

NEW ISSUE
BANK-QUALIFIED; BOOK-ENTRY ONLY

S&P GLOBAL RATINGS: BAM Insured Rating: "AA"
Underlying Rating: "A+"
See "RATINGS" herein.

In the opinion of Gilmore & Bell, P.C., as Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds (1) 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 and (2) is exempt from income taxation by the State of Missouri. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See the caption "TAX MATTERS" in this Official Statement.

CITY OF JEFFERSON, MISSOURI

\$5,625,000
Sewerage System Refunding Revenue Bonds
Series 2020

Dated: Date of Issuance

Due: September 1, as shown on inside cover page

The Sewerage System Refunding Revenue Bonds, Series 2020 (the "Bonds"), will be issued by the City of Jefferson, Missouri (the "City"), for the purpose of providing funds to pay (1) costs of refunding a portion of the City's outstanding Taxable Sewerage System Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment)(the "Series 2010B Bonds"), consisting of the Series 2010B Bonds scheduled to mature on September 1, 2025 and thereafter, as further described herein under the caption "PLAN OF FINANCING - Refunding of the Refunded Bonds" and (2) costs related to the issuance of the Bonds.

The Bonds will be issued 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 will be 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 UMB Bank, N.A., St. Louis, Missouri, as Paying Agent for the Bonds. DTC is required to remit such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. Semiannual interest will be payable on March 1 and September 1, beginning on March 1, 2021.

The Bonds are special obligations of the City, payable solely from the net income and revenues derived by the City from the operation of its sewerage system after payment of costs of operation and maintenance. The Bonds are on a parity with seven series of the City's outstanding sewerage system revenue bonds, including the portion of the Series 2010B Bonds scheduled to mature on September 1, 2020. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds or the interest thereon.

The Bonds are subject to optional redemption prior to maturity as further described herein. See the caption "THE BONDS - Redemption Provisions" in this Official Statement.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. See the caption "BOND INSURANCE" herein.



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

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, as Bond Counsel to the City. Gilmore & Bell, P.C., will also pass upon certain matters relating to this Official Statement as disclosure counsel to the City. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about August 27, 2020.



The date of this Official Statement is July 20, 2020

CITY OF JEFFERSON, MISSOURI

\$5,625,000

Sewerage System Refunding Revenue Bonds

Series 2020

MATURITY SCHEDULE

Serial Bonds

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2021	\$245,000	4.000%	0.300%	473904 BL3
2022	255,000	4.000	0.320	473904 BM1
2023	335,000	4.000	0.330	473904 BN9
2024	345,000	3.000	0.400	473904 BP4
2025	360,000	3.000	0.500	473904 BQ2
2026	370,000	3.000	0.620	473904 BR0
2027	375,000	3.000	0.750	473904 BS8
2028	390,000	3.000	0.850	473904 BT6
2029	400,000	2.000	0.950 ⁽¹⁾	473904 BU3
2030	405,000	2.000	1.030 ⁽¹⁾	473904 BV1
2031	410,000	2.000	1.150 ⁽¹⁾	473904 BW9
2032	420,000	2.000	1.200 ⁽¹⁾	473904 BX7
2033	430,000	2.000	1.250 ⁽¹⁾	473904 BY5
2034	440,000	2.000	1.300 ⁽¹⁾	473904 BZ2
2035	445,000	2.000	1.400 ⁽¹⁾	473904 CA6

⁽¹⁾ Yield is calculated to the first optional redemption date of September 1, 2028.

CITY OF JEFFERSON, MISSOURI

320 E. McCarty Street
Jefferson City, Missouri 65101
(573) 634-6300

CITY OFFICIALS

Mayor

Carrie Tergin

Council Members

Hank Vogt, Councilmember Ward 1	David Kemna, Councilmember Ward 1
Mike Lester, Councilmember Ward 2	Laura A. Ward, Councilmember Ward 2
Erin L. Wiseman, Councilmember Ward 3	Ken Hussey, Councilmember Ward 3
Carlos M. Graham, Councilmember Ward 4	Ron L. Fitzwater, Councilmember Ward 4
Mark Schreiber, Councilmember Ward 5	Jon Hensley, Councilmember Ward 5

Administrative Officials

Steven S. Crowell, Jr., City Administrator
Ryan Moehlman, City Counselor
Emily Donaldson, City Clerk
Margaret Mueller, Director of Finance
Sheila Pearre, Chief Accountant
Matt Morasch, Public Works Director
Eric Seaman, Wastewater Division Director

BOND COUNSEL AND DISCLOSURE COUNSEL

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

FINANCIAL ADVISOR

Piper Sandler & Co.
Leawood, Kansas

PAYING AGENT

UMB Bank, N.A.,
St. Louis, Missouri

UNDERWRITER

Commerce Bank,
Kansas City, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City 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 City 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 City 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 overallocate 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.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the section "BOND INSURANCE" and Appendix F - "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto.

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 City'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 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 CITY ON THE DATE HEREOF, AND THE CITY 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 D - FORM OF CONTINUING DISCLOSURE UNDERTAKING* TO THIS OFFICIAL STATEMENT.

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OFFICIAL STATEMENT

CITY OF JEFFERSON, MISSOURI

\$5,625,000

Sewerage System Refunding Revenue Bonds Series 2020

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the 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) the City of Jefferson, Missouri (the “**City**”) and (2) the City’s Sewerage System Refunding Revenue Bonds, Series 2020, to be issued in the aggregate principal amount of \$5,625,000 (the “**Bonds**”), in order to provide funds to refund and redeem a portion of the City’s outstanding Taxable Sewerage System Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment)(the “**Series 2010B Bonds**”), consisting of the Series 2010B Bonds scheduled to mature on September 1, 2025 and thereafter, outstanding in the aggregate principal amount of \$5,790,000 (the “**Refunded Bonds**”) as further described herein under the caption “**PLAN OF FINANCING - Refunding of the Refunded Bonds.**”

The City

The City is the capital of the State of Missouri and county seat of Cole County, Missouri. It is a home rule charter city and political subdivision of the State of Missouri, organized, existing and operating under the constitution and laws of the State of Missouri and the City Charter, adopted in 1986, and exercises powers of municipal government specifically granted by the State of Missouri. For more information about the City, see *Appendix A* and *Appendix B* to this Official Statement.

The System

The City owns and operates a revenue-producing sewerage system serving the City and its inhabitants (the “**System**”). The System includes 34 pumping stations, 440 miles of sanitary sewer lines, an 11 million gallons per day (“**mgd**”) treatment facility and a 0.8 mgd treatment facility.. The City has been served by a sewer system since pre-1895. Treatment was provided in the late 1960’s when major interceptors and pumping stations were constructed to collect sanitary wastes and convey them to a central plant for treatment. For more information about the System, see the captions “**THE SYSTEM**” herein and “**FINANCIAL INFORMATION CONCERNING THE SYSTEM**” in *Appendix A* to this Official Statement.

The Bonds

The Bonds are being issued pursuant to an ordinance passed by the City Council of the City on July 20, 2020 (the “**Bond Ordinance**”). The proceeds received from the sale of the Bonds will be used to (1) current refund and redeem the Refunded Bonds on September 1, 2020, and (2) pay certain costs of issuing the Bonds. See the captions “**PLAN OF FINANCING - Refunding of the Refunded Bonds**” and “**THE BONDS**” herein. The City’s Series 2010B Bonds scheduled to mature on September 1, 2020, including accrued

interest thereon, in the aggregate principal amount of \$225,000 will not be refunded with proceeds of the Bonds and will remain outstanding on the date of issuance of the Bonds. *All capitalized terms used herein and not otherwise defined herein have the meanings assigned to those terms in the Bond Ordinance.*

Security and Source of Payment

The Bonds will be special limited obligations of the City payable from the Net Revenues derived by the City from the operation of its System. A depreciation and replacement reserve has previously been established for the System and ratified by the Bond Ordinance, to provide funds to make unusual or extraordinary replacements and repairs. No Bond proceeds will be used to provide additional funds for the depreciation and replacement reserve.

In addition to the \$5,625,000 aggregate principal amount of the Bonds being issued, the City has outstanding the following series of System Revenue Bonds standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net Revenues of the System:

(i) \$3,740,000 principal amount of Sewerage System Refunding and Improvement Revenue Bonds (State Revolving Fund Program), Series 2001B (the “**Series 2001B Bonds**”);

(ii) \$1,575,000 principal amount of Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2005A (the “**Series 2005A Bonds**”);

(iii) \$4,025,000 principal amount of Sewerage System Refunding and Improvement Revenue Bonds (State Revolving Fund Program), Series 2005B (the “**Series 2005B Bonds**”);

(iv) \$2,310,000 principal amount of Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2008 (the “**Series 2008 Bonds**”);

(v) \$225,000 principal amount of the Series 2010B Bonds, consisting of the Series 2010B Bonds scheduled to mature on September 1, 2020, that will not be refunded with proceeds of the Bonds;

(vi) \$10,723,000 principal amount of Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2012 (the “**Series 2012 Bonds**”);

(vii) \$8,225,000 principal amount of Sewerage System Revenue Bonds, Series 2014 (the “**Series 2014 Bonds**”); and

(viii) \$9,380,000 principal amount of Sewerage System Revenue Bonds, Series 2016 (the “**Series 2016 Bonds**”);

The Series 2001B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2008 Bonds, the Series 2010B Bonds (*consisting only of the portion outstanding in the principal amount of \$225,000 scheduled to mature on September 1, 2020*), the Series 2012 Bonds, the Series 2014 Bonds and the Series 2016 Bonds are collectively referred to herein as the “**Previously Issued Parity Bonds.**” The Bonds will be issued on a parity with the Previously Issued Parity Bonds with respect to the Net Revenues of the System.

The City has the right under the Bond Ordinance to issue additional bonds on a parity with the Bonds and the Previously Issued Parity Bonds payable from a pledge of the Net Revenues of the System, but only in accordance with and subject to the terms and conditions set forth in the Bond Ordinance. The Previously Issued Parity Bonds and any additional System Revenue Bonds or other obligations hereafter issued or incurred pursuant to the Bond Ordinance and standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net revenues of the System are collectively referred to as the

“Parity Bonds.” The Bonds will not be or constitute a general obligation of the City, nor will they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. See the caption **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”** herein.

Financial Statements

Audited financial statements of the City as of and for the fiscal year ended October 31, 2019, are included in the City’s Comprehensive Annual Financial Report in **Appendix B** to this Official Statement. These financial statements have been audited by Evers & Company, CPA’s, L.L.C., Jefferson City, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** to this Official Statement.

Bondowners’ Risk

Payment of the principal of and interest on the Bonds and the City’s Previously Issued Parity Bonds is dependent on the City generating sufficient Net Revenues from the operation of the System. Certain risks inherent in the production of such Net Revenues are discussed in this Official Statement. See the caption **“BONDOWNERS’ RISKS”** herein.

The ordinances previously approved by the City under which the City’s Previously Issued Parity Bonds were authorized (the **“Previously Issued Parity Ordinances”**) require the City to comply with certain covenants, including a rate covenant requiring the City to charge rates for the System sufficient to produce in each fiscal year Net Revenues of the System equal to at least 110% of the debt service requirements (the **“Debt Service Requirements”**) due on the all of the City’s System Revenue Bonds secured and payable from a pledge of Net Revenues of the System (the **“Rate Covenant”**). During the fiscal year ended October 31, 2019, the City incurred a significant increase in System operating expenses (excluding depreciation, the System operating expenses increased by approximately \$1,275,698 compared to System operating expenses in fiscal year ended October 31, 2018) because the City had to repair and replace certain System infrastructure that was damaged by flooding that occurred in the City and surrounding central Missouri region in the Summer of 2019. As a result of the increased operating expenses incurred during the fiscal year ended October 31, 2019, the Net Revenues of the System were only equal to approximately 96% of the Debt Service Requirements to be paid by the City during the fiscal year ended October 31, 2019, which fell below the 110% Rate Covenant requirement set forth in the City’s Previously Issued Parity Ordinances. See also the table under the caption **“THE SYSTEM - Historical Debt Service Coverage”** in this Official Statement and the caption **“BONDOWNERS’ RISK - Failure to Comply with Rate Covenant in Fiscal Year Ended October 31, 2019”** in this Official Statement.

The Previously Issued Parity Bond Ordinances authorizing the City’s Series 2016 Bonds, Series 2014 Bonds and the Series 2010B Bonds require the City to employ a Consultant (as defined in **Appendix C**) to make recommendations with respect to System rates and charges if the Net Revenues generated from the operation of the System fall below the 110% Rate Covenant requirement for two consecutive fiscal years. Although the Net Revenues of the System only fell below the 110% Rate Covenant requirement during the fiscal year ended October 31, 2019, and have not fallen below the Rate Covenant requirement for two consecutive fiscal years, on April 6, 2020, the City engaged Raftelis Financial Consultants, Inc. (**“Raftelis”**), to conduct a comprehensive rate study for the City’s System. The City expects Raftelis to complete the rate study by the City’s current fiscal year ending October 31, 2020, and the City will likely implement increased System rates and charges based upon the conclusions and recommendations of the Raftelis rate study in order to ensure that the System generates sufficient Net Revenues to meet the 110% Rate Covenant requirement in future fiscal years. See also the caption **“BONDOWNERS’ RISK - Failure to Comply with Rate Covenant in Fiscal Year Ended October 31, 2019”** in this Official Statement.

Summary of the Bond Ordinance

A summary of the Bond Ordinance, including definitions of certain words and terms used in this Official Statement and in the Bond Ordinance, is included in *Appendix C* to this Official Statement. Such summary and definitions do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance are qualified in their entirety by reference to the Bond Ordinance. Copies of the Bond Ordinance and this Official Statement may be viewed at the office of the City's financial advisor, Piper Sandler & Co., 11635 Rosewood Street, Leawood, KS 66211, (913) 345-3373, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request. *All capitalized terms used in this Official Statement and not otherwise defined in this Official Statement have the meanings assigned to those terms in the Bond Ordinance.*

Continuing Disclosure Information

The City has agreed to provide certain annual financial information and notices of certain enumerated events relating to the Bonds to the Municipal Securities Rulemaking Board (the "**MSRB**") via the Electronic Municipal Market Access system ("**EMMA**"), in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "**Rule**"). Pursuant to a Continuing Disclosure Undertaking, the City has agreed to provide to the MSRB via EMMA the annual financial information and notices of certain enumerated events in compliance with the Rule. For further details, see the caption "**CONTINUING DISCLOSURE**" herein and *Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING"* to this Official Statement.

