
Total expenditures	213,730	278,754	278,036	718
Excess of revenues under expenditures	(59,570)	(121,558)	(120,077)	1,481
OTHER FINANCING SOURCES (USES)				
Transfers in	113,000	121,995	122,299	304
Issuance of refunding bonds	---	1,745,000	1,745,000	---
Payment to refunding bond escrow agent	---	(2,063,476)	(2,063,476)	---
Total other financing sources (uses)	113,000	(196,481)	(196,177)	304
Net change in fund balances	\$ 53,430	\$ (318,039)	(316,254)	\$ 1,785
Fund balances - Beginning			542,817	
Fund balances - Ending			\$ 226,563	

City of Maryville, Missouri

Combining Statement of Net Position

Internal Service Funds

September 30, 2015

	Central Garage Fund	Group Insurance Fund	Totals
ASSETS			
Current:			
Cash, and investments	\$ 6,046	\$ 87,735	\$ 93,781
Receivables, net:			
Other	---	3,427	3,427
Prepaid expense	2,663	---	2,663
Inventory	4,425	---	4,425
Total Current Assets	13,134	91,162	104,296
Noncurrent:			
Net pension asset	8,024	---	8,024
Capital assets, net of accumulated depreciation	950	---	950
Total Noncurrent Assets	8,974	---	8,974
Total Assets	22,108	91,162	113,270
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows-pension related	8,648	---	8,648
LIABILITIES			
Current:			
Accounts payable and accrued liabilities	5,815	---	5,815
Compensated absences payable	900	---	900
Total Current Liabilities	6,715	---	6,715
NET POSITION			
Net investment in capital assets	950	---	950
Unrestricted	23,091	91,162	114,253
Total net position	\$ 24,041	\$ 91,162	\$ 115,203

City of Maryville, Missouri
Combining Statement of Revenues, Expenses,
and Changes in Net Position

Internal Service Funds

For the Year Ended September 30, 2015

	Central Garage Fund	Group Insurance Fund	Totals
Operating Revenues:			
Charges for services	\$ 127,032	\$ 947,938	\$ 1,074,970
Miscellaneous	---	16,015	16,015
Total Operating Revenues	<u>127,032</u>	<u>963,953</u>	<u>1,090,985</u>
Operating Expenses:			
Personnel	60,472	---	60,472
Contractual services	14,297	965,503	979,800
Commodities	51,871	---	51,871
Depreciation	630	---	630
Total Operating Expenses	<u>127,270</u>	<u>965,503</u>	<u>1,092,773</u>
Operating income (loss)	(238)	(1,550)	(1,788)
Total Net Position - Beginning	<u>24,279</u>	<u>92,712</u>	<u>116,991</u>
Total Net Position - Ending	<u>\$ 24,041</u>	<u>\$ 91,162</u>	<u>\$ 115,203</u>

City of Maryville, Missouri

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2015

	Central Garage Fund	Group Insurance Fund	Totals
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 127,032	\$ 967,324	\$ 1,094,356
Cash Paid to Suppliers	(65,578)	(969,559)	(1,035,137)
Cash Paid to Employees	(60,985)	---	(60,985)
Net Cash Provided by (used in) Operating Activities	469	(2,235)	(1,766)
Net Increase (Decrease) in Cash and Cash Equivalents	469	(2,235)	(1,766)
Cash and Cash Equivalents, beginning of year	5,577	89,970	95,547
Cash and Cash Equivalents, end of year	\$ 6,046	\$ 87,735	\$ 93,781
Reconciliation of Operating Income to Net Cash			
Provided by (used in) Operating Activities:			
Operating income (loss)	\$ (238)	\$ (1,550)	\$ (1,788)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	630	---	630
Net pension asset	6,860	---	6,860
Deferred outflows	(7,202)	---	(7,202)
Change in assets and liabilities:			
Other receivables	---	277	277
Prepaid expense	(6)	---	(6)
Inventory	285	---	285
Accounts payable and accrued expenses	673	(962)	(289)
Compensated absences	(533)	---	(533)
Net Cash Provided by (Used in) Operating Activities	\$ 469	\$ (2,235)	\$ (1,766)

City of Maryville, Missouri

Combining Statement of Assets and Liabilities

Agency Funds

September 30, 2015

	Municipal Court Fund	Library Tax Fund	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 6,749	\$ ---	\$ 6,749
Total Assets	<u>\$ 6,749</u>	<u>\$ ---</u>	<u>\$ 6,749</u>
LIABILITIES			
Court bonds payable	\$ 6,749	\$ ---	\$ 6,749
Total Liabilities	<u>\$ 6,749</u>	<u>\$ ---</u>	<u>\$ 6,749</u>

City of Maryville, Missouri

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2015

	Balance September 30, 2014	Additions	Deletions	Balance September 30, 2015
Municipal Court Fund				
Assets:				
Cash, cash equivalents, and investments	\$ 7,593	\$ 253,056	\$ 253,900	\$ 6,749
Total Assets	<u>\$ 7,593</u>	<u>\$ 253,056</u>	<u>\$ 253,900</u>	<u>\$ 6,749</u>
Liabilities:				
Court bonds payable	<u>\$ 7,593</u>	<u>\$ 253,056</u>	<u>\$ 253,900</u>	<u>\$ 6,749</u>
Library Tax Fund				
Assets:				
Cash, cash equivalents, and investments	\$ ---	\$ 229,080	\$ 229,080	\$ ---
Total Assets	<u>\$ ---</u>	<u>\$ 229,080</u>	<u>\$ 229,080</u>	<u>\$ ---</u>
Liabilities:				
Due to other governments	<u>\$ ---</u>	<u>\$ 229,080</u>	<u>\$ 229,080</u>	<u>\$ ---</u>
Total				
Assets:				
Cash, cash equivalents, and investments	\$ 7,593	\$ 482,136	\$ 482,980	\$ 6,749
Total Assets	<u>\$ 7,593</u>	<u>\$ 482,136</u>	<u>\$ 482,980</u>	<u>\$ 6,749</u>
Liabilities:				
Court bonds payable	\$ 7,593	\$ 253,056	\$ 253,900	\$ 6,749
Due to other governments	<u>---</u>	<u>229,080</u>	<u>229,080</u>	<u>---</u>
Total Liabilities	<u>\$ 7,593</u>	<u>\$ 482,136</u>	<u>\$ 482,980</u>	<u>\$ 6,749</u>

**Statistical Section
(Unaudited)**

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City of Maryville, Missouri

Statistical Section
Contents

The statistical section of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	64 – 73
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources, the property tax and sales tax.	74 – 80
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current level of outstanding debt and the City’s ability to issue additional debt in the future.	81 – 87
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	88 – 90
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services that the City provides and the activities it performs.	91 – 92

City of Maryville, Missouri

Net Position By Component Last Ten Fiscal Years (*accrual basis of accounting*) (*Unaudited*)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 3,978,525	\$ 4,369,098	\$ 5,949,774	\$ 6,185,728	\$ 6,388,044	\$ 7,819,761	\$ 7,984,866	\$ 9,256,203	\$ 10,070,223	\$ 12,384,247
Restricted	938,474	953,509	1,201,217	1,392,988	1,866,593	2,649,575	2,704,827	2,028,658	2,033,051	1,476,049
Unrestricted	(1,637,416)	(1,207,956)	(881,601)	(43,187)	(304,162)	(195,542)	128,651	579,473	1,845,178	1,750,709
Total governmental activities net position	\$ 3,279,583	\$ 4,114,651	\$ 6,269,390	\$ 7,535,529	\$ 7,950,475	\$ 10,273,794	\$ 10,818,344	\$ 11,864,334	\$ 13,948,452	\$ 15,611,005
Business-type activities:										
Net investment in capital assets	\$ 13,698,042	\$ 13,670,414	\$ 12,683,513	\$ 12,904,914	\$ 12,684,104	\$ 12,574,685	\$ 12,427,605	\$ 13,718,139	\$ 14,347,365	\$ 14,279,517
Restricted	1,107,056	1,162,722	1,091,437	---	251,098	253,967	256,698	254,292	589,185	605,824
Unrestricted	1,295,601	1,055,910	2,967,868	4,272,990	4,135,749	4,863,131	5,265,594	4,071,046	3,874,555	5,064,908
Total business-type activities net position	\$ 16,100,699	\$ 15,889,046	\$ 16,742,818	\$ 17,177,904	\$ 17,070,951	\$ 17,691,783	\$ 17,949,897	\$ 18,043,477	\$ 18,811,105	\$ 19,950,249
Primary government:										
Net investment in capital assets	\$ 17,676,567	\$ 18,039,512	\$ 18,633,287	\$ 19,090,642	\$ 19,072,148	\$ 20,394,446	\$ 20,412,471	\$ 22,974,342	\$ 24,417,588	\$ 26,663,764
Restricted	2,045,530	2,116,231	2,292,654	1,392,988	2,117,691	2,903,542	2,961,525	2,282,950	2,622,236	2,081,873
Unrestricted	(341,815)	(152,046)	2,086,267	4,229,803	3,831,587	4,667,589	5,394,245	4,650,519	5,719,733	6,815,617
Total primary government net position	\$ 19,380,282	\$ 20,003,697	\$ 23,012,208	\$ 24,713,433	\$ 25,021,426	\$ 27,965,577	\$ 28,768,241	\$ 29,907,811	\$ 32,759,557	\$ 35,561,254

2014 amount was restated for implementation of GASB 68.

City of Maryville, Missouri

Changes in Net Position Last Ten Fiscal Years (*accrual basis of accounting*) (*Unaudited*)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	\$ 896,311	\$ 430,629	\$ 1,547,491	\$ 844,858	\$ 1,061,500	\$ 502,630	\$ 1,098,756	\$ 1,102,420	\$ 872,047	\$ 1,346,176
Public safety	1,817,181	1,785,307	1,982,827	2,043,053	2,179,812	2,173,896	2,102,893	2,146,563	1,919,497	2,093,104
Public works	4,097,552	1,842,358	897,955	2,253,884	2,174,413	2,438,217	2,054,923	1,998,155	3,164,805	1,781,467
Park and recreation	1,370,480	1,336,385	1,317,098	1,368,933	1,672,139	1,655,649	1,736,145	1,728,542	1,713,593	1,487,910
Interest on long-term debt	285,965	281,927	281,591	399,091	400,762	402,338	373,431	389,857	368,199	446,699
Total governmental activities expenses	8,467,489	5,676,606	6,026,962	6,909,819	7,488,626	7,172,730	7,366,148	7,365,537	8,038,141	7,155,356
Business-type activities:										
Solid waste	1,432,001	644,904	719,249	754,271	758,319	948,629	1,137,210	562,525	418,168	309,452
Water/sewer utility	3,306,602	3,944,645	3,284,078	3,548,055	3,241,484	3,748,738	3,982,930	3,996,966	4,163,637	4,551,475
Mozingo Golf	1,700,723	1,565,417	1,688,031	1,665,136	2,036,812	2,013,424	2,089,024	1,908,341	1,995,356	2,072,049
Total business-type activities expenses	6,439,326	6,154,966	5,691,358	5,967,462	6,036,615	6,710,791	7,209,164	6,467,832	6,577,161	6,932,976
Total primary government expenses	14,906,815	11,831,572	11,718,320	12,877,281	13,525,241	13,883,521	14,575,312	13,833,369	14,615,302	14,088,332
Program revenue:										
Governmental activities:										
Charges for services:										
General government	378,750	393,894	358,886	386,139	396,289	565,200	467,611	376,968	458,213	410,008
Public safety	428,524	467,129	421,022	452,724	414,684	441,091	418,709	349,472	365,135	284,900
Public works	380,241	379,215	364,685	358,689	363,338	368,052	392,281	483,342	491,011	496,623
Park and recreation	457,769	479,106	480,262	467,269	541,611	918,550	585,590	521,037	546,345	522,971
Operating grants and contributions	58,585	19,901	123,740	32,270	152,545	154,075	112,576	110,251	19,802	780
Capital grants and contributions	1,257,633	503,111	1,828,000	1,002,892	606,339	1,440,742	133,298	605,224	658,383	1,004,714
Total governmental activities program revenue	2,961,502	2,242,356	3,576,595	2,699,983	2,474,806	3,887,710	2,110,065	2,446,294	2,538,889	2,719,996

City of Maryville, Missouri

Changes in Net Position Last Ten Fiscal Years (*accrual basis of accounting*) (*Unaudited*)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Solid Waste	577,177	570,900	1,212,335	977,333	660,291	831,060	1,046,054	429,948	269,052	253,512
Water/sewer utility	2,680,582	3,363,600	3,205,186	3,167,192	3,513,702	3,675,318	4,468,878	4,188,882	4,583,388	4,532,432
Mozingo Recreation	850,088	937,881	877,950	940,089	860,217	872,540	1,007,647	996,717	1,004,493	1,138,149
Operating grants and contributions:										
Solid Waste	---	---	---	---	---	---	---	19,302	---	---
Water/sewer utility	---	---	---	---	---	---	---	---	39,178	39,136
Mozingo Recreation	---	---	---	25,249	39,325	---	---	---	---	---
Capital grants and contributions:										
Solid Waste	---	---	---	---	---	---	---	---	---	---
Water/sewer utility	---	18,000	240,684	92,904	---	208,912	42,218	35,364	97,736	159,260
Mozingo Recreation	---	---	---	182,552	2,282	72,648	91,351	---	79,555	873,392
Total business-type activities										
program revenue	4,107,847	4,890,381	5,536,155	5,385,319	5,075,817	5,660,478	6,656,148	5,670,213	6,073,402	6,995,881
Total primary government										
program revenue	7,069,349	7,132,737	9,112,750	8,085,302	7,550,623	9,548,188	8,766,213	8,116,507	8,612,291	9,715,877
Net (expense) revenue:										
Governmental activities	(5,505,987)	(3,434,250)	(2,450,367)	(4,209,836)	(5,013,820)	(3,285,020)	(5,256,083)	(4,919,243)	(5,499,252)	(4,435,360)
Business-type activities	(2,331,479)	(1,264,585)	(155,203)	(582,143)	(960,798)	(1,050,313)	(553,016)	(797,619)	(503,759)	62,905
Total primary government net expense	(7,837,466)	(4,698,835)	(2,605,570)	(4,791,979)	(5,974,618)	(4,335,333)	(5,809,099)	(5,716,862)	(6,003,011)	(4,372,455)

