NOTICE OF SUPPLEMENTED INFORMATION

relating to

$7,095,000
OSAGE COUNTY R-II SCHOOL DISTRICT
(LINN, MISSOURI)
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2019

Since the date of sale of the above-referenced Bonds (the **"Series 2019 Bonds"**), the School District's audited financial statements for fiscal year ended June 30, 2019 have become available; therefore, this final Official Statement includes supplements of certain unaudited financial information set forth in ***Appendix A*** to the Preliminary Official Statement dated November 22, 2019.

Updated information is included in ***Appendix B*** to the Official Statement and in **Appendix A** to the Official Statement in the following tables:

"FINANCIAL INFORMATION CONCERNING THE DISTRICT - Fund Balances Summary"

"FINANCIAL INFORMATION CONCERNING THE DISTRICT – District Contribution to PSRS and PEERS"

There are no material differences between the unaudited information included in the Preliminary Official Statement dated November 22, 2019, and the audited information included in the final Official Statement.

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NEW ISSUE
BOOK-ENTRY ONLY

S&P Global Ratings (Program Rating): AA+
S&P Global Ratings (Underlying Rating): A+
See "BOND RATINGS" herein.

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

$7,095,000
OSAGE COUNTY R-II SCHOOL DISTRICT
(LINN, MISSOURI)
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2019

Dated: Date of Issuance **Due: March 1, as shown on the inside cover**

The General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2019 (the **"Bonds"**), are issuable as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (**"DTC"**). DTC will act as securities depository for the Bonds. The Bonds are available for purchase in denominations of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. DTC will receive all payments with respect to the Bonds from BOKF, N.A., Kansas City, Missouri, as paying agent for the Bonds. DTC is required to remit such payments to DTC Participants (defined herein) for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds. Semiannual interest is payable on March 1 and September 1, beginning on March 1, 2020.

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

The Bonds are subject to optional redemption and payment prior to maturity as set forth herein. See the section captioned **"THE BONDS - Redemption Provisions"** herein.

THE BONDS ARE SUBJECT TO CERTAIN RISKS. SEE THE SECTION CAPTIONED **"RISK FACTORS"** HEREIN.

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

The Bonds are offered when, as and if issued by the District, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the District. Certain matters relating to this Official Statement will be passed upon by Gilmore & Bell, P.C., as disclosure counsel to the District. Sentry Financial Services, LLC has been engaged by the District to serve as its financial advisor in connection with the issuance, sale and delivery of the Bonds. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York, on or about December 20, 2019.

Commerce Bank
Member FDIC

The date of this Official Statement is December 10, 2019.

$7,095,000
OSAGE COUNTY R-II SCHOOL DISTRICT
(LINN, MISSOURI)
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2019

MATURITY SCHEDULE

Base CUSIP: 687654

Serial Bonds

Stated Maturity (March 1)	Principal Amount	Interest Rate	Price	CUSIP
2020	$415,000	4.000%	100.568%	DJ9
2021	415,000	4.000	103.414	DK6
2022	420,000	4.000	106.164	DL4
2023	425,000	4.000	108.821	DM2
2024	435,000	4.000	111.339	DN0
2025	445,000	4.000	113.524	DP5
2026	470,000	2.000	102.996*	DQ3
2027	480,000	2.000	102.490*	DR1
2028	490,000	2.000	102.237*	DS9
2029	505,000	2.000	101.735*	DT7
2030	515,000	2.000	101.235*	DU4
2031	525,000	2.000	100.738*	DV2
2032	535,000	2.000	100.491*	DW0
2033	545,000	2.000	100.000	DX8
2034	475,000	2.000	98.776	DY6

* Priced to call date.

OSAGE COUNTY R-II SCHOOL DISTRICT
(LINN, MISSOURI)

141 Wildcat Drive
Linn, Missouri 65051-2504

ELECTED OFFICIALS

BOARD OF EDUCATION

Sam Niederhelm	President and Member
Neil Loethen	Vice President and Member
Dennis Gravedoni	Secretary and Member
Mark Meyer	Treasurer and Member
Tye DeCramer	Member
Naomi Klouzek	Member
Lori Greer	Member

SUPERINTENDENT OF SCHOOLS

Dena Smith

BOND COUNSEL

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

FINANCIAL ADVISOR

Sentry Financial Services, LLC
Sullivan, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

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

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

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

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

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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

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

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BOND ISSUE SUMMARY

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

District:	Osage County R-II School District.
Issue:	$7,095,000 General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2019.
Dated Date:	Date of Delivery.
Interest Payment Date:	March 1 and September 1, commencing March 1, 2020.
Principal Due:	Annually on March 1, as detailed on the cover page of this Official Statement.
Optional Redemption:	The Bonds are subject to optional redemption prior to their Stated Maturity. See the section captioned **"THE BONDS – Redemption Provisions"** herein.
Authorization:	The Bonds are authorized by a resolution of the Board of Education of the District pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 28 of the Missouri Constitution and Chapter 108 of the Revised Statutes of Missouri, as amended.
Security:	The Bonds are general obligations of the District and are payable from ad valorem taxes which may be levied without limitations as to rate or amount upon all taxable property, real and personal, within the territorial limits of the District. See the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** herein.
Credit Ratings:	***Program Rating.*** S&P Global Ratings has assigned the Bonds the rating shown on the cover page hereof conditioned upon the execution and delivery of the Direct Deposit Agreement described under the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Direct Deposit of State Aid Payments."**
	Underlying Rating. S&P Global Ratings has assigned the Bonds the underlying rating shown on the cover page hereof reflecting the investment quality of the Bonds and the Direct Deposit Agreement. See the section captioned **"BOND RATINGS"** herein.
Purpose:	The Bonds are being issued for the purpose of current refunding the District's General Obligation Bonds (Missouri Direct Deposit Program), Series 2014, maturing on March 1 in the years 2020 through 2034 and (2) paying costs of issuing the Bonds. See the sections captioned **"THE BONDS"** and **"PLAN OF FINANCING"** herein.
Tax Exemption:	Gilmore & Bell, P.C., Bond Counsel, will provide an opinion as to the tax exemption of the Bonds as discussed under the section captioned **"TAX MATTERS"** herein.
Bank Qualification:	The Bonds have been designated as **"qualified tax-exempt obligations"** within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent	BOKF, N.A., Kansas City, Missouri.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (**"DTC"**), New York, New York. DTC will act as securities depository of the Bonds.

OFFICIAL STATEMENT

$7,095,000
OSAGE COUNTY R-II SCHOOL DISTRICT
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2019

INTRODUCTION

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

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (1) Osage County R-II School District (the **"District"**), and (2) the General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2019 (the **"Bonds"**) of the District, dated the date of delivery, to be issued in the principal amount of $7,095,000.

The District

The District is a seven-director school district and political subdivision organized and existing under the laws of the State of Missouri. For information about the District, see ***Appendix A*** to this Official Statement.

Purpose of the Bonds

The Bonds are being issued pursuant to a resolution (the "**Bond Resolution**") approved by the Board of Education of the District on December 10, 2019, for the purpose of current refunding the remaining $7,155,000 outstanding principal amount of the District's General Obligation Bonds (Missouri Direct Deposit Program), Series 2014 (the **"Series 2014 Bonds"**), maturing on March 1 in the years 2020 through 2034 (the **"Refunded Bonds"**) and paying the costs of issuing the Bonds. See the section captioned **"PLAN OF FINANCING"** and **"THE BONDS"** herein.

Security and Source of Payment

The Bonds will be general obligations of the District and will be payable from ad valorem taxes which may be levied without limitations as to rate or amount upon all taxable property, real and personal, within the territorial limits of the District. See the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** herein. In addition, the District has entered into a Direct Deposit Agreement (hereinafter defined), whereby the District has pledged its State Aid (hereinafter defined) to the payment of the Bonds. The Direct Deposit Agreement requires that a portion of the District's State Aid payments be transferred directly to the Deposit Trustee (hereinafter defined) which will, in turn, transfer amounts as needed to BOKF, N.A., Kansas City, Missouri, as paying agent for the Bonds (the **"Paying Agent"**), in order to provide for payment of debt service on the Bonds. See the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct Deposit of State Aid Payments"** herein.

Other Outstanding Obligations Payable

In addition to the Bonds, the District is obligated to pay from ad valorem taxes the principal and interest requirements on the District's other outstanding general obligation bonds as set forth in this Official Statement under **"*Appendix A* - DEBT STRUCTURE OF THE DISTRICT – Current Long-Term General Obligation Indebtedness."** The District is also obligated on an annually renewable basis to make certain lease payments under lease purchase financings described under **"*Appendix A* - DEBT STRUCTURE OF THE DISTRICT – Other Obligations of the District."** The lease payments are payable solely from available money in the District's Capital Projects Fund and not from moneys in the District's Debt Service Fund, which may be used solely to make payments on the District's general obligation bonds.

Financial Statements

Audited financial statements of the District, as of and for the year ended June 30, 2019, are included in ***Appendix B***. These financial statements have been audited by Gerding, Korte & Chitwood, Certified Public Accountants, to the extent and for the period indicated in their report which is also included in ***Appendix B***.

Bond Ratings

Standard & Poor's has assigned the Bonds the ratings set forth on the cover page of this Official Statement. See the section captioned **"BOND RATINGS"** herein.

Continuing Disclosure

The District has agreed to provide certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated material events relating to the Bonds. The financial information, operating data and notice of events will be filed by the District in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the section herein captioned **"CONTINUING DISCLOSURE,"** herein and **"FORM OF CONTINUING DISCLOSURE UNDERTAKING"** attached hereto as ***Appendix C***.

Description of Documents

Brief descriptions of the Bonds, the security for the Bonds and certain other matters are included in this Official Statement. Such information, summaries and descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds and the Bond Resolution are qualified in their entirety by reference to such documents.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

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

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

Direct Deposit of State Aid Payments

Pursuant to Sections 360.106 and 360.111 to 360.118 of the Revised Statutes of Missouri and related statutes (the **"Deposit Law"**), the State of Missouri (the **"State"**) will transfer to a Missouri bank, as direct deposit trustee (the **"Deposit Trustee"**), a portion of the District's State aid payments and distributions normally used for operational purposes (**"State Aid"**) in order to provide for payment of debt service on the Bonds. On the date of issuance of the Bonds, the District will enter into a Direct Deposit Agreement (the **"Deposit Agreement"**) with the Office of the Treasurer of the State of Missouri (**"Treasurer's Office"**), the Department of Elementary and Secondary Education of the State of Missouri (**"DESE"**), the Health and Educational Facilities Authority of the State of Missouri (the **"Authority"**) and the Deposit Trustee.

Under the Deposit Agreement, the District will pledge its State Aid to the payment of the Bonds. The Deposit Agreement will provide that (a) the debt service to be paid on the Bonds on March 1, 2020, will be deposited with the Deposit Trustee on the issuance date of the Bonds, through a transfer of amounts then on deposit with the Deposit Trustee and held for the benefit of the Refunded Bonds, and a cash contribution by the District from its debt service fund, (b) one-tenth of the annual debt service to be paid on the Bonds during the bond year ending on March 1, 2021, will be deposited with the Deposit Trustee in each of the ten (10) months of March 2020 through December 2020, and (c) for each bond year thereafter, one-tenth ($1/10^{th}$) of the annual debt service to be paid on the bonds during each bond year will be deposited with the Deposit Trustee in each of the ten (10) similar months of March through December so long as the Bonds are outstanding. Amounts of State Aid to the District in excess of the amounts required to be deposited with the Deposit Trustee will be transferred directly to the District as has historically been the case with all State Aid.

Each month, pursuant to the terms of the Deposit Agreement, DESE will advise the Treasurer's Office of the amount of the District's State Aid to be deposited with the Deposit Trustee for the purpose of paying the Bonds, as specified in the Deposit Agreement. If there is a shortfall in a monthly payment, it is to be made up in the succeeding monthly payment of State Aid. Following receipt of the deposits, the Deposit Trustee will invest the amounts for the benefit of the District in legally permitted investments. The Deposit Trustee will transfer to the Paying Agent the amount necessary for payment of debt service on the Bonds not later than the business day prior to each payment date with respect to the Bonds. The District remains obligated to provide funds to the Paying Agent for debt service on the Bonds if the amounts of State Aid transferred are not sufficient to pay the Bonds when due.

Nothing in the Deposit Law or the Deposit Agreement relieves the District of its obligation to make payments of principal and interest on the Bonds, or to impose any debt service levy sufficient to retire the Bonds. Moneys of the District which would otherwise be used to pay the Bonds on each payment date will be transferred to the District's operational funds to replace State Aid funds used to pay the Bonds. The State has not committed pursuant to the Deposit Law, the Deposit Agreement or otherwise to maintain any particular level of State Aid on behalf of the District, and the State is not obligated in any manner, contractually or morally, to make payments of debt service on the Bonds, other than its obligation to make transfers to the Deposit Trustee as described above. No assurance can be made that the amount of annual State Aid to the District will not in the future drop below that of the annual debt service requirements on the Bonds.

PLAN OF FINANCING

Authorization and Purpose of Bonds

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

Refunding of the Refunded Bonds

The Refunded Bonds will be called for redemption on January 14, 2020. On the date of delivery of the Bonds, the District will transfer proceeds of the Bonds to BOKF, N.A., as paying agent for the Refunded Bonds, in an amount necessary to pay the redemption price and interest on the Refunded Bonds on the redemption date with irrevocable instructions to apply such amount to the payment of the redemption price and interest on the Refunded Bonds on January 14, 2020.

Set forth below is a description of the Refunded Bonds being called for redemption on the Redemption Date (January 14, 2020):

Dated Date	Maturity Date	Principal Amount	Interest Rate	CUSIP Number	Redemption Date	Redemption Price
06/24/2014	03/01/2020	$380,000	3.000%	687654 CT8	01/14/2020	100%
06/24/2014	03/01/2021	390,000	3.000%	687654 CU5	01/14/2020	100%
06/24/2014	03/01/2022	400,000	3.000%	687654 CV3	01/14/2020	100%
06/24/2014	03/01/2023	410,000	2.500%	687654 CW1	01/14/2020	100%
06/24/2014	03/01/2024	420,000	2.500%	687654 CX9	01/14/2020	100%
06/24/2014	03/01/2025	430,000	2.750%	687654 CY7	01/14/2020	100%
06/24/2014	03/01/2026	440,000	2.750%	687654 CZ4	01/14/2020	100%
06/24/2014	03/01/2027	460,000	3.000%	687654 DA8	01/14/2020	100%
06/24/2014	03/01/2028	480,000	3.000%	687654 DB6	01/14/2020	100%
06/24/2014	03/01/2029	500,000	3.000%	687654 DC4	01/14/2020	100%
06/24/2014	03/01/2030	520,000	3.250%	687654 DD2	01/14/2020	100%
06/24/2014	03/01/2031	545,000	3.250%	687654 DE0	01/14/2020	100%
06/24/2014	03/01/2032	565,000	3.500%	687654 DF7	01/14/2020	100%
06/24/2014	03/01/2033	595,000	3.500%	687654 DG5	01/14/2020	100%
06/24/2014	03/01/2034	620,000	3.500%	687654 DH3	01/14/2020	100%

Sources and Uses of Funds

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

Sources of Funds:	
Principal Amount of the Bonds	$7,095,000.00
Net original issue premium	242,213.65
Total	$7,337,213.65
Uses of Funds:	
Deposit with paying agent for the Refunded Bonds	$7,236,236.22
Costs of issuance, including Underwriter's Discount	100,977.43
Total	$7,337,213.65

THE BONDS

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

General Description

The Bonds are being issued in the aggregate principal amount of $7,095,000. The Bonds are dated as of the date of original delivery of and payment for such Bonds and the principal is payable on March 1 in the years and in the principal amounts set forth on the cover page of this Official Statement, subject to redemption and payment prior to maturity upon the terms and conditions described under the section below captioned **"Redemption Provisions."** Interest on the Bonds is calculated at the rates per annum set forth on the cover page hereof, computed on the basis of a 360-day year of twelve 30-day months. The Bonds shall consist of fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds is payable from the date thereof or the most recent date to which said interest has been paid and is payable semiannually on March 1 and September 1 in each year, beginning March 1, 2020.