Municipal Bond Insurance Policy

Build America Mutual Assurance Company ("**BAM**") has committed to issue, effective as of the date of issuance of the Bonds, a Municipal Bond Insurance Policy (the "**Policy**"), which Policy guarantees the scheduled payment of the principal of and interest on the Bonds when due as set forth in the form of the Policy included as *Appendix F* to this Official Statement. See the caption "**BOND INSURANCE**" herein and *Appendix F - "SPECIMEN MUNICIPAL BOND INSURANCE POLICY"* attached to this Official Statement.

Bond Ratings

Insured Rating. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign the Bonds the rating on the cover page of this Official Statement conditioned upon the issuance and delivery of the Policy by BAM at the time of issuance of the Bonds.

Underlying Rating. S&P has also assigned the Bonds the underlying rating on the coverage page of this Official Statement (the rating assigned to the Bonds in the absence of the Policy issued by BAM). See the caption "**RATINGS**" herein. Such ratings reflect only the views of S&P, 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 the 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.

PLAN OF FINANCING

Authorization and Purpose of the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 27 of the Missouri Constitution, as amended, Chapter 250 of the Revised Statutes of Missouri, as amended, Section 108.140(2) of the Revised Statutes of Missouri, as amended, and the Bond Ordinance. The Bonds are being issued to (1) current refund and redeem the Refunded Bonds and (2) pay costs of issuing the Bonds.

Refunding of the Refunded Bonds

The City will transfer a portion of the proceeds of the Bonds in the amount of \$5,971,277.25 to UMB Bank, N.A., St. Louis, Missouri, as paying agent for the Refunded Bonds (the “**Refunded Bonds Paying Agent**”), which amount will be sufficient to pay the redemption price of the Refunded Bonds on September 1, 2020, equal to 100% of the principal amount of the Refunded Bonds plus accrued interest thereon to the September 1, 2020, redemption date.

The Refunded Bonds will be redeemed on September 1, 2020, at a redemption price equal to 100% of the principal amount of the Refunded Bonds, plus accrued interest thereon to the September 1, 2020, redemption date. Set forth below is a description of the Refunded Bonds:

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
08/05/2010	09/01/2025 ⁽¹⁾	5.760%	\$1,470,000	09/01/2020	100%	472556 HX0
08/05/2010	09/01/2030 ⁽¹⁾	6.350	1,945,000	09/01/2020	100%	472556 HY8
08/05/2010	09/01/2035 ⁽¹⁾	6.500	2,375,000	09/01/2020	100%	472556 HZ5

⁽¹⁾ The Term Bonds scheduled to mature on September 1, 2025, 2030 and 2035, will include the following mandatory redemption amounts:

Term Bonds Maturing on September 1, 2025

<u>Year</u>	<u>Principal Amount</u>
2021	\$235,000
2022	240,000
2023	320,000
2024	330,000
2025 ⁺	345,000

Term Bonds Maturing on September 1, 2030

<u>Year</u>	<u>Principal Amount</u>
2026	\$360,000
2027	370,000
2028	390,000
2029	405,000
2030 ⁺	420,000

Term Bonds Maturing on September 1, 2035

<u>Year</u>	<u>Principal Amount</u>
2031	\$435,000
2032	455,000
2033	475,000
2034	495,000
2035 ⁺	515,000

⁺ Final Maturity

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	\$5,625,000.00
Original issue premium	<u>501,760.45</u>
Total	<u>\$6,126,760.45</u>

Uses of Funds:

Deposit with Refunded Bonds Paying Agent to Redeem Refunded Bonds	\$5,971,277.25
Costs of issuance, including Underwriter's discount and premium for BAM Policy	<u>155,483.20</u>
Total	<u>\$6,126,760.45</u>

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 Ordinance for the detailed terms and provisions thereof.

General Description

The Bonds are being issued in the aggregate principal amount of \$5,625,000. The Bonds are dated as of the date of original delivery of and payment for such Bonds and the principal is payable on September 1 in the years and in the principal amounts set forth on the inside cover page of this OS, subject to redemption and payment prior to maturity, upon the terms and conditions described under the section herein captioned "**THE BONDS – Redemption Provisions.**" Interest on the Bonds is calculated at the rates per annum set forth on the inside cover page, computed on the basis of a 360-day year of twelve 30-day months. The Bonds shall consist of fully-registered bonds 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 (each an "**Interest Payment Date**"), beginning March 1, 2021.

The interest payable on each Bond on any Interest Payment Date will be paid to the person in whose name such Bond is registered (the "**Registered Owner**" or "**Owner**") as shown 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 such Interest Payment Date (the "**Record Date**") for such interest (1) by check or draft mailed by UMB Bank, N.A., St. Louis, Missouri, as paying agent for the Bonds (the "**Paying Agent**"), to the address of such Registered Owner shown on the Bond Register or such other address furnished to the Paying Agent in writing by such Registered Owner, or (2) or, in the case of an interest payment to the Securities Depository or any Registered Owner, by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name and address of the bank (which shall be in the continental United States), its ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed, and an acknowledgment that an electronic transfer fee may be applicable.

The principal or Redemption Price (as defined herein) of each Bond will be paid at Maturity by check, draft or electronic transfer to the Registered Owner at the Maturity thereof, upon presentation and surrender of such Bond at the principal payment office of the Paying Agent, or such other office designated by the Paying Agent.

Redemption Provisions

Optional Redemption. At the option of the City, the Bonds or portions thereof maturing on September 1, 2029, and thereafter will be subject to redemption and payment prior to maturity, on September 1, 2028, and thereafter in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

Selection of Bonds for Redemption. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed from maturities selected by the City, and Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

In the case of a partial redemption of Bonds at the time Outstanding in denominations greater than \$5,000, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Registered Owner of such Bond or the Registered Owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the price which such Bonds are to be redeemed (the "**Redemption Price**") and interest to the date fixed for redemption (the "**Redemption Date**") of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Registered Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Registered Owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Notice of Call for Redemption. Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days prior to the Redemption Date to the Underwriter of the Bonds and each Registered Owner of the Bonds to be redeemed at the address shown on the Bond Register.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the Redemption Date in an amount sufficient to pay the Redemption Price on the Redemption Date. If such notice is conditional and either the Paying Agent receives written notice from the City that moneys sufficient to pay the Redemption Price will not be on deposit on the Redemption Date, or such moneys are not received on the Redemption Date, then such notice shall be of no force and effect, the Paying Agent shall not redeem such Bonds and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

The failure of any Registered Owner to receive notice given as heretofore provided or any defect therein shall not invalidate any redemption.

So long as DTC is effecting book-entry transfers of the Bonds, the Paying Agent shall provide the notices specified in the Bond Ordinance to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a 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 Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, will not affect the validity of the redemption of such Bond. See *Appendix E* - "**BOOK-ENTRY ONLY SYSTEM**" to this Official Statement.

Effect of Call for Redemption. Official notice of redemption having been given as provided in the Bond Ordinance, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as provided in the Bond Ordinance for payment of interest. Upon surrender for any partial redemption of any Bond, the Paying Agent shall prepare for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided in the Bond Ordinance. All Bonds that have been surrendered for redemption shall be canceled and destroyed by the Paying Agent pursuant to the Bond Ordinance and shall not be reissued.

The failure of any Registered Owner to receive notice given as provided in the Bond Ordinance or any defect therein shall not invalidate any redemption.

Registration, Transfer and Exchange of Bonds

The City will cause the Bond Register to be kept at the principal office of the Paying Agent for the registration, transfer and exchange of Bonds as provided in the Bond Ordinance. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in the Bond Ordinance. Upon surrender of any Bond at the principal payment office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Bond Ordinance. The City shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of Bonds provided for in the Bond Ordinance and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

The City and the Paying Agent shall not be required (a) to register the transfer or exchange of any Bond after notice calling such Bond or portion thereof for redemption has been given or during the period of fifteen days next preceding the first mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant the Bond Ordinance.

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 E - “BOOK-ENTRY ONLY SYSTEM”* to this Official Statement.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds are special obligations of the City payable from and secured as to the payment of principal and interest by a pledge of the Net Revenues derived by the City from the operation of the System.

The Bonds will not be or constitute a general obligation of the City, nor will they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest.

The Bond Ordinance

*Any capitalized terms not otherwise defined herein or defined in **Appendix C - “SUMMARY OF THE BOND ORDINANCE”** hereto are defined in the Bond Ordinance. The below summary of the Bond Ordinance does not purport to be complete and is qualified in its entirety by reference thereto.*

Pledge of Revenues. The Bonds shall be special obligations of the City payable from, and secured as to the payment of principal and interest by a pledge of the Net Revenues derived from the operation of the System, and the City pledges said Net Revenues to the payment of the principal of and interest on the Bonds. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest.

The covenants and agreements of the City contained in the Bond Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Ordinance. The Bonds will stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues and in all other respects with the Previously Issued Parity Bonds and with any Parity Bonds issued in the future. The Bonds will not have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the Parity Bonds and the Parity Bonds will not have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the Bonds.

Depreciation and Replacement Account. A Depreciation and Replacement Account has been established for the System and certain deposits are required to be made into the Depreciation and Replacement Account under the ordinances authorizing the Previously Issued Parity Bonds. So long as the amount in the Depreciation and Replacement Account aggregates \$500,000, no further deposits will be required in the Depreciation and Replacement Account. But if the City shall ever be required to expend and use a part of the moneys in the Depreciation and Replacement Account for its authorized purposes and such expenditure shall reduce the amount of the Depreciation and Replacement Account below \$500,000, then the City shall beginning November 1 of the fiscal year immediately following fiscal year in which the Depreciation and Replacement Account fell below \$500,000, and on each November 1 thereafter, deposit the sum of \$120,000 each year until the Depreciation and Replacement Account aggregates \$500,000. The amounts required to be deposited in the

Depreciation and Replacement Account by the Bond Ordinance shall include those amounts required to be deposited by the Previously Issued Parity Bonds. Except as provided in the Bond Ordinance, moneys in the Depreciation and Replacement Account shall be expended and used by the City, if no other funds are available therefor, solely for the purpose of making emergency replacements and repairs in and to the System as may be necessary to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof.

Rate Covenant. The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to (a) pay the Expenses of the System; (b) pay the principal of and interest on the Bonds as and when the same become due; and (c) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in the Bond Ordinance. The City further covenants and agrees that such rates and charges will be sufficient to enable the City to have in each fiscal year Net Revenues not less than 110% of the Debt Service Requirements for such fiscal year. The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations of the City under the provisions of the Bond Ordinance. If for any two consecutive fiscal years Net Revenues shall be an amount less than as hereinbefore provided, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the City Clerk and with the Underwriter of the Bonds and shall be furnished to any Registered Owner of the Bonds requesting a copy of the same, at the cost of such Registered Owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

Parity Obligations. The City has the right under the Bond Ordinance to issue additional bonds on a parity with the Bonds and the Previously Issued Parity Bonds payable from the same sources and secured by the same revenues as the Bonds, but only in accordance with and subject to the terms and conditions set forth in the Bond Ordinance, which conditions include meeting either of the following requirements (such capitalized terms used below having the definitions set forth in *Appendix C*):

(1) The average annual Net Revenues as set forth in the two most recent annual audits for the two fiscal years immediately preceding the issuance of additional bonds, as determined by an Accountant or a Consultant, shall have been equal to at least 110% of the Average Annual Debt Service for all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the average annual Net Revenues for the two preceding fiscal years for the purpose of this subsection, the City may obtain an Accountant or a Consultant to adjust said Net Revenues for the two preceding fiscal years by adding thereto, in the event the City shall have made any increase in rates for the use and services of the System and such increase shall not have been in effect during all of the two fiscal years for which annual audits are available immediately preceding the issuance of additional bonds, the amount, as estimated by the Accountant or Consultant, of the additional Net Revenues which would have resulted from the operation of the System during said two preceding fiscal years had such rate increase been in effect for the entire period; or

(2) The projected average annual Net Revenues for the two fiscal years immediately following the fiscal year in which the improvements to the System, the cost of which is being financed by such additional bonds, are to be placed in commercial operation, as determined by an Accountant or a Consultant, shall be equal to at least 110% of the average of the Debt Service Requirements in all fiscal years succeeding said fiscal year in which such improvements are expected to be placed in commercial operation. In determining the projected average annual Net Revenues for the purpose of this subsection, the Accountant or Consultant may adjust said projections by adding thereto any estimated increase in Net Revenues resulting from any increase or increases in rates for the use and services of the System duly made by the City which shall be in effect for the period of such

projections and which, in the opinion of the Accountant or Consultant, are economically feasible and reasonably considered necessary based on projected operations of the System.

Further provisions of the Bond Ordinance are set forth in “**SUMMARY OF THE BOND ORDINANCE**” in *Appendix C* to this Official Statement

BOND INSURANCE

Concurrently with the issuance of the Bonds, BAM will issue its Policy. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as *Appendix F* to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “**AA/Stable**” by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM’s total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$459.6 million, \$126.1 million and \$333.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the caption "**BOND INSURANCE**" herein.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

THE SYSTEM

Description of the System

The System includes 34 pumping stations, 440 miles of sanitary sewer lines, an 11 million gallons per day ("**mgd**") treatment facility and a 0.8 mgd treatment facility. The City has been served by a sewer system since pre-1895. Treatment was provided in the late 1960's when major interceptors and pumping stations were constructed to collect sanitary wastes and convey them to a central plant for treatment.

The facilities were expanded and upgraded to secondary treatment in 1979. The City acquired a major network of sewer mains from Cole County, Missouri, in the early 1990's which serves an area of approximately 11 square miles outside the City. The state agency governing such systems, the Department of Natural Resources, has designated the City as a regional sewer authority. The City of Holts Summit, Missouri, contracts with the City for sewerage treatment and the City of St. Martins, Missouri, contracts with the City for sewerage treatment and maintenance.

The City owns a sequencing batch reactor plant with a design capacity of 11 mgd in normal weather to a peak rate of 60 mgd, and a central pump station which will pump 60 mgd. The capacity will serve the needs of the City for the next 20-25 years.