City of Maryville, Missouri

Changes in Net Position Last Ten Fiscal Years (*accrual basis of accounting*) (*Unaudited*)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	905,727	905,771	971,527	1,023,334	983,898	1,013,246	1,018,854	1,056,533	1,075,334	1,090,117
Sales taxes	1,893,726	2,057,902	2,132,592	2,799,785	2,850,396	3,025,166	3,206,400	3,063,597	3,178,249	3,268,852
Franchise taxes	650,309	679,430	889,928	904,949	936,294	1,007,703	1,030,452	1,106,195	1,130,069	1,284,360
Other taxes	309,075	325,880	293,981	290,489	285,817	293,098	301,019	303,659	293,028	286,711
PILOT & EATS - TIF	22,878	44,159	146,223	149,852	156,181	161,532	170,706	173,724	175,019	157,896
Interest	108,329	111,956	76,987	23,387	18,255	14,281	8,245	6,304	5,886	5,204
Other	88,705	136,087	82,254	114,720	181,031	75,039	109,022	341,110	43,315	88,167
Transfers	1,454	8,133	11,614	(47,190)	16,894	18,274	22,366	23,261	24,520	(83,394)
Special item	---	---	---	---	---	---	(66,431)	---	---	---
Total governmental activities	3,980,203	4,269,318	4,605,106	5,259,326	5,428,766	5,608,339	5,800,633	6,074,383	5,925,420	6,097,913
Business-type activities:										
Sales taxes	763,251	828,882	859,241	821,465	827,357	879,203	932,995	892,287	925,380	951,025
Interest	199,662	232,183	147,648	51,873	43,382	29,235	17,377	13,335	17,055	13,628
Gain on sale of capital assets	---	---	---	---	---	---	25,267	5,532	---	19,900
Other	---	---	13,700	---	---	780,981	20,929	83,898	7,062	8,292
Transfers	(1,454)	(8,133)	(11,614)	47,190	(16,894)	(18,274)	(22,366)	(23,261)	(24,520)	83,394
Special item	---	---	---	---	---	---	(163,072)	---	---	---
Total business-type activities	961,459	1,052,932	1,008,975	920,528	853,845	1,671,145	811,130	971,791	924,977	1,076,239
Total primary government	4,941,662	5,322,250	5,614,081	6,179,854	6,282,611	7,279,484	6,611,763	7,046,174	6,850,397	7,174,152
Changes in net position:										
Governmental activities	(1,525,784)	835,068	2,154,739	1,049,490	414,946	2,323,319	544,550	1,155,140	426,168	1,662,553
Business-type activities	(1,370,020)	(211,653)	853,772	338,385	(106,953)	620,832	258,114	174,172	421,218	1,139,144
Total primary government	\$ (2,895,804)	\$ 623,415	\$ 3,008,511	\$ 1,387,875	\$ 307,993	\$ 2,944,151	\$ 802,664	\$ 1,329,312	\$ 847,386	\$ 2,801,697

City of Maryville, Missouri

Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting) (Unaudited)

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund:					
Nonspendable	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Restricted	---	---	---	---	---
Committed	---	---	---	---	---
Assigned	---	---	---	---	---
Unassigned	---	---	---	---	---
Reserved	6,099	6,394	5,619	3,919	3,690
Unreserved	1,000,232	1,399,965	1,477,003	1,781,122	1,855,250
Total General Fund	<u>\$ 1,006,331</u>	<u>\$ 1,406,359</u>	<u>\$ 1,482,622</u>	<u>\$ 1,785,041</u>	<u>\$ 1,858,940</u>
All other governmental funds:					
Nonspendable	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Restricted	---	---	---	---	---
Reserved	801,036	736,423	1,986,835	2,023,029	1,646,795
Unreserved reported in:					
Special revenue funds	119,272	198,144	375,518	440,342	502,987
Total all other governmental funds	<u>\$ 920,308</u>	<u>\$ 934,567</u>	<u>\$ 2,362,353</u>	<u>\$ 2,463,371</u>	<u>\$ 2,149,782</u>

GASB Statement No. 54 Implemented in Fiscal Year 2011

2011	2012	2013	2014	2015
\$ ---	\$ 6,666	\$ 26,127	\$ 30,064	\$ 22,752
3,310	3,010	3,010	3,010	3,010
78,631	419,063	152,700	558,582	378,163
---	35,870	1,120,215	634,366	558,747
1,883,103	1,865,578	1,486,033	1,236,200	833,673
---	---	---	---	---
---	---	---	---	---
<u>\$ 1,965,044</u>	<u>\$ 2,330,187</u>	<u>\$ 2,788,085</u>	<u>\$ 2,462,222</u>	<u>\$ 1,796,345</u>
\$ ---	\$ ---	\$ ---	\$ ---	\$ 115,431
2,201,022	2,701,817	2,727,663	1,878,436	1,357,608
---	---	---	---	---
---	---	---	---	---
---	---	---	---	---
<u>\$ 2,201,022</u>	<u>\$ 2,701,817</u>	<u>\$ 2,727,663</u>	<u>\$ 1,878,436</u>	<u>\$ 1,473,039</u>

City of Maryville, Missouri

Changes In Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting) (Unaudited)

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues:					
Taxes	\$ 4,081,154	\$ 4,326,783	\$ 4,732,082	\$ 5,461,205	\$ 5,509,955
Licenses and permits	76,213	61,749	73,573	72,647	69,577
Intergovernmental revenues	1,663,823	894,818	2,095,926	1,312,175	1,221,644
Charges for services	469,413	493,271	491,354	479,018	554,038
Fines and forfeitures	428,524	463,305	417,626	448,312	412,474
Interest	108,329	111,956	76,987	23,387	18,255
Other	112,795	151,660	98,859	164,070	223,662
Total Revenues	6,940,251	6,503,542	7,986,407	7,960,814	8,009,605
Expenditures:					
General government	966,842	990,900	861,449	1,198,202	1,037,182
Public safety	1,789,493	1,737,083	2,011,583	2,056,542	2,205,200
Public works	2,406,142	1,686,581	2,976,300	1,957,843	1,613,443
Park and recreation	1,026,116	1,075,373	994,128	1,054,628	1,122,491
Capital outlay	2,014,998	20,765	795,391	2,595,297	1,559,124
Debt service:					
Principal retirement	330,036	304,102	285,060	290,993	343,468
Bond issuance costs	30,743	---	36,181	101,190	---
Interest and fiscal charges	281,454	282,584	273,357	340,932	394,051
Total expenditures	8,845,824	6,097,388	8,233,449	9,595,627	8,274,959
Excess of revenues over (under) expenditures	(1,905,573)	406,154	(247,042)	(1,634,813)	(265,354)
Other financing sources (uses):					
Transfers in	5,092	28,465	340,707	142,466	184,793
Transfers out	(3,638)	(20,332)	(329,093)	(148,786)	(159,129)
Insurance recoveries	---	---	---	---	---
Bond discount	(71,172)	---	---	---	---
Bond premium	---	---	9,477	141,439	---
Payment to refunded bond escrow agent	---	---	---	(2,373,758)	---
Issuance of long-term debt	2,580,000	---	1,730,000	4,276,889	---
Total other financing sources (uses)	2,510,282	8,133	1,751,091	2,038,250	25,664
Net changes in fund balance	604,709	414,287	1,504,049	403,437	(239,690)
Fund balances - Beginning	1,321,930	1,926,639	2,340,926	3,844,975	4,248,412
Fund balances - Ending	\$ 1,926,639	\$ 2,340,926	\$ 3,844,975	\$ 4,248,412	\$ 4,008,722
Debt service as a percentage of noncapital expenditures	7.91%	10.98%	10.34%	11.10%	10.37%

2011	2012	2013	2014	2015
\$ 5,794,679	\$ 6,029,752	\$ 6,005,812	\$ 6,160,613	\$ 6,407,525
83,153	96,015	84,463	80,920	93,586
1,840,908	636,912	1,054,119	981,945	1,375,848
625,179	634,216	574,502	598,008	572,865
412,964	377,954	303,797	318,664	240,070
14,281	8,244	6,304	5,885	5,204
161,259	563,230	468,419	219,178	160,075
8,932,423	8,346,323	8,497,416	8,365,213	8,855,173
984,469	1,006,846	1,207,917	1,229,039	2,241,302
2,034,663	2,121,685	2,130,002	2,208,932	2,231,898
2,306,486	1,658,433	1,889,771	2,290,323	2,127,638
1,310,634	1,343,647	1,529,234	1,273,954	1,227,606
1,297,896	512,327	3,610,800	1,193,687	377,901
481,397	501,031	835,000	1,065,000	1,105,000
---	---	24,500	---	64,450
377,808	358,782	369,709	378,463	346,517
8,793,353	7,502,751	11,596,933	9,639,398	9,722,312
139,070	843,572	(3,099,517)	(1,274,185)	(867,139)
252,934	150,646	104,678	214,416	134,399
(234,660)	(128,280)	(81,417)	(115,321)	(217,793)
---	---	---	---	46,130
---	---	---	---	---
---	---	---	---	---
---	---	---	---	(2,063,476)
---	---	3,560,000	---	1,745,000
18,274	22,366	3,583,261	99,095	(355,740)
157,344	865,938	483,744	(1,175,090)	(1,222,879)
4,008,722	4,166,066	5,032,004	5,515,748	4,492,263
\$ 4,166,066	\$ 5,032,004	\$ 5,515,748	\$ 4,340,658	\$ 3,269,384
12.80%	12.64%	16.92%	18.44%	21.15%

City of Maryville, Missouri

Tax Revenues by Source, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting) (Unaudited)

Fiscal Year	Property Taxes	Sales Tax	Franchise Fees	Excise Taxes	Other Taxes	Total
2006	\$ 904,787	\$ 1,893,726	\$ 650,309	\$ 350,024	\$ 282,308	\$ 4,081,154
2007	905,381	2,057,903	679,430	378,409	305,660	4,326,783
2008	967,358	2,132,592	889,928	367,015	375,189	4,732,082
2009	1,017,010	2,799,785	904,949	352,413	387,048	5,461,205
2010	983,898	2,850,396	936,294	351,505	387,862	5,509,955
2011	1,013,246	3,025,166	1,007,703	346,888	401,676	5,794,679
2012	1,018,854	3,206,400	1,030,452	355,734	418,310	6,029,750
2013	1,056,532	3,063,597	1,106,195	351,340	428,148	6,005,812
2014	1,075,334	3,178,249	1,130,069	355,311	421,650	6,160,613
2015	1,090,117	3,268,852	1,284,361	363,507	400,688	6,407,525
Change 2006-2015	20.48%	72.61%	97.50%	3.85%	41.93%	57.00%

Notes: In the Statement of Activities the State Gasoline excise tax is reported as Public Works Charges for Services.

City of Maryville, Missouri

Program Revenues by Function/Program Last Ten Fiscal Years (*accrual basis of accounting*) (*Unaudited*)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fiscal Year										
Governmental activities:										
General government	\$ 378,750	\$ 393,894	\$ 358,886	\$ 386,139	\$ 396,289	\$ 565,200	\$ 467,611	\$ 376,968	\$ 458,213	\$ 410,008
Public safety	487,109	477,481	431,381	465,412	629,806	563,891	445,742	385,660	406,865	294,680
Public works	1,637,874	891,875	2,301,796	1,381,163	907,100	1,840,069	606,885	1,162,629	1,074,666	1,492,337
Park and recreation	457,769	479,106	484,532	467,269	541,611	918,550	589,827	521,037	599,145	522,971
Total governmental activities	2,961,502	2,242,356	3,576,595	2,699,983	2,474,806	3,887,710	2,110,065	2,446,294	2,538,889	2,719,996
Business-type activities:										
Solid Waste	577,177	570,900	1,212,335	977,333	660,291	831,060	1,046,054	449,250	269,052	253,512
Water/sewer utility	2,680,582	3,381,600	3,445,870	3,260,096	3,513,702	3,884,230	4,511,096	4,224,246	4,720,302	4,730,828
Mozingo Golf	850,088	937,881	877,950	1,147,890	901,824	945,188	1,098,998	996,717	1,084,048	2,011,541
Total business-type activities	4,107,847	4,890,381	5,536,155	5,385,319	5,075,817	5,660,478	6,656,148	5,670,213	6,073,402	6,995,881
Total primary government	\$ 7,069,349	\$ 7,132,737	\$ 9,112,750	\$ 8,085,302	\$ 7,550,623	\$ 9,548,188	\$ 8,766,213	\$ 8,116,507	\$ 8,612,291	\$ 9,715,877

City of Maryville, Missouri

Principal Sales Tax Industries Current Year and Seven Years Ago (Unaudited)

Industry	FY 2015		FY 2008	
	Rank	Percentage of Total City Sales Tax Revenues	Rank	Percentage of Total City Sales Tax Revenues
General Merchandise Stores	1	30.55%		
Food Stores	2	14.47%		
Eating & Drinking Places	3	11.51%		
Building materials, Hardware, Garden Supply, etc	4	7.30%		
Electric, Gas & Sanitary Services	5	6.76%		
Motor Vehicle Account	6	5.36%		
Communication	7	4.01%		
Miscellaneous Retail	8	3.85%		
Automotive Dealers and Gasoline Services	9	2.00%		
Automotive Repair, Services, and Parking	10	1.77%		
Total Percentage of Sales Tax Revenue		87.58%		
Department Stores			1	32.49%
Eating & Drinking Places			2	21.56%
Lumber & Other Building Materials			3	11.42%
Telephone Communication			4	7.16%
Retail Stores not Elsewhere Classified			5	4.69%
Miscellaneous Shopping Goods			6	3.13%
Miscellaneous Business Services			7	2.73%
Auto & Home Supply Stores			8	2.51%
Automotive Repair Shops			9	2.02%
Services not Elsewhere Classified			10	1.93%
Total Percentage of Sales Tax Revenue				89.64%

Source: Missouri Department of Revenue

Note: Information for FY 2008 is the earliest available data.