Payment of the interest on the Bonds will be made to the person in whose name such Bond is registered on the registration books (the **"Bond Register"**) at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding an interest payment date (the **"Record Date"**). Interest on the Bonds will be paid to the Registered Owners thereof by check or draft mailed by the Paying Agent to each Owner at the address shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner, or by electronic transfer to such Registered Owner. While the Bonds remain in book-entry only form, payments to Beneficial Owners (as defined herein) are governed by the rules of DTC as described in ***Appendix D*** attached to this Official Statement. If DTC ceases to act as securities depository for the Bonds, payment may be made as described in the Bond Resolution.

Redemption Provisions

Optional Redemption. At the option of the District, the Bonds or portions thereof maturing on and after March 1, 2026, may be called for redemption and payment prior to maturity on March 1, 2025, 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. When less than all Bonds are to be redeemed, such Bonds shall be redeemed from maturities selected by the District, and Bonds of less than a full maturity shall be selected by the Paying

Agent in multiples of $5,000 principal amount by lot or in such other equitable manner as the Paying Agent may determine.

Notice and Effect of Call for Redemption. In the event of a redemption, the Paying Agent will give written notice of the District's intention to redeem and pay the Bonds by first-class mail to the State Auditor of Missouri and the Registered Owner of each Bond, such notice to be mailed not less than 30 days prior to the redemption date. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed will become due and payable on the redemption date, at the redemption price therein specified, and from and after the redemption date (unless the District defaults in the payment of the redemption price) such Bonds or portion of Bonds shall cease to bear interest.

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

Book-Entry Only System

Ownership interests in the Bonds will be available to purchasers only through a book-entry only system (the **"Book-Entry Only System"**) described in ***Appendix D*** attached to this Official Statement.

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

If the Book-Entry Only System is discontinued the following provisions would apply: Each Bond when issued will be registered by the Paying Agent in the name of the owner thereof on the Bond Register. Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same aggregate principal amount and maturity upon presentation to the Paying Agent, subject to the terms, conditions and limitations set forth in the Bond Resolution and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, transfer or exchange.

CUSIP Numbers

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

RISK FACTORS

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

Ad Valorem Property Taxes

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

Concentration of property ownership in the District would expose the District's ability to collect ad valorem property taxes to the financial strength and ability and willingness of major taxpayers to pay property taxes. See the section captioned "**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Major Property Taxpayers**" in **Appendix A** attached to this Official Statement.

Secondary Market Prices and Liquidity

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

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

No Reserve Fund or Credit Enhancement

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

Ratings

S&P Global Ratings, a division of S&P Global, Inc. (**"S&P"**) has assigned the Bonds the program ratings set forth on the cover page of this Official Statement as further described under the section captioned **"BOND RATINGS – *Program Ratings*"** herein and has assigned the Bonds the underlying rating set forth on the cover page of this Official Statement as further described under the section captioned **"BOND RATINGS – *Underlying Rating*"** herein. Such ratings reflect only the views of such rating agency, and an explanation of the significance of such ratings may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by said rating agencies if, in their judgment, circumstances warrant. Any such downward revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Bankruptcy

In addition to the limitations on remedies contained in the Bond Resolution, the rights and remedies provided by the Bonds may be limited by and are subject to (i) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, (ii) the application of equitable principles, and (iii) the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against political subdivisions in the State of Missouri. The District, like all other Missouri political subdivisions, is specifically authorized by Missouri law to institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Bonds.

Pensions

The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (i) The Public School Retirement System of Missouri and (ii) The Public Education Employee Retirement System of Missouri. See **"FINANCIAL INFORMATION CONCERNING THE DISTRICT – Pension and Employee Retirement Plans"** in ***Appendix A*** of this Official Statement. The District also provides other postemployment benefits as part of the total compensation offered to attract and retain the services of qualified employees. See **"FINANCIAL INFORMATION CONCERNING THE DISTRICT – Other Postemployment Benefits"** in ***Appendix A*** of this Official Statement. Future required contribution increases beyond the current fiscal year may require the District to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the District's operations or limit the District's ability to generate additional revenues in the future.

State Aid and Direct Deposit Agreement

For fiscal year ended June 30, 2019, approximately 34% of the District's revenue was derived from State Aid. See the sections captioned "**FINANCIAL INFORMATION CONCERNING THE DISTRICT – Sources of Revenue"** and **"– Missouri School Finance Laws"** in ***Appendix A*** attached to this Official Statement. A portion of the District's State Aid is currently pledged to the payment of the Bonds and will be directly deposited by the State with the Deposit Trustee for payment of the Bonds. See the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct Deposit of State Aid Payments"** herein. Reductions in State Aid could occur in the future if, for example, the State of Missouri faces fiscal problems in the future or the District experiences a decline in enrollment. Reductions in State Aid could force the District to make budget cuts or operational adjustments and may adversely affect the rating on the Bonds or the market price of the Bonds.

Amendment of the Bond Resolution

Certain amendments, effected by resolution of the District, to the Bonds and the Bond Resolution may be made with written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then outstanding. Such amendments may adversely affect the security of the owners of the Bonds;

provided that, no amendments may (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) alter the optional redemption provisions of any Bond; (c) effect a reduction in the amount which the District is required to pay as principal of or interest on any Bond; (d) permit preference or priority of any Bond over any other Bond; or (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Resolution without the written consent of the Registered Owners of all of the Bonds at the time outstanding.

Loss of Premium from Redemption

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

Tax-Exempt Status and Risk of Audit

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

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

Defeasance Risks

When all Bonds are deemed paid and discharged as provided in the Bond Resolution, the requirements contained in the Bond Resolution and the pledge of the District's faith and credit thereunder and all other rights granted thereby will terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company moneys and/or Defeasance Obligations (as defined in the Bond Resolution) that, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the Bonds to the stated maturity or prior redemption date. There is no legal requirement in the Bond Resolution that Defeasance Obligations be rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets, and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

LEGAL MATTERS

Legal Proceedings

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

Approval of Legality

Legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, as Bond Counsel to the District (**"Bond Counsel"**). The form of Bond Counsel's opinion is attached hereto as ***Appendix E***. Certain matters relating to this Official Statement will also be passed upon by Gilmore & Bell, P.C., as disclosure counsel to the District. Bond Counsel has represented the Underwriter in transactions unrelated to the issuance of the Bonds but is not representing the Underwriter in connection with the issuance of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon or of the future performance of parties to such transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

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

Opinion of Bond Counsel

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

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

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

Bank Qualification. The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the **"Code"**).

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

Other Tax Consequences

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

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

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

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

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

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Undertaking, the District has agreed to provide to the Municipal Securities Rulemaking Board (the **"MSRB"**), *via* the EMMA system, not later than **December 31st** after the end of each fiscal year, commencing with the fiscal year ended June 30, 2020, (1) the audited financial statements of the District for that fiscal year and (2) certain operating data of the District (the **"Annual Report"**). The financial statements of the District are audited by the District's independent certified public accountants. The District has also agreed to provide prompt notice of the occurrence of certain material events with respect to the Bonds. See **"FORM OF CONTINUING DISCLOSURE UNDERTAKING"** attached as ***Appendix C*** hereto.

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

1. The District did not timely file on the MSRB's EMMA website (a) its audited financial statements for the fiscal year ended June 30, 2017, required to be provided pursuant to its prior undertaking under the Rule entered into in connection with its Series 2011 Bonds and Series 2014 Bonds. Additionally, while the District filed on the MSRB's EMMA website its audited financial statements for the fiscal years ended June 30, 2014 and June 30, 2015, required to be provided pursuant to its prior undertakings under the Rule entered into in connection with its Series 2011 Bonds and Series 2014 Bonds, such filings were not properly linked to the District's Series 2011 Bonds.

2. The District did not file on the MSRB's EMMA website certain categories of operating data for fiscal year ended June 30, 2014, required to be provided pursuant to its prior undertaking under the Rule entered into in connection with its Series 2011 Bonds and Series 2014 Bonds. On June 17, 2016, the District filed on the MSRB's EMMA website a document with a cover page title that read "Annual Operating Disclosure – June 30th, 2015," which included the categories of operating data required to be provided for fiscal year ended June 30, 2014, and the missing categories of operating data that were required to be provided for fiscal year ended June 30, 2014. The District also did not timely file on the MSRB's EMMA website its Annual Operating Disclosure for the fiscal year ended June 30, 2015, required to be provided pursuant to its prior undertaking under the Rule entered into in connection with its Series 2011 Bonds and Series 2014 Bonds.

The District has also approved a Tax and Securities Law Compliance Procedure dated June 10, 2014, setting forth policies and procedures to promote compliance with federal tax law and with the District's continuing disclosure undertakings for all tax-exempt bonds and other tax-advantaged obligations of the District after issuance of such bonds and obligations. In 2014, the District engaged Sentry Financial Services, LLC, its financial advisor, to provide disclosure services in order to promote future compliance under the Rule.

BOND RATINGS

Program Rating. The Bonds have been qualified for the program rating set forth on the cover page hereof by S&P, said rating being conditioned upon the execution and delivery of the Deposit Agreement described herein under the section captioned **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS-Direct Deposit of State Aid Payments."**

Underlying Rating. In addition, S&P has given the Bonds the underlying rating set forth on the cover page hereof which reflects their evaluation of the investment quality of the Bonds without regard to the Deposit Agreement.

Such ratings reflect only the view of S&P at the time such ratings are given, and an explanation of the significance of such ratings may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that such ratings will not be revised, either downward or upward, or withdrawn entirely, by S&P if, in its judgment, circumstances warrant. Any such downward revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

The District has furnished S&P with certain information and materials relating to the Bonds and the District 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 Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Undertaking, the District is required to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of the ratings of the Bonds but has not undertaken any responsibility to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of the ratings could have an adverse effect on the market price and marketability of the Bonds.

MISCELLANEOUS

Underwriting

Based upon bids received by the District on December 10, 2019, the Bonds were awarded to Commerce Bank, Kansas City, Missouri (the **"Underwriter"**) The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the District at a purchase price of $7,282,709.65 (equal to the par amount of the Bonds, plus a net original issue premium of $242,213.65, and less an underwriting discount of $54,504.00). The Underwriter is purchasing the Bonds from the District for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers, (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

Financial Advisor

Sentry Financial Services, LLC, Sullivan, Missouri, is employed as financial advisor to the District to render certain professional services, including advising the District on a plan of financing in connection with the issuance of the Bonds. The Financial Advisor has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement.

Certification and Other Matters Regarding Official Statement

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

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

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

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Additional Information

Additional information regarding the District or the Bonds may be obtained from Dena Smith, Superintendent, 141 Wildcat Drive, Linn, Missouri, phone: (573) 897-4200, or from the District's Financial Advisor, Sentry Financial Services, LLC, Attention: Matt DeLeo, e-mail: mdeleo@sentryfs.com; phone: (314) 566-9353.

OSAGE COUNTY R-II SCHOOL DISTRICT

By: /s/ Sam Niederhelm
President of the Board of Education

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APPENDIX A

OSAGE COUNTY R-II SCHOOL DISTRICT
(LINN, MISSOURI)

GENERAL, ECONOMIC AND FINANCIAL INFORMATION

APPENDIX A

TABLE OF CONTENTS

THE DISTRICT

General Description

The District encompasses approximately 161 square miles and is located in the central portion of Missouri in Osage County (the **"County"**). The District's schools are primarily located in Linn, Missouri (the **"City"**), which is approximately 110 miles west of St. Louis, Missouri. The District also includes certain surrounding unincorporated areas in the County and extends slightly into Gasconade County.

Organization and Board of Education

The District is a reorganized school district formed pursuant to Chapter 162 of the Revised Statutes of Missouri, as amended (**"RSMo"**). The District is governed by a seven-member Board of Education (the **"Board"**). The members of the Board are elected by the voters of the District for three-year staggered terms, with two directors being elected each year, except every third year, in which three directors are elected. All Board members are elected at-large and serve without compensation. The Board is responsible for all policy decisions. The President of the Board is elected by the Board from among its members for a term of one year and has no regular administrative duties. The Secretary and Treasurer are appointed by the Board and may or may not be members of the Board.

The current members and officers of the Board are:

Name	Office	First Term Began	Current Term Began	Current Term Expires
Samuel Niederhelm	President & Member	April 2011	April 2017	April 2020
Neil Loethen	Vice President & Member	April 2015	April 2018	April 2021
Dennis Gravedoni	Secretary & Member	April 2013	April 2019	April 2022
Mark Meyer	Treasurer & Member	April 2015	April 2018	April 2021
Tye DeCramer	Member	April 2016	April 2019	April 2022
Lori Greer	Member	April 2017	April 2017	April 2020
Naomi Klouzek	Member	April 2017	April 2017	April 2020

Administration

The Board appoints the Superintendent of Schools who is the chief administrative officer of the District responsible for carrying out the policies set by the Board. Ms. Dena Smith was appointed Superintendent of the District early in 2019. Mrs. Smith has a total of 23 years of experience in education. Prior to her appointment as Superintendent, she served as high school principal. Mrs. Smith received a B.S. in Psychology from Columbia College; a Master's Degree in Education Administration from Lincoln University and a Specialist Degree in Education Administration from Southwest Baptist University. Additional members of the administrative staff and all other employees are appointed by the Board of Education, upon recommendation by the Superintendent.

The District has a total of 91 employees, including five administrative personnel, 55 teachers and 31 non-certificated employees.

Professional Staff

The average teacher employed by the District has 9.5 years of teaching experience, compared to a statewide average of 12.4 years, and 46.6% of the District's teachers hold advanced degrees. For the 2018-2019 school year, the average salary for all teaching staff was $36,395 compared to a statewide average salary for teaching staff of $50,485.

Educational Facilities

The District operates two schools, as shown below. The aggregate replacement cost of the current physical facilities of the District as most recently determined for insurance purposes is $22,786,239.00.

Name of School	Grades Served
Osage County Elementary School	K-6
Linn High School	7-12

History of Enrollment

Listed below are the District's fall enrollment figures for the current and previous four school years.

	2015-16	2016-17	2017-18	2018-19	2019-20
Early Childhood Education (Pre-K)	-	17	20	20	18
Elementary (K-6)	307	305	299	228	267
High School (7-12)	304	314	308	377	325
Total	611	636	627	625	610

Source: Missouri Department of Elementary and Secondary Education.

Education Programs

The District operates under the oversight of the Missouri Department of Elementary and Secondary Education (**"DESE"**). Programs offered by the District are comprehensive with an academic curriculum encompassing foreign language, math, science, literature, composition and social studies as well as special education and early childhood education.

Other District Statistics

The following table shows additional information about the District compiled by DESE for the last five completed fiscal years.

	2014-15	2015-16	2016-17	2017-18	2018-19
Avg. Daily Attendance (ADA)	607.04	626.13	629.31	619.80	634.57
Proportional Rate of Attendance[1]	91.4	86.9	91.1	91.4	91.3
Current Expenditures per ADA	$7,380	$7,818	$7,748	$7,918	$7,880
Students per Teacher	14	13	12	12	12
Students per Classroom Teacher	20	17	17	17	17

Source: Missouri Department of Elementary and Secondary Education.

[1] Reflects the overall percentage of District students who had an individual attendance rate of 90% or higher.

School Rating and Accreditation

DESE administers the Missouri School Improvement Program (**"MSIP"**), the state's school accountability system for reviewing and accrediting public school districts in Missouri. Since MSIP was established in 1990, four review cycles have been completed, each cycle lasting from five to six years. The fifth cycle, referred to as MSIP 5, began in the 2012-13 school year.

DESE computes an Annual Performance Report (**"APR"**) for every public school district and charter local education agency and for each school. This overall score is comprised of scores for each of the MSIP 5 performance standards: (1) Academic Achievement (percent proficient or advanced in English language arts, mathematics, science and social studies), (2) Subgroup Achievement (percent proficient or advanced in English language arts, mathematics, science and social studies for students in certain super subgroups (Hispanic, Black, FRL (free/reduced price lunch eligible), IEP (Individualized Education Program for child with disability), ELL (English Language Learners)), (3) High School Readiness (K-8 districts) or College and Career Readiness (K-12 districts) based on certain test scores, (4) Attendance Rate, and (5) Graduation Rate (K-12 districts). Status, progress and growth (where applicable) are used to calculate a comprehensive score used to determine the accreditation level of a school district.