The System is operated by the Wastewater Division within the Department of Public Works who reports to the City Administrator. The elected City Council sets policy for the Wastewater Division by ordinance. The utility currently operates all systems with 33 employees.

Historical Debt Service Coverage

The following table shows historical debt service coverage for all obligations of the System prepared from audits of the City and the System for the last three fiscal years:

	Fiscal Year Ended October 31		
	2017	2018	2019
Operating Revenue	\$11,172,107	\$11,564,490	\$11,588,856
Non-Operating Revenue	1,095,188	969,275	869,551
Capital Contributions ⁽¹⁾	<u>184,267</u>	<u>202,011</u>	<u>183,576</u>
Total Revenue	\$12,451,562	\$12,735,776	\$12,641,983
Operating Expenses ⁽²⁾	<u>\$5,834,648</u>	<u>\$5,536,848</u>	<u>\$6,812,546</u> ⁽³⁾
Total Expenses	\$5,698,309	\$5,834,648	\$6,812,546
Net Revenue Available for Debt Service	\$6,616,914	\$7,198,928	\$5,829,437
Debt Service	\$5,721,265	\$6,065,813	\$6,068,595
Debt Service Coverage	1.16x	1.19x	0.96x ⁽⁴⁾

⁽¹⁾ Capital contributions include federal grant moneys and customer contributions in the form of sewer capital recovery moneys received during fiscal years ended October 31, 2017 through October 31, 2019.

⁽²⁾ Excludes depreciation and amortization expenses.

⁽³⁾ Operating expenses increased during fiscal year ended October 31, 2019, due to numerous repairs to System infrastructure damaged by flooding in the Summer of 2019.

⁽⁴⁾ The City's Debt Service Coverage requirement for fiscal year ended October 31, 2019, fell below the required 110% Rate Covenant requirement set forth in the City's Previously Issued Parity Ordinances as further discussed under the caption "BONDOWNERS' RISK - Failure to Comply with Rate Covenant in Fiscal Year Ended October 31, 2019" herein.

Additional System Information

For additional information about the System, see *Appendix A* to this Official Statement.

BONDOWNERS' RISKS

The following is a discussion of certain risks that could affect payments to be made by the City with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully all the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in the Appendices hereto, copies of which are available as described herein.

General

The Bonds are special obligations of the City and are payable solely out of Net Revenues derived from the operation of the System. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional, charter or statutory provision, limitation or restriction. The Bonds are not payable by and have no recourse to the power of taxation. The Bondowners have no lien on or security interest in any of the physical assets of the City, including the System.

Although the City has agreed in the Bond Ordinance and is required by law to charge rates sufficient to pay, among other things, the principal of and interest on the Bonds (see “**SUMMARY OF THE BOND ORDINANCE – Rate Covenant**” in *Appendix C*), there is no assurance that, because of adverse economic conditions, unexpected repairs, replacements or improvements to the System or other unanticipated circumstances, the City will be successful in collecting sufficient revenues to pay debt service on the Bonds on a timely basis.

Failure to Comply with Rate Covenant in Fiscal Year Ended October 31, 2019

The Previously Issued Parity Ordinances under which the City’s Previously Issued Parity Bonds were authorized require the City to comply with certain covenants, including a rate covenant requiring the City to charge rates for the System sufficient to produce in each fiscal year Net Revenues of the System equal to at least 110% of the Debt Service Requirements due on the all of the City’s System Revenue Bonds secured and payable from a pledge of Net Revenues of the System (the “**Rate Covenant**”). During the fiscal year ended October 31, 2019, the City incurred a significant increase in System operating expenses (excluding depreciation, the System operating expenses increased by approximately \$1,275,698 compared to System operating expenses in fiscal year ended October 31, 2018) because the City had to repair and replace certain System infrastructure that was damaged by flooding that occurred in the City in the Summer of 2019. As a result of the increased operating expenses incurred during the fiscal year ended October 31, 2019, the Net Revenues of the System were only equal to approximately 96% of the Debt Service Requirements to be paid by the City during the fiscal year ended October 31, 2019, which fell below the 110% Rate Covenant requirement set forth in the City’s Previously Issued Parity Ordinances. See also the table under the caption “**THE SYSTEM - Historical Debt Service Coverage**” in this Official Statement.

The Previously Issued Parity Bond Ordinances authorizing the City’s Series 2016 Bonds, Series 2014 Bonds and the Series 2010B Bonds require the City to employ a Consultant to make recommendations with respect to System rates and charges if the Net Revenues generated from the operation of the System fall below the 110% Rate Covenant requirement for two consecutive fiscal years. Although the Net Revenues of the System only fell below the 110% Rate Covenant requirement during the fiscal year ended October 31, 2019, and have not fallen below the Rate Covenant requirement for two consecutive fiscal years, on April 6, 2020, the City engaged Raftelis Financial Consultants, Inc. (“**Raftelis**”), to conduct a comprehensive rate study for the City’s System. The City expects Raftelis to complete the rate study by the end of the City’s current fiscal year October 31, 2020, and the City will likely implement increased System rates and charges based upon the conclusions and recommendations of the Raftelis rate study in order to ensure that the System generates sufficient Net Revenues to meet the 110% Rate Covenant requirement in future fiscal years.

Potential Risks Relating to COVID-19

A novel strain of coronavirus (which leads to the disease known as “COVID-19”), has recently spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state and local economies. In response to such expectations, President Trump on March 13, 2020, declared a “national emergency,” which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. On March 13, 2020, the Governor of the State of Missouri (the “State”) signed an Executive Order declaring a state of emergency in the State in response to COVID-19. On April 24, 2020, the Governor signed another Executive Order extending the state of emergency in the State through June 15, 2020. On June 11, 2020, the Governor signed another Executive Order extending the state of emergency in the State through December 30, 2020. The stated purpose of the Executive Order is to allow more flexibility in utilizing resources and deploying them around the State where they are most appropriate, including allowing the Governor to waive certain State laws and regulations where necessary.

On April 3, 2020, the Governor of the State issued a statewide “Stay Home Missouri” order for all State residents (the “State Order”), which began on April 6, 2020, and ended on May 4, 2020. The State Order required all State residents to avoid leaving their residences unless necessary and to practice social distancing when they need to travel outside their residences to work, access groceries, prescriptions, health care, and other necessities, or to engage in an outdoor activity. To slow the spread of the virus, the Governor also announced on April 9, 2020, that all school districts across the State must discontinue in-person classes for the remainder of the 2019-2020 school year. Numerous municipalities and counties, including the City and Cole County, Missouri, previously enacted their own “shelter-in-place” orders, consistent with the State Order, which require residents in these areas to limit non-essential travel and also require many businesses in these areas that are deemed to provide “non-essential” goods and services to close through at least May 3, 2020, as required by the State Order.

On April 27, 2020, the Missouri Department of Health and Senior Services (“DHS”) issued the “Show Me Strong Recovery Order,” which went into effect on May 4, 2020 and remained in effect through May 31, 2020. On May 28, 2020, DHS issued the “Economic Reopening Order,” which went into effect on June 1, 2020 and remained in effect until June 15, 2020. Both DHS orders provided guidelines for individuals and businesses in Missouri to gradually reopen economic and social activity. On June 16, 2020, the DHS orders expired and the State is not currently under a statewide public health order. Despite the expiration of statewide orders, cities and counties have the ability, and continue, to impose local public health orders restricting economic activities within the State.

The proliferation of COVID-19 throughout the City and the surrounding central Missouri region may adversely impact the amount of property tax and sales tax revenues available to fund the City’s general operations and may also negatively impact the amount of Net Revenues the City generates from the operation of the System that is pledged to pay debt service on the Bonds and the Previously Issued Parity Bonds if the economic ramifications of the spread of COVID-19 have a lasting impact on the economy in and around the City. In addition, the Governor has ordered the suspension of disconnection of utility services for those unable to pay during the COVID-19 outbreak. Significant instances of late payment or nonpayment could result in Net Revenues that are insufficient to pay debt service on the Bonds. Developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the general operations of the City, the operation of the City’s System and the ability of the City to generate sufficient Net Revenues from the operation of the System is highly uncertain and cannot be predicted. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds or the interest thereon. See the section captioned “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” in this Official Statement.

Limited Obligations

The Bonds are limited obligations of the City and are payable solely from and secured by a pledge of the Net Revenues of the System. The City's actual collection of these revenues is dependent upon, among other things, future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Bonds are not general obligations of the City and do not constitute indebtedness of the City within the meaning of any constitutional, statutory, or charter provision, limitation, or restriction.

THE BONDS ARE NOT PAYABLE BY AND HAVE NO RECOURSE TO THE CITY'S POWERS OF TAXATION, AND THE BONDOWNERS HAVE NO LIEN ON OR SECURITY INTEREST IN ANY OF THE PHYSICAL ASSETS OF THE SYSTEM OR THE CITY.

Additional Bonds

Under the Bond Ordinance, the City may issue additional bonds in certain circumstances. Any additional bonds may be secured on a parity basis with the Bonds if certain tests are met, or may be junior and subordinate to the Bonds. The issuance of such additional System Revenue Bonds may have a dilutive effect on the debt service coverage ratio for the Owners of the Bonds. See the discussion of additional System Revenue Bonds and the conditions on which they may be issued under the sections captioned "**Parity Bonds**" and "**Junior Lien Bonds**" in *Appendix C* attached to this Official Statement.

In addition to the tests that must be met under the Bond Ordinance for the City to issue additional System Revenue Bonds on parity with the Bonds, in order for the City to issue additional System Revenue Bonds to finance System capital improvements, the City will need to call an election at which at least a majority of the qualified voters of the City approve the issuance of the additional System Revenue Bonds for the purpose of financing such System improvements. Currently, the City anticipates it may call an election as early as April 2021 at which it may ask voters to approve the issuance of System Revenue Bonds in the principal amount of approximately \$15,000,000 to \$20,000,000 to finance certain System improvements, such as the replacement of biosolids sludge equipment and the construction of a regional pump station in order to extend System services to certain unincorporated areas of Cole County, Missouri, located west of the City limits.

No Mortgage on the System

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage, or other lien on any real or personal property. The Bonds are payable solely from Net Revenues derived from the City's operation of the System.

Risk of IRS Audit

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given that the Internal Revenue Service will not commence an audit of the Bonds. Bondowners are advised that, if an audit of the Bonds were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Bondowners 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.

Taxability

The Bonds are not subject to prepayment nor is the interest rate subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bonds is or was includible in the gross income of the Owners of the Bonds for federal income

tax purposes. It may be that Owners of the Bonds would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.

Investment Rating and Secondary Market

The lowering or withdrawal of the investment ratings initially assigned to the Bonds could adversely affect the market price for and the marketability of the Bonds. There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities will fluctuate as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of that entity, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Loss of Premium from Prepayment

Any person who purchases a Bond at a price in excess of its principal amount or who holds such Bond 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.

Defeasance Risks

When all of the Bonds are deemed paid as provided in the Bond Ordinance, the requirements contained in the Bond Ordinance and all other rights granted to Bondowners thereby shall terminate. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and interest accrued to the stated maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their stated maturity, (1) the City has elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with the Bond Ordinance. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Bond Ordinance that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

Enforcement of Remedies

The enforcement of the remedies under the Bond Ordinance may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

No Bond Reserve Fund

The City has not established a reserve account to secure the payment of the principal of and interest on the Bonds. There is no assurance that the net revenues of the System will be sufficient or that the City will have other funds available for the timely payment of the principal of and interest on the Bonds. The Debt Service Reserve Accounts established in connection with the Previously Issued Parity Bonds secure only those bonds.

Factors Affecting the Operations of the System

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the System's operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Management.* Changes in key management personnel could affect the capability of the management of the System.
2. *Future Economic Conditions.* Increased unemployment or other adverse economic conditions or changes in demographics in the service area of the City; cost and availability of energy; an inability to control expenses in periods of inflation and difficulties in increasing charges could affect the System's operation and financial performance.
3. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance.
4. *Environmental Regulation.* Sewer utilities are both subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of water and sewer utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operation of the facilities of the System. For example, if property of the System is determined to be contaminated by hazardous materials, the City could be liable for significant clean-up costs even if it were not responsible for the contamination.
5. *Natural Disasters.* The occurrence of natural disasters, such as floods or droughts, could damage the facilities of the System, affect water supply, interrupt services or otherwise impair operations and the ability of the System to produce revenues.

6. *Miscellaneous Factors.* Sewer utilities in general have experienced, or may in the future experience, problems including (a) the effects of inflation upon the costs of operation of facilities, (b) uncertainties in predicting future demand requirements, (c) increased financing requirements coupled with the increased cost and uncertain availability of capital, and (d) compliance with rapidly changing environmental regulations and requirements.

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 City 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 imposition and collection of rates and charges to pay the principal and interest thereof, or which might affect the City's ability to meet its obligations to pay the Bonds.

Approval of Legality

All 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 City. Gilmore & Bell, P.C., will also pass upon certain legal matters relating to this Official Statement, as disclosure counsel to the City.

The various 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, nor does the rendering of an opinion 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., as Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

Federal and State of Missouri Tax Exemption. The interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

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

Bank Qualification. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of 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 City 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 City 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 State of 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 heading “**TAX MATTERS.**”

Other Tax Consequences

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.

RATINGS

S&P is expected to assign the Bonds the rating of “AA,” as set forth on the cover page hereof, conditioned upon the issuance and delivery by BAM of the Policy at the time of issuance of the Bonds guaranteeing the timely payment of the principal of and interest on the Bonds when due. See the section captioned “**BOND INSURANCE**” herein and “**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**” attached to this Official Statement as *Appendix F*. S&P has also assigned the Bonds an underlying rating of “A+,” as set forth on the cover page hereof (such rating reflects the rating assigned to the Bonds in the absence of the BAM Policy).