City of Maryville, Missouri

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years (Unaudited)

Fiscal Year	City Direct Rate	Nodaway County Rate	Nodaway County Ambulance Rate	State Rate	Total Rate
2006	1.750%	1.000%	0.500%	4.225%	7.475%
2007	1.750%	1.000%	0.500%	4.225%	7.475%
2008	1.750%	1.000%	0.500%	4.225%	7.475%
2009	2.250%	1.000%	0.500%	4.225%	7.975%
2010	2.250%	1.000%	0.500%	4.225%	7.975%
2011	2.250%	1.000%	0.500%	4.225%	7.975%
2012	2.250%	1.000%	0.500%	4.225%	7.975%
2013	2.250%	1.000%	0.500%	4.225%	7.975%
2014	2.250%	1.000%	0.500%	4.225%	7.975%
2015	2.250%	1.500%	0.500%	4.225%	8.475%

Source: Missouri Department of Revenue

City of Maryville, Missouri

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Agriculture Property	Railroad & Utility	Personal Property	Total Taxable Assessed Value
2006	\$ 52,353,710	\$ 23,636,050	\$ 45,570	\$ 2,181,778	\$ 34,229,375	\$ 112,446,483
2007	53,317,240	24,071,040	44,210	2,205,394	32,958,670	112,596,554
2008	57,926,180	27,755,590	39,460	2,296,849	33,540,020	121,558,099
2009	59,013,550	27,766,030	38,280	2,229,078	37,202,730	126,249,668
2010	60,301,700	27,529,020	38,160	2,465,690	31,849,110	122,183,680
2011	63,267,080	27,832,050	33,950	2,950,130	31,862,020	125,945,230
2012	63,828,660	28,332,300	33,430	2,633,924	28,848,970	123,677,284
2013	64,412,200	28,052,040	32,550	3,119,649	32,057,933	127,674,372
2014	65,226,180	28,148,910	29,350	3,706,225	32,054,910	129,165,575
2015	66,105,870	28,515,450	39,800	3,912,556	30,358,450	128,932,126

Note: Property is reassessed once every two years.

Source: Nodaway County Clerk

	Estimated Actual Value	Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
\$	459,205,259	0.7517	24.49%
	461,881,764	0.7419	24.38%
	499,633,284	0.7500	24.33%
	516,151,817	0.7534	24.46%
	506,839,694	0.7492	24.11%
	524,923,836	0.7491	23.99%
	519,424,679	0.7677	23.81%
	532,747,244	0.7677	23.97%
	539,145,862	0.7677	23.96%
	540,566,959	0.7790	23.85%

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City of Maryville, Missouri

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Fiscal Year	City Direct Rates				Overlapping Rates					Total Direct & Overlapping Rates
	General Fund	Parks Fund	Debt Service Fund	Total City Tax Rate	School District Tax Rate	Library Tax Rate	Polk Township Tax Rate	County Tax Rate	Others	
2006	0.3148	0.3148	0.1221	0.7517	4.1124	0.1422	0.6697	0.0000	0.1800	5.8560
2007	0.3192	0.3192	0.1035	0.7419	4.8124	0.1442	0.6720	0.0000	0.1800	6.5505
2008	0.3153	0.3153	0.1194	0.7500	4.7815	0.1424	0.6647	0.1600	0.1791	6.6777
2009	0.3170	0.3170	0.1194	0.7534	4.8950	0.1432	0.3220	0.1600	0.1800	6.4536
2010	0.3298	0.3000	0.1194	0.7492	4.9195	0.1490	0.4768	0.1600	0.1800	6.6345
2011	0.3297	0.3000	0.1194	0.7491	4.9336	0.1490	0.4768	0.1600	0.1800	6.6485
2012	0.3383	0.3000	0.1294	0.7677	4.9758	0.1529	0.4847	0.1400	0.1800	6.7011
2013	0.3383	0.3000	0.1294	0.7677	5.0410	0.1529	0.4847	0.1400	0.1800	6.7663
2014	0.3383	0.3000	0.1294	0.7677	5.1388	0.1529	0.4853	0.1300	0.1800	6.8547
2015	0.3412	0.3000	0.1378	0.7790	5.1317	0.1542	0.4900	0.1200	0.1800	6.8549

Notes: The Others category includes the tax rate for the Senior Citizens Center, Sheltered Workshop, Health and State.

Overlapping rates are those of local and county governments that apply to property owners within the City of Maryville.

Rates for debt service are set based on the year's payment obligation.

Source: Nodaway County Clerk

City of Maryville, Missouri

Principal Real Property Taxpayers Current Year and Seven Years Ago (Unaudited)

Taxpayer	2015			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Energizer Battery Mfg	\$ 2,515,190	1	1.95%	\$ 2,515,160	2	2.07%
Wal-Mart	2,494,180	2	1.93%	2,607,450	1	2.15%
Selma S Daniels Revocable Trust	1,470,290	3	1.14%			
Federal Mogul Vehicle Component	971,140	4	0.75%	971,140	3	0.80%
Deluxe Mfg	742,160	5	0.58%	642,950	6	0.53%
Nucor-LMP Inc.	714,650	6	0.55%	714,650	5	59.00%
Inland Realty	602,580	7	0.47%	602,580	7	0.50%
Krzymostaniok, Dorothy	572,320	8	0.44%	564,140	8	0.46%
Snyder & Snyder, LLC	502,850	9	0.39%	460,050	10	0.38%
Empire District Gas	444,160	10	0.34%			
Barrington Assoc Inc.				784,600	4	0.65%
Boney Corporation				494,920	9	0.41%

Source: Nodaway County Assessor

Note: Information for 2008 is the latest available data.

City of Maryville, Missouri

Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

Fiscal Year	Current Tax Levy	Collected Within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 845,260	\$ 826,470	97.78%	\$ 16,144	\$ 842,614	99.69%
2007	835,354	820,980	98.28%	14,309	835,289	99.99%
2008	911,686	876,702	96.16%	17,083	893,785	98.04%
2009	951,165	923,151	97.05%	13,826	936,977	98.51%
2010	915,400	894,832	97.75%	11,014	905,846	98.96%
2011	943,456	920,197	97.53%	14,069	934,266	99.03%
2012	949,471	925,679	97.49%	13,439	939,118	98.91%
2013	980,156	954,518	97.38%	17,516	972,034	99.17%
2014	991,604	954,518	96.26%	16,218	970,736	97.90%
2015	1,004,381	983,216	97.89%	---	983,216	97.89%

Notes: Includes real estate, personal, and railroad & utility taxes.

A tax levy provides taxes remitted for the following year.

After the assessed valuation is approved by the Board of Equalization, additions and abatements are still made which are not reflected in this table; however, the impact is immaterial.

City of Maryville, Missouri

Ratios of Outstanding Debt by Type Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities			
	General Obligation Bonds (1)	Capital Leases	TIF Bonds	Certificates of Participation
2006	\$ 2,975,000	\$ 144,162	\$ 2,580,000	\$ ---
2007	2,770,000	45,060	2,580,000	---
2008	2,565,000	---	2,545,000	1,730,000
2009	4,220,000	50,896	2,500,000	1,730,000
2010	4,145,000	32,428	2,440,000	1,540,000
2011	3,980,000	6,031	2,380,000	1,310,000
2012	3,795,000	---	2,310,000	1,070,000
2013	3,600,000	---	2,230,000	4,070,000
2014	3,380,000	---	2,140,000	3,315,000
2015	3,242,634	---	1,745,000	2,530,000

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

* Information unavailable

(1) Presented net of original issuance discounts and premiums.

Business-type Activities				Total Primary Government	Percentage of Personal Income	Debt per Capita
Revenue Bonds (1)	Capital Leases	Certificates of Participation (1)	Note Payable			
\$ 5,090,000	\$ 522,753	\$ 86,872	\$ 119,488	\$ 11,518,275	4.65%	1,089
4,630,000	349,453	---	106,299	10,480,812	3.95%	991
4,150,000	715,415	---	92,296	11,797,711	4.32%	1,115
3,170,000	1,264,094	---	77,429	13,012,419	4.49%	1,230
2,860,000	992,575	---	61,645	12,071,648	3.81%	1,008
2,550,000	785,265	2,795,000	44,888	13,851,184	4.17%	1,157
2,220,000	2,239,314	2,695,000	27,097	14,356,411	4.31%	1,199
1,870,000	1,813,467	2,590,000	162,238	16,335,705	4.58%	1,364
15,270,000	1,441,139	2,485,000	---	28,031,139	7.68%	2,341
14,494,389	1,077,068	2,376,636	---	25,465,727	*	2,127

City of Maryville, Missouri

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds (1)	Fund Balance Debt Service Fund	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Debt per Capita
2006	\$ 2,975,000	\$ 381,689	\$ 2,593,311	0.56%	\$ 281
2007	2,770,000	385,303	2,384,697	0.52%	262
2008	2,565,000	418,153	2,146,847	0.43%	242
2009	4,220,000	404,480	3,815,520	0.74%	399
2010	4,145,000	502,355	3,642,645	0.72%	346
2011	3,980,000	530,056	3,449,944	0.66%	332
2012	3,795,000	562,805	3,232,195	0.62%	317
2013	3,600,000	588,228	3,011,772	0.57%	301
2014	3,380,000	608,081	2,771,919	0.51%	282
2015	3,242,634	645,446	2,597,188	0.48%	271

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

(1) Presented net of original issuance discounts and premiums.

City of Maryville, Missouri

Direct and Overlapping Governmental Activities Debt For the Year Ended September 30, 2015 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to City</u>
Debt repaid with property taxes:			
Maryville School District	\$ 19,190,000	67.22%	\$ 12,899,518
Nodaway County	3,362,588	40.98%	1,377,989
Sub total overlapping	22,552,588		14,277,507
City direct debt			7,517,634
Total direct and overlapping debt			\$ 21,795,141

Source: Maryville School District and Nodaway County Clerk

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Maryville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident -- and therefore responsible for repaying the debt -- of each overlapping government.

City of Maryville, Missouri

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2006	2007	2008	2009	2010
Debt limit	\$ 22,489,297	\$ 22,519,311	\$ 24,311,620	\$ 25,249,934	\$ 24,436,736
Total net debt applicable to limit	2,593,311	2,384,697	2,146,847	3,815,520	3,642,645
Legal debt margin	\$ 19,895,986	\$ 20,134,614	\$ 22,164,773	\$ 21,434,414	\$ 20,794,091
Total net debt applicable to the limit as a percentage of debt limit	13.03%	11.84%	9.69%	17.80%	17.52%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	<u>\$ 128,932,126</u>
Debt limit (20% of assessed value)	<u>\$ 25,786,425</u>
City Debt applicable to debt limit:	
General obligation bonds	3,242,634
Less-amount available in debt service fund	<u>(645,446)</u>
Total net debt applicable to limit	<u>2,597,188</u>
Legal debt margin	<u>\$ 23,189,237</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 25,189,046	\$ 24,735,457	\$ 25,534,874	\$ 25,833,115	\$ 25,786,425
<u>3,449,944</u>	<u>3,232,195</u>	<u>3,011,772</u>	<u>2,771,919</u>	<u>2,597,188</u>
<u>\$ 21,739,102</u>	<u>\$ 21,503,262</u>	<u>\$ 22,523,102</u>	<u>\$ 23,061,196</u>	<u>\$ 23,189,237</u>
15.87%	15.03%	13.37%	12.02%	11.20%

City of Maryville, Missouri

Pledged-Revenue Coverage Last Ten Fiscal Years (Unaudited)

Water and Sewer System Bonds							
Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Total Debt Payments	Coverage
				Principal	Interest		
2006	\$ 2,856,752	\$ 1,636,982	\$ 1,219,770	\$ 445,000	\$ 278,660	\$ 723,660	1.69
2007	3,568,588	2,312,803	1,255,785	460,000	258,725	718,725	1.75
2008	3,332,071	1,659,000	1,673,071	480,000	238,115	718,115	2.33
(3) 2009	3,212,727	1,945,457	1,267,270	150,000	83,918	233,918	5.42
2010	3,550,405	1,839,555	1,710,850	310,000	102,789	412,789	4.14
2011	3,701,221	2,259,413	1,441,808	310,000	92,263	402,263	3.58
2012	4,484,593	2,295,261	2,189,332	330,000	83,600	413,600	5.29
2013	4,200,991	2,173,665	2,027,326	350,000	64,483	414,483	4.89
2014	4,599,372	2,254,388	2,344,984	350,000	481,165	831,165	2.82
2015	4,545,071	2,424,665	2,120,406	590,000	512,818	1,102,818	1.92

(1) Operating revenue includes interest earnings

(2) Operating expenses excludes interest expense and depreciation expense

(3) In June 2009, the City refunded \$4,000,000 of the outstanding Series 1999A bonds.

The debt service amounts in the table do not reflect the defeasance of this debt.

City of Maryville, Missouri

Demographic and Economic Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population (1)	Personal Income	Per Capita Income (2)	Median Age (1)	School Enrollment (4)	Unemployment Rate (3)
2006	10,581	\$ 247,680,048	\$ 23,408	23	1,337	3.37%
2007	10,581	265,392,642	25,082	23	1,371	3.65%
2008	10,581	272,989,800	25,800	23	1,304	3.97%
2009	10,581	290,131,020	27,420	23	1,348	5.98%
2010	11,972	317,174,196	26,493	23	1,334	6.88%
2011	11,972	332,510,328	27,774	23	1,339	6.93%
2012	11,972	332,905,404	27,807	23	1,348	5.52%
2013	11,972	356,358,552	29,766	23	1,385	5.83%
2014	11,972	364,762,896	30,468	23	1,372	6.90%
2015	11,972	*	*	23	1,398	5.30%

Sources: (1) Missouri Census Data Center - U.S. Census Bureau (ten year increments)
 (2) U.S. Bureau of Economic Analysis (for the Maryville Micropolitan Area)
 (3) Missouri Economic Research and Information Center - Missouri Department of Economic Development
 (for the Maryville Micropolitan Area)
 (4) Maryville R-II School District

* Information unavailable

City of Maryville, Missouri

Principal Employers Current Year and Nine Years Ago (Unaudited)

Employer (1)	2015			2006		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (1)	Rank	Percentage of Total County Employment (2)
Kawasaki Motors Mfg. Corp	750	1	6.61%	660	2	5.33%
Northwest Missouri State University	700	2	6.17%	697	1	5.63%
St. Francis Hospital & Health Services	499	3	4.40%	405	4	3.27%
Focus	350	4	3.08%			
Maryville R-II School District	250	5	2.20%	230	7	1.86%
Wal-Mart Superstore	240	6	2.12%	250	5	2.02%
Maryville Treatment Center	200	7	1.76%	150	9	1.21%
Federal Mogul	200	8	1.76%	248	6	2.00%
Hy-Vee Food Store	195	9	1.72%	150	10	1.21%
NUCOR-LMP	150	10	1.32%	150	10	1.21%
DELUXE				220	8	1.78%
Energizer Battery				540	3	4.36%

Sources: (1) Nodaway County Economic Development

(2) Missouri Economic Research and Information Center - Missouri Department of Economic Development
(for the Maryville Micropolitan Area)

City of Maryville, Missouri

Full-Time Equivalent City Government Employees By Function/Program Last Ten Fiscal Years (Unaudited)