Under MSIP 5, there are four levels of school accreditation: (1) Accredited With Distinction, for districts with equal to or greater than 90% of the points possible on the APR and meeting other criteria yet to be determined by the State Board of Education (a resolution to adopt criteria was considered but withdrawn in September 2014 and no further attempt to adopt criteria has been made making the achievement of the status Accredited with Distinction impossible until criteria have been adopted), (2) Accredited, for districts with scoring equal to or greater than 70% of the points possible on the APR, (3) Provisional, for districts with equal to or greater than 50% but less than 70% of the points possible on the APR, and (4) Unaccredited, for districts scoring less than 50% of the points possible on the APR.

In the District's 2018 APR, the District earned 98.3% of the points possible, placing the District in the "Accredited" category (as stated above, no placement in the Accredited with Distinction Category is currently possible).

The MSIP classification is not a bond or debt rating, but is solely an evaluation made by DESE.

ECONOMIC INFORMATION CONCERNING THE DISTRICT

Population

The following table shows population figures for the District, the City, the County and the State of Missouri (the **"State"**) from the last three decennial censuses and the latest available estimate.

	1990	2000	2010	2018*
District	4,152	4,756	5,310	5,197
City	1,132	1,326	1,459	1,607
County	12,018	13,062	13,878	13,714
State	5,117,073	5,595,211	5,988,927	6,126,452

Source: U.S. Census Bureau
* U.S. Census Bureau – American FactFinder – 2018 Population Estimates (estimated as of July 1, 2018); U.S. Census Bureau – Small Area Income and Poverty Estimate – School District Estimates for 2017

The following table shows population distribution by age for the District, the City, the County and the State from the latest available estimate.

Estimated Population Distribution by Age (2017 Estimate)

Age	District	City	County	State
Under 5 years	265	156	760	373,141
5-19 years	1,118	344	2,791	1,176,263
20-24 years	464	202	843	425,687
25-44 years	1,199	427	3,130	1,536,109
45-64 years	1,315	267	3,846	1,608,068
65 years and over	729	166	2,240	956,032
TOTAL	5,090	1,562	13,610	6,075,300
Median age	37.1	27.1	40.1	38.4

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2013-2017).

Commerce, Industry and Employment

Major Employers. Listed below are several major employers located in the County.

Employer	Type of Business	Approximate Number of Employees
Quaker Window Products Co., Freeburg MO	Manufacturing	400
Diamond Pet Foods Inc., Meta MO	Manufacturing	210
State Technical College of Missouri, Linn MO	Education	116
Autumn Meadows, Linn MO	Health care	100
Jim Butler Linn Chevrolet, Linn MO	Car sales	84
Westphalia Retirement Center, Westphalia MO	Assisted living facility	80
LSC Communications, Linn MO	Book publishing	68

Source: Location One Information System/Missouri Department of Economic Development.

Employment Figures. The following table sets forth employment figures for the County and the State:

	2015	2016	2017	2018	2019[(1)]
County					
Total Labor Force	7,206	7,284	7,127	6,996	6,956
Unemployed	269	246	213	169	173
Unemployment Rate	3.7%	3.4%	3.0%	2.4%	2.5%
State					
Total Labor Force	3,075,107	3,081,133	3,061,142	3,051,364	3,061,478
Unemployed	139,608	140,803	114,808	97,021	99.730
Unemployment Rate	5.0%	4.6%	3.8%	3.2%	3.2%

Source: MERIC (Missouri Economic Research and Information Center).
(1) Average of January through September 2019.

Medical and Health Facilities

Capital Regional Medical Center, a 100-licensed bed medical center, is located in Jefferson City, Missouri about 23 miles west of the District. Capital Regional Medical Center offers the following health care services: women's health, cancer, cardiology, obstetrics, pediatrics, orthopedics, corporate services, diabetes, emergency, respiratory therapy, home health, surgery, mental wellness, nutrition counseling and other health related services. Capital Region Medical Center also has a medical clinic located in the District in Linn, Missouri.

St. Mary's Health Center, a 167-licensed bed medical center, is also located in Jefferson City, Missouri. St. Mary's Health Center offers the following health care services: cardiac services, emergency services, musculoskeletal services, cancer services, outpatient surgical services, wound healing services, pediatrics, psychology services, pain management, sleep center, occupational medicine, physical rehabilitation, diabetes management and training and home services. St. Mary's Health Center also has a medical clinic located in the County in the city of Westphalia, Missouri.

Hermann Health Center, a 24-licensed bed critical access hospital, is a full-service hospital located in Hermann, Missouri, approximately 21 miles northeast of the County. The hospital offers the following services: dietary consultations, electrocardiography, emergency room services, imaging services, surgeries, rehabilitation therapies, respiratory therapy and social services.

Higher Education

Residents of the District can continue their education at State Technical College of Missouri located in Linn, Missouri. Other post-secondary educational facilities located in the surrounding area include the following: Lincoln University located in Jefferson City, Missouri; University of Missouri located in Columbia, Missouri, Missouri University of Science and Technology located in Rolla, Missouri, East Central College in Union, Missouri, University of Central Missouri in Warrensburg, Missouri and numerous colleges and universities in the St. Louis, Missouri Metropolitan Area.

Recreational Facilities

Ample wetlands and woodlands provide plenty of outdoor recreation. Nine Missouri Conservation Areas cover almost 3,000 acres, many of which are on one or more major rivers (Missouri, Osage and Gasconade). Ben Branch Lake, 10 miles northeast of the City, features 499 acres of space for a number of activities, such as swimming, fishing, hunting, camping, hiking and boating activities. Cooper Hill and Bonnots Mill Access provide access to the Gasconade River and the Osage River, respectively, where residents can fish, hunt, camp, canoe, hike and participate in other outdoor activities.

Municipal Services and Utilities and Public Safety

Utility service in the District is provided by both public and private facilities. Ameren Missouri and Three Rivers Electric Cooperative provide electrical service to residents of the District, with Ameren Missouri also supplying natural gas service to residents. Residential and commercial properties in the City receive water and sewer service from the City. Residents outside of the City receive water service from Osage County Public Water District No. 3. The City provides police protection, and Linn Fire Protection District provides fire protection.

Transportation, Communications and Media

The District is served by a weekly newspaper, the Linn Unterrified Democrat, and a substantial number of television stations via cable. A substantial number of radio stations broadcast to residents of the District.

Residents of the District have access to several major highways. U.S. Highway 50 intersects the District, offering access to Jefferson City metropolitan area and connects to I-44. Because of its location, the District's residents have a short commute into the Jefferson City Metropolitan Area. Columbia Regional Airport, approximately 41.2 miles away, provides both commercial and charter flights.

Income and Home Values

The following table presents per capita personal income[(1)] for the County and the State for the years 2013 through 2017, the latest date for which such information is available:

Year	County Per Capita Personal Income	State Per Capita Personal Income
2017	$42,816	$44,978
2016	42,521	43,587
2015	44,365	42,839
2014	42,029	41,538
2013	38,057	40,152

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

The following table presents the estimated median household income for the District, the City, the County and the State:

	Median Household Income
District	$47,526
City	38,938
County	54,503
State	51,542

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2013-2017).

The following table presents the median value of owner-occupied housing units in the District, the City, the County and the State:

	Number of Owner-Occupied Units	Median Home Value
District	1,389	$134,000
City	291	106,500
County	4,217	140,500
State	1,597,325	145,400

Source: Missouri Census Data Center, American Community Survey Profile Report: (5-year estimates) 2013-2017.

DEBT STRUCTURE OF THE DISTRICT

Overview

The following table summarizes certain financial information concerning the District as of the date of delivery of the Bonds (unless otherwise noted). This information should be reviewed in conjunction with the other information contained under the heading **"DEBT STRUCTURE OF THE DISTRICT"** and the financial statements of the District in ***Appendix B*** to this Official Statement.

2019 Assessed Valuation (1)	$66,827,641
2019 Estimated Actual Valuation (2)	$296,666,431
2017 Estimated Population (3)	5,197
Direct General Obligation Debt (**"Direct Debt"**) (4)	$7,095,000
Overlapping General Obligation Debt (**"Indirect Debt"**) (5)	0
Total Direct Debt and Indirect Debt	$7,095,000
Ratio of Direct Debt and Indirect Debt to Assessed Valuation	10.62%
Ratio of Direct Debt and Indirect Debt to Estimated Valuation	2.39%
Per Capita Direct Debt and Indirect Debt	$1,365.21

(1) Includes real and personal property valuations as provided by the County Clerks of Osage County and Gasconade County, but excludes assessed valuations attributable to state assessed railroad and utility property. For further details, see the section captioned **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT"** herein.

(2) Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratio. For a detail of these different classes and ratios, see the section captioned **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT"** herein.

(3) See the section captioned **"ECONOMIC INFORMATION CONCERNING THE DISTRICT – Population"** herein.

(4) Includes the principal amount of the Bonds, but excludes the Refunded Bonds.

(5) As of November 15, 2019, the District was not aware of any political subdivisions located wholly within or partially within the boundaries of the District that have outstanding general obligation debt. See the section captioned **"DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying Indebtedness"** herein.

Current Long-Term General Obligation Indebtedness

The following table sets forth all of the outstanding general obligation indebtedness of the District, including the Bonds, but excluding the Refunded Bonds. After the issuance of the Bonds, the proceeds of which will be used, together with other funds of the District, to refund the Refunded Bonds, the Bonds will be the District's only outstanding general obligation indebtedness.

Issue Name	Date of Indebtedness	Amount Originally Issued	Amount Outstanding
General Obligation Refunding Bonds, Series 2019	December 20, 2019	$7,095,000	$7,095,000
Total			$7,095,000

History of General Obligation Indebtedness

The following table shows the outstanding debt of the District for each of the last five fiscal years.

As of June 30	Total Outstanding Debt	Assessed Valuation [(1)]	Debt as % of Assessed Valuation [(2)]
2019	$7,155,000	$65,225,843	10.97%
2018	7,525,000	63,506,937	11.85
2017	7,875,000	61,783,102	12.75
2016	8,245,000	60,322,859	13.67
2015	8,590,000	59,839,189	14.36

Source: The District.

(1) The assessed valuation used is the assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown. Assessed valuation excludes state assessed railroad and utility property.

(2) If state assessed railroad and utility property were taken into account, the debt as a percentage of total assessed valuation would be lower than the percentages shown. For more information, see **"DEBT STRUCTURE OF THE DISTRICT – Legal Debt Capacity."**

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

Legal Debt Capacity

Under Article VI, Section 26(b) of the Constitution of Missouri, the District may incur indebtedness for authorized school purposes not to exceed 15% of the valuation of taxable tangible property in the District according to the last completed assessment upon the approval of four-sevenths of the qualified voters in the District voting on the proposition at any municipal, primary or general election or two-thirds voter approval on any other election date. The legal debt limitation and debt margin of the District are as follows:

Legal Debt Limitation and Debt Margin

Constitutional Debt Limitation under Article VI, Section 26(b) (15% of 2019 assessed valuation)	$10,024,146
General Obligation Bonds Outstanding	7,095,000 [(1)]
Legal Debt Margin under Article VI, Sections 26(b)	$ 2,929,146

(1) Includes the aggregate principal amount of the Bonds, but excludes the Refunded Bonds.

The District's legal debt limit and debt margin would be higher if (i) the amount in the Debt Service Fund available to pay principal of the bonds, and (ii) the valuation of state assessed railroad and utility property that is physically located within the bounds of the District were both taken into account. Neither amount was included in the calculations of debt limit or debt margin.

Because of the manner in which tax collections are distributed to school districts from assessments of state assessed railroad and utility property (see "**PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Property Valuations – *Current Assessed Valuation***), the cumbersome task of determining the valuation of such property physically located within a school district is not normally undertaken unless, without the value of such property included in the calculation, the district would exceed its legal debt limit.

General Obligation Bonds Debt Service Requirements

Following the issuance of the Bonds, the proceeds of which will be used, together with other available funds of the District, to refund the Refunded Bonds, the Bonds will be the only issue of general obligation bonds that the District will have outstanding. The following schedule shows the yearly principal and interest requirements for the Bonds (excluding the Refunded Bonds):

Fiscal Year Ended June 30	**The Bonds Principal**	**Interest**	**Total**
2020	$ 415,000.00	$ 38,063.89	$ 453,063.89
2021	415,000.00	176,400.00	591,400.00
2022	420,000.00	159,800.00	579,800.00
2023	425,000.00	143,000.00	568,000.00
2024	435,000.00	126,000.00	561,000.00
2025	445,000.00	108,600.00	553,600.00
2026	470,000.00	90,800.00	560,800.00
2027	480,000.00	81,400.00	561,400.00
2028	490,000.00	71,800.00	561,800.00
2029	505,000.00	62,000.00	567,000.00
2030	515,000.00	51,900.00	566,900.00
2031	525,000.00	41,600.00	566,600.00
2032	535,000.00	31,100.00	566,100.00
2033	545,000.00	20,400.00	565,400.00
2034	475,000.00	9,500.00	484,500.00
Total	$7,095,000.00	$1,212,363.89	$8,307,363.89

The principal and interest requirements on the District's Bonds, and any other general obligation bonds the District may issue in the future, are payable from amounts in the District's Debt Service Fund generated by a levy on all taxable tangible property in the District. The Debt Service Fund levy may be set, without limitation as to rate or amount, at the level required to make payments on the general obligation bonds. See the section captioned **"FINANCIAL INFORMATION CONCERNING THE DISTRICT"** in this ***Appendix A***.

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Other Obligations of the District

On March 1, 2017, the District entered into an annually-renewable lease purchase agreement (the **"Lease"**) in the principal amount of $200,000, accruing interest at 3.11% per annum, in order to finance the costs of certain improvements, as well as to exercise the District's purchase option under an energy savings project. The rental payments due under the Lease, which are subject to annual appropriation by the Board of Education, are payable semi-annually in the amount of $21,777 on March 1 and September 1 of each year, with the final rental payment due on March 1, 2022. The remaining rental payments due under the Lease in future fiscal years, which are subject to annual appropriation by the Board of Education, are as follows:

Fiscal Year Ended June 30	Principal Portion	Interest Portion	Total Rental Payment
2020	$20,143	$1,634	$21,777[1]
2021	41,233	2,322	43,555
2022	42,543	1,012	43,555
Total	$103,919	$4,968	$108,887

(1) Excludes $21,777 rental payment already paid by the District on September 1, 2019, during the current fiscal year ending June 30, 2020.

Such rental payments are payable from moneys in the District's Capital Projects Fund and are not payable from any money in the District's Debt Service Fund, which is available solely to make payments on the District's outstanding general obligation bonds, which includes the Bonds.

For additional information relating to other long-term obligations of the District, see Note 6 to the financial statements included in ***Appendix B*** to this Official Statement.

Future Borrowing Plans

The District expects to enter into a lease purchase transaction during the current fiscal year to pay approximately $200,000 in costs of heating and air conditioning improvements. Otherwise, the District does not currently have plans to incur other long-term obligations within the next three years.

Overlapping or Underlying Indebtedness

As of November 15, 2019, there are no political subdivisions with boundaries overlapping the District that have outstanding general obligation debt. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or other long-term obligations such as leases, the amounts of which may be unknown to the District at this time.

FINANCIAL INFORMATION CONCERNING THE DISTRICT

Accounting, Budgeting and Auditing Procedures

The District presents its governmental activities in fund financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, in conformity with the requirements of Missouri law and DESE. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from modified cash transactions.

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. District resources are allocated to, and accounted for, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Transactions have been recorded in the following funds for the accounting of all District funds:

- **General (Incidental) Fund**: The General Fund is the primary operating fund of the District. It is used to account for general activities of the District, including expenditures for noncertified employees, pupil transportation costs, plant operation, fringe benefits, student body activities, community services, food service and any expenditures not required or permitted to be accounted for in other funds.