The ratings reflect only the view of S&P at the time such ratings are given, and the Underwriter and the City make no representation as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained only from S&P. The City has furnished S&P with certain information and materials relating to the Bonds and the City that have not been included in this Official Statement. Generally, rating agencies base their rating on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. The above ratings are not a recommendation to buy, sell or hold the Bonds. 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. Except as described in the City’s Continuing Disclosure Undertaking, neither the Underwriter nor the City have undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of the ratings of the Bonds or to oppose any such proposed revision or withdrawal. See *Appendix D - “FORM OF CONTINUING DISCLOSURE UNDERTAKING”* attached to this Official Statement. Any such revision or withdrawal of the ratings could have an adverse effect on the market price and marketability of the Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Undertaking (the “**Disclosure Undertaking**”), the City has agreed to provide to the MSRB, via the EMMA system, not later than April 30th after the end of each fiscal year, beginning with the City’s fiscal year ending October 31, 2020, (1) the audited financial statements of the City for the prior fiscal year and (2) certain operating data of the City in accordance with the Rule. The financial statements of the City are audited by the City’s independent certified public accountants. Under the Disclosure Undertaking, the City has also agreed to provide prompt notice of the occurrence of certain enumerated events relating to the Bonds in compliance with the Rule. See also *Appendix D - “FORM OF CONTINUING DISCLOSURE UNDERTAKING”* to this Official Statement.

The City has entered into prior undertakings under Rule. The City believes that in the past five years it has complied in all material respects with its prior undertakings under the Rule.

The City has also approved a Tax and Securities Compliance Policy and Procedure dated May 5, 2014, setting forth policies and procedures to promote compliance with federal tax law and with the City's continuing disclosure undertakings for all tax-exempt and other tax-advantaged obligations of the City after issuance of such bonds and obligations.

In connection with the issuance of the City's Sewerage System Revenue Bonds, Series 2014, the City entered into a five-year engagement with Gilmore & Bell, P.C., whereby Gilmore & Bell, P.C., assists the City in preparing and submitting the City's Annual Reports on a timely basis to the MSRB, via EMMA.

MISCELLANEOUS

Financial Advisor

Piper Sandler & Co., Leawood, Kansas, is employed as financial advisor to the City to render certain professional services, including advising the City on a plan of financing in connection with the planning, structuring and issuance of the Bonds and various other debt related matters (the "**Financial Advisor**"). The Financial Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Bonds.

Certain Relationships

Gilmore & Bell, P.C., as Bond Counsel to the City, has represented the Financial Advisor in transactions unrelated to the issuance of the Bonds, but is not representing the Financial Advisor in connection with the issuance of the Bonds.

Underwriting

Based upon bids received by the City on July 20, 2020, the Bonds were awarded to Commerce Bank, Kansas City, Missouri (the "**Underwriter**"). The Bonds are being purchased for reoffering by the Underwriter. The Underwriter has agreed to purchase the Bonds from the City at a price equal to \$6,065,144.20 (representing the par amount of the Bonds (\$5,625,000.000), plus an original issue premium of \$501,760.45, less \$61,616.25 retained by the Underwriter comprised of an underwriting discount of \$47,385.00 plus a premium of \$14,231.25 to be paid by the Underwriter to BAM for the Policy). The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities. The Underwriter may sell certain of the Bonds at a price greater than such purchase price, as shown on the inside cover page hereof. 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.

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, 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. The descriptions contained in this Official Statement of the Bonds and the Bond Ordinance do not purport to be complete and are qualified in their entirety by reference thereto.

Simultaneously with the delivery of the Bonds, the Mayor of the City, acting on behalf of the City, will furnish to the Underwriter 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 has been approved by the City. Neither the City nor any of its councilmembers, officers or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City 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 City by the Bond Ordinance.

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CITY OF JEFFERSON, MISSOURI

By: /s/ Carrie Tergin
Mayor

APPENDIX A

CITY OF JEFFERSON, MISSOURI

GENERAL, ECONOMIC AND FINANCIAL INFORMATION

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GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY

Location and Size

The majority of the City is located in Cole County, Missouri, and a portion of the City is located in Callaway County, Missouri (collectively, the “**Counties**”), in the central portion of the State of Missouri approximately 150 miles from both Kansas City and St. Louis, Missouri. The City encompasses approximately 37.48 square miles and has a 2018 estimated population of 42,838 according to the U.S. Census Bureau.

Government and Organization

The City is the capital of Missouri and county seat of Cole County. It is a home rule charter city and political subdivision of the State of Missouri, organized, existing and operating under the constitution and laws of the State of Missouri and the City Charter, adopted in 1986, and exercises powers of municipal government specifically granted by the State of Missouri. The City is governed by the Mayor, elected for a four-year term, and ten Council members elected for overlapping two-year terms from five districts. The Mayor presides over Council meetings, and has veto power over Council enactments. The City Administrator is nominated and appointed by the Mayor, and is responsible for coordination and general supervision of all departmental operations. The City Administrator recommends the appointment and removal of department and division heads to the Mayor and the Council, with the exception of those divisions governed under the Parks and Recreation Commission and the Police Personnel Board. The City budget is prepared by the City Administrator after consultation with each department, and is reviewed and adopted by the City Council. As required by Missouri law, the aggregate City budget may not include any expenditures in excess of anticipated revenues. The City’s fiscal year ends on October 31 and begins on November 1.

The elected City Council members and Mayor of the City are as follows:

<u>Name</u>	<u>Title</u>	<u>First Term Began</u>	<u>Current Term Began</u>	<u>Term Expires</u>
Carrie Tergin	Mayor	2015	2019	2023
Hank Vogt	Ward 1, Councilmember	2020	2020	2022
David Kemna	Ward 1, Councilmember	2017	2019	2021
Mike Lester	Ward 2, Councilmember	2020	2020	2022
Laura A. Ward	Ward 2, Councilmember	2015	2019	2021
Erin L. Wiseman	Ward 3, Councilmember	2016	2020	2022
Ken Hussey	Ward 3, Councilmember	2013	2019	2021
Carlos M. Graham	Ward 4, Councilmember	2013	2019	2021
Ron L. Fitzwater	Ward 4, Councilmember	2017 ⁽¹⁾	2020	2022
Mark Schreiber	Ward 5, Councilmember	2015	2019	2021
Jon Hensley	Ward 5, Councilmember	2018	2020	2022

⁽¹⁾ Councilmember Fitzwater was elected in April 2017 to serve the remaining one-year term of former councilmember Glen Costales who resigned from the City Council in November 2017.

Several key members of the City management are listed below:

Steven S. Crowell, Jr., City Administrator. Mr. Crowell was selected to be the City’s City Administrator in March of 2014. He manages the City Departments which are Administration (City Clerk, Human Resources, Information Technology Services and City Counselor), Public Works, Planning and Protective Services, Finance, Fire, Police and coordinates with Parks and Recreation and Forestry.

Ryan Moehlman, City Counselor. Mr. Moehlman was selected to be the City's City Counselor in 2016. He holds a Juris Doctorate (J.D.) from the University of Missouri - Kansas City School of Law. Mr. Moehlman supervises the Law Department and represents the City in legal matters.

Margaret Mueller, Director of Finance. Ms. Mueller was selected to be the City's Director of Finance and Information Technology Services in March of 2016. Ms. Mueller services as the fiscal officer of the City and supervises the finance division. Ms. Mueller's responsibilities include planning, organizing and supervising the fiscal management of the City, advising the City Administrator and City Council on financial matters, and supervising and managing Information Technology services and staff. Ms. Mueller has a B.S. Degree in Business Administration with an emphasis in Accounting from Columbia College and is a Certified Public Accountant.

Matt Morasch, Public Works Director. Mr. Morasch became Public Works Director for the City in 2013. He has a B.S. Degree in Civil Engineering from the University of Missouri and is a registered professional engineer (PE) in the State of Missouri. Mr. Morasch supervises the divisions of engineering, wastewater, parking, transit, airport, central maintenance, stormwater and streets.

Eric Seaman, PE, Wastewater Division Director. Mr. Seaman has been employed as the Waste Water Division Director since September of 2004. Mr. Seaman has a B.S. Degree in Civil Engineering from the University of Missouri-Rolla and is a registered professional engineer (PE) in the State of Missouri. Mr. Seaman supervises the day-to-day operations required for the System.

City Services, Utilities

The City's Police Department is comprised of approximately 89 sworn officers and 37 civilian personnel, who are all assigned to one of three divisions within the Police Department: operations, special services, and support services. The City Fire Department is comprised of approximately 72 fire suppression personnel and 4 administrative staff personnel. The City Fire Department maintains five fire stations, an administration office, reserve apparatus storage facility and a training facility.

Electricity and natural gas are provided to the community by Ameren UE and Three Rivers Electric. Water is provided to the City by Missouri American Water Company, Public Water District #1, Public Water District #2 and Public Water District #4. Wastewater and sewage treatment is provided by the System, which is owned and operated by the City.

Transportation and Communication Facilities

The City is located 30 miles south of Interstate 70. U.S. Highways 54, 63 and 50 go through the City. The City operates a public bus system. Amtrak makes daily stops in the City. Local phone service is provided by CenturyLink. One daily newspaper, the *News Tribune*, is published in the City. Several radio stations are operated in the City.

Jefferson City Memorial Airport, located two miles north of Jefferson City's central business district, is owned by the City and operated by the City Department of Public Works. The Jefferson City Memorial Airport sustained significant damage as a result of the flooding of the Missouri River in May and June of 2019 and was closed for approximately 51 days during that period. The Airport is currently operational; however, the City is in the process of demolishing the Airport terminal, which was severely damaged, and plans to construct a new terminal building.

Medical and Health Facilities

The City is served by two hospitals including St. Mary's Health Center and Capital Region Medical Center, as well as several privately-owned, multi-specialty clinics. In addition other hospitals and medical

centers close to the City include Callaway Community Hospital and Fulton State Hospital about 22 miles in Fulton, Missouri and Boone Hospital Center about 26 miles in Columbia, Missouri.

Educational Institutions and Facilities

Public elementary and secondary education is provided by the Jefferson City School District (the “District”). The District’s boundaries encompasses the entire City as well as portions of Cole County and Callaway County outside of the City’s limits. The District consists of an early childhood center (Pre-K), 11 elementary schools (grades K-5), two middle schools (grades 6-8), one freshman center (grade 9), two high schools (grades 9-12), one career center providing vocational training (grades 9-12) and one family center/alternative high school (grades 9-12), with an approximate total enrollment of 9,049 students. The District is also in the process of constructing a new high school that is expected to be completed by January 2020. The City also has four parochial elementary schools and three parochial high schools. There are also two private boarding schools in the central-Missouri region area: Kemper Military School in Boonville, Missouri and Missouri Military Academy in Mexico, Missouri. There are numerous colleges and universities located in the area providing higher education opportunities, which include Lincoln University, located in the City; the University of Missouri-Columbia, located in Columbia, Missouri; Columbia College of Missouri, located in Columbia, Missouri; Stephens College, located in Columbia, Missouri; and State Technical College, located in Linn, Missouri.

Employment

Much of the economic information in this *Appendix A* relating to employment, including the tables under the sections captioned “*Major Employers*” and “*Employment Data*” below is historic in nature and generally predates the COVID-19 pandemic. It is not possible to predict whether any of the trends shown herein will continue in the future. See also the section captioned “**BONDOWNERS’ RISKS – Potential Risks Relating to COVID-19**” in the Official Statement.

Major Employers. Listed below is the most recent list of major employers located in the City and the number employed by each:

<u>Major Employers</u>	<u>Type of Business</u>	<u>Number of Employees</u>
State of Missouri	State government	14,174 ⁽¹⁾
Jefferson City Public Schools	Public education	1,627
Capital Region Medical Center	Healthcare	1,527
Scholastic, Inc.	School material distribution	1,500
Quaker Windows & Doors	Manufacturing	1,051
Central Bancompany	Banking services	1,020
SSM - St. Mary’s Hospital	Healthcare	982
ABB, Inc.	Manufacturing	865
City of Jefferson	City government	830
Walmart Supercenter (2 locations)	Retail	665
Jefferson City Medical Group	Healthcare	629 ⁽²⁾

Source: Jefferson City Chamber of Commerce - 2018.

⁽¹⁾ On June 30, 2020, the Governor of the State of Missouri announced that approximately 300 State of Missouri workers were being laid off and another 200 vacant positions were being eliminated due to a decline in state revenue caused by the negative impact the COVID-19 pandemic has had on the state economy. However, the Governor’s announcement did not specify whether the 300 State of Missouri workers being laid off were from State of Missouri offices located within the City or State of Missouri offices located elsewhere in Missouri.

⁽²⁾ According to local news reports, Jefferson City Medical Group laid off approximately 40 employees in late March 2020 due to a decrease in patients/revenue resulting from “stay-home-orders” imposed to control the spread of COVID-19. There are no details regarding whether any of these employees have been re-hired as economic activity within the City and surrounding region has slowly increased since those “stay-home-orders” have been lifted.

Employment Data. The following table sets forth unofficial employment figures for the City:

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
2020 ⁽¹⁾	20,457	19,483	974	5.00%
2019	20,670	20,092	578	2.80%
2018	20,291	19,738	553	2.73%
2017	20,625	19,962	663	3.21%
2016	21,321	20,505	816	3.83%

Source: MERIC (Missouri Economic Research and Information Center).

⁽¹⁾ Average for January 2020 through May 2020. The number of unemployed individuals in the City may have increased in June of 2020 due to the continuing negative impact the outbreak of COVID-19 has had and will likely continue to have on the economy in the City and surrounding region.

Unemployment information for April and May 2020 reflects the initial impact of the COVID-19 public health crisis on employment in the City through May 2020. Data for June and following months in 2020 are not currently available, but general news reports reflect growing unemployment claims, particularly, in April and May 2020, with gradual improvements in business prospects and employment as the State of Missouri began phased reopening in mid-May and June 2020. However, the Governor of Missouri recently announced on June 30, 2020, that approximately 300 State of Missouri workers were being laid off and another 200 vacant positions were being eliminated due to a decline in state revenue caused by the negative impact COVID-19 has had on the state economy. The Governor’s announcement did not specify whether all or a portions of the 300 State of Missouri workers being laid off were from State of Missouri offices located within the City or State of Missouri offices located elsewhere in Missouri.

Housing

The following table shows the median value of owner-occupied housing units in the City, Cole County, Callaway County and the State of Missouri:

(2014-2018 Average Estimate)	
	<u>Median Home Value</u>
Jefferson City	\$145,200
Cole County	160,300
Callaway County	144,200
State of Missouri	151,600

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2014-2018).