Function/Program	Full-Time Equivalent Employees as of September 30									
	2006	2007	2008	2009	2010	2011	2012	2013 *	2014	2015
General Government										
Administration	5	5	4	5	4	4	5	5	5	5.32
Finance	4.5	5	5	6	6	6	6	6	6	5.76
Court	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.04	1.06	1.04
Public Safety										
Administration	3	3	2	2	2	2	2	2	2	2
Public Safety Officers	22	21	20	19	19	18	19	19	18	19
Lake Patrol	2	1.5	1.5	1.5	1	1	0.5	0.36	0.2	0.49
Dispatch	6.5	6.5	6.5	6	5.5	5.5	5	5.64	4.61	5.05
Firefighters	3	2	2	2	2	2	2	2	2	2
Volunteer Firefighters	18	14	13	13	15	16	15	14	14	16
Public Works										
Administration	2.5	3	2.5	2	1	2	2	2	2	2
Code Enforcement	2	2	2	2	2	2	2	1	2	2
Street Maintenance/Central Garage	11	10	8	9	9	9	9	9	7	7.35
Airport	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.13	1.13	1.23
GIS	1	1	1	1	1	1	1	1.44	1	1
Parks & Recreation										
Administration	3	3	3	3	3	3	3	3	3	3
Recreation	73	66	67	18.5	22.5	22.5	20	8.35	8.04	13.48
Park Maintenance	9	10	12.5	5.5	5.5	5.5	6	6.34	5.94	7.13
Solid Waste	3	3	3	3	3	3	3	2.75	1.48	1.71
Water/Sewer	12	6	6	6	6	5	6.5	6	7	7.1
Mozingo Recreation										
Operations									10.38	8.79
Maintenance									13.25	11.93
Golf Clubhouse	11.5	11.5	9.5	8	7	5.5	7	6.27		
Golf Maintenance	15.5	11	13.5	9	8.5	7.5	8	6.52		
Park Maintenance	11.5	9.5	10	6.5	6.5	7.5	8.5	9.47		
Total	222	197	195	131	132.5	131	133.5	118.31	115.09	123.38

* **Note:** Prior to 2013, full time employees were treated as one FTE and part-time employees were treated as one-half of an FTE. Beginning in 2013, FTE's were calculated based on hours worked during the last pay period of the fiscal year. The volunteer firefighters are reported as 1 FTE.

Source: City records

City of Maryville, Missouri

Operating Indicators by Function/Program Last Ten Fiscal Years (Unaudited)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety:										
Arrests	1,152	1,054	1,095	888	1,041	856	794	686	688	813
Parking violations	605	768	719	648	644	570	529	392	617	329
Traffic violations	1,254	1,239	970	969	916	688	1,285	840	682	717
Vehicle accidents	298	321	330	321	270	313	280	325	382	308
Total calls answered	11,239	11,786	11,131	12,054	8,764	7,999	7,613	7,708	8,727	8,747
Fire:										
Total calls answered	195	309	171	322	313	237	331	286	252	190
Public Works:										
Commercial building permits	13	13	5	15	10	15	16	19	10	24
Residential building permits	95	96	74	56	50	54	57	59	50	47
Water:										
Number of service connections	3,857	3,864	3,931	3,892	3,897	4,003	4,074	4,114	4,146	4,195
Daily average consumption in gallons	1.6 mgd	1.6 mgd	1.6 mgd	1.6 mgd	1.7 mgd	1.8 mgd	1.8 mgd	1.8 mgd	1.8 mgd	1.8 mgd
Water Pollution Control:										
Daily average flow in gallons	1.6 mgd	1.6 mgd	1.6 mgd	1.6 mgd	1.6 mgd	1.8 mgd	1.8 mgd	1.8 mgd	1.8 mgd	1.8 mgd

Source: City records

City of Maryville, Missouri

Capital Asset Statistics by Function/Program Last Ten Fiscal Years (Unaudited)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Area of city (square miles)	5.86	5.86	5.86	5.86	6.12	6.12	6.13	6.18	6.32	7.65
Miles of streets	62.11	62.11	62.11	62.11	69.28	69.28	69.28	69.28	69.28	69.28
Number of streets	114	114	114	114	128	129	130	132	203	204
Miles of sidewalks	34	34	34	34	34	34	34	35	35	35
Number of street lights	816	816	816	816	816	816	816	823	823	823
Miles of storm sewers	18	18	18	18	18	18	18	18	18	18
Parks & Recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Acreage	110	110	110	110	110	110	110	110	110	110
Tennis courts	4	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	8	8	8	8	8	8	8	8	8	8
Community center	1	1	1	1	1	1	1	1	1	1
Aquatic center	1	1	1	1	1	1	1	1	1	1
Water:										
Miles of water mains	76	76	76	76	74	74	74	74	73	73
Number of fire hydrants	497	498	498	498	485	478	485	490	485	485
Maximum daily capacity in gallons	5.0 mgd	5.0 mgd	5.0 mgd	5.0 mgd	5.0 mgd	5.0 mgd	5.0 mgd	5.0 mgd	5.0 mgd	5.0 mgd
Water Pollution Control:										
Miles of sanitary sewer	63	63	63	63	63	63	63	63	55	55
Maximum daily capacity in gallons	1.7 mlg	1.7 mlg	1.7 mlg	1.7 mlg	1.7 mlg	1.7 mlg	1.7 mlg	1.7 mlg	1.7 mlg	1.7 mlg

Source: City records

APPENDIX C

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF DOCUMENTS

In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Indenture, the Lease, the Base Lease and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Indenture, the Lease and the Base Lease for complete definitions of all terms.

“Additional Certificates” means any additional parity Certificates delivered pursuant to the Indenture.

“Additional Payments” means the additional payments of fees and expenses to be paid as described in the Lease.

“Authorized City Representative” means the Mayor or City Clerk of the City, the City Manager or such other person at the time designated, by written certificate furnished to the Trustee, as the person or persons authorized to act on behalf of the City.

“Business Day” means any day other than (a) a Saturday or Sunday or legal holiday or a day on which banks located in the city in which the corporate trust office of the Trustee are required or authorized by law to remain closed or (b) a day on which the Securities Depository is closed.

“Certificate Payment Date” means any date on which any amount representing the Principal Component or the Interest Component with respect to any Certificate is payable.

“Certificate Register” means the registration books kept by the Trustee to evidence the registration, transfer and exchange of Certificates.

“Certificate Registrar” means the Trustee when acting as such under the Indenture.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Treasury Department promulgated thereunder.

“Completion Certificate” means the certificate delivered to the Trustee pursuant to the Lease and the Indenture evidencing substantial completion of the Project, and acceptance of the Project by the City.

“Completion Date” means the date of completion of the acquisition, construction, improvement, furnishing and equipping of the Project established as such pursuant to the Lease.

“Construction Contracts” means all architect’s and general contractor’s contracts and all prime subcontractor’s contracts and purchase orders for any equipment that have been or will be entered into by the City and that will incorporate the Plans and Specifications related to the Project.

“Construction Period” means the period from the beginning of construction of the Project to the Completion Date.

“Contractor” means any contractor for the Project selected by the City, and its successors and assigns.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for the City or the Trustee.

“Defaulted Interest” means interest on any Certificate that is payable but not paid on the date due.

“Defeasance Obligations” means any of the following obligations:

- (a) Cash.
- (b) U.S. Treasury Certificates, Notes and Bonds.
- (c) Direct obligations of the Treasury that have been stripped by the Treasury itself.
- (d) The interest component of Resolution Funding Corporation (REFCORP) strips that have been stripped by request to the Federal Reserve Bank of New York in book-entry form.
- (e) Pre-refunded municipal bonds pre-refunded with cash or United States Government Obligations.

“Event of Default” means (a) with respect to the Indenture, any Event of Default as described in the Indenture, and (b) with respect to the Lease, any Event of Default as described in the Lease.

“Event of Nonappropriation” means a nonrenewal of the Lease by the City determined by the failure of the City to appropriate and budget, or the election of the City not to so appropriate and budget, on or before the date required by the laws of the State during the Initial Term or any Renewal Term, moneys sufficient to pay the Rental Payments and reasonably expected Additional Payments due and payable during the next Renewal Term.

“Facilities” means the Project Site, the Project and all additions, modifications, improvements, replacements and substitutions made thereon and thereto, and any additional facilities financed with the Certificates on the Project Site or other property of the City made pursuant to the Lease, as they may at any time exist.

“Fiscal Year” means the fiscal year adopted by the City for accounting purposes, which as of the execution of the Indenture commences on October 1 of each year and ends on September 30 of the following year.

“Full Insurable Value” means the actual replacement cost of the Facilities less physical depreciation and exclusive of land, excavations, footings, foundations and parking lots, but in no event shall such value be less than the aggregate stated principal amount of the Certificates at the date of calculation then Outstanding.

“Initial Term” means the initial term of the Lease, which begins on the effective date of the Lease and ends on the last day of the Fiscal Year in which such effective date occurs.

“Interest Component” means the Interest Component of Rental Payments as provided by the Lease.

“Lease Term” means the period from the effective date of the Lease until the expiration thereof which includes the Initial Term and any Renewal Term or Terms as provided in the Lease.

“Lessee” means the City when acting as the lessee under the Lease.

“Lessor” means the Trustee when acting as the lessor under the Lease.

“Mandatory Prepayment Date” means any mandatory prepayment date established pursuant to the Indenture.

“Maximum Lease Term” means the Initial Term and all Renewal Terms through the Renewal Term ending September 30, 2037 (unless otherwise provided in a Supplemental Lease).

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

“Net Proceeds” means the gross proceeds from any insurance or condemnation award with respect to the Facilities, less the payment of all expenses (including attorneys’ fees and expenses, Trustee’s fees, costs, charges and expenses, including any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

“Opinion of Counsel” means a written opinion of counsel to the City or the Trustee.

“Option Purchase Price” means the price as specified in the Lease which the City may elect to pay to the Trustee to purchase the Facilities from the Trustee on the Optional Prepayment Date immediately following such Optional Purchase Date prior to the scheduled payment of all sums to be paid for the Facilities, all as is more particularly specified in the Lease and as such may be revised hereafter in accordance with the Indenture. In the event of a partial prepayment of the Certificates as provided in the Indenture, the Option Purchase Price is required to be recalculated by the Trustee and provided to and binding upon the City as more fully set forth in the Indenture or any Supplemental Indentures and in the Lease.

“Optional Prepayment Date” means any optional prepayment date established pursuant to the Indenture.

“Optional Purchase Date” means any date during the Lease Term as specified in the Lease upon which the City, pursuant to the Lease, may elect to purchase the Facilities for the then applicable Option Purchase Price.

“Outstanding” means, when used with reference to Certificates, as of any particular date of determination, all Certificates theretofore authenticated and delivered under the Indenture, except the following Certificates:

- (a) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Certificates paid or deemed to be paid in accordance with the provisions of the Indenture;
- (c) Certificates alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Indenture;
- (d) Certificates in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to the Indenture; and

(e) for purposes of any consent or other action to be taken by the Registered Owners of a specified percentage of Certificates under the Indenture or the Lease, Certificates held by or for the account of the City or any person controlling, controlled by or under common control of the City.

“Paying Agent” means the Trustee and any other bank or trust company designated pursuant to the Indenture as paying agent for any series of Certificates and at which the principal, premium, if any, and interest on any such Certificates shall be payable.

“Permitted Encumbrances” means, as of any particular time (a) liens for ad valorem taxes and special assessments not then delinquent or if delinquent are being contested in accordance with the Lease, (b) the Indenture, (c) the Lease, (d) the Base Lease, (e) any and all Uniform Commercial Code Financing Statements executed to perfect any security interest created in connection with the delivery of the Certificates, (f) utility, access and other easements and rights-of-way, street dedications, mineral rights, restrictions, exceptions and encumbrances that the City certifies in writing will not materially interfere with or impair the operations being conducted on the Project Site or easements granted to the Trustee, (g) such minor defects, irregularities, encumbrances, easements, mechanic’s liens, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Facilities and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Trustee or the City, and (h) items affecting the Project Site that are agreed to in writing by the Trustee (in reliance upon the written direction of the Registered Owners of not less than a majority in aggregate Principal Components of the Certificates Outstanding) and the City.

“Permitted Investments” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment by the City:

- (a) United States Government Obligations.
- (b) bonds, notes or other obligations of the State of Missouri, or any political subdivision of the State of Missouri, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service.
- (c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, that are continuously and fully secured by any one or more of the securities described in clause (a), (b) or (d) and have a market value at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City.
- (d) obligations of Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks and Farmers Home Administration.
- (e) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (d) above, inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit or time deposits.

- (f) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Plans and Specifications” means the plans and specifications prepared for and showing the Project, as amended by the City from time to time prior to the Completion Date, the same being duly certified by the Authorized City Representative, which plans and specifications are on file at the principal office of the City and shall be available for reasonable inspection by the Trustee and its duly appointed representatives.

“Prime Rate” means that rate of interest which has most recently been established by UMB Bank, n.a., at its principal office in Kansas City, Missouri, as its prime rate, such Prime Rate to be adjusted on the effective date of any change thereof as announced from time to time by UMB Bank, n.a.

“Principal Component” means the Principal Component of Rental Payments as provided for by the Lease.

“Project” means the acquisition, construction, improvement, furnishing and equipping of the improvements described in the Indenture or any Supplemental Indenture, pursuant to the Lease, paid for in whole or in part from the proceeds of Certificates, and all replacements thereof and substitutions therefor made pursuant to the Lease, and all additions, alterations, modifications and improvements thereof made pursuant to the Lease, including, upon the issuance of Additional Certificates, including Project Additions financed with Additional Certificates.

“Project Additions” means all additions, improvements, extensions, alterations, expansions or modifications of the Facilities or any part thereof financed with the proceeds of Additional Certificates delivered pursuant to the Indenture.

“Project Costs” means all costs of acquisition, construction, improvement, furnishing and equipping of the Project.

“Project Site” means the real estate described in the Indenture.

“Purchaser” means the original purchaser of each series of the Certificates.

“Record Date” means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which each Certificate Payment Date occurs.

“Registered Owner,” “Owner” or “Certificate Owner” when used with respect to any Certificate means the Person in whose name such Certificate is registered on the Certificate Register.

“Renewal Term” means the optional renewal terms of the Lease, each being a duration of one year and a term co-extensive with the City’s Fiscal Year.

“Rental Payment Date” means during the Lease Term, any day on or prior to each Certificate Payment Date, and any other date on which any Rental Payments are payable pursuant to the Lease.