- **Special Revenue (Teachers') Fund**: Accounts for expenditures for certificated employees involved in administration and instruction. It includes revenues restricted by the State and the local tax levy for the payment of teacher salaries and certain employee benefits.

- **Debt Service Fund**: Accounts for the accumulation of resources for, and the payment of, principal, interest and paying agent charges on, long-term debt.

- **Capital Projects Fund**: Accounts for resources restricted for the acquisition or construction of specific capital projects or items. It accounts for the proceeds of long-term debt, taxes and other receipts designated for construction of major capital assets and all other capital outlay.

The Treasurer of the District is responsible for handling all moneys of the District and administering the above funds. All moneys received by the District from whatever source are credited to the appropriate fund. Moneys may be disbursed from such funds by the Treasurer only for the purpose for which they are levied, collected or received and only upon checks drawn by the Treasurer pursuant to orders of the Board or upon orders for payment issued by the Treasurer pursuant to orders of the Board.

An annual budget of estimated receipts and disbursements for the coming fiscal year is prepared by the Superintendent and is presented to the Board prior to July 1 for approval. The District's fiscal year is July 1 through June 30. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes and includes a statement of the rate of levy per hundred dollars of assessed valuation required to raise each amount shown on the budget as coming from District property taxes.

The financial records of the District are audited annually by an independent public accountant according to the modified cash basis of accounting. The most recent annual audit has been performed by Gerding, Korte & Chitwood, P.C. Certified Public Accountants. The audited financial statements of the District for the fiscal year ended June 30, 2019, together with the independent auditor's report thereon, are included in this Official Statement at ***Appendix B***. A summary of significant accounting policies of the District is contained in the notes accompanying the financial statements in ***Appendix B***. The audited financial statements for earlier years with reports by the certified public accountants are available for examination in the District's office.

Sources of Revenue

The District finances its operations through the local property tax levy, state sales tax, State Aid (as defined below), federal grant programs and miscellaneous sources, including without limitation State Aid for transportation, a state sales tax on cigarettes and a pro rata share of interest income from the counties in which each school district operates. Debt service on general obligation bonds is paid from amounts in the District's Debt Service Fund. The primary source of money in the Debt Service Fund is local property taxes derived from a debt service levy. As discussed below, the Debt Service Fund may, however, also contain money derived from transfers from the Incidental Fund, from State Aid in the Classroom Trust Fund, and from certain other taxes or payments-in-lieu-of-taxes that may be placed in the Debt Service Fund at the discretion of the Board. See the section captioned **"Missouri School Finance Laws – *Transfers from Incidental Fund to Debt Service Fund and/or Capital Projects Fund*"** herein.

State and federal revenue, as well as "Proposition C" sales tax revenue (included in the **"Local Revenue"** category below), are received on a continuous monthly basis throughout the fiscal year. Local taxes, however, are received primarily in January, over six months into a district's fiscal year. Districts that receive a smaller percentage of revenue from state and federal aid and depend more on local revenues will typically carry a larger fund balance than other districts that may be receiving a larger percent of its revenue from state and federal aid amounts rather than local taxes.

Current. For the fiscal year ended June 30, 2019, the District's sources of revenue were as follows:

Source	Amount	%
Local Revenue:		
Property Taxes	$2,428,992	34.82%
Proposition C Sales Tax	652,637	9.35
Other	508,647	7.29
County Revenue:		
Railroad & Utility Property Taxes	461,893	6.62
Fines, Forfeitures & Other	11,661	0.17
State Revenue	2,364,305	33.89
Federal Revenue	486,177	6.97
Other Revenue	62,505	0.90
Total Revenue	$6,976,817	100.00%

Source: District's Annual Secretary of the Board Report for fiscal year ended June 30, 2019.

Historical. The table below shows the allocation of revenues received by the District for the past five fiscal years:

Source	2015	2016	2017	2018	2019
Local Revenue	$3,248,550	$3,345,814	$3,615,401	$3,667,102	$3,590,276
County Revenue	492,860	517,360	517,675	499,394	473,554
State Revenue	2,301,005	2,234,778	2,235,399	2,257,872	2,364,305
Federal Revenue	734,000	380,784	629,094	492,529	486,177
Other Revenue	--	15,956[(1)]	97,479[(2)]	3,173[(3)]	62,505[(4)]
Total	$6,776,415	$6,494,691	$7,095,048	$6,920,070	$6,976,817

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2015 through 2019.
(1) Includes proceeds from net insurance recovery in the amount of $15,956.
(2) Includes proceeds from the sale of school property in the amount of $94,155 and net insurance recovery of $873.
(3) Includes proceeds from the sale of school property in the amount of $622.
(4) Includes Temporary Direct Deposit Revenues in the amount of $59,989.

Local Revenue

The primary sources of "local revenue" are (1) taxes upon real and personal property within a district, excluding railroad and utility property taxes, which are more fully described below, and (2) receipts from a 1% state sales tax (commonly referred to as **"Proposition C revenues"**) approved by the voters in 1982.

Proposition C revenues are deemed to be "local" revenues for school district accounting purposes. Proposition C revenues are distributed to each school district based on the district's weighted average daily attendance (see **"*Weighted ADA*"** under **"Missouri School Finance Laws"** below). For the 2018-2019 fiscal year, each school district received approximately $1,006 per pupil from Proposition C revenues based upon each district's 2017-2018 Weighted ADA according to the final payment calculation information provided by DESE in their June 2019 School Finance Memo. For the 2019-2020 fiscal year, each school district is expected to receive approximately $1,036 per pupil from Proposition C revenues based upon each district's 2018-2019 Weighted ADA; however, this is a preliminary estimate and subject to change.

County Revenue

For school taxation purposes, all state assessed railroad and utility property within a county is taxed uniformly at a rate determined by averaging the tax rates of all school districts in the county. No determination is made of the assessed value of the railroad and utility property that is physically located within the boundaries of each school district. Such tax collections for each county are distributed to the school districts within that county according to a formula based in part on total student enrollments in each district and in part on the taxes levied by each district. County revenue also includes certain fines and forfeitures collected with respect to violations within the boundaries of the school district.

State Revenue

The primary source of state revenue or **"State Aid"** is provided under a formula enacted under Chapter 163, RSMo. In its 2005 regular session, the Missouri General Assembly approved significant changes to the formula by adoption of Senate Bill 287 (**"SB 287"**), which became effective July 1, 2006. The changes to State Aid distribution laws are more fully described below under **"Missouri School Finance Laws."**

Federal Revenue

School districts receive certain grants and other revenue from the federal government that are required to be used for the specified purposes of the grant or funding program.

The federal "No Child Left Behind" law required that every public school student must score at a "proficient" level or higher in math and reading by 2014. Each state establishes its own proficiency levels. Federal sanctions for school districts that fail to meet established proficiency standards include providing parents and students from underperforming schools within a district the right to request a transfer to a school within the district that meets proficiency standards. In addition, schools that continue to fail to meet proficiency standards must, in addition to transfers and tutoring, make additional changes in staffing, curriculum and management. Federal sanctions apply only to public schools that receive Title I federal money.

In July of 2012, the State earned a waiver from the No Child Left Behind law when the United States Department of Education (the **"DOE"**) approved the State's proposed accountability system aimed at replacing the existing accountability measures of the No Child Left Behind law. This waiver expired August 1, 2016. The State's proposed system, Top 10 by 20, outlines a plan for the State to be in the top 10 states by 2020, with a focus on students becoming college and career ready by graduation.

The federal "Every Student Succeeds Act" (**"ESSA"**) was signed into law on December 10, 2015. ESSA replaces the "No Child Left Behind Act." Each state education agency must develop a state accountability plan (**"ESSA Plan"**) that incorporates testing based on challenging academic standards. The ESSA Plans were required to be submitted to the DOE by either April 3 or September 18, 2017. Under ESSA, states can decide how much weight to give standardized tests in their accountability systems and determine what consequences, if any, should attach to poor performance. However, at least 95 percent of eligible students are required to take the state-chosen standardized test and federal funding can be withheld if states fall below the 95 percent threshold.

The State submitted its plan to the DOE on September 13, 2017 in order to meet the September 18, 2017 deadline. The DOE approved the State's plan on January 16, 2018. Under ESSA, the State will continue to test students through the Missouri Assessment Program.

Missouri School Finance Laws

State Aid. The amount of State Aid for school districts in Missouri has typically been calculated using a complex formula. The impact of SB 287 was to transition the state away from a local-tax-rate-based formula to a formula that is primarily student-needs-based. The formula was phased in over a seven-year period, which began in the 2006-2007 fiscal year and ended with the 2012-2013 school year. Since the 2013-2014 school year, State Aid has been calculated solely using the student-needs-based formula.

Property Tax Levy Requirements. The sum of a district's local property tax levies in its Incidental and Teachers' Funds must be at least $2.75 per $100 assessed valuation in order for the district to receive increases in State Aid above the level of State Aid it received in the 2005-2006 fiscal year. Levy reductions required as a result of a "Hancock rollback" (see **"PROPERTY TAX INFORMATION CONCERNING THE DISTRICT – Tax Rates – *Operating Levy*"** below) will not affect a district's eligibility for State Aid increases.

The Formula. A district's State Aid is determined by first multiplying the district's weighted average daily attendance (**"Weighted ADA"**) by the state adequacy target (**"State Adequacy Target"**). This figure may be adjusted upward by a dollar value modifier (**"DVM"**). The product of the Weighted ADA multiplied by the State Adequacy Target multiplied by the DVM is then reduced by a district's local effort (**"Local Effort"**) to calculate a district's final State Aid amount. The State Aid amount is distributed to the districts on a monthly basis.

Weighted ADA. Weighted ADA is based upon regular term ADA plus summer school ADA, with additional weight assigned in certain circumstances for students who qualify for free and reduced price lunch (**"FRL"**), receive special education services (**"IEP"**), or possess limited English language proficiency (**"LEP"**). These FRL, IEP and LEP students are weighted to the extent they exceed certain thresholds (based on the percentage of students in each of the categories in certain high performing districts (**"Performance Districts"**), which thresholds can change every two years. For fiscal years 2017 and 2018, DESE revised the thresholds downward as required under SB 586, which modified the definition of State Adequacy Target to require that a future recalculation of the State Adequacy Target never result in a decrease from the State Adequacy Target as calculated for fiscal years 2017 and 2018. For fiscal years 2019 and 2020, DESE revised the thresholds downward for FRL and IEP and upward for LEP. Beginning with the 2018-2019 fiscal year, certain school districts who operate early childhood education programs, such as the District, will also be able to claim a portion of their pre-kindergarten FRL students in their calculation of ADA; however, the portion of pre-kindergarten FRL students included in the calculation of ADA cannot exceed 4% of the total number FRL students between the ages of 5 to 18 who are included in the school district's calculation of ADA. The District's State Aid revenues would be adversely affected by decreases in its Weighted ADA resulting from decreased enrollment generally and, specifically, decreased enrollment of FRL, IEP and LEP students.

State Adequacy Target. The State Aid formula requires DESE to calculate a "State Adequacy Target," which is intended to be the minimum amount of funds a school district needs in order to educate each student. DESE's calculation of the State Adequacy Target is based upon amounts spent, excluding federal and state transportation revenues, by Performance Districts. Every two years, using the most current list of Performance Districts, DESE will recalculate the State Adequacy Target. The recalculation can never result in a decrease from the State Adequacy Target as calculated for fiscal years 2017 and 2018 and any State Adequacy Target figure calculated subsequent to fiscal year 2018. For the fiscal year ended June 30, 2019, the State Adequacy Target was $6,308 per pupil. For the fiscal year ending June 30, 2020, the State Adequacy Target was expected to be $6,375 per pupil; however, the State Adequacy Target used to calculate the most recent State Aid payment in October 2019 was reduced to $6,339 per pupil. The State Adequacy Target used to calculate future State Aid in the remaining months of fiscal year ending June 30, 2020, may increase to the expected target $6,375 per pupil

Dollar Value Modifier. The DVM is an index of the relative purchasing power of a dollar in different areas of the state. The DVM is calculated as one plus 15% of the difference of the regional wage ratio (the ratio of the regional wage per job divided by the state median wage per job) minus one. The law provides that the DVM can never be less than 1.000. DESE revises the DVM for each district on an annual basis. The DVM for the District for 2017-2018 was 1.0330. The DVM for the District for 2018-2019 was 1.0330. The DVM for the District for the current 2019-2020 fiscal year will be 1.0330.

Local Effort. For the 2006-2007 fiscal year, the Local Effort figure utilized in a district's State Aid calculation was the amount of locally generated revenue that the district would have received in the 2004-2005 fiscal year if its operating levy was set at $3.43. The $3.43 amount is called the "performance levy." For all years subsequent to the 2006-2007 fiscal year, a district's Local Effort amount has been frozen at the 2006-2007 amount, except for adjustments due to increased locally collected fines or decreased assessed valuation in the district. Growth in assessed valuation and operating levy increases will result in additional local revenue to the district, without affecting State Aid payments.

Categorical-Source Add-Ons. In addition to State Aid distributed pursuant to the formula as described above, the formula provides for the distribution of certain categorical sources of State Aid to school districts. These include (1) 75% of allowable transportation costs, (2) the career ladder entitlement, (3) the vocational education entitlement and (4) educational and screening program entitlements.

Classroom Trust Fund (Gambling Revenue) Distribution. A portion of the State Aid received under the formula will be in the form of a distribution from the **"Classroom Trust Fund,"** a fund in the state treasury containing a portion of the state's gambling revenues. This money is distributed to school districts on the basis of ADA (versus *Weighted* ADA, which applies to the basic formula distribution). The funds deposited into the Classroom Trust Fund are not earmarked for a particular fund or expense and may be spent at the discretion of the local school district except that, beginning with the 2010-11 fiscal year, all proceeds of the Classroom Trust Fund in excess of amounts received in the 2009-10 fiscal year must be placed in the Teachers' or Incidental Funds. For the 2017-2018 fiscal year, each school district received approximately $415 per pupil based on their 2016-2017 ADA. For the 2018-2019 fiscal year, each school district is expected to receive approximately $413 per pupil based on their 2017-2018 ADA according to the final payment calculation information provided by DESE in their June 2019 School Finance Memo. For the current 2019-2020 fiscal year, each school district is expected to receive approximately $412 per pupil based on their 2018-2019 ADA; however, this is a preliminary estimate and subject to change. Classroom Trust Fund dollars do not increase the amount of State Aid.

Mandatory Deposit and Expenditures of Certain Amounts in the Teachers' Fund. The following state and local revenues must be deposited in the Teachers' Fund: (1) 75% of basic formula State Aid, excluding State Aid distributed from the Classroom Trust Fund (gambling revenues); (2) 75% of one-half of the district's local share of Proposition C revenues; (3) 100% of the career ladder state matching payments; and (4) 100% of local revenue from fines and escheats based on violations or abandoned property within the district's boundaries.

In addition to these mandatory deposits, school districts are also required to spend for certificated staff compensation and tuition expenditures each year the amounts described in clauses (1) and (2) of the preceding paragraph. Since the 2007-2008 fiscal year, school districts are further required to spend for certificated staff compensation and tuition expenditures each year, per the second preceding year's Weighted ADA, as much as was spent in the previous year from local and county tax revenues deposited in the Teachers' Fund, plus the amount of any transfers from the Incidental Fund to the Teachers' Fund that are calculated to be local and county tax sources. This amount is to be determined by dividing local and county tax sources in the Incidental Fund by total revenue in the Incidental Fund. Commencing with the 2006-2007 fiscal year, the formula provides that certificated staff compensation now includes the costs of public school retirement and Medicare for those staff members. These items were previously paid from the Incidental Fund.

Failure to satisfy the deposit and expenditure requirements applicable to the Teachers' Fund will result in a deduction of the amount of the expenditure shortfall from a district's basic formula State Aid for the following year, unless the district receives an exemption from the State Board of Education.