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Building Construction

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City over the fiscal years ended October 31, 2015 through October 31, 2019. These numbers reflect permits issued either for new construction or for major renovation.

	Fiscal Year Ended October 31				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number	403	468	384	408	597 ⁽²⁾
Value	\$50,308,558	\$57,258,162	\$69,686,310	\$160,445,576 ⁽¹⁾	\$69,818,072

Source: The City.

⁽¹⁾ Increase as a result of permits for commercial alterations and additions valued at approximately \$79,588,687 and a permit for construction of a new high school for Jefferson City School District valued at approximately \$54,698,812.

⁽²⁾ Increase in number of permits was due to reconstruction/repair of properties damaged by tornado that struck east-side of City in May 2019. See also the section “**Tornado and Flooding in Summer of 2019**” below.

General Demographic Statistics

Population. The following table shows the population of the City according to the last three decennial censuses and the latest available estimate.

<u>Year</u>	<u>Population</u>
2018 ⁽¹⁾	43,013
2010	43,079
2000	39,636
1990	35,481

Source: U.S. Census Bureau.

⁽¹⁾ U.S. Census Bureau – American FactFinder – 2018 Population Estimates (as of July 1, 2018).

Income. The following table presents per capita personal income⁽¹⁾ and the estimated median household income additional for the City, Cole County, Callaway County and the State of Missouri:

	<u>City</u>	<u>Cole County</u>	<u>Callaway County</u>	<u>State of Missouri</u>
Median Household Income (2014-2018 average)	\$50,832	\$57,587	\$55,376	\$53,560
Per Capital Income (2014-2018 average)	\$29,537	29,433	25,069	26,797

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2014-2018).

⁽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).

Tornado and Flooding in Summer 2019

On May 22, 2019, a tornado struck in an approximate 3 square-mile area of the City causing damage to various commercial and residential properties as well as properties and infrastructure owned and maintained by the State of Missouri and the City. In May and June of 2019, severe storms and rainfall also resulted in

flooding of the Missouri River and various waterways throughout the central Missouri region, including certain areas of the City.

While the City is located on the Missouri River, the vast majority of the commercial and residential properties within the City, as well as the majority of City-owned property, is located on the south side of the Missouri River (in Cole County, Missouri), which is at an elevation higher than the banks of the Missouri River. As a result of the higher elevation, this portion of the City only sustained minimal damage as a result of the flooding that occurred in the Summer of 2019. The area of the City located on the north side of the Missouri River (in Callaway County, Missouri), which is where the City-owned Jefferson City Memorial Airport is located, is at a lower elevation that borders the Missouri River and has historically been prone to flooding. As a result of the lower elevation, the properties located in this area, including the City-owned Jefferson City Memorial Airport, sustained significant damage as a result of flooding in the Summer of 2019; however, this area of the City is sparsely populated and only contains a small number of commercial properties.

Although the tornado and flooding has resulted in increased expenses for the City, including increased operating expenses related to the System, and caused property damage that may decrease the future assessed valuation of residential and commercial properties that sustained damage within the City, the City does not anticipate that these repercussions will materially impact the City's general or financial operations or System operations in future fiscal years. The City applied for and received federal grants to offset a portion of the costs the City has incurred as a result of repairing and reconstructing property and infrastructure damaged by the tornado and flooding, including costs incurred for repairing System infrastructure. However, as a result of the increased System operating expenses incurred during the fiscal year ended October 31, 2019, the Net Revenues of the System were only equal to approximately 96% of the Debt Service Requirements to be paid by the City during the fiscal year ended October 31, 2019, which fell below the 110% Rate Covenant requirement set forth in the City's Previously Issued Parity Ordinances. See the table under the caption "**FINANCIAL INFORMATION CONCERNING THE SYSTEM - Historical Debt Service Coverage**" in this *Appendix A* and the discussion under the caption "**BONDOWNERS' RISK - Failure to Comply with Rate Covenant in Fiscal Year Ended October 31, 2019**" in this Official Statement.

HISTORY AND OPERATION OF THE SYSTEM

Description of the System

The City's System includes 34 pumping stations, 440 miles of sanitary sewer lines, an 11 million gallons per day ("**mgd**") treatment facility and a 0.8 mgd treatment facility. This capacity will serve the needs of the City for the next 20-25 years. The City has been served by a sewer system since pre-1895. Treatment was provided in the late sixties when major interceptors and pumping stations were constructed to collect sanitary wastes and convey them to a central plant for treatment.

The City acquired a major network of sewer mains from the County in the early 1990's which serves an area of approximately 11 square miles outside the City. The state agency governing such systems, the Department of Natural Resources, has designated the City as a regional sewer authority. The community of Holts Summit contracts with the City for treatment and the community of St. Martins contracts with the City for treatment and maintenance.

The System is operated by the Wastewater Division within the Department of Public Works who reports to the City Administrator. The elected Council sets policy for the Wastewater Division by ordinance. The utility currently operates all systems with 33 employees.

Utility Rates

Pursuant to the City’s current rate ordinance pertaining to the City’s System, which went into effect on June 1, 2017, all residential, commercial, industrial and governmental establishments are charged for sewer service in accordance with the following rate table:

Fixed Minimum Charge	Volume Charge
<u>Per Month</u>	<u>Per 100 Cubic Feet</u>
\$11.33	\$3.42

Source: City.

A surcharge rate has been established for any wastewater discharged into the city treatment works which contains certain levels of suspended solids or biochemical oxygen demand (“**BOD**”). The surcharge for suspended solids is at a rate of \$0.185 per pound, and the surcharge for BOD is at a rate of \$0.106 per pound.

All customers of the System located outside the corporate limits of the City are required to pay an additional charge for use of that part of the System that serves their respective area, which is triple the fixed rate. The City also provides wastewater treatment and services to the City of St. Martins, Missouri, pursuant to an Intermunicipal Agreement dated January 1, 2015 (the “**St. Martins Agreement**”), which is scheduled to terminate on January 1, 2040, and may continue on a month-to-month basis after that date. Under the St. Martins Agreement, the City provides wastewater treatment and service to any customer of the City of St. Martins (“**St. Martins Customer**”) that has properly connected to the existing interconnection between the City’s System and the City of St. Martins sewerage system. In exchange, each St. Martins Customer is required to pay double the fixed minimum charge per month (i.e. \$22.66 based upon the current fixed minimum charge of \$11.33) plus the City’s standard volume charge per 100 cubic feet (currently, \$3.42 per 100 cubic feet).

The City also provides wastewater treatment to the City of Holts Summit, Missouri, pursuant to an Intermunicipal Agreement dated May 23, 1996 (the “**Holts Summit Agreement**”), which was most recently amended in May 2016 to extend the term of the Holts Summit Agreement through December 31, 2051, with an additional option to extend the term of the Holts Summit Agreement from January 1, 2051 through December 31, 2055.

Under the Holts Summit Agreement, the City provides treatment for wastewater produced by the City of Holts Summit that is sent to the City via sewer line infrastructure that connects the City of Holts Summit sewerage system to the City’s System. In exchange, the City of Holts Summit pays the City (on or before the 24th day of May each year) the following fixed amounts, with additional charges assessed in the event the City of Holts Summit exceeds the maximum daily flow limit:

Years (May)	Payment Amount	Allowable Flow (Avg. Daily Flow)	Maximum Daily Flow (Gal. Per Day)	Excess Flow Charge per 1,000 Gal.
2017-2021	\$215,000	500,000	NO LIMIT	None
2022-2026	268,000	550,000	2,200,000	71% of volume charge
2027-2031	335,000	600,000	2,400,000	71% of volume charge
2032-2036	418,000	700,000	2,600,000	71% of volume charge
2037-2041	450,000	750,000	2,800,000	71% of volume charge
2042-2046	500,000	800,000	3,000,000	71% of volume charge
2047-2051	550,000	850,000	3,200,000	71% of volume charge

As further discussed under the caption “**FINANCIAL INFORMATION CONCERNING THE SYSTEM - Historical Debt Service Coverage**” in this *Appendix A*, the City has engaged Raftelis Financial Consultants, Inc. (“**Raftelis**”), to conduct a comprehensive rate study for the City’s System. The City expects

Raftelis to complete the rate study by the end of the City’s current fiscal year October 31, 2020, and the City will likely implement increased System rates and charges based upon the conclusions and recommendations of the Raftelis rate study in order to ensure that the System generates sufficient Net Revenues to meet the 110% Rate Covenant requirement in future fiscal years.

Customers

The total number of customers of the System as of fiscal year ended October 31, 2019 was 20,812. Below is a list of the top ten customers of the System during fiscal year ended October 31, 2019, and the approximate average amount of System use:

<u>Customer</u>	<u>% of System Usage</u>
Jefferson City Correctional Center	2.00%
Unilver, Inc.	1.96
Algoa Correctional Center	1.94
St. Mary’s Health Center	0.43
Capital Region Health Center	0.42
Central Dairy	0.42
Capitol Plaza Hotel	0.28
Lincoln University	0.25
Schumate Chapel Trailer Park	0.20
Missouri Highway Headquarters	0.18
<u>Total</u>	<u>8.08%</u>

Source: City.

The following table sets forth the total number of customers of the System for the last three fiscal years:

<u>Fiscal Year Ended October 31</u>	<u>Number of Customers</u>
2019	20,812
2018	20,616
2017	20,764

FINANCIAL INFORMATION CONCERNING THE SYSTEM

Accounting, Budgeting and Auditing Procedures

An annual budget of estimated receipts and disbursements of the System for the coming fiscal year is prepared by the City Administrator and is presented to the City Council for approval. The fiscal year of the City is November 1 through October 31. The budget lists estimated receipts by fund and sources and estimated disbursements by funds and purposes and includes a statement of the rates required to raise each amount shown on the budget as coming from System revenues.

Financial Statements

Audited financial statements of the City, which include the financial statements of the wastewater fund for the System, as of and for the fiscal year ended October 31, 2019, are included in the City’s 2019 CAFR in **Appendix B** to this Official Statement. These financial statements have been audited by Evers & Company, CPA’s, L.L.C., Jefferson City, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto.

Long-Term Sewerage System Revenue Bond Obligations

Current Outstanding System Revenue Bonds. The following table sets forth all of the outstanding System Revenue Bonds of the City, which are payable solely from the Net Revenues derived by the City from the operation of the City’s System, including the Bonds being offered, but excluding the Refunded Bonds:

Name of Bonds	Original Principal Amount	Outstanding Principal Amount
Sewerage System Improvement and Refunding Revenue Bonds (State Revolving Fund Program), Series 2001B	\$24,875,000	\$3,740,000
Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2005A	\$4,600,000	\$1,575,000
Sewerage System Refunding and Improvement Revenue Bonds (State Revolving Fund Program), Series 2005B	\$10,105,000	\$4,025,000
Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2008	\$3,900,000	\$2,310,000
Taxable Sewerage System Revenue Bonds, Series 2010B (Build America Bonds – Direct Payment)	\$6,445,000	\$225,000 ^{(1)*}
Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2012	\$15,000,000	\$10,723,000
Sewerage System Revenue Bonds, Series 2014	\$9,940,000	\$8,225,000
Sewerage System Revenue Bonds, Series 2014	\$9,380,000	\$9,380,000
Sewerage System Refunding Revenue Bonds, Series 2020	\$5,625,000	\$5,625,000
Total Revenue Bonds	\$89,870,000	\$45,828,000

⁽¹⁾ Reflects the Series 2010B Bonds scheduled to mature on September 1, 2020, that will remain outstanding after the issuance of the Bonds. Proceeds of the Bonds will be used to refund and redeem the City’s remaining Series 2010B Bonds scheduled to mature on September 1, 2025, and thereafter, outstanding in the aggregate principal amount of \$5,790,000. After September 1, 2020, the Series 2010B Bonds will no longer be outstanding.

Additional System Revenue Bonds. Under the Bond Ordinance and the Previously Issued Parity Bond Ordinances, the City may issue additional System Revenue Bonds in certain circumstances. Any additional System Revenue Bonds may be secured on a parity basis with the Bonds if certain tests are met, or may be junior and subordinate to the Bonds. The issuance of such additional System Revenue Bonds may have a dilutive effect on the debt service coverage ratio for the Owners of the Bonds. See the discussion of additional System Revenue Bonds and the conditions on which they may be issued under the sections captioned “**Parity Bonds**” and “**Junior Lien Bonds**” in *Appendix C* attached to this Official Statement and the section captioned “**BONDOWNERS’ RISKS - Additional Bonds**” in the Official Statement.

In addition to the tests that must be met under the Previously Issued Parity Bond Ordinances and the Bond Ordinance for the City to issue additional System Revenue Bonds on parity with the Bonds and Previously Issued Parity Bonds, in order for the City to issue additional System Revenue Bonds to finance System capital improvements, the City will need to call an election at which at least a majority of the qualified voters of the City approve the issuance of the additional System Revenue Bonds for the purpose of financing such System improvements. Currently, the City anticipates it may call an election as early as April 2021 at which it may ask voters to approve the issuance of System Revenue Bonds in the principal amount of approximately \$15,000,000 to \$20,000,000 to finance certain System improvements, such as the replacement of biosolids sludge equipment and the construction of a regional pump station in order to extend System services to certain unincorporated areas of Cole County, Missouri, located west of the City limits.

Historical Debt Service Coverage

The following table shows historical debt service coverage for all obligations of the System prepared for the last three fiscal years:

	Fiscal Year Ended October 31		
	2017	2018	2019
Operating Revenue	\$11,172,107	\$11,564,490	\$11,588,856
Non-Operating Revenue	1,095,188	969,275	869,551
Capital Contributions ⁽¹⁾	<u>184,267</u>	<u>202,011</u>	<u>183,576</u>
Total Revenue	\$12,451,562	\$12,735,776	\$12,641,983
Operating Expenses ⁽²⁾	<u>\$5,834,648</u>	<u>\$5,536,848</u>	<u>\$6,812,546⁽³⁾</u>
Total Expenses	\$5,698,309	\$5,834,648	\$6,812,546
Net Revenue Available for Debt Service	\$6,616,914	\$7,198,928	\$5,829,437
Debt Service	\$5,721,265	\$6,065,813	\$6,068,595
Debt Service Coverage	1.16x	1.19x	0.96x ⁽⁴⁾

⁽¹⁾ Capital contributions include federal grant moneys and customer contributions in the form of sewer capital recovery moneys received during fiscal years ended October 31, 2017 through October 31, 2019.