“Rental Payments” means the payments described in the Lease.

“S&P” or “Standard & Poor’s” means Standard & Poor’s Ratings Services, a separately identifiable business unit within Standard & Poor’s Financial Services LLC, a Delaware limited liability company wholly owned by the McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

“Special Record Date” means the date fixed by the Trustee pursuant to the Indenture for the payment of Defaulted Interest.

“Special Counsel” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys (which is mutually acceptable to the City and the Trustee) of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“State” means the State of Missouri.

“Supplemental Indenture” means any indenture supplemental or amendatory to the Trust Indenture entered into by the City and the Trustee pursuant to the Indenture.

“Supplemental Lease” means any agreement supplemental or amendatory to the Lease entered into by the City and the Trustee pursuant to the Indenture.

“Tax Compliance Agreement” means the Tax Compliance Agreement between the City and the Trustee, entered into in connection with the issuance of each series of Certificates for which the interest component of Rental Payments paid by the City and distributed to the registered owners of the Certificates is excluded from gross income for federal income tax purposes, as from time to time amended in accordance with the provisions thereof.

“Trust Estate” means the Trust Estate described in the Granting Clauses of the Indenture and in the Granting Clauses of any Supplemental Indenture.

“Trustee” means UMB Bank, n.a., in Kansas City, Missouri, and its successor or successors and any other corporation which at the time may be substituted in its place pursuant to and at the time serving as Trustee under the Indenture.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, and such obligations are held in a custodial or trust account for the benefit of the City.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions contained in the Indenture. The following is not a comprehensive description; however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.

Trust Estate

The City transfers in trust, pledges, assigns and grants a security interest to the Trustee and its successors and assigns in the property described below (said property being called the "Trust Estate"), to wit:

(a) all right, title and interest of the City in, to and under the Base Lease and the Lease, including all Rental Payments and other payments, revenues and receipts derived by the Trustee under and pursuant to and subject to the provisions of the Lease (except for the rights of the Trustee to receive money for its own account and to indemnify under the Lease and any amounts required under Section 148(f) of the Code to be paid to the United States); and

(b) all money and securities from time to time held by the Trustee under the terms of the Indenture pledged, assigned or transferred as and for additional security for the Certificates.

Authorization of Additional Certificates

Additional Certificates may be delivered under and be equally and ratably secured by the Indenture on a parity with the Series 2017 Certificates and any other Additional Certificates Outstanding, at any time and from time to time, upon compliance with the provisions of the Indenture, for any of the following purposes:

(1) To provide funds to pay the costs of completing the Project, the total of such costs to be evidenced by a certificate signed by an Authorized City Representative.

(2) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Project in the event of damage, destruction or condemnation thereto or thereof, but only to the extent that such costs exceed the Net Proceeds of the insurance or condemnation awards out of which such costs are to be paid pursuant to the Lease.

(3) To provide funds to pay all or any part of the costs of acquisition, construction, furnishing and equipping of Project Additions or other facilities, all as the City may deem necessary or desirable.

(4) To provide funds for refunding all or any portion of the Certificates of any series then Outstanding, including the payment of any premium thereon and interest to accrue to the designated prepayment date and any expenses in connection with such refunding; or

(5) Any other lawful purpose for the benefit of the City.

Additional Certificates may be issued without notice to or the consent of the Registered Owners of the Certificates (a) if the Additional Certificates are being issued to refund Certificates providing present value debt service savings for the City or (b) for Additional Certificates issued in the principal amount, together with other Certificates then Outstanding, not to exceed \$7,750,000.

Creation of Funds

There are created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the City to be designated as follows:

- (a) Certificate Fund; and.
- (b) Project Fund.

Disbursements from the Project Fund

So long as no Event of Default or Event of Nonappropriation has occurred and is continuing, the money in the Project Fund shall be disbursed by the Trustee for the payment of remaining Project Costs upon receipt of requisition certificates signed by an Authorized City Representative.

Disposition upon Completion of the Project

The completion of the Project and payment of all costs and expenses incidental thereto shall be evidenced by the filing with the Trustee by the Authorized City Representative of the Completion Certificate. As soon thereafter as practicable, any balance remaining in the Project Fund (other than amounts retained by the Trustee as specified in said certificate) shall without further authorization be deposited in the applicable subaccount of the Certificate Fund and applied by the Trustee as directed by the City solely (i) to pay amounts representing Principal Component or premium, if any, with respect to the Certificates upon the payment or prepayment thereof at the earliest date permissible under the terms of the Indenture, or (ii) at the option of the City, to purchase Certificates at such earlier date or dates as the City may elect.

Disposition upon Acceleration

If the Certificates shall have become due and payable pursuant to the Indenture, upon the date of payment by the Trustee of any money due as provided in the Indenture, any balance remaining in the Project Fund shall without further authorization be deposited in the applicable subaccount of the Certificate Fund by the Trustee with written notice to the City of such action.

Application of Moneys in the Certificate Fund

Except as provided in the Indenture, moneys in the Certificate Fund shall be expended solely for (1) the payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates as the same mature and become due or upon the prepayment thereof, or (2) to purchase Certificates for cancellation prior to maturity.

Payments Due on Days Other than Business Days

In any case where any amount representing Principal Component, premium, if any, or Interest Component with respect to any Certificate is payable on a day other than a Business Day, then such amounts with respect to the Certificates need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made when due, and no interest shall accrue for the period after such date.

Nonpresentment of Certificates

In the event that any Certificate is not presented for payment when the Principal Component and premium, if any, with respect thereto becomes due, whether at maturity, upon prepayment or otherwise, or at the date fixed for prepayment thereof, if funds sufficient to pay such Certificate shall have been made available

to the Trustee, all liability of the City to the Registered Owner thereof for the payment of such Certificate shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for Interest Components with respect thereto, for the benefit of such Registered Owner of such Certificate, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture with respect to such Certificate. If any Certificate is not presented for payment within one year following the date when such Certificate becomes due, whether by maturity, upon prepayment or otherwise, the Trustee upon the request of the City shall repay to the City without liability for interest thereon the funds theretofore held by the Trustee for payment of such Certificate, and such Certificate shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Investment of Moneys in Funds

Money in the Funds held by the Trustee under the Indenture shall, pursuant to the City's direction given by the Authorized City Representative, confirmed in writing, and subject to the Tax Compliance Agreement, be separately invested and reinvested by the Trustee in Permitted Investments which mature or are subject to prepayment by the holder prior to the date when such money will be needed or, if such written directions are not received, then the Trustee is authorized to hold such moneys in uninvested cash. After the Trustee has notice pursuant to the Indenture of the existence of an Event of Default or an Event of Nonappropriation, the Trustee shall direct the investment of money in the Funds held by it under the Indenture. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in any Fund is insufficient for the purposes of such Fund. The Trustee may make any and all investments permitted by the provisions of this Section through its own bond department or any affiliate or short-term investment department. The Trustee shall be entitled to rely on any written investment direction of an Authorized City Representative as to the suitability and legality of such directed investment and, if the Interest Component of Rental Payments is excluded from gross income for federal income tax purposes, that such written investment direction complies with the requirements of the Tax Compliance Agreement.

Any Permitted Investments shall be held by or under the control of the Trustee and will be deemed at all times to be a part of the Fund in which such money is originally held. Any loss resulting from Permitted Investments shall be charged to the applicable Fund.

In determining the balance in any Fund, investments in such Fund shall be valued at the lower of their original cost or their fair market value as of the most recent Certificate Payment Date. Investments in the Funds under the Indenture shall be valued as frequently as deemed necessary, but not less often than on each March 1 and September 1 in each year beginning March 1, 2017, during the Lease Term.

Events of Default

If any of the following events occur, it is defined as and declared to be and to constitute an Event of Default under the Indenture:

- (a) Default in the due and punctual payment of any amount representing Interest Components with respect to any Certificate;
- (b) Default in the due and punctual payment of any amount representing Principal Components or premium, if any, with respect to any Certificate, whether at maturity, upon prepayment or otherwise;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City in the Indenture or in the Certificates contained (other than a default described in (a) or (b) above) or in any other document or instrument that secures or otherwise relates to the obligations secured, and the continuance thereof for a period of 30 days after written notice thereof shall have been given to the City by the Trustee, or to the Trustee (which notice of default the Trustee shall be required to accept) and the City by the Registered Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within such period and diligently pursued until the default is corrected, so long as said default is corrected within 60 days after written notice thereof was first given as provided in the Indenture unless the Trustee otherwise consents; or

(d) An Event of Default as specified in the Lease shall have occurred.

Acceleration of Maturity

If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing, (1) the Trustee may, and (2) the Trustee shall (i) if an Event of Default specified under the Indenture or under the Lease has occurred and has continued for a period of 30 days, or (ii) at the written direction of the Registered Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding, by notice in writing delivered to the City, declare the Rental Payments and Additional Payments payable during the current Renewal Term immediately due and payable, and such Rental Payments and Additional Payments shall thereupon become and be immediately due and payable, anything in the Indenture or in the Certificates to the contrary notwithstanding.

If, at any time after such declaration, but before the Certificates shall have matured by their terms, all overdue installments representing Principal and Interest Components with respect to the Certificates, together with the reasonable and proper costs, charges, fees and expenses of the Trustee, and all other sums then payable by the City under the Indenture either has been paid or provision satisfactory to the Trustee for such payment has been made, then and in every such case the Trustee shall, upon the written request of the Registered Owners of not less than a majority in aggregate Principal Components of the Certificates Outstanding, rescind such declaration and annul such default in its entirety. In such event, the Trustee shall rescind any declaration of acceleration of installments of Rental Payments made pursuant to the Lease.

In case of any rescission, then and in every such case the City, the Trustee and the Registered Owners shall be restored to their former position and rights under the Indenture respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or Event of Nonappropriation or impair any right consequent thereon.

Surrender of Possession of Facilities; Rights and Duties of Trustee in Possession

If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing, the City, upon written demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of the Facilities, together with the books, records and accounts of the City pertaining thereto, and the Trustee may exercise all rights under the Lease and/or the Base Lease, and to hold, operate and manage the Facilities, and the right from time to time to make all needful repairs and improvements as shall be deemed wise by the Trustee; and the Trustee may lease the Facilities or any part thereof, and collect, receive and sequester the payments, revenues and receipts therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including without limitation (i) reasonable compensation to the Trustee, its agents and counsel, (ii) any charges

of the Trustee under the Indenture, (iii) any taxes and assessments and other charges prior to the lien of the Indenture or the leasehold interest granted by the Base Lease, which the Trustee may deem it wise to pay, and (iv) all expenses of such repairs and improvements, and the Trustee shall apply the remainder of the moneys so received in accordance with the provisions of the Indenture. Whenever all amounts with respect to the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates shall have been paid and all defaults made good, the Trustee shall surrender possession of the Facilities to the City, its successors or assigns, the same right of entry, however, to exist upon any subsequent Event of Default or Event of Nonappropriation. While in possession of such property, the Trustee shall render annually to the City a summarized statement of receipts and expenditures in connection therewith.

Exercise of Remedies by the Trustee

If an Event of Default or Event of Nonappropriation has occurred and is continuing, (1) the Trustee may, and (2) the Trustee shall, upon the written request of the Registered Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding, and upon being indemnified as provided in the Indenture, pursue and exercise any available remedy at law or in equity by suit, action, mandamus or other proceeding or exercise such one or more of the rights and remedies conferred by the Indenture, the Lease and the Base Lease as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Registered Owners, to enforce the payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates then Outstanding and to enforce and compel the performance of the duties and obligations of the City under the Lease.

Limitation on Exercise of Remedies by Registered Owners

No Registered Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy hereunder, unless (a) an Event of Default or Event of Nonappropriation has occurred of which the Trustee has been notified or is deemed to have notice as provided in the Indenture, (b) the Registered Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding shall have made written request to the Trustee and have furnished the Trustee reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and have furnished to the Trustee indemnity as provided in the Indenture, and (c) the Trustee thereafter fails or refuses to exercise the powers and remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. No one or more Registered Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right hereunder except in the manner provided. All proceedings at law or in equity shall be instituted, had and maintained in the manner provided and for the equal benefit of the Registered Owners of all Certificates then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Registered Owner to payment of amounts representing Principal and Interest Components of the Rental Payments represented by any Certificate at and after the maturity thereof or the obligation of the City to provide for payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by any Certificate delivered under the Indenture to the respective Registered Owners thereof at the time, place, from the source and in the manner expressed in the Indenture and in the Certificates.

Right of Registered Owners to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, the Registered Owners of not less than a majority in aggregate Principal Components with respect to the Certificates then Outstanding shall have the right at any time, upon an Event of Default or an Event of Nonappropriation, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for

the appointment of a receiver or any other proceedings thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and to the extent not inconsistent with the Indenture.

Application of Moneys in Event of Default or Event of Nonappropriation

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the costs, fees, charges, and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee, including any attorneys' fees and expenses, be deposited in the applicable subaccount of the Certificate Fund. All moneys so deposited in the Certificate Fund shall be applied as follows:

(1) Unless any of the Principal Components with respect to the Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

First -- To the payment to the persons entitled thereto of all installments of amounts representing Interest Components then due and payable with respect to the Certificates, in the order in which such interest installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such Interest Component installment, to the persons entitled thereto, without any discrimination or privilege; and

Second -- To the payment to the persons entitled thereto of the unpaid amounts representing Principal Components with respect to any of the Certificates which have become due and payable (other than Certificates called for prepayment for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full amounts representing Principal Components due with respect to Certificates on any particular date, then to the payment, ratably, according to the amount of Principal Components due on such date, to the persons entitled thereto without any discrimination or privilege.

(2) If any of the Principal Component of the Rental Payments represented by the Outstanding Certificates has become due or been declared due and payable, all such moneys shall be applied to the payment of the amounts then due and unpaid with respect to the Certificates, without preference or priority of Principal Component over Interest Component or of Interest Component over Principal Component or of any installment of Interest Component over any other installment of Interest Component or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for the Principal Component and Interest Component, to the persons entitled thereto, without any discrimination or privilege.

(3) If the Principal Component of the Rental Payments represented by any of the Outstanding Certificates has been declared due and payable, and if such declaration thereafter has been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of subsection (a)(2) above in the event that the Principal Component with respect to any of the Outstanding Certificates later becomes due or is declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a)(1) above.