A school board may transfer any portion of the unrestricted balance remaining in the Incidental Fund to the Teachers' Fund. Any district that uses a transfer from the Incidental Fund to pay for more than 25% of the annual certificated compensation obligation of the district, and has an Incidental Fund balance on June 30 in any year in excess of 50% of the combined Incidental and Teachers' Fund expenditures for the fiscal year just ended, will be required to transfer the excess from the Incidental Fund to the Teachers' Fund.

Limited Sources of Funds for Capital Expenditures. School districts may only pay for capital outlays from the Capital Projects Fund. Sources of revenues in the Capital Projects Fund are limited to: (i) proceeds of general obligation bonds such as the Bonds (which are repaid from a Debt Service Fund levy) and lease financings; (ii) revenue from the school district's local property tax levy for the Capital Projects Fund; (iii) certain permitted transfers from the Incidental Fund; and (iv) a portion of the funds distributed to school districts from the Classroom Trust Fund.

Capital Projects Fund Levy. Prior to setting tax rates for the Teachers' and Incidental Funds, each school district must annually set the tax rate for the Capital Projects Fund as necessary to meet the expenditures of the Capital Projects Fund for capital outlays, except that the tax rate set for the Capital Projects Fund may not be in an amount that would result in the reduction of the equalized combined tax rates for the Teachers' and Incidental Funds to an amount below $2.75. The District does not currently levy a property tax for its Capital Projects Fund.

Transfers from the Incidental Fund to the Capital Projects Fund. In addition to money generated from the Capital Projects Fund levy, each school district may transfer money from the Incidental Fund to the Capital Projects Fund for certain purposes, including: (1) the amount to be expended for transportation equipment that is considered an allowable cost under the state board of education rules for transportation reimbursements during the current year; (2) the amount necessary to satisfy obligations of the Capital Projects Fund for state-approved area vocational-technical schools; (3) current year obligations for lease-purchase obligations entered into prior to January 1, 1997; (4) the amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district, provided that the contract specified that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized; and (5) to satisfy current year capital project expenditures, an amount not to exceed the greater of (a) $162,326 or (b) seven percent (7%) of the State Adequacy Target (see ***"State Adequacy Target"*** above) times a school district's Weighted ADA. The District transferred $100,000 from the Incidental Fund to the Capital Projects Fund under this provision during the 2018-2019 fiscal year.

Transfers from Incidental Fund to Debt Service Fund and/or Capital Projects Fund. If a school district is not using the seven percent (7%) or the $162,326 transfer discussed in parts (5)(a) and (5)(b) of the prior paragraph and is not making payments on lease purchases pursuant to Section 177.088, RSMo, then the school district may transfer from the Incidental Fund to the Debt Service and/or the Capital Projects Fund the greater of (1) the State Aid received in the 2005-2006 school year as a result of no more than eighteen (18) cents of the sum of the Debt Service Fund levy and Capital Projects Fund levy used in the foundation formula and placed in the Capital Projects Fund or Debt Service Fund, or (2) Five percent (5%) of the State Adequacy Target (see ***"State Adequacy Target"*** above) times the district's Weighted ADA. Because the District made a transfer under the provision discussed in the prior paragraph, the District was not eligible to make a transfer under this provision during the 2018-2019 fiscal year.

Fund Balances Summary

The following Summary Statement of Revenues, Expenditures and Changes in Fund Balances was prepared from the District's audited financial statements for the fiscal years ended June 30, 2015 through 2019. The statement set forth below should be read in conjunction with the other financial statements and notes set forth in ***Appendix B*** of this Official Statement and the financial statements on file at the District's office.

Summary Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds

	Fiscal Years Ended June 30				
	Audited 2015	*Audited* 2016	*Audited* 2017	*Audited* 2018	*Audited* 2019
General (Incidental) Fund					
Balance—Beginning of Year	$2,004,052	$2,282,555[2]	$2,313,414	$2,411,067	$2,686,472
Revenues	3,397,355	2,954,892	3,208,511	3,107,242	3,064,941
Expenditures	2,513,715	2,405,524	2,405,178	2,477,557	2,510,115
Transfers In (Out)	(605,005)	(518,509)	(705,680)	(354,280)	(697,085)
Balance—End of Year	$2,282,687	$2,313,414	$2,411,067	$2,686,472	$2,544,213
Special Revenue (Teachers') Fund					
Balance—Beginning of Year	$ 4,525	$ -	$ -	$ -	$ -
Revenues	2,450,630	2,546,760	2,572,711	2,860,373	2,879,176
Expenditures	2,946,785	3,065,269	3,137,272	3,149,653	3,419,732
Transfers In (Out)	491,630	518,509	564,561	289,280	597,085
Balance—End of Year	$ -	$ -	$ -	$ -	$ 56,529
Debt Service Fund					
Balance—Beginning of Year	$ 346,118	$ 553,110[2]	$ 671,739	$794,951	$ 978,724
Revenues	717,923	707,935	732,038	767,757	786,938
Expenditures	511,063	589,306	608,826	583,984	410,438
Balance—End of Year	$ 522,978	$ 671,739	$ 794,951	$978,724	$1,355,224
Capital Projects Fund					
Balance—Beginning of Year	$8,190,673[1]	$7,043,735	$ 542,853	$ 59,319	$ 7,921
Revenues	210,507	285,104	581,786	184,697	176,873
Expenditures	1,470,820	6,785,986	1,206,439	301,095	149,883
Transfers In (Out)	113,375	-	141,119	65,000	100,000
Balance—End of Year	$7,043,735	$ 542,853	$ 59,319	$ 7,921	$ 134,911
Total Governmental Funds					
Balance—Beginning of Year	$10,545,368	$9,879,400	$3,528,006	$3,265,337	$3,673,117
Revenues	6,776,415	6,494,691	7,963,826	6,920,069	6,907,928
Expenditures	7,442,383	12,846,085	7,357,715	6,512,289	6,490,168
Balance—End of Year	$ 9,879,400	$3,528,006	$3,265,337	$3,673,117	$4,090,877

Source: District's audited financial statements for fiscal years ended June 30, 2015 through 2019.
(1) Includes proceeds of the Series 2014 Bonds in the principal amount of $7,340,000 issued on June 24, 2014.
(2) As restated.

Risk Management

Generally. The District is exposed to various risks of loss from, among things, tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains several policies of insurance, providing coverage that includes casualties to the District's facilities and general liability insurance, which policies are subject to certain deductible clauses. There has been no significant reduction in insurance coverage from the previous year.

MUSIC. The District is a member of the Missouri United School Insurance Council (MUSIC), a protected, self-insurance program of approximately 467 Missouri public school districts and junior college districts. The District does not pay premiums to purchase insurance policies, but it does pay an annual assessment to be a member of MUSIC. Part of the annual assessment is used to purchase excess insurance for the group as a whole. For additional information specific to the District's participation in MUSIC, see Note 12 to the District's financial statements included in ***Appendix B*** to this Official Statement.

Pension and Employee Retirement Plans

The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (i) The Public School Retirement System of Missouri (**"PSRS"**), which provides retirement, disability and death benefits to full-time (and certain part-time) certificated employees of school districts and certain other educational entities in Missouri and employees of certain related employers; and (ii) The Public Education Employee Retirement System of Missouri (**"PEERS"**), which provides retirement and disability benefits to employees of school districts and certain other educational entities in Missouri and of certain related employers who work 20 or more hours per week and do not contribute to PSRS. Benefit provisions relating to both PSRS and PEERS are set forth in Chapter 169 of the Revised Statutes of Missouri, as amended. The statutes assign responsibility for the administration of both plans to a seven member Board of Trustees of PSRS (the **"PSRS Board"**). PSRS and PEERS had 533 and 530 contributing employers, respectively, during the fiscal year ended June 30, 2018.

PSRS and PEERS issue a publicly available financial report that includes financial statements and required supplementary information. The PSRS/PEERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 (the **"2018 PSRS/PEERS CAFR"**), the comprehensive financial report for the plans, is available at www.psrs-peers.org/Investments/Annual-Report. The link to the 2018 PSRS/PEERS CAFR is provided for general background information only, and the information in the 2018 PSRS/PEERS CAFR is not incorporated by reference herein. The 2018 PSRS/PEERS CAFR provides detailed information about PSRS and PEERS, including their respective financial positions, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plans.

PSRS and PEERS Contributions. Employees who contribute to PSRS are not eligible to make Social Security contributions, except in limited circumstances. For the fiscal year ended June 30, 2018, PSRS contributing employees were required to contribute 14.5% of their annual covered salary and their employers, including the District, were required to contribute a matching amount of 14.5% of each contributing employee's covered salary. The contribution requirements of members and the District are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 1.0% in aggregate of PSRS contributing member covered pay of the previous year.

Employees who contribute to PEERS are eligible to make Social Security contributions. For the fiscal year ended June 30, 2018, PEERS contributing employees were required to contribute 6.86% of their annual covered salary and their employers, including the District, were required to contribute a matching amount of 6.86% of each contributing employee's covered salary. The contribution requirements of members and the District are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 0.5% in aggregate of PEERS contributing member covered pay of the previous year.

PSRS and PEERS Funded Status. PSRS and PEERS reported funded ratios of 84.0% and 86.1%, respectively, as of June 30, 2018, according to the 2018 PSRS/PEERS CAFR. Funded ratios are intended to estimate the ability of current plan assets to satisfy projected future liabilities. The PSRS and PEERS funded ratios are determined by dividing the smoothed actuarial value of plan assets by the plan's actuarial accrued liability determined under the entry age normal cost method with normal costs calculated as a level percentage of payrolls, along with certain actuarial assumptions based on an experience study conducted in 2016. PSRS and PEERS amortize unfunded actuarial liabilities using a closed 30-year method. Additional assumptions and methods used to determine the actuarial funded status of PSRS and PEERS are set forth in the Actuarial Section of the 2018 PSRS/PEERS CAFR. The funding objective of each plan, as stated in each plan's Actuarial Funding Policy, is to achieve a funded ratio of 100% over a closed 30-year period.

The following provides a historical comparison of actual employer contributions to actuarially determined contributions and the historical funded status for the plans for the years shown:

Schedule of Employer Contributions

	PSRS			PEERS		
Year Ended June 30,	**Actuarially Determined Contribution**	**Actual Employer Contributions**	**Contribution Excess/ (Deficiency)***	**Actuarially Determined Contribution**	**Actual Employer Contributions**	**Contribution Excess/ (Deficiency)***
2018	$533,062,186	$696,970,397	$163,908,211	$97,653,104	$115,103,143	$17,450,039
2017	642,821,624	684,857,718	42,036,094	108,807,233	111,239,585	2,432,352
2016	643,155,536	669,953,683	26,798,147	104,011,593	106,654,638	2,643,045
2015	666,438,984	656,924,899	(9,514,085)	105,739,092	103,624,310	(2,114,782)
2014	608,459,393	643,989,869	35,530,476	98,497,846	100,699,735	2,201,889

Source: "Schedules of Employer Contributions" in the Financial Section of the 2018 PSRS/PEERS CAFR.
* The annual statutory increase in the total contribution rate may not exceed 1% of pay for PSRS and 0.5% of pay for PEERS. The limitation on contribution increases resulted in a deficiency for some of the years presented. Contributions were funded to the maximum statutory limit each year.

Schedule of Funding Progress
(Dollar amounts in thousands)

	PSRS			PEERS		
Year Ended June 30,	**Actuarial Value of Assets**	**Actuarial Accrued Liability**	**Funded Ratio**	**Actuarial Value of Assets**	**Actuarial Accrued Liability**	**Funded Ratio**
2018	$39,211,452	$46,702,002	84.0%	$4,774,781	$5,542,478	86.1%
2017	37,373,740	44,501,771	84.0	4,470,270	5,209,369	85.8
2016	35,419,278	41,744,619	84.8	4,157,427	4,809,666	86.4
2015	34,073,415	40,610,540	83.9	3,915,199	4,512,317	86.8
2014	31,846,599	38,483,184	82.8	3,584,719	4,211,489	85.1

Source: "Schedule of Funding Progress" in the Actuarial Section of the 2018 PSRS/PEERS CAFR.

As stated in the District's audited financial statements and the GASB 68 footnote disclosure prepared by PSRS and PEERS and provided to the District, the District's contributions to PSRS and PEERS for the years shown were as follows:

District Contributions to PSRS and PEERS

	PSRS		PEERS	
Year Ended June 30,	**Annual Contribution***	**Contribution (% of Payroll)**	**Annual Contribution***	**Contribution (% of Payroll)**
2019	$414,090	14.5%	$55,002	6.86%
2018	384,640	14.5	51,134	6.86
2017	380,518	14.5	48,298	6.86
2016	367,397	14.5	48,740	6.86
2015	355,426	14.5	52,682	6.86
2014	330,154	14.5	48,039	6.86

Source: Audited financial statements of the District; Financial Statement Information Related to the Public School and Education Employee Retirement Systems of Missouri, prepared by PSRS and PEERS in about June 2018 for the District (Unaudited).

* The annual contributions equaled the amounts required by the PSRS Board for each year.

The District's contribution to PSRS and PEERS during the fiscal year ended June 30, 2019 constituted approximately 7.23% of the District's total expenditures during the fiscal year. The District will be required to contribute 14.5% of covered payroll for PSRS contributing employees and 6.86% of covered payroll for PEERS contributing employees during the fiscal years ending June 30, 2020 and June 30, 2021, equal to the contribution percentages for the fiscal year ended June 30, 2019.

Estimated Proportionate Share of PSRS/PEERS Liability. The District has not implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, because the District's financial statements are prepared on a cash basis of accounting, which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. PSRS and PEERS, however, have implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. Accordingly, PSRS and PEERS are required annually to provide each contributing Missouri school district reports estimating each district's proportionate share of the net pension liability of PSRS and PEERS as of the end of the prior fiscal year. The estimate is computed for each district by multiplying the net pension liability of a plan (calculated by determining the difference between the plan's total pension liability and fiduciary net position) by a percentage reflecting the district's proportionate share of contributions to the plan during the fiscal year (calculated by dividing the District's actual contributions by the actual contributions of all participating employers for PSRS and PEERS, respectively, for the fiscal year ended June 30, 2019). At June 30, 2019 (measured as of June 30, 2018), the District's proportionate share of the net pension liability of PSRS and PEERS was $4,100,794 and $346,175, respectively, as determined by PSRS and PEERS on an accrual basis of accounting. At June 30, 2018, the District's contribution to PSRS and PEERS represented 0.0551% and 0.0448%, respectively, of the overall contributions to PSRS and PEERS during the fiscal year. In addition, for the year ended June 30, 2019, the District recognized pension expense of $519,279 for PSRS and $65,718 for PEERS, its proportionate share of the total pension expense. Detailed information about the calculation of the net pension liability of the plans, including information about the assumptions used, is available in Note 5 of the 2018 PSRS/PEERS CAFR.

The net pension liability of PSRS and PEERS is based on a 7.5% discount rate, which was also the assumed investment rate of return for the plans effective for the fiscal year ended June 30, 2019. PSRS and PEERS further advised the District that its proportionate share of the net pension liability using a 1% higher or lower discount rate at June 30, 2019 (measured as of June 30, 2018) would be as follows:

Proportionate Share of Net Pension Liability Sensitivity

	1.0% Decrease (6.5%)	**Current Discount Rate (7.5%)**	**1.0% Increase (8.5%)**
District's proportionate share of PSRS net pension liability	$7,350,979	$4,100,794	$1,399,550
District's proportionate share of PEERS net pension liability / (asset)	$651,887	$346,175	$89,776

For the fiscal year ended June 30, 2017, the PSRS Board revised the actuarial assumed rate of return from 8.00% to 7.75% along with several other revisions and changes in assumptions made by the PSRS Board in light of the actuarial experience studies and asset-liability study conducted in fiscal year 2016. For the fiscal year ended June 30, 2018, the PSRS Board revised the actuarial assumed rate of return from 7.75% to 7.60% and increased the assumption for cost-of-living adjustments for the June 30, 2017 valuations, which were relevant for the fiscal year ended June 30, 2018. For the fiscal year ended June 30, 2019, the PSRS Board revised the actuarial assumed rate of return from 7.60% to 7.50% for the June 30, 2018 valuations, which was relevant for the fiscal year ended June 30, 2019.