⁽²⁾ Excludes depreciation and amortization expenses.

⁽³⁾ Operating expenses increased during fiscal year ended October 31, 2019, due to numerous repairs to System infrastructure damaged by flooding in the Summer of 2019.

⁽⁴⁾ The City's Debt Service Coverage requirement for fiscal year ended October 31, 2019, fell below the required 110% Rate Covenant requirement set forth in the City's Previously Issued Parity Ordinances as further discussed below and under the caption "**BONDOWNERS' RISK - Failure to Comply with Rate Covenant in Fiscal Year Ended October 31, 2019**" in this Official Statement.

The Previously Issued Parity Ordinances under which the City's Previously Issued Parity Bonds were authorized require the City to comply with certain covenants, including a rate covenant requiring the City to charge rates for the System sufficient to produce in each fiscal year Net Revenues of the System equal to at least 110% of the Debt Service Requirements due on the all of the City's System Revenue Bonds secured and payable from a pledge of Net Revenues of the System (the "**Rate Covenant**"). During the fiscal year ended October 31, 2019, the City incurred a significant increase in System operating expenses (excluding depreciation, the System operating expenses increased by approximately \$1,275,698 compared to System operating expenses in fiscal year ended October 31, 2018) because the City had to repair and replace certain

System infrastructure that was damaged by flooding that occurred in the City in the Summer of 2019. As a result of the increased operating expenses incurred during the fiscal year ended October 31, 2019, the Net Revenues of the System were only equal to approximately 96% of the Debt Service Requirements to be paid by the City during the fiscal year ended October 31, 2019, which fell below the 110% Rate Covenant requirement set forth in the City's Previously Issued Parity Ordinances.

The Previously Issued Parity Bond Ordinances authorizing the City's Series 2016 Bonds, Series 2014 Bonds and the Series 2010B Bonds require the City to employ a Consultant to make recommendations with respect to System rates and charges if the Net Revenues generated from the operation of the System fall below the 110% Rate Covenant requirement for two consecutive fiscal years. Although the Net Revenues of the System only fell below the 110% Rate Covenant requirement during the fiscal year ended October 31, 2019, and have not fallen below the Rate Covenant requirement for two consecutive fiscal years, on April 6, 2020, the City engaged Raftelis Financial Consultants, Inc. ("**Raftelis**"), to conduct a comprehensive rate study for the City's System. The City expects Raftelis to complete the rate study by the end of the City's current fiscal year October 31, 2020, and the City will likely implement increased System rates and charges based upon the conclusions and recommendations of the Raftelis rate study in order to ensure that the System generates sufficient Net Revenues to meet the 110% Rate Covenant requirement in future fiscal years. See also the caption "**BONDOWNERS' RISK - Failure to Comply with Rate Covenant in Fiscal Year Ended October 31, 2019**" in this Official Statement.

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Debt Service Schedule

The following table shows the aggregate debt service schedule for the City's outstanding System Revenue Bonds including the Bonds being offered, but excluding the Refunded Bonds (these numbers do not take into account any federal or state subsidy payments to be received by the City):

Fiscal Year Ended October 31	<u>Series 2020 Bonds</u>									Total Debt Service	
	Series 2001B ⁽²⁾	Series 2005A ⁽²⁾	Series 2005C ⁽²⁾	Series 2008 ⁽²⁾	Series 2010B ⁽³⁾	Series 2012 ⁽²⁾	Series 2014	Series 2016	Principal		Interest
2020	\$2,043,036.47	\$372,702.17	\$809,586.86	\$338,313.01	\$230,625.00	\$955,352.30	\$698,870.00	\$281,400.00	--	--	\$5,729,885.81
2021	2,031,816.86	372,659.06	806,651.34	341,951.52	--	955,371.50	699,970.00	281,400.00	\$245,000.00	\$149,240.00	5,884,060.28
2022	<u>2,020,896.87</u>	371,785.16	805,168.86	339,467.55	--	956,027.50	695,870.00	281,400.00	255,000.00	137,800.00	5,863,415.93
2023		370,080.95	802,108.26	336,226.84	--	956,286.25	696,670.00	831,400.00	335,000.00	127,600.00	4,455,372.31
2024		367,548.28	797,472.85	337,124.90	--	956,170.45	699,920.00	829,900.00	345,000.00	114,200.00	4,447,336.47
2025		<u>364,187.76</u>	791,261.14	336,959.09	--	956,657.40	697,795.00	827,950.00	360,000.00	103,850.00	4,438,660.40
2026			<u>788,473.97</u>	330,815.81	--	956,735.75	697,945.00	830,550.00	370,000.00	93,050.00	4,067,570.53
2027				333,596.17	--	957,394.15	697,645.00	832,550.00	375,000.00	81,950.00	3,278,135.32
2028				330,265.05	--	957,632.60	696,895.00	828,950.00	390,000.00	70,700.00	3,274,442.65
2029				<u>330,847.46</u>	--	958,428.40	695,695.00	829,900.00	400,000.00	59,000.00	3,273,870.86
2030					--	958,770.20	699,045.00	830,250.00	405,000.00	51,000.00	2,944,065.20
2031					--	958,658.00	696,795.00	830,000.00	410,000.00	42,900.00	2,938,353.00
2032					--	958,091.80	697,620.00	829,150.00	420,000.00	34,700.00	2,939,561.80
2033					--	<u>958,060.25</u>	697,795.00	832,700.00	430,000.00	26,300.00	2,944,855.25
2034					--	696,375.00	830,500.00	440,000.00	440,000.00	17,700.00	1,984,575.00
2035					--		<u>698,625.00</u>	832,700.00	445,000.00	<u>8,900.00</u>	1,985,225.00
2036					--			829,150.00			829,150.00
Total	\$6,095,750.19	\$2,218,963.38	\$5,600,723.29	\$3,355,567.40	\$230,625.00	\$13,399,636.55	\$11,163,530.00	\$12,469,850.00	\$5,625,000.00	\$1,118,890.00	61,278,535.80
(Less) ⁽¹⁾	(2,043,036.47)	(372,702.17)	(809,586.86)	(338,313.01)	--	(955,352.30)	(698,870.00)	(281,400.00)	--	--	(5,499,260.81)
TOTAL	\$4,052,713.72	\$1,846,261.21	\$4,791,136.42	\$3,017,254.39	\$230,625.00	\$12,444,284.25	\$10,464,660.00	\$12,188,450.00	\$5,625,000.00	\$1,118,890.00	\$55,779,275.00

⁽¹⁾ Reflects debt service payments already paid by the City during the current fiscal year ending October 31, 2020.

⁽²⁾ Debt service totals for the City's Series 2001B Bonds, Series 2005A Bonds, Series 2005C Bonds, Series 2008 Bonds and Series 2012 Bonds, which were issued through the Missouri Department of Natural Resources State Revolving Fund or Direct Loan Programs, includes Department of Natural Resources and State Revolving Fund fees required to be paid during each fiscal year.

⁽³⁾ Reflects principal and interest on the Series 2010B Bonds scheduled to mature on September 1, 2020, that is not being refunded with proceeds of the Bonds and will remain outstanding.

Summary of Operations for Sewer Fund

The following table sets forth a summary of the statement of revenues, expenses and changes in net position for the wastewater/sewer fund for the fiscal years ended October 31, 2017, 2018 and 2019. This summary was derived from the annual audited financial statements of the City for such fiscal years and were prepared on the accrual basis of accounting:

	Fiscal Year Ended October 31		
	2017	2018	2019
OPERATING REVENUES:	\$11,172,107	\$11,564,490	\$11,588,856
OPERATING EXPENSES:			
Personnel services	\$2,501,889	\$2,510,545	\$2,467,716
Contractual services	1,277,269	1,261,349	1,302,320
Claims Expense	38,826	42,310	27,711
Material and supplies	396,224	578,932	751,102
Repairs and maintenance	525,879	521,214	531,141
Utilities	550,665	533,001	568,030
Depreciation	3,478,920	3,565,989	3,734,349
Other operating	543,896	89,497	1,164,526 ⁽¹⁾
Total Operating Expenses:	<u>\$9,313,568</u>	<u>\$9,102,837</u>	<u>\$10,546,895</u>
OPERATING INCOME (LOSS):	<u>\$1,858,539</u>	<u>\$2,461,653</u>	<u>\$1,041,961</u>
NON-OPERATING REVENUES (EXPENSES):			
Intergovernmental	--	--	--
Interest and investment revenue	\$1,095,188	\$969,275	\$869,551
Interest expense and fees	(1,915,809)	(2,101,422)	(1,923,454)
Gain/(Loss) on sale of capital assets	12,783	24,209	19,815
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>\$(807,838)</u>	<u>\$(1,107,938)</u>	<u>\$(1,034,088)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS:	<u>\$1,050,701</u>	<u>\$1,353,715</u>	<u>\$7,873</u>
CAPITAL CONTRIBUTIONS	\$513,06	\$349,851	\$1,357,416
TRANSFERS IN	--	--	--
CHANGE IN NET POSITION	\$1,563,768	\$1,703,566	\$1,365,289
NET POSITION-BEGINNING	\$53,257,334	\$54,821,102	\$56,402,906
<i>Prior Period Adjustment</i>	--	(121,762)	--
NET POSITION-ENDING	<u>\$54,821,102</u>	<u>\$56,402,906</u>	<u>\$57,768,195</u>

Source: City's Comprehensive Annual Financial Reports for fiscal years ended October 31, 2017 through 2019.

⁽¹⁾ "Other Operating Expenses" increased during fiscal year ended October 31, 2019, due to numerous repairs/improvements to System infrastructure damaged by flooding in the Summer of 2019.

Impact of COVID-19 Outbreak on System Collections. As a result of the recent COVID-19 outbreak, significant instances of late payment or nonpayment could result in Net Revenues of the System that are insufficient to pay debt service on the Bonds. Developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the general operations of the City, the operation of the City's System and the ability of the City to generate sufficient Net Revenues from the operation of the System is highly uncertain and cannot be predicted. See also the section captioned "**BONDOWNERS' RISKS - Potential Risks Relating to COVID-19**" in the Official Statement.

Balance Sheet for Sewer Fund

The following table sets forth a summary of the balance sheet for the wastewater/sewer fund for the fiscal years ended October 31, 2017, 2018, and 2019. This summary was derived from the annual audited financial statements of the City for such fiscal years and were prepared on the accrual basis of accounting:

	Fiscal Years Ended October 31		
	2017	2018	2019
ASSETS:			
Current assets:			
Cash and cash equivalents	\$5,941,204	\$5,763,682	\$6,696,469
Receivables (net of allowance for uncollectibles):			
Accounts	1,079,298	1,090,829	1,064,539
Receivables from other governments	22,463	72,228	111,981
Prepaid items	27,977	36,785	35,603
Current restricted assets:			
Cash and cash equivalents	6,080,054	5,326,823	2,818,574
Accrued Interest	240,733	214,320	183,415
Total current assets	<u>\$13,391,729</u>	<u>\$12,504,667</u>	<u>\$10,910,581</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$500,000	\$500,000	\$500,000
Investments - revenue bond reserve fund	6,767,756	5,599,081	4,458,462
Net pension asset	499,850	1,093,959	1,012,701
Capital assets:			
Land	942,043	942,043	942,043
Distribution and collection systems	62,099,173	68,426,006	69,599,846
Buildings and equipment	76,692,499	78,687,360	79,585,130
Construction in progress	7,594,575	981,864	1,741,375
<i>Less accumulated depreciation</i>	<i>(47,272,034)</i>	<i>(50,694,416)</i>	<i>(54,383,123)</i>
Total noncurrent assets	<u>\$107,823,862</u>	<u>\$105,535,897</u>	<u>\$103,456,434</u>
TOTAL ASSETS	\$121,215,591	\$118,040,564	\$114,367,015
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	528,765	\$195,484	\$244,364
Deferred outflows related to OPEB	--	--	18,068
Deferred outflows related to advance refunding	13,510	10,808	8,109
TOTAL DEFERRED	<u>542,275</u>	<u>\$206,292</u>	<u>\$270,541</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$167,792	\$137,152	\$124,460
Accrued liabilities	63,293	75,582	86,092
Compensated absences	23,019	23,814	22,456
Revenue bonds payable-current	2,549,783	2,666,600	2,769,283
Current liabilities payable from restricted assets:			
Accounts payable	\$260,102	\$14,121	\$354,491
Retainage payable	139,986	27,392	74,310
Accrued interest payable	634,336	582,893	530,600
Deposits	306,148	339,949	376,931
Payable to other governments (less than 1 year)	1,099,000	1,158,500	1,218,000
Revenue bonds payable-current	1,247,817	1,310,900	1,359,017
Total current liabilities	<u>\$6,491,276</u>	<u>\$6,336,903</u>	<u>\$6,915,640</u>

Noncurrent liabilities:			
Payable from restricted assets:			
Payable to other governments (less than 1	\$5,082,674	\$3,836,000	\$2,618,000
Compensated absences	232,744	240,791	258,249
Total OPEB liability	34,476	152,773	163,685
Revenue bonds payable (net of unamortized			
premiums and deferred amount of refunding)	54,834,374	50,738,824	46,492,474
Total noncurrent liabilities	<u>\$60,184,268</u>	<u>\$54,968,388</u>	<u>\$49,532,408</u>
TOTAL LIABILITIES	\$66,675,544	\$61,305,291	\$56,448,048
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	\$261,220	\$533,282	\$408,979
Deferred inflows related to OPEB	--	5,377	12,331
Total deferred inflows related to pensions	<u>\$261,220</u>	<u>\$538,659</u>	<u>\$421,310</u>
NET POSITION:			
Net Investment in capital assets	\$46,712,593	\$48,516,586	\$48,856,342
Restricted for:			
Pensions/OPEB	767,395	598,011	690,138
Bond service debt	842,722	2,076,982	2,020,933
Bond renewal and replacement	500,000	500,000	500,000
Capital projects	2,110,563	2,324,443	2,221,290
Unrestricted	3,887,829	2,386,884	3,479,492
TOTAL NET POSITION	<u>\$54,821,102</u>	<u>\$56,402,906</u>	<u>\$57,768,195</u>

Source: City's Comprehensive Annual Financial Reports for fiscal years ended October 31, 2017 through 2019.