Waivers of Event of Default or Event of Nonappropriation

Subject to the provisions of the Indenture, the Trustee may waive any Event of Default or any Event of Nonappropriation under the Indenture and its consequences and rescind any declaration of maturity of Rental Payments and Additional Payments, and shall do so upon the written request of the Owners of at least a

majority in aggregate principal amount of all Certificates then Outstanding. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee under the Indenture on account of any such Event of Default or Event of Nonappropriation are discontinued or abandoned for any reason, or are determined adversely, then and in every such case the Trustee and the Registered Owners shall be restored to their former positions, rights and obligations thereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been undertaken.

Acceptance of the Trusts

The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts as a prudent person, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into the Indenture against the Trustee.

Resignation of the Trustee

The Trustee and any successor Trustee may at any time resign from the trusts created by giving 30 days' written notice to the City and the Registered Owners whose names and addresses are on file with the Trustee, and such resignation shall take effect upon the earlier of (i) the end of such 30 days or (ii) the appointment of a successor Trustee by the City or by the Owners of at least a majority in aggregate stated Principal Components represented by the Certificates then Outstanding in accordance with the Indenture; provided, however, that in no event shall the resignation of a Trustee or successor Trustee become effective until such time as a successor Trustee has been appointed and has accepted the appointment in accordance with the Indenture. If at any time the Trustee shall cease to be eligible to act as trustee in accordance with the provisions of the Indenture, the Trustee shall immediately resign in the manner provided in the Indenture. In the event that the City or the Registered Owners of at least a majority in aggregate Principal Components represented by the Certificates then Outstanding fail to appoint a successor Trustee within 30 days after notice of resignation has been given by the Trustee, the Trustee shall have the right to petition a court to appoint a successor Trustee.

Removal of the Trustee

The Trustee may be removed at any time for any breach of trust or by an instrument or concurrent instruments in writing delivered (a) to the Trustee and the City and signed by the Registered Owners of not less than a majority in aggregate Principal Components represented by the Certificates then Outstanding, or (b) to the Trustee and the Registered Owners and signed by the City (so long as no Event of Default or Event of Nonappropriation shall have occurred and being continuing). In no event shall the removal of a Trustee or successor Trustee become effective until such time as a successor Trustee has been appointed and has accepted such appointment. In the event that the City or the Registered Owners of at least a majority in aggregate Principal Components represented by the Certificates then Outstanding fail to appoint a successor Trustee within 30 days after said instrument or concurrent instruments removing the Trustee are delivered to the Trustee, the Trustee shall have the right to petition a court to appoint a successor Trustee.

Appointment of Successor Trustee

In case the Trustee shall resign or be removed, or shall otherwise become incapable of acting, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee may be appointed by the Registered Owners of a majority in aggregate principal amount of Certificates then Outstanding by an instrument or concurrent instruments in writing; provided, nevertheless, that in case of such vacancy and so long as no Event of Default or Event of Nonappropriation under the Indenture shall have occurred and be continuing, the City, by an instrument executed and signed by its Mayor and attested by its City Clerk under its seal, may appoint a temporary Trustee to fill such vacancy until a

successor Trustee shall be appointed by the Registered Owners or the City in the manner above provided; and any such temporary Trustee so appointed by the City shall immediately and without further act be superseded by the successor Trustee so appointed by such Registered Owners. Every such Trustee appointed pursuant to the provisions of this Section shall warrant at the time of accepting such trust and exercising the powers of the Trustee under the Indenture that (i) it is a trust company or bank in good standing located in or incorporated under the laws of one of the states of the United States of America, (ii) it is duly authorized to exercise trust powers and is qualified to accept such trust, (iii) it is subject to examination by a federal or state authority, (iv) it shall maintain a reported capital and surplus of not less than \$75,000,000. If such institution publishes reports of conditions at least annually pursuant to law or regulation, then for the purposes of this Section, the capital and surplus of such institution shall be deemed to be its capital and surplus as set forth in its most recent report of condition so published.

Supplemental Indentures Not Requiring Consent of Registered Owners

The City and the Trustee may from time to time, subject to the provisions of the Indenture, without the consent of or notice to any of the Registered Owners, enter into a Supplemental Indenture or Supplemental Indentures not inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture or make any other change which in the judgment of the Trustee is not prejudicial to the Trustee or materially adverse to the security of the Registered Owners (provided the Trustee is entitled to receive and rely upon an opinion of counsel in exercising such judgment);
- (b) To grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or the Trustee or either of them;
- (c) To more precisely identify the Facilities or the Trust Estate or to add property thereto;
- (d) In connection with the final payment or defeasance of a series of Certificates, to release the Facilities financed by proceeds of such series of Certificates being paid or defeased;
- (e) To subject to the Indenture additional revenues, properties or collateral;
- (f) To comply with the arbitrage rebate requirements of Section 148(f) of the Code; and
- (g) To deliver Additional Certificates as provided in the Indenture.

Supplemental Indentures Requiring Consent of Registered Owners

Exclusive of Supplemental Indentures not requiring the consent of the Registered Owners and subject to the terms and provisions contained in the Indenture, with the prior written consent of the Registered Owners of not less than a majority in aggregate Principal Components represented by the Certificates then Outstanding, the City and the Trustee shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to execute such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the City for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this Section contained shall permit or be construed as permitting without the consent of the Registered Owners of 100% in aggregate Principal Components represented by the Certificates then Outstanding (1) an extension of the maturity or mandatory prepayment date of any installment

representing Principal or Interest Components with respect to any Certificate delivered under the Indenture, (2) a reduction in the Principal Component represented by any Certificate or the rate of interest with respect thereto, (3) a privilege or priority of any Certificate or Certificates over any other Certificate or Certificates, (4) a reduction in the aggregate Principal Components represented by the Certificates or (5) a change to the optional, extraordinary optional or special mandatory prepayment provisions in the Indenture.

Opinion of Counsel

Before the City and the Trustee enter into any Supplemental Indenture, there shall have been delivered to the City and the Trustee an Opinion of Special Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture, will upon the execution and delivery thereof be valid and binding upon the City in accordance with its terms, and will not adversely affect the validity of the Certificates or the exclusion from federal gross income of interest on any Certificates that have been issued.

Amendments to the Base Lease or the Lease Not Requiring Consent of Registered Owners

The City and the Trustee shall, without the consent of or notice to any of the Registered Owners, enter into any amendment, change or modification of the Base Lease or the Lease as may be required (a) by the provisions of the Base Lease, the Lease or the Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission in the Base Lease, the Lease or in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or materially adverse to the security for the Registered Owners (provided the Trustee is entitled to receive and rely upon an opinion of counsel in exercising such judgment), (c) so as to more precisely identify the Facilities or add property thereto, (d) in connection with the final payment or defeasance of a series of Certificates, to release the Facilities financed by proceeds of such series of Certificates being paid or defeased, or (e) in connection with the delivery of Additional Certificates under the Indenture.

Amendments to the Base Lease or the Lease Requiring Consent of Registered Owners

Except for the amendments, changes or modifications not requiring the consent of the Registered Owners, neither the City nor the Trustee shall execute any other amendment, change or modification of the Base Lease or the Lease without the giving of notice and the obtaining of the written approval or consent of the Registered Owners of not less than a majority in aggregate Principal Components represented by the Certificates at the time Outstanding given and obtained as provided in the Indenture.

Opinion of Counsel

Before the City and the Trustee consent to any amendment, change or modification of the Base Lease or the Lease, there shall have been delivered to the City and the Trustee an Opinion of Special Counsel stating that the amendment, change or modification of the Base Lease or the Lease is authorized or permitted by the Indenture and the instrument amended, changed or modified, will upon the execution and delivery thereof be valid and binding upon the City in accordance with its terms, and will not adversely affect the validity of the Certificates or the exclusion from federal gross income of interest on any Certificates that have been issued.

Satisfaction and Discharge of the Indenture

When the Principal Components, premium, if any, and Interest Components with respect to all the Certificates shall have been paid in accordance with their terms or provision has been made for such payment, as provided in the Indenture, and provision has also been made for paying all other sums payable under the Indenture, including the fees, costs, charges and expenses of the Trustee and the Paying Agent to the date of retirement of the Certificates and all sums payable under the Lease, then the right, title and interest of the Trustee under the Indenture shall thereupon cease, determine and be void.

Certificates Deemed to be Paid

Certificates or any portion thereof shall be deemed to be paid within the meaning of this Article when payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates being paid to the due date thereof (whether such due date is by reason of maturity or upon prepayment as provided in the Indenture, or otherwise), either (1) shall have been made or caused to be made in accordance with the terms of the Indenture, or (2) provision therefor shall have been made by depositing with the Trustee or other duly authorized escrow agent, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) Defeasance Obligations maturing as to principal and interest, without reinvestment, in such amount and at such times as will ensure the availability of sufficient moneys to make such payment. At such time as a Certificate shall be deemed to be paid under the Indenture as aforesaid, such Certificate shall no longer be secured by or be entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Defeasance Obligations. Notwithstanding the foregoing, in the case of any Certificate which by its terms may be prepaid prior to the stated maturity thereof, no deposit of moneys or Defeasance Obligations shall be deemed a payment of such Certificates as aforesaid until, as to all such Certificates which are to be prepaid prior to their respective stated maturities, (1) proper notice of such prepayment shall have been given in accordance with the Indenture or irrevocable instructions shall have been given to the Trustee to give such notice and (2) in the case of Certificates which do not mature or will not be prepaid within 90 days of such deposit, there shall have been delivered to the Trustee a verification report of an independent certified public accounting firm as to the adequacy of the trust funds to fully pay the Certificates deemed to be paid.

SUMMARY OF THE LEASE

The following is a summary of certain provisions of the Lease. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Lease for a full recital of the provisions thereof.

Lease Term

The Lease shall become effective upon its delivery, and subject to earlier termination pursuant to the provisions of the Lease, shall have an Initial Term terminating on the last day of the Lessee's current Fiscal Year. The Lease Term may be extended, solely at the option of the Lessee, at the end of the Initial Term or any Renewal Term for an additional Renewal Term up to the Maximum Lease Term. At the end of the Initial Term and at the end of each Renewal Term, the Lessee shall be deemed to have exercised its option to continue the Lease for the next Renewal Term, unless the Lessee delivers written notice to the Lessor no later than September 30 of each year stating the Lessee's intention to not extend the Lease Term. The Lessee's option to renew or not to renew the Lease shall be conclusively determined by whether or not the City Council of the Lessee has, on or before the September 30 immediately preceding the end of the Initial Term or any Renewal Term then in effect, budgeted and appropriated, specifically with respect to the Lease, moneys sufficient to pay all the Rental Payments and reasonably estimated Additional Payments for the ensuing Renewal Term. The City Manager of the Lessee (or any other officer at any time charged with the responsibility of preparing budget proposals) is to include in the budget proposal submitted to the City Council, in any year in which the Lease shall be in effect, items for all payments required for the next ensuing Renewal Term under the Lease; it being the intention of the City Council that the decision to renew or not to renew the Lease shall be made solely by the City Council and not by any other official of the Lessee.

The Lessee's option to renew or not to renew the Lease may not be exercised at any time during which an Event of Default has occurred and is then continuing under any of the terms of the Lease; provided, however, that if such Event of Default (money payments excepted) is of such nature that the same is curable

but not within the period allowed for curing such Event of Default, then the right of the Lessee to exercise the option granted shall not be suspended if the Lessee shall have promptly commenced within such period to comply with the provisions of the Lease which shall have been breached by it and if so long as the Lessee shall, with diligence and continuity, proceed to cure such Event of Default.

The Lessee intends, subject to the provisions above respecting the failure of the Lessee to budget or appropriate funds to make Rental Payments and Additional Payments, to continue the Lease Term and to pay the Rental Payments and Additional Payments under the Lease. The Lessee reasonably believes that legally available funds in an amount sufficient to make all Rental Payments and Additional Payments during the Initial Term and each Renewal Term can be obtained. The Lessee further intends to do all things lawfully within its power to obtain and maintain funds from which the Rental Payments and Additional Payments may be made, including making provision for such Rental Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Lessee and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to continue the Lease Term is to be made in accordance with the Lessee's normal procedures for such decisions.

The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Rental Payments and the Option Purchase Price shall be as provided in the schedules set forth in the Lease, as such schedules may be revised as provided in the Indenture.

Termination of the Lease Term

The Lease Term will terminate, and all of the Lessee's right, title and interest in and to the Lease (except to the extent of any conveyance pursuant to the Lease) and its obligations under the Lease shall terminate without penalty upon the earliest to occur of any of the following events:

- (a) the expiration of the Initial Term or any Renewal Term and the nonrenewal of the Lease Term resulting from an Event of Nonappropriation pursuant to the Lease (which is not thereafter waived by the Trustee as provided in the Lease);
- (b) the exercise by the Lessee of the option to purchase the Facilities pursuant to the Lease;
- (c) an Event of Default and the Trustee's election to terminate the Lease as provided in the Lease;
- (d) the payment by the Lessee of all Rental Payments and Additional Payments authorized or required to be paid by the Lessee under the Lease during the Maximum Lease Term; or
- (e) September 30, 2037 (unless otherwise provided in a Supplemental Lease).

Possession and Use of the Facilities

The Lessor covenants and agrees that as long as the Lessee shall not be in default under the Lease, the Lessee shall have sole and exclusive possession of the Facilities (subject to the Lessor's right of access pursuant to the Lease) and shall and may peaceably and quietly have, hold and enjoy the Facilities during the Lease Term. The Lessor covenants and agrees that it will not take any action, except as expressly set forth in the Lease and the Indenture, to prevent the Lessee from having quiet and peaceable possession and enjoyment of the Facilities during the Lease Term and will, at the request and expense of the Lessee, cooperate with the Lessee in order that the Lessee may have quiet and peaceable possession and enjoyment of the Facilities and will defend the Lessee's enjoyment and possession thereof against all parties.

Acquisition, Construction, Improvement and Equipping of the Project

The Lessee will acquire, construct, improve, furnish and equip the Project in accordance with the Construction Contracts and the Plans and Specifications. The Lessee may make minor changes in and to the Construction Contracts and the Plans and Specifications incorporated therein, but major changes may only be made with the approval of the Lessor. The Lessee agrees that it will use its best efforts to cause the acquisition, construction, improvement, furnishing and equipping of the Project to be completed as soon as practicable with all reasonable dispatch. The Lessee shall ensure that the Project conforms to all applicable health, safety, environmental and building codes, regulations and standards.

Payment for Project Costs

All Project Costs shall be paid by the Lessor from moneys in the Project Fund upon receipt by the Lessor of requisition certificates in accordance with the Indenture. If the Project Fund shall be insufficient to pay fully all Project Costs and to complete fully the Project free of liens or claims, the Lessee shall pay, but only from legally available funds, the full amount of any such deficiency by making payments directly to the Construction Contractors and to the suppliers of materials and services as the same shall become due, and the Lessee shall save the Lessor whole and harmless from any obligation to pay such deficiency.