For additional information regarding the District's pensions and employee retirement plans, see Note 9 to the District's financial statements included in ***Appendix B*** to this Official Statement. For additional information regarding PSRS and PEERS, see the 2018 PSRS/PEERS CAFR.

Other Postemployment Benefits

In addition to pensions, many state and local governments, including the District, provide other postemployment benefits ("OPEB") as part of the total compensation offered to attract and retain the services of qualified employees. For information specific to the District's OPEB obligations, including the District's past contributions relative to its required contributions, its assumptions as to future healthcare and other costs and its unfunded actuarial accrued liability, see Note 13 to the District's financial statements included in ***Appendix B*** to this Official Statement.

PROPERTY TAX INFORMATION CONCERNING THE DISTRICT

Property Valuations

Assessment Procedure. All taxable real and personal property within the District is assessed annually by the County Assessor. Missouri law requires that personal property be assessed at various levels up to 33-1/3% of true value and that real property be assessed at the following percentages of true value:

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

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

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

Current Assessed Valuation. The following table shows the total locally assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District) according to the assessment for calendar year 2019 for property owned as of January 1, 2019, after Board of Equalization adjustments.

Type of Property	Total Assessed Valuation	Assessment Rate	Estimated Actual Valuation	% of Est. Actual Valuation
Real:				
Residential	$33,537,620	19.00%	$176,513,789	59.50%
Agricultural	3,527,480	12.00%	29,395,667	9.91%
Commercial[1]	11,711,490	32.00%	36,598,406	12.34%
Total Real	$48,776,590		$242,507,862	81.75%
Personal[1]	18,051,051	33.33%[2]	54,158,569	18.25%
Total Real & Personal	$66,827,641		$296,666,431	100.00%

Source: County Clerks of Osage and Gasconade Counties.
(1) Includes locally assessed railroad and utility property.
(2) 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 Valuations. The total assessed valuation of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District) according to the assessments of January 1, as adjusted through December 31 (except for 2019 calendar year), in each of the following years has been as follows:

Calendar Year	Assessed Valuation	% Change
2019	$66,827,641	2.46%
2018	65,225,843	2.71
2017	63,506,937	2.79
2016	61,783,102	2.42
2015	60,322,859	2.38

Source: For calendar years 2014 through 2018, Annual Report of the County Clerks of Osage County and Gasconade County provided to DESE; for the current calendar year 2019, Notice of Assessed Valuation provided by County Clerk of Osage County and Gasconade County, after Board of Equalization adjustments.

Property Tax Levies and Collections

Generally. Property taxes are levied and collected for the District by the County, for which the County receives a collection fee of the gross tax collections made.

The District 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 District's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. As required under SB 711 (discussed below), the District must informally project nonbinding tax levies for the year and return such projected tax levies to the County Clerk in April. The District must fix its ad valorem property tax rates and certify them to the County Clerk no later than September 1st for entry in the tax books. Taxes are levied at the District's tax rate per $100 of assessed valuation. The Missouri State Auditor is responsible for reviewing the rate of tax to ensure that it does not exceed constitutional rate limits.

Real property within the District is assessed by the County Assessor. The County Assessor is responsible for preparing the tax rolls each year and for submitting tax rolls to the Board of Equalization of the County. The Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. After local appeal procedures have been completed, the books are finalized and sent to the County Collector. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December.

District's Rights in Event of Tax Delinquency. Taxes are due by December 31st 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 18% of each year's delinquency. Taxes on real estate become delinquent on January 1 and the County Collector is required to enforce the State's lien by offering the property for sale in August. If the offering does not produce a bid equal to the delinquent taxes plus interest, penalty, and costs, the property is offered for sale again the following year. If the second offering also does not produce a bid adequate to cover the amount due, the property is sold the following year to the highest bidder. Tax sales at the first or second offerings are subject to the owner's redemption rights. Delinquent personal property taxes constitute a debt of the person assessed with the taxes, and a personal judgment can be rendered for such taxes against the debtor. Personal property taxes become delinquent on January 1. Collection suits may be commenced on or after February 1 and must be commenced within three years

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

Tax Abatement and Tax Increment Financing

Under state law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be "blighted." The Land Clearance for Redevelopment Authority Law authorizes ten-year tax abatement pursuant to Sections 99.700 to 99.715, RSMo. In lieu of ten-year tax abatement, a redeveloper that is an urban redevelopment corporation formed pursuant to Chapter 353, RSMo, may seek real property tax abatement for a total period of 25 years. In addition, Chapter 100, RSMo and Article VI Section 27(b) of the Missouri Constitution authorize real and personal property tax abatement for corporations for certain projects. While currently there are no such tax abatement projects located within the District, this could change in the future.

In addition, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city or county to be a "blighted area," "conservation area," or "economic development area," each as defined in such statute.

While currently no portions of the District are located in tax increment financing districts, this could change in the future. Tax increment financing does not diminish the amount of property tax revenues collected by the District in an affected area compared to prior to the establishment of a TIF Redevelopment Area, but instead acts to freeze such revenues at current levels and deprives the District and other taxing districts of all or part of future increases in ad valorem real property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas (the **"TIF Increment"**). The TIF Increment is captured by the TIF Redevelopment Areas until the tax increment financing obligations issued are repaid or the tax increment financing period terminates.

Tax Rates

Debt Service Levy. The District's debt service levy for the current fiscal year ending June, 30, 2020, is $1.050 per $100 of assessed valuation. Once indebtedness has been approved by the requisite number of voters voting therefor and bonds are issued, the District 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 Board of Education 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 operating tax levy of a school district (consisting of all ad valorem taxes levied except the debt service 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 that, when charged against the district's assessed valuation 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 the lesser of actual assessment growth, 5% or the Consumer Price Index. 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 (as adjusted pursuant to the provisions of the Hancock Amendment, more fully explained below).

Under Article X, Section 11(b) of the Missouri Constitution, a school district may increase its operating levy up to $2.75 per $100 assessed valuation without voter approval. Any increase above $2.75, however, must be approved by a majority of the voters voting on the proposition. Further, pursuant to Article X, Section 11(c) of the Missouri Constitution, any increase above $6.00 must be approved by two-thirds of the voters voting on the proposition. 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 (as adjusted pursuant to the provisions of the Hancock Amendment and SB 711, more fully explained below). The tax levy for debt service on a school district's general obligation bonds is exempt from these limitations upon the tax rate ceiling.

Article X, Section 22(a) of the Missouri Constitution (commonly known as the **"Hancock Amendment"**), approved in 1980, places limitations on total state revenues and the levying or increasing of taxes without voter approval. The Missouri Supreme Court has interpreted the definition of "total state revenues" to exclude voter-approved tax increases. The Hancock Amendment also includes provisions for rolling back tax rates. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the Consumer Price Index from the previous year (or 5%, if greater), the maximum authorized current levy must be reduced to yield the same gross revenue from existing property, adjusted for changes in the Consumer Price Index, as could have been collected at the existing authorized levy on the prior assessed value. This reduction is often referred to as a **"Hancock rollback."** The limitation on local governmental units does not apply to taxes levied in the Debt Service Fund for the payment of principal and interest on general obligation bonds.

In 2008, through the enactment of Senate Bill 711 (**"SB 711"**), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a district's *actual* operating tax levy if its current tax levy was less than its current tax levy *ceiling*, due to the district's voluntary rollback from the maximum authorized tax levy. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a district's *actual* operating tax levy, regardless of whether that levy is at the district's tax levy *ceiling*. This further reduction is sometimes referred to as an **"SB 711 rollback."** In non-reassessment years (even-numbered years), the operating levy may be increased to the district'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.

Under the provisions of an initiative petition adopted by the voters of Missouri on November 2, 1982, commonly known as **"Proposition C,"** revenues generated by a 1% state sales tax are credited to a special trust fund for school districts and are deemed to be "local" revenues for school district accounting purposes. Proposition C revenues are distributed to each school district within the State on the basis of eligible pupils. Under Proposition C, after determining its budget and the levy rate needed to produce required revenues to fund the budget, a school district must reduce the operating levy by an amount sufficient to decrease the revenues it would have received therefrom by an amount equal to 50% of the revenues received through Proposition C during the prior year. School districts may submit propositions to voters to forgo all or a part of the reduction in the operating levy that would otherwise be required under terms of Proposition C. The District's voters previously approved a proposition to forgo all of the reduction in the operating levy which would otherwise be required under terms of Proposition C which allows the District to levy up to its tax rate ceiling.

For the current fiscal year ending June 30, 2020, the District's operating levy (all funds except the debt service fund levy) is $2.750 per $100 of assessed valuation.

The tax levy for debt service on the District's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling.

History of Tax Levies

The following table shows the District's tax levies (per $100 of assessed valuation) for the current fiscal year ending June 30, 2020, and each of the following prior years:

Fiscal Year Ended June 30	General Incidental Fund	Special Revenue Teachers' Fund	Debt Service Fund	Capital Projects Fund	Total Levy
2020	$2.7500	-	$1.0500	-	$3.8000
2019	2.7500	-	1.0500	-	3.8000
2018	2.7500	-	1.0500	-	3.8000
2017	2.7500	-	1.0500	-	3.8000
2016	2.7500	-	1.0500	-	3.8000
2015	2.7500	-	1.0500	-	3.8000

Source: For fiscal year 2019, State Auditor's Property Tax Rates; for fiscal years 2014 through 2018, District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2014 through 2018.

Tax Collection Record

Total Taxes Levied are based on assessed valuation as of December 31 of each year. Taxes are levied based on the assessed valuation following Board of Equalization review, which typically occurs in August. As a result of resolution of tax cases, the addition of undeclared personal property and other changes in assessment following Board of Equalization review, tax bills may be changed following the original levy and some taxpayers may be obligated to pay additional taxes or pay less taxes. The following table sets forth tax collection information for the District in each of the following years:

Fiscal Year Ended June 30	Total Levy (per $100 of Assessed Value)	Assessed Valuation[(1)]	Total Taxes Levied[(2)]	Current Taxes Collected		Current and Delinquent Taxes Collected[(3)]	
				Amount	%	Amount	%
2019	$3.8000	$65,225,843	$2,478,582	$2,336,437	94.27%	$2,428,992	98.00%
2018	3.8000	63,506,937	2,413,264	2,262,735	93.76	2,380,823	98.66
2017	3.8000	61,783,102	2,347,758	2,203,157	93.84	2,291,327	97.60
2016	3.8000	60,322,859	2,292,269	2,169,419	94.64	2,276,369	99.31
2015	3.8000	59,839,189	2,273,889	2,102,193	92.45	2,271,724	99.90

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2015 through 2019.

(1) The assessed valuation used is the assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown. The assessed valuation excludes state assessed railroad and utility property.

(2) Total Taxes Levied is calculated by dividing Assessed Valuation by 100 and multiplying by the Total Levy. Excludes taxes against state-assessed railroads and utilities.

(3) Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of Current and Delinquent Taxes Collected to exceed 100%.

Major Property Taxpayers

The following table sets forth a list of the largest real and personal property taxpayers in the District based on the valuation of property owned as of Jaanuary 1, 2019, which is subject to adjustment through December 31, 2019. The District has not independently verified the accuracy or completeness of such information.

Owner	Type of Use	Assessed Valuation	Percentage of District's Total 2019 Assessed Valuation
1. Three Rivers Electric Coop	Utility Cooperative	$1,913,670	2.86%
2. LSC Communications US, LLC	Printing Services	1,543,620	2.31
3. Osage Industries, Inc.	Ambulance Fabrication	759,800	1.14
4. Central Electric Power Coop	Utility Cooperative	682,210	1.02
5. BMJC Trust, LLC	Real Estate Holding Company	552,870	0.83
6. General Baptist Nursing	Health Care	485,600	0.73
7. Band Properties, LLC	Real Estate	445,550	0.67
8. Vonknoll, L.L.C.	Apartment Complex	431,470	0.65
9. Trenshaw Rentals, L.L.C.	Rental Properties	412,860	0.62
10. Campbell Rental Properties, LLC	Rental Properties	348,100	0.52
Total		$7,575,750	11.34%

Source: Osage County Assessor's Office.

* * *

APPENDIX B

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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REPORT OF

OSAGE COUNTY NO. 2
SCHOOL DISTRICT
LINN, MISSOURI

JUNE 30, 2019

OSAGE COUNTY NO. 2 SCHOOL DISTRICT

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OSAGE COUNTY NO. 2 SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Osage County No. 2 School District
Linn, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Osage County No. 2 School District, Linn, Missouri (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District, as of June 30, 2019, and the respective changes in modified cash basis financial position and the respective budgetary comparisons for the General and Special Revenue Funds for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The capital projects budgetary comparison, debt service budgetary comparison, schedule of revenues collected by source, schedule of expenditures paid by object, schedule of selected statistics and schedule of transportation costs eligible for state aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The debt service budgetary schedule, capital projects budgetary schedule, schedule of revenues collected by source and schedule of expenditures paid by object are the responsibility of management and were derived from and relate 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 debt service budgetary schedule, capital projects budgetary schedule, schedule of revenues collected by source and schedule of expenditures paid by object are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of selected statistics and schedule of transportation costs eligible for state aid 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 December 12, 2019, on our consideration of the District'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 District's internal control over financial reporting and compliance.

Gerding, Korte & Chitwood

December 12, 2019

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
STATEMENT OF NET POSITION ARISING FROM
MODIFIED CASH TRANSACTIONS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

ASSETS:		
Cash and investments	$	4,090,877
Total Assets		4,090,877
NET POSITION:		
Restricted for:		
Debt service		1,355,224
Unrestricted		2,735,653
Total Net Position	$	4,090,877

See Notes to Financial Statements

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
STATEMENT OF ACTIVITIES ARISING FROM MODIFIED CASH TRANSACTIONS
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2019

		Program Receipts			
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expenses and Changes in Net Position
Regular instruction	$ 2,120,856	$ 2,516	$ 305,409	$ -	$ (1,812,931)
Special instruction	670,694	-	349,987	-	(320,707)
Vocational instruction	245,594	-	-	-	(245,594)
Student activities	314,797	227,382	-	-	(87,415)
Tuition paid to other districts	13,401	-	-	-	(13,401)
Student support services	290,847	-	7,116	-	(283,731)
Instructional support services	237,930	-	18,420	-	(219,510)
Board of Education services	27,902	-	-	-	(27,902)
Executive administration	384,221	-	-	-	(384,221)
Building level administration	343,084	-	-	-	(343,084)
Operation of plant	602,311	-	-	-	(602,311)
Pupil transportation	416,540	-	88,673	-	(327,867)
Food services	290,798	111,859	227,639	-	48,700
Community services	23,692	-	13,704	-	(9,988)
Facilities acquisition and construction	52,483	-	-	-	(52,483)
Principal retirement	223,732	-	-	-	(223,732)
Interest and fees	231,286	-	-	-	(231,286)
Total	$ 6,490,168	$ 341,757	$ 1,010,948	$ -	$ (5,137,463)

General Revenues	
Taxes	
Property taxes levied for general purposes	1,765,571
Property taxes levied for debt services	663,421
Proposition C sales tax	652,637
Financial institution tax/in lieu of tax/M&M surtax	43,192
State assessed railroad and utility	461,893
Non-Restricted Intergovernmental Revenues	
County-Fines	11,661
State-Basic formula	1,839,532
Interest and investment earnings	105,201
Miscellaneous-Local	12,115
Subtotal General Revenues	5,555,223
Increase (Decrease) in Net Position	417,760
Net Position, June 30, 2018	3,673,117
Net Position, June 30, 2019	$ 4,090,877

See Notes to Financial Statements

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM MODIFIED CASH TRANSACTIONS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2019

	Governmental Fund Types				
	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:					
Cash and investments	$ 2,544,213	$ 56,529	$ 1,355,224	$ 134,911	$ 4,090,877
TOTAL ASSETS	$ 2,544,213	$ 56,529	$ 1,355,224	$ 134,911	$ 4,090,877
FUND BALANCES:					
Restricted for debt service	$ -	$ -	$ 1,355,224	$ -	$ 1,355,224
Assigned for capital projects	-	-	-	134,911	134,911
Assigned for special revenue	-	56,529	-	-	56,529
Unassigned	2,544,213	-	-	-	2,544,213
TOTAL FUND BALANCES	$ 2,544,213	$ 56,529	$ 1,355,224	$ 134,911	$ 4,090,877