DEBT INFORMATION OF THE CITY

Long-Term General Obligation Indebtedness

The City does not have any outstanding general obligation indebtedness.

Legal Debt Capacity

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

Based on the City's assessed valuation for 2019, after Board of Equalization adjustments, in the amount of \$910,339,512 (which excludes the assessed valuation in the amount of \$1,471,550 attributable to the incremental increase in assessed valuation over the established assessed valuation base within tax increment financing redevelopment areas located within the City), prior to any Board of Equalization adjustments, the current legal debt limit of the City is \$182,067,902 (equal to 20% of the assessed valuation for 2019 of \$910,339,512) and the current legal debt margin is \$182,067,902 (the City's current legal debt margin is equal to the City's current legal debt limit because the City does not have any general obligation bonds outstanding).

Series 2019 Special Obligation Bonds

On December 3, 2019, the City issued its Special Obligation Improvement Bonds (Parks System Project), Series 2019, in the aggregate principal amount of the \$7,305,000 (the “**Series 2019 Special Obligation Bonds**”), to finance improvements to its parks system. The Series 2019 Special Obligation Bonds are payable solely from amounts appropriated by the City in each fiscal year (1) out of the income and revenues of the City provided for such fiscal year, plus (2) any unencumbered balances from previous fiscal years. No property of the City is pledged or encumbered to pay to secure payment of the Series 2019 Special Obligation Bonds. The following schedule shows the annual principal and interest payments of the Series 2019 Special Obligation Bonds that are payable by the City during each fiscal year, subject to annual appropriation by the City Council of the City:

Fiscal Year Ended October 31	Principal Amount	Interest Amount	Total
2020	\$325,000.00	\$144,360.81	\$469,360.81
2021	285,000.00	184,167.50	469,167.50
2022	295,000.00	175,617.50	470,617.50
2023	300,000.00	166,767.50	466,767.50
2024	310,000.00	157,767.50	467,767.50
2025	320,000.00	148,467.50	468,467.50
2026	330,000.00	138,867.50	468,867.50
2027	340,000.00	128,967.50	468,967.50
2028	350,000.00	118,767.50	468,767.50
2029	360,000.00	108,267.50	468,267.50
2030	370,000.00	101,067.50	471,067.50
2031	375,000.00	93,112.50	468,112.50
2032	385,000.00	84,675.00	469,675.00
2033	395,000.00	75,627.50	470,627.50
2034	400,000.00	66,147.50	466,147.50
2035	410,000.00	56,347.50	466,347.50
2036	420,000.00	46,097.50	466,097.50
2037	435,000.00	35,387.50	470,387.50
2038	445,000.00	24,077.50	469,077.50
2039	455,000.00	12,285.00	467,285.00
Total	\$7,305,000.00	\$2,066,843.31	\$9,371,843.31
<i>(Less March 1, 2020 Payment)⁽¹⁾</i>	--	<i>(\$47,402.06)</i>	<i>(\$47,402.06)</i>
TOTAL	\$7,305,000.00	\$2,019,441.25	\$9,324,441.25

⁽¹⁾ Reflects \$47,402.06 of interest already paid by the City on the Series 2019 Special Obligation Bonds on March 1, 2020, during the current fiscal year ending October 31, 2020.

Other Obligations of the City

2017 Fire Equipment Lease. On May 19, 2017, the City entered into an annually-renewable equipment lease purchase agreement (the “**2017 Fire Equipment Lease**”) in the principal amount of \$5,037,541 for the purpose of financing the cost of acquiring various fire-fighting vehicles and related equipment. Rental payments scheduled to become due under the 2017 Fire Equipment Lease on April 1st of each year, consisting of a principal portion and an interest portion, are subject to annually appropriation by the City Council. The interest portion of such rental payments accrues at an interest rate of 2.485%, the final rental payment is due on April 1, 2028.

The remaining rental payments scheduled to become due under the 2017 Fire Equipment Lease, subject to annual appropriation by the City Council, are as follows:

<u>Fiscal Year Ended October 31</u>	<u>Principal Portion</u>	<u>Interest Portion</u>	<u>Total Rental Payments</u>
2020	\$314,326	\$85,674	\$400,000
2021	322,136	77,864	400,000
2022	330,141	69,859	400,000
2023	388,577	61,655	450,232
2024	398,233	51,999	450,232
2025	408,129	42,104	450,233
2026	418,270	31,962	450,232
2027	428,664	21,568	450,232
2028	439,316	10,917	450,233
Total	\$3,447,792	\$453,602	\$3,901,394
(Less April 1, 2020 Payment) ⁽¹⁾	(\$314,326)	(\$85,674)	(\$400,000)
TOTAL	\$3,133,466	\$367,928	\$3,501,394

⁽¹⁾ Reflects principal portion and interest portion of the rental payments already paid by the City on April 1, 2020, during the current fiscal year ending October 31, 2020.

Tax Increment and Special District Revenue Bonds (Capital Mall Project), Series 2019. On August 30, 2019, the Industrial Development Authority of the City of Jefferson, Missouri (the “**Authority**”), issued Tax Increment and Special District Revenue Bonds (Capital Mall Project), Series 2019 (the “**Series 2019 TIF Bonds**”), in the original principal amount of \$9,550,000, in order to refinance certain costs related to the renovation of a retail development known as the Capital Mall (the “**Capital Mall**”) undertaken by Capital Mall JC, LLC, a Missouri limited liability company (the “**Developer**”) in accordance with the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo (the “**TIF Act**”). Principal of and interest on the Bonds is payable solely from the Net Revenues (defined below) and other moneys pledged by the Authority to UMB Bank, N.A., as trustee (the “**Trustee**”), as provided in a Trust Indenture dated as of August 1, 2019, between the Trustee and the Authority (the “**Indenture**”). Interest on the Series 2019 TIF Bonds is payable semiannually on each May 1 and November 1, beginning May 1, 2020, and the Series 2019 TIF Bonds are scheduled to mature in the principal amounts and accrue interest at the rates specified below, subject to special mandatory redemption in accordance with the Indenture:

<u>Maturity (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2040	\$4,250,000	3.625%
2049	5,300,000	4.000%

In accordance with the TIF Act, the City designated a redevelopment area within the City on January 21, 2014, consisting of approximately 78 acres, including the Capital Mall (the “**Redevelopment Area**”). In connection with the issuance of the Series 2019 TIF Bonds, the City, the Authority and the Capital Mall Community Improvement District (the “**District**”), entered into a Financing Agreement dated as of August 1, 2019 (the “**Financing Agreement**”). Under the Financing Agreement, the City agreed to transfer payments in lieu of taxes (the “**PILOTS**”) and economic activity tax revenues (the “**Economic Activity Tax Revenues**”) to the payment of debt service on the Series 2019 TIF Bonds, and the District agreed to transfer certain revenues generated from a 1.00% District sales tax imposed within the Redevelopment Area to the payment of debt service on the Serie 2019 TIF Bonds (collectively, the “**Net Revenues**”).

The PILOTS consist of payments in lieu of taxes, as defined in the TIF Act, attributable to the increase in the equalized assessed valuation of all taxable real property within the Redevelopment Area over and above the initial assessed valuation of such real property at the time the Redevelopment Area was formed. The Economic Activity Tax Revenues consist of 50% of the total additional revenues from sales taxes imposed by the City generated by economic activities within the Redevelopment Area, which is subject to annual appropriation by the City Council. The City’s agreement to transfer PILOTS and, subject to annual appropriation by the City Council, Economic Activity Tax Revenues to the payment of the Series 2019 TIF Bonds expires on July 6, 2037, in accordance with the TIF Act. The Series 2019 TIF Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the City has not pledged its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Series 2019 TIF Bonds.

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

The City produces government-wide financial statements in accordance with the accrual basis of accounting and produces governmental fund financial statements in accordance with the modified accrual basis of accounting, which are both accounting principal generally accepted in the United States, as more fully described in the notes to the City’s audited financial statements for fiscal year ended October 31, 2019, contained in the Comprehensive Annual Financial Report attached as *Appendix B* to this Official Statement (the “**2019 CAFR**”).

The City, like other Missouri state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary/Agency Funds, as further described below:

- **Governmental Funds.** Governmental Funds are used to account for government activities focusing on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the City’s fiscal year. The City maintains nine individual governmental funds. The City’s major governmental funds include the following:
 - *General Fund:* acts as the primary operating fund of the City and accounts for all financial resources of the general government, except those required to be accounted for in another fund.
 - *Parks Fund (special revenue fund):* accounts for revenue sources from the operations of Parks and Recreation and 0.50% Local Parks Sales Tax (defined herein) that are legally restricted to expenditures for specific parks related purposes including major capital projects.

- *Capital Improvement Tax Fund:* accounts for revenue from the City's 0.50% capital improvement sales tax, the acquisition of capital assets or construction of major capital projects not being financed by other funds.

The non-major governmental funds include Police Training, Lodging Tax, JC Veterans Plaza Trust, City Hall Art Trust, USS Jefferson City Submarine Trust and Woodland Cemetery Trust, which each account for specific revenues that are legally restricted to expenditures for particular purposes. For further details, see *Note 1* to the City's audited financial statements included in the City's 2019 CAFR attached as **Appendix B** to this Official Statement.

- **Proprietary Funds.** Proprietary Funds are used to account for business-like activities of the City. The City maintains two types of Proprietary Funds: Enterprise Funds and Internal Service Funds. The Enterprise Funds account for the operations of the City's business-type activities, such as the City's wastewater (System), airport, parking and transit operations. The City's major Enterprise Funds include:
 - *Wastewater Fund:* accounts for operations of the City's System
 - *Transit Fund:* accounts for operations of bus fixed route and handicap public transit.

The non-major Enterprise Funds include the Airport Fund and the Parking Division Fund. The Internal Service Funds account for the operations that provide self-insurance workers compensation/risk managements services and self-funded health insurance, both of which are considered non-major funds. For further details, see *Note 1* to the City's audited financial statements included in the City's 2019 CAFR attached as **Appendix B** to this Official Statement.

- **Fiduciary/Agency Funds.** Fiduciary/Agency Funds are used to account for resources held for the benefit of parties outside of the City's governmental operations. The City's Tax Increment Financing Fund is the only Fiduciary/Agency fund currently maintained by the City and is considered a non-major custodial fund. For further details, see *Note 1* to the City's audited financial statements included in the City's 2019 CAFR attached as **Appendix B** to this Official Statement.

The City is required by law to prepare an annual budget of estimated receipts and disbursements for the coming fiscal year under the direction of the City Administrator and Director of Finance after consultation with each department. The annual budget is then presented to the Mayor and proposed by the Mayor to the City Council prior to October 31 each year for approval after a public hearing. The City's fiscal year is November 1 through October 31. The City's annual budget lists estimated receipts by fund and sources and estimated disbursements by fund and purpose.

The financial records of the City are audited annually by a firm of independent certified public accountants. In recent years, the annual audit has been performed by Evers & Company, CPA's, LLC, Jefferson City, Missouri, independent certified public accountants. Copies of the audited financial statements for the prior fiscal years of the City are on file with the City and are available for review.

Sources of Revenue

The City finances its operations through a local property tax levy, sales taxes, franchise taxes, charges for services, fines and forfeitures and miscellaneous sources. The City's major governmental funds, which account for City's governmental activities, include the General Fund, the Parks Fund (which is a special revenue fund) and the Capital Improvement Tax Fund.

The City's budgeted sources of revenue for its general operations, which are accounted for in the City's General Fund, for the City's fiscal year ended October 31, 2019, were as follows:

<u>Source</u>	<u>Amount of Projected General Fund Revenues</u>	<u>Percent of General Fund Revenues</u>
Sales and other use taxes	\$11,610,233	35.53%
Property Tax	5,447,766	16.67%
Utility and Franchise Taxes	6,695,255	20.49%
Licenses, permits and fees	999,288	3.06%
Intergovernmental	3,672,161	11.24%
Charges for services	2,800,278	8.57%
Fines and forfeitures	670,632	2.05%
Miscellaneous	778,187	2.38%
Total	\$32,673,800	100.00%

Source: City's adopted budget for fiscal year ended October 31, 2019.

The City's projected budgeted sources of revenue for its general operations, which are accounted for in the City's General Fund, for the City's current fiscal year ending October 31, 2020, are as follows:

<u>Source</u>	<u>Amount of Projected General Fund Revenues</u>	<u>Percent of General Fund Revenues</u>
Sales and other use taxes	\$11,980,085	36.38%
Property Tax	5,466,399	16.60
Utility and Franchise Taxes	7,205,000	21.88
Licenses, permits and fees	902,520	2.74
Intergovernmental	3,052,150	9.27
Charges for services	2,875,130	8.73
Fines and forfeitures	766,600	2.33
Miscellaneous	682,596	2.07
Total	\$32,930,480	100.00%

Source: City's adopted budget for fiscal year ending October 31, 2020.

Financial Summary

The following table reflects the City's total budgeted General Fund revenues, actual General Fund revenues, actual General Fund expenditures and General Fund balances for the City's General Fund for each of the last five fiscal years:

	<u>Fiscal Years Ended October 31</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Budgeted Revenues ⁽¹⁾	\$31,493,920	\$32,490,989	\$34,080,749	\$34,136,455	\$34,050,279
Actual General Fund Revenues ⁽²⁾	32,037,068	32,650,444	33,099,852	33,504,812	33,074,657
Actual General Fund Expenditures ⁽³⁾	29,733,603	30,984,506	33,851,110	33,859,108	34,934,391
Ending General Fund Balance	\$9,395,754	\$11,061,692	\$10,310,434	\$9,956,138	\$8,096,404

Source: City's Comprehensive Financial Reports for fiscal years ended October 31, 2015 through 2019.

⁽¹⁾ In accordance with state law, the City budgets on a cash basis.

⁽²⁾ Includes transfers in and proceeds from the sale of assets.

⁽³⁾ Includes transfers out.

Risk Management

Property and Casualty Insurance. The City is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As of October 31, 2019, the City had purchased insurance up to \$3.6 million for these risks from the Midwest Public Risk Fund, except for Worker's Compensation Risk Management as further described below. There have been no settlements in excess of insured coverage during the past five years.