Changes or Amendments to Project Documents

The Lessee may make, authorize or permit such changes or amendments in the Project Documents as it may reasonably determine to be necessary or desirable; provided, however, that no such change or amendment shall be made to the Project Documents that would cause a material change in the cost, scope, nature, or function of the Project, unless the Lessee files with the Lessor (1) a certificate of an Authorized City Representative to the effect that such change or amendment will not result in the Project being used for any purpose prohibited by the Lease or otherwise result in the Lessee failing to comply with any provisions of the Lease, and (2) for those Certificates with Interest Components of the Rental Payments which are excludable from gross income for federal income tax purposes, an Opinion of Special Counsel to the effect that such change or amendment will not result in the Interest Component of the Rental Payments for such Certificates becoming includable in gross income for federal income tax purposes. In the case of any change that would render materially inaccurate the description of the Project in the Lease and the Indenture, there shall be delivered to the District a revised schedule containing a description of the Project that reflects the change in the Project Documents, the accuracy of which shall have been certified by the Lessee.

Title to Portions of the Project

Title to the personal property included in the Project and any and all additions and modifications to or replacements of any such portion of the Project shall be held in the name of the Lessee, subject to rights of the Lessor under the Lease and the Indenture. If an Event of Default occurs as set forth in the Lease or if an Event of Nonappropriation shall occur, title to the personal property included in the Project shall, at the option of the Lessor, thereafter immediately and without any action by the Lessee vest in the Lessor, and the Lessee will, upon the Lessor's request, reasonably surrender possession of the Facilities to the Lessor. It is the intent of the parties that any transfer of title to the Lessor pursuant to this Section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument or conveyance. The Lessee irrevocably designates, makes, constitutes and appoints the Lessor as the Lessee's true and lawful attorney (and agent in fact) with power, at such time of termination or times thereafter as Lessor in its sole and absolute discretion may determine, in the Lessee's or Lessor's name, to endorse the name of the Lessee upon any bill of sale, document, instrument, invoice, freight bill, bill of lading or similar document relating to the personal property included in the Project in order to vest title in the Lessor.

Machinery and Equipment Purchased by the Lessee

The Lessee may from time to time at its own expense install machinery, equipment and other tangible property at the Facilities. Any item of machinery or equipment the entire purchase price of which is paid by the Lessee with the Lessee's own funds, and no part of the purchase price of which is paid from funds deposited pursuant to the terms of the Lease in the Project Fund nor from any other funds deposited with the Lessor pursuant to the Indenture, shall be and remain the property of the Lessee and shall not constitute part of the Facilities; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to real property shall be, subject to the Lease, and shall be included under the terms of the Lease in the event that the Facilities would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Rental Payments

The Lessee covenants and agrees to make Rental Payments, exclusively from legally available funds, in lawful money of the United States of America, to the Lessor at its corporate trust office or such other office as the Lessor shall designate during the Initial Term and each Renewal Term, in the amounts and on or before each Certificate Payment Date set forth in the Lease (or on any other date a Rental Payment is due with respect to the Facilities whether at stated maturity, upon prepayment or declaration of acceleration or otherwise), in funds which will be immediately available to the Lessor in the applicable subaccount of the Certificate Fund on the due dates. Each Rental Payment shall be in consideration for the use of the Facilities by the Lessee for the period from the effective date of the Lease or the immediately preceding Rental Payment Date. All Rental Payments provided for in this Section shall be paid by the Lessee directly to the Lessor and shall be deposited in accordance with the provisions of the Indenture into the applicable subaccount of the Certificate Fund. The amounts deposited in the Certificate Fund shall be used and applied by the Lessor in the manner and for the purposes set forth in the Indenture.

Additional Payments

The Lessee shall pay as Additional Payments the following amounts:

- (a) All fees, charges and expenses reasonably incurred, including agent and counsel fees and expenses, of the Lessor and the Paying Agent incurred under the Indenture and the Lease, and in connection with the performance of the Lessor's obligations under the Lease, the Base Lease or the Indenture, as and when the same become due.
- (b) All costs incident to the payment of the Principal Component, premium, if any, and Interest Component represented by the Certificates as the same become due and payable, including all costs and expenses in connection with the call, prepayment and payment of Certificates.
- (c) All expenses incurred in connection with the enforcement of any rights under the Lease, the Base Lease or the Indenture by the Lessor or the Registered Owners.
- (d) All arbitrage rebate required to be paid to the United States, if any, as provided in the Indenture and the Tax Compliance Agreement.
- (e) All other payments of whatever nature which the Lessee has agreed to pay or assume under the provisions of the Lease, the Indenture or the Base Lease.

Event of Nonappropriation

In the event that the City Council of the Lessee shall not budget and appropriate, specifically with respect to the Lease, on or before the end of each Fiscal Year, moneys sufficient to pay all Rental Payments and the reasonably estimated Additional Payments coming due for the then current Renewal Term, an Event of Nonappropriation shall be deemed to have occurred. In the event that during the Initial Term or any Renewal Term, any Additional Payments shall become due which were not included in the Lessee's current budget, or which exceeded the amounts which were included therefor in the Lessee's current budget, then, in the event that moneys are not specifically budgeted and appropriated to pay such Additional Payments within 30 days subsequent to the date upon which such Additional Payments are due, an Event of Nonappropriation shall be deemed to have occurred. If an Event of Nonappropriation occurs, the Lessee shall not be obligated to make payment of the Rental Payments or Additional Payments or any other payments provided for in the Lease or from funds pledged to or encumbered for the payment of such obligations) which accrue after the last day of the Initial Term or Renewal Term during which such Event of Nonappropriation shall occur.

Prepayment of Certificates

If the Lessee is not in default in making Rental Payments or Additional Payments under the Lease, the Lessor, at the written direction of the Lessee, at any time when the aggregate moneys in the funds held under the Indenture are sufficient for such purposes, shall (i) if the Outstanding Certificates are then subject to prepayment under the provisions of the Indenture, take all steps that may be necessary under the applicable prepayment provisions of the Indenture to prepay all or such part of the Principal Component of Rental Payments represented by the then Outstanding Certificates as may be specified by the Lessee, on such date as may be specified by the Lessee, (ii) cause such moneys in the Certificate Fund or such part thereof as the Lessee shall direct, to be applied by the Lessor for the purchase of Certificates in the open market for the purpose of cancellation at prices not exceeding the Principal Components represented by such Certificates plus accrued interest thereon to the date of delivery for cancellation, or (iii) a combination of (i) and (ii) as provided in such direction. Unless otherwise stated therein, such notice by the Lessee shall be revocable by the Lessee at any time prior to the time at which the Certificates are to be prepaid or are deemed to be paid in accordance with the Indenture. Any prepayment of the Principal Component of the Rental Payments shall be applied to reduce the Option Purchase Price and shall be credited as a payment of Rental Payments from such maturities as are selected by the Lessee.

Maintenance, Repairs and Utilities

The Lessee covenants and agrees that throughout the Lease Term and at its own expense it will maintain, preserve and keep the Facilities and all parts thereof in good repair, working order and condition, and will from time to time make all repairs, replacements and improvements necessary to keep the Facilities and all parts thereof in safe condition and free from filth, nuisance or conditions unreasonably increasing the danger of fire or other casualty. The Lessor shall have no responsibility for any of these repairs, replacements or improvements. The Lessee shall contract in its own name and pay for all utilities and utility services used by the Lessee in, on or about the Facilities, and the Lessee, shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith.

Taxes, Assessments and Other Governmental Charges

The Facilities will be used for a governmental or proprietary purpose of the Lessee and, therefore, the Facilities will be exempt from all taxes presently assessed and levied with respect to real or personal property. In the event that the use, possession or acquisition of the Facilities is found to be subject to taxation in any form, the Lessee will pay during the Lease Term, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or

with respect to the Facilities and any facilities, equipment or other property acquired by the Lessee in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Facilities as well as all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities; provided that, with respect to any governmental charge that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are accrued during such time as the Lease is in effect.

Property and Casualty Insurance

The Lessee shall, at its sole cost and expense, maintain or cause to be maintained at all times throughout the Lease Term, property and casualty insurance, or shall demonstrate pursuant to the Lease, that adequate self-insurance is provided, to keep the Facilities insofar as the same may be of an insurable nature constantly insured against loss or damage by fire, lightning and all other risks covered by the all risk extended coverage insurance endorsement then in use in the State in an amount equal to the Full Insurable Value of the Facilities (subject to reasonable loss deductible clauses not to exceed \$25,000); provided, however, that during the Construction Period, if the Contractor under the Construction Contracts maintains in full force and effect a policy or policies of Builder's Risk-Completed Value Form Insurance insuring the Project against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the Full Insurable Value of the Facilities (subject to reasonable loss deductible clauses not to exceed \$25,000) then the insurance shall not be required for such Construction Period with respect to the Project while the Project is so covered by such other insurance. The Full Insurable Value of the Facilities shall be determined once in every three Fiscal Years, commencing with the year ending September 30, 2019, by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected and paid by the Lessee and a report of such determination shall be filed with the Lessee and the Lessor within 180 days after the end of such third Fiscal Year. The insurance required pursuant to this Section shall be maintained at the Lessee's sole cost and expense. Such insurance may be maintained with the Missouri Intergovernmental Risk Management Association or other generally recognized responsible insurance entity or entities authorized to do business in the State as may be selected by the Lessee. All such policies of insurance or certificates evidencing such coverage, and all renewals thereof, shall name the Lessee and the Lessor as insureds and loss payees as their respective interests may appear, and shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 30 days advance written notice to the Lessee and the Lessor.

Public Liability Insurance

The Lessee shall, at its sole cost and expense, maintain or cause to be maintained at all times during the Lease Term general accident and public liability insurance (including but not limited to coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), or shall demonstrate, pursuant to the Lease, that adequate self-insurance is provided, under which the Lessee and the Lessor shall be named as insureds, properly protecting and indemnifying the Lessee and the Lessor, in amounts equal to Lessee's customary insurance practice for bodily injury (including death) but in no event less than the limitation on awards for liability in effect from time to time under Section 537.610, RSMo, and for property damage arising out of or in any way relating to the condition or the operation of the Facilities (subject to reasonable loss deductible clauses not to exceed \$25,000). Each insurance policy provided for in this Section or certificates evidencing such coverage shall contain a provision to the effect that the insurance company may not cancel or materially modify the policy without first giving at least 30 days advance written notice to the Lessee and the Lessor.

In the event of a public liability occurrence, the Net Proceeds of liability insurance carried pursuant to this Section or self-insurance program of the Lessee shall be applied toward the extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Workers' Compensation Insurance

The Lessee shall maintain or cause to be maintained workers' compensation insurance required by the laws of the State covering all of its employees, or shall demonstrate, pursuant to the Lease, that adequate self-insurance is provided, and shall require any other person or entity working for or on behalf of the Lessee to carry such coverage.

Blanket Insurance, Self-Insurance and Modifications

The Lessee may satisfy any of the insurance requirements set forth in the Lease by using blanket policies of insurance which cover not only the Facilities but other properties, provided that the Lessee complies with each and all of the requirements and specifications of the Lease respecting insurance.

The Lessee represents that it currently maintains insurance that meets the requirements set forth in the Lease. Without the consent of the Registered Owners, the Lessee may, upon the recommendation of an insurance consultant that the Lessee will be adequately insured, make modifications to the insurance coverage, including for the Lessee to be self-insured, in whole or in part, for any such coverage, taking into account the cost and availability of insurance and the effect of the terms and rates of such insurance upon the Lessee's costs and charges for its services.

Hazardous Materials

The Lessee shall not cause or permit the Facilities or any other property of the Lessee to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable federal, state and local laws or regulations, nor shall the Lessee cause or permit, as a result of any intentional or unintentional act or omission of the Lessee or any tenant or subtenant, a release of Hazardous Materials onto the Facilities or any other property of the Lessee, except in compliance with all applicable federal, state and local laws or regulations. The Lessee shall comply with and ensure compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, wherever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Lessee shall (a) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facilities or any other property of the Lessee (i) in accordance with all applicable federal, state and local laws, ordinances, rules, regulations, and policies, (ii) to the satisfaction of the Lessor, and (iii) in accordance with the orders and directives of all federal, state and local governmental authorities, and (b) to the extent permitted by law, defend, indemnify, and hold harmless the Lessor from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of or in any way related to, (i) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, and/or (iii) any violation of laws, orders, regulations, requirements or demands of government authorities, which are based upon or in any way related to any such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses.

Additions, Modifications and Improvements to the Facilities

The Lessee shall have and is given the right, at its sole cost and expense, to make such additions, modifications and improvements in and to any part of the Facilities as the Lessee from time to time may deem necessary or desirable for its purposes; provided, however, the Lessee shall not make any additions,

modifications or improvements which will in any way damage the Facilities or substantially reduce the value of the Facilities. All additions, modifications and improvements made by the Lessee shall (i) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (ii) when commenced, be prosecuted to completion with due diligence, and (iii) when completed, be deemed a part of the Facilities except as otherwise provided in the Lease.

No addition, modification or improvement to the Facilities made shall entitle the Lessee to any reimbursement of any Rental Payments or Additional Payments from the Lessor or the Registered Owners, nor shall the Lessee be entitled to any abatement or diminution in Rental Payments or Additional Payments under the Lease, except such diminution as results from prepayment of the Principal Component of Rental Payments represented by the Certificates pursuant to the Indenture.

Additional Improvements on the Project Site

The Lessee shall have and is given the right, at its sole cost and expense, to construct on portions of the Project Site not theretofore occupied by buildings or improvements such additional buildings and improvements as the Lessee from time to time may deem necessary or desirable for its business purposes. All additional buildings and improvements constructed on the Project Site by the Lessee shall become a part of the Facilities and subject to the terms and conditions contained in the Lease and the Base Lease. The Lessee covenants and agrees (a) to make any repairs and restorations required to be made to the Facilities because of the construction of, addition to, alteration or removal of said additional buildings or improvements, (b) to keep and maintain said additional buildings and improvements in good condition and repair, ordinary wear and tear excepted, and (c) to promptly and with due diligence either raze and remove from the Project Site in a good workmanlike manner, or repair, replace or restore any of said additional buildings and improvements as may from time to time be damaged by fire or other casualty.