RECONCILIATION OF THE STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM MODIFIED CASH TRANSACTIONS TO STATEMENT OF NET POSITION ARISING FROM MODIFIED CASH TRANSACTIONS

Total Fund Balance - Governmental Funds	$ 4,090,877
There are no reconciling items.	-
Net position of governmental activities	$ 4,090,877

See Notes to Financial Statements

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES
ARISING FROM MODIFIED CASH TRANSACTIONS - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2019

	Governmental Fund Types				
	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES COLLECTED:					
Local	$ 2,167,668	$ 656,995	$ 688,738	$ 67,974	$ 3,581,375
County	363,693	11,661	98,200	-	473,554
State	229,837	2,025,569	-	108,899	2,364,305
Federal	303,743	182,435	-	-	486,178
Other	-	2,516	-	-	2,516
Total Revenues Collected	3,064,941	2,879,176	786,938	176,873	6,907,928
EXPENDITURES PAID:					
Regular instruction	209,694	1,908,383	-	2,779	2,120,856
Special instruction	212,544	457,569	-	581	670,694
Vocational instruction	13,157	226,241	-	6,196	245,594
Student activities	246,689	65,554	-	2,554	314,797
Tuition paid to other districts	4,170	9,231	-	-	13,401
Student support services	109,197	181,650	-	-	290,847
Instructional support services	98,867	113,618	-	25,445	237,930
Board of Education services	27,902	-	-	-	27,902
Executive administration	196,690	186,655	-	876	384,221
Building level administration	73,734	260,386	-	8,964	343,084
Operation of plant	602,311	-	-	-	602,311
Pupil transportation	413,052	3,488	-	-	416,540
Food services	285,373	-	-	5,425	290,798
Community services	16,735	6,957	-	-	23,692
Facilities acquisition and construction	-	-	-	52,483	52,483
Principal retirement	-	-	185,000	38,732	223,732
Interest and fees	-	-	225,438	5,848	231,286
Total Expenditures Paid	2,510,115	3,419,732	410,438	149,883	6,490,168
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID	554,826	(540,556)	376,500	26,990	417,760
OTHER FINANCING SOURCES/(USES):					
Transfers	(697,085)	597,085	-	100,000	-
Total Other Financing Sources/(Uses)	(697,085)	597,085	-	100,000	-
EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES	(142,259)	56,529	376,500	126,990	$ 417,760
FUND BALANCES, BEGINNING OF YEAR	2,686,472	-	978,724	7,921	
FUND BALANCES, END OF YEAR	$ 2,544,213	$ 56,529	$ 1,355,224	$ 134,911	

See Notes to Financial Statements

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCES ARISING FROM
MODIFIED CASH TRANSACTIONS - ALL GOVERNMENTAL FUND TYPES
TO THE STATEMENT OF ACTIVITIES ARISING FROM MODIFIED CASH TRANSACTIONS
YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	$ 417,760
There were no reconciling items.	-
Change in Net Position of Governmental Activities	$ 417,760

See Notes to Financial Statements

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
GENERAL (INCIDENTAL) FUND
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN
FUND BALANCE ARISING FROM MODIFIED CASH TRANSACTIONS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019

	Budget Original	Budget Final	Actual	Variance With Final Budget
REVENUES COLLECTED:				
Local	$ 1,922,185	$ 2,167,668	$ 2,167,668	$ -
County	372,000	363,693	363,693	-
State	166,345	229,837	229,837	-
Federal	245,070	303,743	303,743	-
Total Revenues Collected	2,705,600	3,064,941	3,064,941	-
EXPENDITURES PAID:				
Regular instruction	208,864	209,694	209,694	-
Special instruction	285,396	212,544	212,544	-
Vocational instruction	12,318	13,157	13,157	-
Student activities	86,040	246,689	246,689	-
Tuition paid to other districts	-	4,170	4,170	-
Student support services	90,983	109,197	109,197	-
Instructional support services	130,772	98,867	98,867	-
Board of Education services	41,438	27,902	27,902	-
Executive administration	141,764	196,690	196,690	-
Building level administration	76,014	73,734	73,734	-
Operation of plant	667,342	602,311	602,311	-
Pupil transportation	481,938	413,052	413,052	-
Food services	260,008	285,373	285,373	-
Community services	7,232	16,735	16,735	-
Total Expenditures Paid	2,490,109	2,510,115	2,510,115	-
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID	215,491	554,826	554,826	-
OTHER FINANCING SOURCES/(USES):				
Transfers	(327,529)	(697,085)	(697,085)	-
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID AND OTHER FINANCING USES	(112,038)	(142,259)	(142,259)	$ -
FUND BALANCE, BEGINNING OF YEAR	2,686,472	2,686,472	2,686,472	
FUND BALANCE, END OF YEAR	$ 2,574,434	$ 2,544,213	$ 2,544,213	

See Notes to Financial Statements

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SPECIAL REVENUE (TEACHERS') FUND
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN
FUND BALANCE ARISING FROM MODIFIED CASH TRANSACTIONS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES COLLECTED:				
Local	$ 670,746	$ 656,995	$ 656,995	$ -
County	17,200	11,661	11,661	-
State	2,164,710	2,025,569	2,025,569	-
Federal	179,004	182,435	182,435	-
Other	-	2,516	2,516	-
Total Revenues Collected	3,031,660	2,879,176	2,879,176	-
EXPENDITURES PAID:				
Regular instruction	1,824,709	1,908,383	1,908,383	-
Special instruction	523,747	457,569	457,569	-
Vocational instruction	252,278	226,241	226,241	-
Student activities	74,889	65,554	65,554	-
Tuition paid to other districts	15,600	9,231	9,231	-
Student support services	141,887	181,650	181,650	-
Instructional support services	119,915	113,618	113,618	-
Executive administration	119,035	186,655	186,655	-
Building level administration	259,191	260,386	260,386	-
Pupil transportation	2,429	3,488	3,488	-
Community services	25,509	6,957	6,957	-
Total Expenditures Paid	3,359,189	3,419,732	3,419,732	-
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(327,529)	(540,556)	(540,556)	-
OTHER FINANCING SOURCES/(USES):				
Transfers	327,529	597,085	597,085	-
EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID	-	56,529	56,529	$ -
FUND BALANCE, BEGINNING OF YEAR	-	-	-	
FUND BALANCE, END OF YEAR	$ -	$ 56,529	$ 56,529	

See Notes to Financial Statements

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Osage County No. 2 School District (the District) have been prepared in conformity with the modified cash basis of accounting. As such these financial statements reflect the cash and investment position of the District and the receipts and disbursements arising from cash activities. The significant accounting policies of the District are described below.

A. Reporting Entity

The District is governed by an elected seven-member board. The Osage County No. 2 School District Board (the Board) is the basic level of government that has financial accountability and control over all activities related to public school education in the District. The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (a) the District is able to significantly influence the programs or services performed or provided by the organization; or (b) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

B. District-Wide and Fund Financial Statements

District-Wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The District first utilizes restricted resources to finance qualifying activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

NOTE 1: Summary of Significant Accounting Policies (continued)

Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The District does not allocate indirect costs.

Fund Financial Statements:

During the year, the District segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental is on major funds. Each major fund is presented in a separate column. The District does not maintain any non-major funds.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically 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 must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue (Teachers') Fund - The Teachers' Fund is required to be established by state law and may be used for the payment of salaries and insurance benefits for certificated personnel. The fund's revenues include property taxes, investment income, and county, state, and federal aid. The fund is also used to account for certain tuition payments made between school districts.

NOTE 1: <u>Summary of Significant Accounting Policies</u> (continued)

Debt Service Fund - The Debt Service Fund accounts for the revenue collected from local taxation and allocated state aid for the payment of principal and interest on bonded indebtedness.

Capital Projects Fund - The Capital Projects Fund accounts for expenditures from the proceeds of bond issues, investment income earned on the proceeds and other revenues designated for acquisition or construction of major capital assets. The expenditures include major capital outlay projects and equipment purchases for instructional and support programs.

D. Basis of Accounting, Measurement Focus and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The district-wide financial statements are prepared using the modified cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid.

Governmental fund financial statements are reported using the modified cash basis of accounting. Revenues are recognized when received and expenditures are recognized when paid. Investments are recorded as assets.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. If the District utilized the basis of accounting recognized as generally accepted, the financial statements would be presented on the accrual basis of accounting.

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

NOTE 1: Summary of Significant Accounting Policies (continued)

If the District utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

E. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.

2) Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.

3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.

4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.

5) Subsequent to formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. The budget was amended at the June 24, 2019 board meeting. The amendment was approved so that budgeted revenues and expenditures equaled actual.

6) Budgets for District funds are prepared and adopted on the cash basis of accounting (budget basis), which recognizes revenues when collected and expenditures when paid.

NOTE 1: Summary of Significant Accounting Policies (continued)

F. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the District Treasurer. Investments of the pooled accounts consist primarily of certificates of deposit and money market checking accounts. Interest income earned is allocated to contributing funds based on cash and temporary investment balances. All funds except the Debt Service Fund participate in the pooled cash and investments. State law requires the Debt Service Fund's cash to be maintained separately.

G. Capital Assets

Capital assets, which include land, buildings, furniture and equipment are not reported in the district-wide financial statements.

H. Liabilities and Long-Term Obligations

Amounts due employees under employee benefit plans are accounted for as liabilities of the District in both the district-wide and fund financial statements. Long-term obligations are not reported in the district-wide financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

NOTE 1: Summary of Significant Accounting Policies (continued)

L. Debt Service

Proceeds from sales of bonded indebtedness are recorded as revenue when the payment is received. Repayments are recognized as expenditures when the disbursements are made. Interest on bonded indebtedness is recorded when it is disbursed.

M. Vacation and Sick Leave

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts that are unused and which are vested in the employee are payable upon termination.

N. Teacher Salaries

The salary payment schedule of the District requires the payment of salaries for a twelve-month period. Consequently, the July and August 2019 payroll checks, written and dated in June 2019 are included in the financial statements as an expenditure in the 2018-19 year. This practice is consistent with prior years.

O. Compensated Absences

The District allows employees to accumulate unused sick leave of 90 days. Earned vacation time is generally required to be used within one year of accrual. Upon separation from the district, professional staff will be paid for ⅓ of the accumulated days at the rate of ½ of the current per diem rate for the beginning K-12 teacher. Non-certified support staff employees will be paid for ⅓ of the accumulated days at a rate of the current salary being earned by the employee.

As of June 30, 2019, the long-term liability for accrued sick leave is approximately $67,001. The amount expected to be paid from current resources is estimated to be $67,001.

P. Post Employment Benefits

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the month for the actual month covered. This program is offered for duration of 18 months after the termination date. There is no associated cost to the District under this program.

NOTE 1: Summary of Significant Accounting Policies (continued)

Q. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has determined there are no amounts that should be considered nonspendable.

- Restricted: This classification includes amounts for which constraints have been placed on the use of resources because they are either:

  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.

  Management has determined that $1,355,224 is restricted for debt service at June 30, 2019.

- Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's board of directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District had no committed resources as of year-end.

NOTE 1: Summary of Significant Accounting Policies (continued)

- Assigned: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the District's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The District's management assigned $134,911 during the year for capital projects and $56,529 for special revenue purposes.

- Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer to the use of the other classified funds.

NOTE 2: Deposits and Investments

The District complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Investments - The District may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law.

NOTE 2: Deposits and Investments (continued)

The deposits and investments held at June 30, 2019 are shown below:

	Maturity Date	Carrying Value
Deposits:		
Demand deposits		$ 3,532,943
Time deposit	09/25/21	107,736
Time deposits	12/28/23	210,232
		3,850,911
Investments:		
External Investment Pool:		
Missouri Health & Education Facilties Authority		
Direct Deposit Program		239,966
		239,966
Total deposits and investments		$ 4,090,877

Custodial credit risk. Deposits in financial institutions, reported as components of cash and investments had a bank balance of $4,522,028 at June 30, 2019. Deposits were fully insured by depository insurance or secured with collateral June 30, 2019.

Investment interest rate risk. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2019, are provided in the previous schedule.

Investment credit risk. The Board has given the President and the Treasurer the authority to invest idle funds of the District in low-risk investments such as United States government securities or collateralized certificates of deposit.

Concentration of investment credit risk. The District places no limit on the amount it may invest in any one issuer. At June 30, 2019, the District had no concentration of credit risk.

NOTE 3: Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the District.

The District also receives sales tax collected by the state and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The District has obtained voter approval for a full waiver.

The assessed valuation of the tangible taxable property for the calendar year 2018 for purposes of local taxation was $65,225,843.

The tax levy per $100 of the assessed valuation of tangible taxable property for the calendar year 2018 for purpose of local taxation was:

	Unadjusted	Adjusted
General (Incidental) Fund	$ 2.7500	$ 2.7500
Special Revenue (Teachers') Fund	-	-
Debt Service Fund	1.0500	1.0500
Capital Projects Fund	-	-
Total	$ 3.8000	$ 3.8000

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2019, aggregated approximately 98% of the current assessment.

NOTE 4: Changes in Long-Term Debt

The following is a summary of changes in long-term debt transactions for the year ended June 30, 2019:

	Bonds Payable	Capital Leases Payable	Accrued Compensated Absences	Total
Balance, June 30, 2018	$ 7,340,000	$ 162,461	$ 87,649	$ 7,590,110
Lease proceeds	-	-		-
Bonds retired	(185,000)	-	-	(185,000)
Lease payments	-	(38,732)	-	(38,732)
Increase in compensated absences	-	-	57,970	57,970
Decrease in compensated absences	-	-	(78,618)	(78,618)
Balance, June 30, 2019	$ 7,155,000	$ 123,729	$ 67,001	$ 7,345,730

NOTE 5: Bonds Payable

The following is a summary of bond transactions for the year ended June 30, 2019:

Bonds payable, June 30, 2018	$ 7,340,000
Bonds issued	-
Bonds retired	(185,000)
Bonds payable, June 30, 2019	$ 7,155,000

Bonds payable at June 30, 2019, consist of:

$7,340,000 general obligation bonds; due in varying annual installments through March 1, 2034; interest ranging from 2.500% to 3.500%.	$ 7,155,000
	$ 7,155,000

On June 24, 2014, the District issued General Obligation Bonds, Series 2014, in the principal amount of $7,340,000 for the purpose of constructing, improving, furnishing, and equipping new and existing school buildings and related facilities, including but not limited to, construction of a new elementary school, administrative offices and an auxiliary gymnasium, and improving and expanding existing buildings, to consolidate all school facilities at the existing site of the Linn High School, to add safety and security measures and to expand the agriculture/art building and shop facilities.

Cumulative debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	$ 380,000	$ 219,888	$ 599,888
2021	390,000	208,488	598,488
2022	400,000	196,788	596,788
2023	410,000	184,788	594,788
2024	420,000	174,538	594,538
2025-2029	2,310,000	694,586	3,004,586
2030-2034	2,845,000	303,447	3,148,447
Total	$ 7,155,000	$ 1,982,523	$ 9,137,523

NOTE 5: Bonds Payable (continued)

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of a district. The legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2019, was:

Constitutional debt limit	$	9,783,876
General obligation bonds payable		(7,155,000)
Amount in Debt Service Fund available for payment of principal		1,355,224
Legal debt margin	$	3,984,100

NOTE 6: Capital Leases

On March 1, 2017, the District entered into a cancellable lease agreement as lessee to provide for the costs of improvements as well as to exercise the lessee's lease purchase option on an energy savings project.