Liens

The Lessee shall not do or suffer anything to be done whereby the Facilities, or any part thereof, may be encumbered by any mechanics' or materialmen's or other similar lien, other than Permitted Encumbrances. Whenever and as often as any mechanics' or materialmen's or other similar lien is filed against the Facilities, or any part thereof, purporting to be for or on account of any labor done or materials or services furnished in connection with any work in or about the Facilities, the Lessee shall discharge the same of record within 60 days after the date of filing.

Damage and Destruction

If during the Lease Term, the Facilities are damaged or destroyed, in whole or in part, by fire or other casualty, to such extent that the claim for loss (including any deductible amount pertaining thereto) resulting from such damage or destruction is greater than \$100,000, the Lessee shall promptly notify the Lessor in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

If the Lessee shall determine that such rebuilding, repairing, restoring or replacing is practicable and desirable, the Lessee shall proceed promptly with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing of the property damaged or destroyed so as to place said Facilities in substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the utility of the Facilities. The Lessee and the Lessor will cause the Net Proceeds of any insurance claim to be applied to the prompt repair, restoration, modification or improvement of the Facilities. Any balance of the Net Proceeds remaining after such work has been

completed shall be deposited into the applicable subaccount of the Certificate Fund. If the Net Proceeds of casualty insurance required by the Lease and received with respect to any such damage or loss to the Project exceeds \$100,000, such Net Proceeds shall be paid to the Lessor and shall be deposited into a separate account to be established in the applicable subaccount of the Project Fund and shall be used and applied in accordance with the disbursement requirements of the Indenture for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. Any amount remaining in the applicable subaccount of the Project Fund after completion of such rebuilding, repairing, restoring or replacing shall be deposited into the applicable subaccount of the Certificate Fund which completion shall be evidenced by a certificate signed by an Authorized City Representative and filed with the Lessor. If said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the Lessee shall nonetheless complete the work thereof and shall, subject to the Lease pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

If the Lessee shall determine that rebuilding, repairing, restoring or replacing the Facilities is not practicable and desirable, then, in lieu of rebuilding, repairing, restoring or replacing the Facilities, the Lessee shall promptly purchase the Facilities by paying the Option Purchase Price to the Lessor and any Net Proceeds of casualty insurance required by the Lease and received with respect to any such damage or loss to the Facilities shall be applied to such payment. Any balance of the Net Proceeds remaining after paying the Option Purchase Price to the Lessor shall belong to the Lessee. The Lessee agrees that any acquisition of the Facilities or rights to their use by the Lessee shall be pursuant to and in accordance with the Lease, including payment of Rental Payments and the applicable Option Purchase Price.

The Lessee shall not, by reason of its inability to use all or any part of the Facilities during any period in which the Facilities are damaged or destroyed, or are being repaired, rebuilt, restored or replaced, or by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement from the Lessor or the Registered Owners of the Certificates, or any abatement or diminution of the rentals payable by the Lessee under the Lease or of any other obligations of the Lessee under the Lease except as expressly provided in the Lease.

Condemnation or Deficiency of Title

Any Net Proceeds of title insurance or other award from a challenge or threat of legal or equitable action related to the title or use of the Facilities shall be deposited with the Lessor and paid into the applicable subaccount of the Certificate Fund and shall be used to prepay Certificates pursuant to the Indenture at the earliest possible date. If during the Lease Term title to, or the temporary use of, all or part of the Facilities is condemned by any authority having the power of eminent domain, the condemnation proceeds shall be deposited with the Lessor and paid into the applicable subaccount of the Certificate Fund and shall be used by the Lessor to prepay Certificates pursuant to the Indenture. The Lessee agrees that any acquisition of the Facilities or rights to their use by the Lessee (whether pursuant to the exercise of its eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Rental Payments and the applicable Option Purchase Price.

The Lessor shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Facilities or any part thereof, and shall, to the extent the Lessor may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and on behalf of the Lessor. So long as Lessee shall not be in default under the Lease, in no event will the Lessor voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Facilities or any part thereof without the written consent of the Lessee.

The Lessee covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain Outstanding and unpaid, the Lessee will not exercise the power of condemnation with

respect to the Facilities. The Lessee further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the Lessee should fail or refuse to abide by such covenant and condemns the Facilities, the appraised value of the Facilities shall not be less than the greater of (i) if such Certificates are then subject to prepayment, the Principal and Interest Components of the Certificates Outstanding through the date of their prepayment, or (ii) if such Certificates are not then subject to prepayment, the amount necessary to defease such Certificates to the first available prepayment date in accordance with the Indenture.

Granting of Easements

If no Event of Default or Event of Nonappropriation under the Lease shall have happened and be continuing, the Lessee may at any time or times (a) grant easements, licenses, rights-of-way (including the dedication of public streets and highways) and other rights or privileges in the nature of easements with respect to any property included in the Facilities, or (b) release existing easements, licenses, rights-of-way and other rights or privileges, all with or without consideration and upon such terms and conditions as provided in this Section. The Lessor agrees that it will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege or any such agreement or other arrangement, upon receipt by the Lessor of: (1) a copy of the instrument of grant or release or of the agreement or other arrangement, (2) a written application signed by the Authorized City Representative requesting such instrument; and (3) a certificate executed by the Authorized City Representative stating that such grant or release is not detrimental to the proper conduct of the business of the Lessee, will be a Permitted Encumbrance, will not impair the effective use or interfere with the efficient and economical operation of the Facilities, and will not materially adversely affect the security intended to be given by or under the Indenture, the Base Lease or the Lease. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the right of the Lessor under the Lease and the Indenture and shall not be affected by any termination of the Lease or by default on the part of the Lessee under the Lease. If no Event of Default or Event of Nonappropriation shall have happened and be continuing, any payments or other consideration received by the Lessee for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the Lessee, but, in the event of the termination of the Lease subsequent to an Event of Default or an Event of Nonappropriation, all rights of the Lessee then existing with respect to or under such grant shall inure to the benefit of and be exercisable by the Lessor.

Assignment and Sublease by Lessee

The Lessee may not assign its interest in the Lease for any reason. The Lessee may, however, sublease the Facilities as a whole or in part, without the necessity of obtaining the consent of the Lessor, subject, however, to each of the following conditions:

(a) The Lease and the obligations of the Lessee under the Lease, shall, at all times during the Initial Term and any Renewal Term, remain obligations of the Lessee, and the Lessee shall maintain its direct relationship with the Lessor, notwithstanding any sublease;

(b) Before entering into any sublease of the Facilities or any portion thereof, the Lessee shall obtain and file with the Lessor an Opinion of Special Counsel to the effect that such sublease will not cause the Interest Component of the Rental Payments payable pursuant to the Certificates to be included in gross income for federal or Missouri income tax purposes.

(c) The Lessee shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Lessor a true and complete copy of each such sublease.

The Lessee may grant licenses not to exceed 90 days to use all or any of the Facilities in the normal course of business without the consent of the Lessor.

Restrictions on Sale or Mortgage of the Facilities by the District

The Lessee agrees that, except as set forth in the Lease or in other provisions of the Lease or the Indenture, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Facilities during the Lease Term, nor otherwise create any encumbrance thereon other than Permitted Encumbrances. Except as expressly provided in this Article, the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. The Lessee shall reimburse the Lessor for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Events of Default

If any one or more of the following events shall occur and be continuing, it is defined as and declared to be and to constitute an “Event of Default” under the Lease:

(a) Failure by the Lessee to pay any Rental Payment required to be paid under the Lease at the time specified herein; or

(b) Failure by the Lessee to pay any Additional Payment or to observe or perform any other covenant, agreement, obligation or provision of the Lease on its part to be observed or performed, and such failure shall continue for 30 days after the Lessor has given the Lessee written notice specifying such failure or such longer period (but not to exceed 60 days unless the Lessor shall otherwise consent) as shall be reasonably required to cure such default; provided that (1) the Lessee has commenced such cure within said 30-day period, and (2) the Lessee diligently prosecutes such cure to completion; or

(c) Failure by the Lessee to vacate the Facilities within 30 days after the occurrence of an Event of Nonappropriation; or

(d) An Event of Default under the Indenture shall have occurred and be continuing.

Remedies on the Occurrence of an Event of Default or an Event of Nonappropriation

If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing, then the Lessor may at the Lessor’s election (subject, however, to any restrictions contained in the Indenture against acceleration of the maturity of the Certificates or termination of the Lease), then or at any time thereafter, and while such Event of Default or Event of Nonappropriation shall continue, take any one or more of the following actions:

(a) With or without terminating the Lease take possession of the Facilities, in which event the Lessee shall take all actions necessary to authorize, execute and deliver to the Lessor all documents necessary to vest in the Lessor for the remainder of the Lease Term, all of the Lessee’s interest in and to the Facilities, and sell the Lessor’s (or its assignee’s) interest in the Lease, or lease or sublease the Facilities and collect the rentals therefor, for all or any portion of the remainder of its leasehold term upon such terms and conditions as it may deem satisfactory in its sole discretion, with the Lessee remaining liable, subject to the provisions of the Lease, for the difference between (i) the Rental Payments and Additional Payments payable by the Lessee under the Lease to the end of the current Lease Term and (ii) the net proceeds or any purchase price, rents or other amounts paid by the new purchaser, lessee or sublessee of such Facilities, and, provided further, that, in such event, if the Lessor shall receive a payment for sale of its interest or total subrentals for sublease that are,

after payment of the Lessor's expenses in connection therewith, in excess of the principal amount of Certificates then Outstanding and the interest due and to become due thereon and all other Additional Payments, then such excess shall be paid to the Lessee either by the Lessor, its assigns, or its sublessee; or

(b) By written notice to the Lessee, declare all Rental Payments and Additional Payments payable under the Lease for the remainder of the current Renewal Term to be immediately due and payable and the same shall thereupon become immediately due and payable; or

(c) Give the Lessee written notice of intention to terminate the Lease on a date specified in such notice, which date may be the earlier of 30 days after such notice is given or the end of the current Renewal Term, and if all defaults have not then been cured, on the date so specified, the Lessee's rights to possession of the Facilities shall cease and the Lease shall thereupon be terminated, and the Lessor may re-enter and take possession of the Facilities; or

(d) Exercise any of the rights of a secured party under the Uniform Commercial Code of Missouri, as then in effect, with respect to property which is covered by such Code, including without limitation, the right to take possession of any personal property or fixtures subject to the lien granted pursuant to the Lease and to take such other measures as the Lessor may deem as necessary for the care, protection, preservation and marketing of said personal property and fixtures. The Lessor may require the Lessee to assemble any such personal property or fixtures and make the same available to the Lessor at a place to be designated by the Lessor which is reasonably convenient to the Lessor and the Lessee. It is agreed that a commercially reasonable manner of disposition of personal property includes, without limitation, disposition of the Facilities in the manner provided in the Lease; or

(e) Take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments and Additional Payments then due and thereafter to become due during the Lease Term and to enforce its rights under the Lease and the performance and observance of any obligation, agreement or covenant of the Lessee under the Lease.

Amendments, Changes and Modifications

Except as otherwise provided in the Lease or in the Indenture, subsequent to the initial execution and sale of Certificates and prior to the payment thereof having been made in accordance with the provisions of the Indenture, the Lease may not be effectively amended, changed, modified, altered or terminated without the written consent of the Lessor, given in accordance with the provisions of the Indenture.

SUMMARY OF THE BASE LEASE

The following is a summary of certain provisions contained in the Base Lease. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Base Lease for a complete recital of the terms thereof.

Base Lease Term

The term of the Base Lease shall commence as of the date of the delivery of the Base Lease and shall end on September 30, 2066, unless such term is sooner terminated as provided in the Base Lease.

Eminent Domain

In the event the whole or any part of the Project Site or the Project is taken by eminent domain proceedings, the interest of the Trustee shall be recognized. The proceeds of said condemnation shall be

applied as provided in the Lease. The Trustee and the City have reached an agreement on the terms of the acquisition of the Facilities at City's option, and to the use of the Project, all as set forth in the Lease. Any acquisition of the Facilities or rights to their use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Rental Payments and the applicable Option Purchase Price as set forth in the Lease. If the City allows the Lease to expire without exercising its option to purchase (whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the Maximum Lease Term or failure to cure an Event of Default under the Lease), that action shall constitute an irrevocable determination by the City that the Facilities are not required by it for any public purpose for the term of the Base Lease.

Termination

The Base Lease shall terminate upon the completion of the Base Lease term; provided, however, in the event (i) the City pays all Rental Payments and Additional Payments required by the Lease during the Maximum Lease Term, or exercises the option to purchase the remaining Base Lease term of the Trustee and pays the then applicable Purchase Price as provided in the Lease, and (ii) the Indenture has been discharged in accordance with its terms, then the Base Lease shall be considered assigned to the City and terminated through merger of the leasehold interest with the fee interest if the City is the owner of the fee interest and elects to terminate the leasehold interest so acquired from the Trustee. The Trustee agrees, upon such assignment and termination of the Base Lease term, to quit and surrender the Facilities as they then exist to the City free and clear of encumbrances, except Permitted Encumbrances.

Default by the City

If an Event of Default or an Event of Nonappropriation under the Lease occurs for any reason, or if the City terminates the Lease and fails to purchase the Trustee's interest in the Facilities as provided in the Lease, the Trustee, or its assignee, shall have the right to possession of the Facilities for the remainder of the Base Lease term and shall have the right to sublease the same or sell its interest in the Base Lease upon whatever terms and conditions it deems prudent. In the event the Trustee takes possession of the Facilities, the Trustee shall obtain, but solely to the extent of funds available to it for such use under the Indenture, the same insurance coverage with respect to the Facilities as the City is required to obtain under the Lease for the remainder of the Base Lease term and will furnish the City with evidence thereof.

Default by the Trustee

Notwithstanding any default by the Trustee under the Base Lease, the City shall not have the right to exclude the Trustee from the Facilities or to take possession thereof (except pursuant to the Lease) or to terminate the Base Lease prior to the termination of the Base Lease term; except that if, upon exercise of the option to purchase the Trustee's interest in the Facilities under the Lease granted to the City in the Lease and after the payment of the purchase price specified therein and the other sums payable under the Lease, the Trustee fails to convey its interest therein to the City pursuant to said option, then the City shall have the right to terminate the Base Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Trustee. However, in the event of any default by the Trustee under the Base Lease, the City may maintain an action for damages or, if permitted in equity, for specific performance. In no event shall the Trustee be liable for consequential or punitive damages.

Amendments, Changes and Modifications

The Base Lease may not be effectively amended, changed, modified, altered or terminated, except as provided in the Indenture.