The following is a schedule of future minimum lease payments under the lease (assuming noncancellation):

Year Ended June 30,		
2020	$	43,555
2021		43,554
2022		43,554
		130,663
Less interest		(6,934)
Net principal	$	123,729

NOTE 7: Fund Balance

Classifications of fund balances at June 30, 2019 are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Fund Balances:					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	1,355,224	-	1,355,224
Committed	-	-	-	-	-
Assigned	-	56,529	-	134,911	191,440
Unassigned	2,544,213	-	-	-	2,544,213
	$ 2,544,213	$ 56,529	$ 1,355,224	$ 134,911	$ 4,090,877

The District has not adopted a policy that sets forth a minimum fund balance amount.

NOTE 8: Interfund Transfers

Interfund transfers, the flow of assets from one fund to another where repayment is not expected are reported as transfers in and out. The District is required to make a transfer from the General Fund to the Teachers' Fund to cover the excess of disbursements over receipts each year. The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law. During the year ended June 30, 2019 the District made the following interfund transfers:

Type of Transfers	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund
Teachers' Fund	$ (597,085)	$ 597,085	$ -
$162,326x7% x SAT X WADA	(100,000)	-	100,000
Total Net Transfers	$ (697,085)	$ 597,085	$ 100,000

NOTE 9: Retirement Plan

The Osage County No. 2 School District contributes to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System of Missouri are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010 - .141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 14.5% of their annual covered salary and the Osage County No. 2 School District is required to contribute a matching amount. The contribution requirements of members and the Osage County No. 2 School District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2019, were $414,090, equal to the required contributions. The contributions for the last three years are as follows:

Year Ended June 30,	Amount of Employer Contribution	Percentage of Contribution
2019	$ 414,090	14.50%
2018	384,640	14.50%
2017	380,518	14.50%

The Osage County No. 2 School District also contributes to the Public Education Employees Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the District who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employees Retirement System of Missouri are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of the Public Education Employees Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employees Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

NOTE 9: Retirement Plan (continued)

PEERS members are required to contribute 6.86% of their annual covered salary and the Osage County No. 2 School District is required to contribute a matching amount. The contribution requirements of members and the Osage County No. 2 School District are established and may be amended by the Board of Trustees. The School District's contributions to PEERS for the year ending June 30, 2019, were $55,002, equal to the required contributions. The contributions for the last three years are as follows:

Year Ended June 30,	Amount of Employer Contribution	Percentage of Contribution
2019	$ 55,002	6.86%
2018	51,134	6.86%
2017	48,298	6.86%

NOTE 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

NOTE 11: Contingent Liabilities

The District receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to request for reimbursement or to withholding of future funding for expenditures disallowed for noncompliance with the terms of the grants and state funding. The federal granting agency will determine whether or not any expenditures will be disallowed. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide reimbursement.

NOTE 12: Participation in Public Entity Risk Pools

The District is a member of the Missouri United School Insurance Council (MUSIC), a not-for-profit corporation consisting of school districts and junior colleges. MUSIC was incorporated in 1985 to acquire insurance for its members. MUSIC operates as a purchasing pool and is not a joint venture activity of the District. The District has no control over budgeting, financing, management selection, or the governing body. MUSIC provides both conventional and self-insurance coverage for its members including property, casualty, general liability, workers' compensation, and fleet insurance. The District participates in all of the above coverages.

MUSIC manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MUSIC's investment pool consists of U.S. Treasury strips.

In the event that a deficit occurs with respect to any fiscal year of MUSIC for which the District was a participant at any time during such year; and in the event that MUSIC determines that an assessment is required in order to provide additional funds for the obligations of MUSIC for such year; and further, in the event that the District was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the District is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the District is a member of MUSIC at the time of such assessment.

Management of the District is not aware of any deficit situation in MUSIC which would require any accrual of liability as of June 30, 2019.

MUSIC's financial statements are presented in its Comprehensive Annual Financial Report for the year ended December 31, 2018.

NOTE 13: Other Post-Employment Benefits

The District provides health insurance benefits to its retirees on a reimbursable basis. The cost of the insurance premium is charged to the retirees at the same cost as active employees. This situation causes an implicit premium subsidy for the difference the retirees would have to pay for similar insurance coverage and the actual amount of their premiums. This implicit premium subsidy represents an unfunded obligation to the District. This obligation has not been valued or reported because the District reports its financial activity using the modified cash basis of accounting.

NOTE 14: Pledged Revenues

The District has pledged future revenues, net of specified operating expenses, to repay a capital lease and bonds that were issued for the purpose of improvements. The lease is payable solely from capital project net revenues and is payable through 2022. The bonds are payable solely from debt service net revenues and are payable through 2034. Annual principal and interest payments in 2019 on the lease required 62% of capital project net revenues. Annual principal and interest payments in 2019 on the bonds required 52% of debt service net revenues. The total principal and interest remaining to be paid on the lease is $130,663 and on the bonds is $9,137,523. Principal and interest paid on the lease for the current year and total capital project net revenues for the current year were $43,555 and $70,545, respectively. Principal and interest paid on the bonds for the current year and total debt service net revenues for the current year were $410,438 and $786,938, respectively.

NOTE 15: Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurement as of June 30, 2019:

- U.S. Treasury securities of $239,966 are valued using quoted prices in an active market for identical assets (Level 1 inputs).

NOTE 16: Tax Abatements

In fiscal year 2019, Osage County, Missouri abated taxes through the use of an Enhanced Enterprise Zone (EEZ). The EEZ Board can approve tax abatements for real estate and personal property taxes to spur economic growth. Real estate and personal property taxes in the amount of $16,991 relating to the Osage County No. 2 School District were abated in fiscal year 2019.

NOTE 17: Consideration of Subsequent Events

Subsequent events have been evaluated through December 12, 2019, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

SUPPLEMENTARY INFORMATION

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN
FUND BALANCE ARISING FROM MODIFIED CASH TRANSACTIONS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019
SCHEDULE 1

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES COLLECTED:				
Local	$ 668,622	$ 688,738	$ 688,738	$ -
County	102,272	98,200	98,200	-
Total Revenues Collected	770,894	786,938	786,938	-
EXPENDITURES PAID:				
Principal retirement	380,000	185,000	185,000	-
Interest and fees	248,566	225,438	225,438	-
Total Expenditures Paid	628,566	410,438	410,438	-
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID	142,328	376,500	376,500	$ -
FUND BALANCE, BEGINNING OF YEAR	978,724	978,724	978,724	
FUND BALANCE, END OF YEAR	$ 1,121,052	$ 1,355,224	$ 1,355,224	

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN
FUND BALANCE ARISING FROM MODIFIED CASH TRANSACTIONS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019
SCHEDULE 2

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES COLLECTED:				
Local	$ 520,043	$ 67,974	$ 67,974	$ -
State	103,437	108,899	108,899	-
Total Revenues Collected	623,480	176,873	176,873	-
EXPENDITURES PAID:				
Regular instruction	3,500	2,779	2,779	-
Special instruction	-	581	581	-
Vocational instruction	-	6,196	6,196	-
Student activities	-	2,554	2,554	-
Instructional support services	25,000	25,445	25,445	-
Executive administration	1,000	876	876	-
Building level administration	-	8,964	8,964	-
Operation of plant	12,500	-	-	-
Food services	2,000	5,425	5,425	-
Facilities acquisition and construction	140,000	52,483	52,483	-
Principal retirement	52,455	38,732	38,732	-
Interest and fees	-	5,848	5,848	-
Total Expenditures Paid	236,455	149,883	149,883	-
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID	387,025	26,990	26,990	-
OTHER FINANCING SOURCES/(USES):				
Transfers	-	100,000	100,000	-
Total Other Financing Sources/(Uses)	-	100,000	100,000	-
EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID	387,025	126,990	126,990	$ -
FUND BALANCE, BEGINNING OF YEAR	7,921	7,921	7,921	
FUND BALANCE, END OF YEAR	$ 394,946	$ 134,911	$ 134,911	

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
ARISING FROM MODIFIED CASH TRANSACTIONS
YEAR ENDED JUNE 30, 2019
SCHEDULE 3

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
LOCAL:					
Current taxes	$ 1,690,879	$ -	$ 645,558	$ -	$ 2,336,437
Delinquent taxes	74,692	-	17,863	-	92,555
Proposition C	-	652,637	-	-	652,637
M & M surcharge tax	-	-	-	42,633	42,633
In lieu of tax	-	-	-	560	560
Earnings on investments	55,604	409	25,317	23,871	105,201
Food service program	93,842	-	-	-	93,842
Food service non-program	18,017	-	-	-	18,017
Student activities	227,382	-	-	-	227,382
Other local	7,252	3,949	-	910	12,111
Total Local	2,167,668	656,995	688,738	67,974	3,581,375
COUNTY:					
Fines, escheats, etc.	-	11,661	-	-	11,661
State assessed utility taxes	363,693	-	98,200	-	461,893
Total County	363,693	11,661	98,200	-	473,554
STATE:					
Basic formula	-	1,857,953	-	-	1,857,953
Transportation	88,673	-	-	-	88,673
Early Childhood Special Education	123,750	-	-	-	123,750
Basic formula - classroom trust	-	154,579	-	107,908	262,487
Educational screening	13,704	-	-	-	13,704
Career education	-	13,037	-	991	14,028
Food service	2,708	-	-	-	2,708
Other	1,002	-	-	-	1,002
Total State	229,837	2,025,569	-	108,899	2,364,305
FEDERAL:					
Perkins Basic Grant, Career Education	4,873	7,460	-	-	12,333
IDEA Entitlement Funds, Part B IDEA	48,325	95,228	-	-	143,553
Early Childhood Special Education	18,497	-	-	-	18,497
School Lunch Program	139,668	-	-	-	139,668
School Breakfast Program	47,190	-	-	-	47,190
Title I	-	64,188	-	-	64,188
Title IV.A	7,116	-	-	-	7,116
Title II.A&B	-	15,559	-	-	15,559
Dept of Health Food Service Program	38,074	-	-	-	38,074
Total Federal	303,743	182,435	-	-	486,178
OTHER:					
Tuition from Other Districts	-	2,516	-	-	2,516
Total Other	-	2,516	-	-	2,516
TOTAL REVENUES COLLECTED	$ 3,064,941	$ 2,879,176	$ 786,938	$ 176,873	$ 6,907,928

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES PAID BY OBJECT
ARISING FROM MODIFIED CASH TRANSACTIONS
YEAR ENDED JUNE 30, 2019
SCHEDULE 4

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Totals (Memorandum Only)
Salaries	$ 770,414	$ 2,702,772	$ -	$ 3,473,186
Employee benefits	228,326	707,728	-	936,054
Purchased services	870,021	9,232	-	879,253
Supplies	641,354	-	-	641,354
Capital outlay	-	-	105,303	105,303
Other	-	-	44,580	44,580
TOTAL EXPENDITURES	$ 2,510,115	$ 3,419,732	$ 149,883	$ 6,079,730

STATE COMPLIANCE SCHEDULES
(UNAUDITED)

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)

1. Calendar (Sections 160.041, 171.029, 171.031, and 171.033 RSMo)

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
	K	12		6.6500	174	1107.1500

Notes:	

2. Average Daily Attendance (ADA)

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
	K-12	569.9268	0.8645	0	0	48.1250	618.9163
Grand Total		569.9268	0.8645	0	0	48.1250	618.9163

Notes:	

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)

3. September Membership

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day and in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
	K-12	596.00	0.14	0	596.14
Grand Total		596.00	0.14	0	596.14

Notes:	

4. Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
1050	110.00	31.00	N/A	N/A	141.00
4020	100.06	26.00	N/A	N/A	126.06
Grand Total	210.06	57.00			267.06

Notes:	

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)

5. Finance

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs - Off Campus	N/A
	Career Exploration Program - Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	True
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	AS required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	$ 50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2019
(UNAUDITED)

5. Finance (continued)

Section	Question	Answer
5.9	If a $162,326 or 7%xSATxWADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable for charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (½%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools)	True
5.12	The amount spent for approved professional development committee plan activities was:	$ 18,420

Notes:	

All above “False” answers **must** be supported by a finding or management letter comment.

Finding:	
Management Letter Comment:	

6. Transportation (Section 163.161, RSMo)

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	463.50
	Ineligible ADT	-
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Acutal odometer records show the total district/charter-operated and contracted mileage for the year was:	114,867
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles	92,918
	Ineligible Miles (Non-Route/Disapproved)	21,949
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	174

Notes:	

All above “False” answers **must** be supported by a finding or management letter comment.

Finding:	
Management Letter Comment:	

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
YEAR ENDED JUNE 30, 2019
(UNAUDITED)

CONTRACTED TRANSPORTATION:		
Salaries	$	1,993
Fringe benefits		1,495
Purchased services		373,466
Total Contracted Transportation		376,954
EARLY CHILDHOOD SPECIAL EDUCATION TRANSPORTATION:		
Salaries		5,061
Fringe benefits		3,529
Purchased services		30,996
Total Early Childhood Special Education Transportation		39,586
Total Allowable Costs	$	416,540

STATE COMPLIANCE

GKC
GERDING, KORTE & CHITWOOD CPAS
Professional Corporation
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

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MEMBERS OF AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Education
Osage County No. 2 School District
Linn, Missouri

We have examined management's assertions that the Osage County No. 2 School District, Linn, Missouri, complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January; and accurate disclosure by pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2019. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the Osage County No. 2 School District, Linn, Missouri, complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2019.

This report is intended solely for the information and use of the Board of Education, management and the Missouri Department of Elementary and Secondary Education and is not intended to be and should not be used by anyone other than these specified parties.

Gerding, Korte & Chitwood

December 12, 2019

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

OSAGE COUNTY NO. 2 SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2019

There were no state findings.

COMPLIANCE AND INTERNAL CONTROL

GKC
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Osage County No. 2 School District
Linn, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities - modified cash basis and each major fund of the Osage County No. 2 School District, Linn, Missouri (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Gerding, Korte & Chitwood

December 12, 2019

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

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APPENDIX C

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of December 10, 2019 (this **"Continuing Disclosure Undertaking"**), is executed and delivered by **Osage County R-II School District** (the **"Issuer"**).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of **$7,095,000 General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2019** (the **"Bonds"**), pursuant to a Resolution adopted by the governing body of the Issuer (the **"Resolution"**).

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

The Issuer covenants and agrees as follows:

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

"Annual Report" means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

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

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

"Dissemination Agent" means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the Issuer a written acceptance of such designation.

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

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the **12**-month period beginning on **July 1** and ending on **June 30** or any other **12**-month period selected by the Issuer as the Fiscal Year of the Issuer for financial reporting purposes.

"Material Events" means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

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

"Participating Underwriter" means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than **December 31st** after the end of the Issuer's Fiscal Year, commencing with the year ending June 30, 2020, file with the MSRB, through EMMA, the following financial information and operating data (the "**Annual Report**"):

(1) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with accounting principles stated in the notes to the financial statements attached as *Appendix B* to the Official Statement. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the summary unaudited financial information contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in **Exhibit A,** in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the Issuer.

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

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**, and the Annual Report deadline provided above shall automatically become the last day of the sixth month after the end of the Issuer's new fiscal year.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than **10** Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

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

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

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

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

Section 6. **Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

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

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

Section 8. **Default.** If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Resolution or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. **Beneficiaries.** This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

OSAGE COUNTY R-II SCHOOL DISTRICT

By: ____________________________________
Title: President of the Board of Education

EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

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

THE DISTRICT:
- **History of Enrollment**

DEBT STRUCTURE OF THE DISTRICT:
- **Current Long-Term General Obligation Indebtedness**
- **History of General Obligation Indebtedness**

FINANCIAL INFORMATION CONCERNING THE DISTRICT:
- **Sources of Revenue**

PROPERTY TAX INFORMATION CONCERNING THE DISTRICT:
- **Property Valuations**:
  - ***Current Assessed Valuation***
  - ***History of Property Valuations***
- **History of Tax Levies**
- **Tax Collection Record**

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Osage County R-II School District
Linn, Missouri

Commerce Bank
Kansas City, Missouri

Re: $7,095,000 Osage County R-II School District, General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2019

Ladies and Gentlemen:

We have acted as bond counsel to Osage County R-II School District (the **"District"**), in connection with the issuance of the above-captioned bonds (the **"Bonds"**). In this capacity, we have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

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

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

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

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

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

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