The Midwest Public Risk Fund ("MPRF") is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the MPRF to meet its expected financial obligations. The MPRF has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet MPRF's obligations. The City purchases other commercial policies from various vendors for property and equipment, excess property, boiler and machinery, commercial crime, excess workers compensation, and airport owners and operator's liability. In the area of loss prevention and control, the City has contracted for services through a commercial insurance company and a professional broker. The City has also instituted internal safety and supervisory training programs designed to minimize risk exposure and claims. For further details about the City's risk management policies and initiatives, see *Note 8.A.* to the City's audited financial statements in the City's 2019 CAFR included as *Appendix B* to this Official Statement.

Worker's Compensation. On July 1, 1991, the City established a Worker's Compensation Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of this loss. Under this program, the Worker's Compensation Risk Management Fund provides coverage for up to a maximum of \$350,000 for each worker's compensation claim, with the exception that claims for public safety (fire/police) provide maximum coverage of \$450,000 per claim. The City purchases commercial reinsurance for claims in excess of individual coverage provided by the Worker's Compensation Fund (stop loss of \$350,000 individual with a policy maximum of \$1 million).

Payments are made to the Worker's Compensation Risk Management Fund based on payroll at State of Missouri Worker's Compensation rates which are estimates of the amounts needed to pay prior and current-year claims and to build an unreserved fund balance. For further details about the City's worker's compensation risk management initiatives, see *Note 8.B.* to the City's audited financial statements in the City's 2019 CAFR included as *Appendix B* to this Official Statement.

Self-Funded Health Insurance

On January 1, 2016, the City established a Self-Funded Health Insurance Fund (an internal service fund) to account for the transactions and reserves associated with the City's medical and prescription drug programs for City employees. Coverage for health and prescription drug plans are self-insured. As of October 31, 2019, the City had a stop-loss attachment point of \$125,000 per individual with a policy maximum of \$4,515,378. Payments are made to the Self-Funded Health Insurance Fund based on estimates of the amounts needed to pay prior and current-year claims and to establish net position sufficient for catastrophic losses. For further details about the City's Self-Funded Health Insurance Fund, see *Note 8.C.* to the City's 2019 CAFR included as *Appendix B* to this Official Statement.

Employee Retirement and Pension Plans

The City participates in the Missouri Local Government Employees' Retirement System ("LAGERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by state statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees ("LAGERS' Board") consisting of

three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 (the “**2019 LAGERS CAFR**”) is available at <https://www.molagers.org/financial-reports.html>. The link to the 2019 LAGERS CAFR is provided for general background information only, and the information in the 2019 LAGERS CAFR is not incorporated by reference into this Official Statement.

The 2019 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

All full-time general, police and fire employees of the City are eligible to participate in LAGERS. As permitted by LAGERS, the City has elected the non-contributory plan, meaning its participating employees do not contribute to the pension plan. The City is required by statute to contribute at an actuarially determined rate for each category of participating employees, subject to certain limitations. An employer that participates in LAGERS has its actuarially determined contribution rate calculated as follows: using the financial assumptions adopted by the LAGERS’ Board, an actuary computes the contribution rate that, if paid annually by each employer during the total service of its participating employees, will be sufficient to provide the pension reserves required at the time of said employees’ retirements to cover the pensions that such employees may be entitled to receive. However, this actuarially-determined contribution rate cannot result in an employer contributing an amount in any fiscal year equal to more than 101% of its total contributions for the immediately preceding fiscal year.

For information specific to the City’s participation in LAGERS, including the City’s past contributions, net pension liability and related sensitivities, and pension expense, see *Note 10* and the “**Schedule of Changes in Net Pension Liability and Related Ratios**” and “**Schedule of Contributions**” tables on pages 81 and 82, respectively, in the Required Supplementary Information section of the City’s 2019 CAFR included in *Appendix B* to this Official Statement. For additional information regarding LAGERS, see the 2019 LAGERS CAFR.

Other Post-Employment Benefits

In addition to pensions, many state and local governments, including the City, provide other postemployment benefits as part of the total compensation offered to attract and retain the services of qualified employees. The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents. The City requires retirees to pay the same medical premium charged for active employees. For further details relating to the City’s other postemployment benefits, see *Note 7.E* and the table “**Schedule of Changes in Total OPEB Liability and Related Ratios**” on page 83 in the Required Supplementary Information section of the City’s 2019 CAFR included in *Appendix B* to this Official Statement.

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History of Property Valuations

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

<u>Calendar Year</u>	<u>Assessed Valuation</u>	<u>% Change</u>
2019	\$910,339,512	1.72%
2018	894,954,520	0.20
2017	893,179,890	1.22
2016	882,456,576	2.25
2015	863,071,468	0.73

Source: Missouri State Auditor Property Tax Rate Reports.

Property Tax Levies and Collections

The following table sets forth property tax collection information for the City for the last five fiscal years:

<u>Fiscal Year Ended October 31</u>	<u>Total Levy</u>	<u>Total Net Taxes Levied⁽¹⁾</u>	<u>Current & Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>%</u>
2019	\$0.5561	\$4,902,680	\$4,760,932	97.1%
2018	0.5561	4,896,931	4,761,805	97.2
2017	0.5561	4,838,766	4,746,033	98.1
2016	0.5561	4,728,336	4,624,345	97.8
2015	0.5561	4,693,499	4,604,610	98.1

Source: City's Comprehensive Annual Financial Report for fiscal year ended October 31, 2019, "Property Tax Levies and Collections" table in the "Statistical Section" on pg. 118.

⁽¹⁾ "Total Net Taxes Levied" is calculated by dividing the assessed valuation (as of the calendar year prior to the fiscal year shown) by 100 and multiplying by the Total Levy then subtracting the one percent (1%) fee charged by Callaway County and Cole County for collecting property taxes for the benefit of the City.

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Sales Tax Collections

The City’s revenue for the fiscal years ended October 31, 2015 through 2019, generated from the sales tax levies are as follows:

<u>Fiscal Year Ended October 31</u>	<u>1.00% General Fund</u>	<u>0.50% Capital Improvements⁽¹⁾</u>	<u>0.50% Local Parks</u>	<u>Total</u>
2019	\$11,610,233	\$5,599,211	\$5,597,755	\$22,807,199
2018	11,577,513	5,545,522	5,554,002	22,677,037
2017	11,418,901	5,500,311	5,492,397	22,411,609
2016	11,121,425	5,356,330	5,358,988	21,836,743
2015	10,976,960	5,260,753	5,259,477	21,497,190

Source: City’s Comprehensive Annual Financial Reports for fiscal years ended October 31, 2015 through 2019.

⁽¹⁾ The voters of the City approved the most-recent renewal of the 0.50% capital improvement sales tax for a period of five years, which five-year period began on April 1, 2017, and is set to expire on March 31, 2022. The City expects to call an election in August 2021 to renew the 0.50% capital improvement sales tax for an additional five-year period.

* * *

APPENDIX B

CITY OF JEFFERSON, MISSOURI

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED OCTOBER 31, 2019**

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2019

Comprehensive Annual Financial Report

For the fiscal year ended
October 31, 2019



City of Jefferson
Missouri

**CITY OF JEFFERSON,
MISSOURI**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For The Year Ended October 31, 2019

**CITY OF JEFFERSON,
MISSOURI**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For The Fiscal Year Ended October 31, 2019

Prepared By: Department of Finance

CITY OF JEFFERSON, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED OCTOBER 31, 2019

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INTRODUCTORY SECTION



April 27, 2020

To the Honorable Mayor, City Council and Citizens of the City of Jefferson, Missouri

The Finance Department is pleased to present this Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended **October 31, 2019**. A copy of the report is on file in the City Clerk's office for public inspection. A copy will also be filed with the State Auditor's office to fulfill requirements of section 105.145 of Missouri statutes.

This report consists of management's representations concerning the finances of the City of Jefferson. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Because the cost of internal controls should not outweigh their benefits, the City of Jefferson's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

This report contains the following sections: **Introductory, Financial, Statistical and Federal Awards.**

The **Introductory** Section, which is unaudited, includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, an organizational chart and a listing of elected and appointed officials. This section is intended to give the reader a basic background about the City as a whole, local economic factors, major initiatives and accomplishments.

The **Financial Section** is divided into (1) the **Independent Auditors' Report**, (2) **Management's Discussion and Analysis (MD&A)**, (3) **Basic Financial Statements**, (4) **Notes to Financial Statements**, (5) **Required Supplementary Information**, (6) **Notes to the Required Supplementary Information**, (7) **Supplemental Financial Statements and Schedules**, (8) **Internal Service/Agency Fund**, and (9) **Capital Assets used in the Operation of Governmental Funds**.

City Charter section 3.10 requires that the Council provide for an annual audit of all City accounts by a certified public accountant. The City of Jefferson's financial statements have been audited by **Evers & Company, CPA's, L.L.C.**, a firm of licensed certified public accountants. The goal of the **independent audit** was to provide reasonable assurance that the financial statements of the City of Jefferson for the fiscal year ended October 31, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Jefferson's financial statements for the fiscal year ended October 31, 2019 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

The **Statistical** Section, which is unaudited, reflects social, demographic and economic data, financial trends and other pertinent information relating to the fiscal capacity of the City.

Federal Awards. The independent audit of the financial statements of the City of Jefferson was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports can be found in the Federal Awards Section of this report.

Profile of the Government

The City of Jefferson is the capital of Missouri and county seat of Cole County. Located on the banks of the Missouri river in the center of the state, it is the hub of state government which is the City's largest employer and its major industry.

The City was established by an act of the U.S. Congress on December 31, 1821 and was originally laid out by Daniel M. Boone, son of the famous pioneer, and Major Elias Bancroft. It has the distinction of being located on land donated by the federal government for establishment of a state capital city. Many of the original settlers came from Virginia in the vicinity of Monticello, the home of Thomas Jefferson, and were, in fact, friends of the former President. The City of Jefferson, named in his honor, was incorporated in 1825, four years after its founding.

The City of Jefferson operates under the Constitution and laws of Missouri, and a City Charter adopted in 1986. The City is governed by a Mayor elected for a four-year term and ten Council members elected for overlapping two year terms from five districts. The Mayor, as the chief executive officer of the City, presides over Council meetings voting only in the case of ties, but retaining veto power over Council enactments. A City Administrator nominated and appointed by the Mayor with the advice and consent of the Council, is responsible for coordination and general supervision of all departmental operations. The Administrator recommends appointment and removal of department and division heads to the Mayor and Council and is responsible for employment or discharge of subordinate employees, except those governed under the Parks and Recreation Commission and the Police Personnel Board.

Factors Affecting Financial Condition

The results of the 2010 Census indicates an 8.7% increase in the City's population over the last decade which now stands at 43,079 (Cole County 75,990 and Callaway County 44,332). However, Jefferson City has maintained a unique combination of "small town" friendliness with cosmopolitan ambience.

Missouri state government is the City's largest and most stable employer with 14,174 employees. It also represents an extremely reliable job base since the state government is not likely to relocate. However, since the State of Missouri has had budget problems in recent years this could impact the economic future of our city.

New retail businesses have continued to grow within the City. Cole County consistently ranks as one of the lower unemployment areas in the state. The local average unemployment rate for October 2019 was 2.0% which was well below the statewide (2.5%) and national (3.3%) rates.

Unassigned fund balance in the general fund of \$7,181,863 was 20.6% of the total general fund expenditures, including transfers out, at October 31, 2019. The general fund revenues increased by 0.9% over the past 5 years (2014 vs. 2019) while the general fund expenditures and transfers out increased by 11.9%.

Relevant Financial Policies

Missouri Revised Statutes requires First Class Counties to distribute to municipalities within the county a pro rata share of the road and bridge tax collected. The County transfers the City's share of this tax directly to the City rather than making the road improvements. Accordingly, the Council plans to designate the amounts it receives from the County Road and Bridge Tax funds for road and bridge improvements.

Major Initiatives, Accomplishments and Future Issues

Administration

In FY19, the City Administrator continued to ensure implementation of policy at the direction of the Mayor and City Council. Additionally, the City Administrator assisted with several Mayor and Council initiatives, including, but not limited to: continuation of current employee health plan design; provided policy and technical review of various development proposals; provided a recommended budget to the Mayor; assisted in reviewing, developing, and/or monitoring various State and Federal legislative proposals; reviewed and approved several personnel reclassifications; reviewed several staff reporting/organizational changes or departmental reorganizations; assisted in the general discussions regarding funding of facility maintenance, vehicle acquisition, and reviewed infrastructure facility and equipment capital expenditures; provided general guidance and follow up on City cyber security related issues; participated in planning for several community events; provided assistance to departments in response to recovery efforts from the May 2019 flooding and tornado; and provided City Charter required general supervision of City departmental operations, activities, and initiatives.

The City Administrator, with applicable departments within the City, and the Chamber of Commerce, worked on various economic development related initiatives/proposals, some of which came to fruition during FY19. The City will continue to assist in economic development efforts, to include recruitment of new businesses and retention/growth of existing businesses.

The City Administrator participated in, and will continue to participate in, several financial/budget related analyses, including: use tax; bond financing; tax increment financing; property tax assessment; fund balance use; and long term vehicle and facility financing.

Courtesy of Steve Crowell, City Administrator

City Clerk

In 2019, the City contracted with Municode to provide the City Code of Ordinances on-line. The City Clerk worked with the vendor, providing the City Code word files and coordinating the format with Municode. New City Code binders with the City seal were provided to the City and kept at the City Clerk's desk. The link went live in November 2019: https://library.municode.com/mo/city_of_jefferson/codes/code_of_ordinances.

From this point going forward, the City Clerk will provide Municode with all ordinances passed by City Council, to update the City Code. This process has provided a layer of proofing of City Code amendments as they are passed by ordinances, where before the City Code was edited by only the City Clerk and reviewed by Staff. A supplement with the updates made to the City Code will be provided to the City on a quarterly basis, with on-line updates provided as ordinances are passed.

The City Clerk will be the main point of contact with the vendor. This service has made it easier for the City Staff and citizens to search the City's Code, download the City Code to draft ordinances affecting the code, and search other cities' codes across the country.

Courtesy of Emily Donaldson, City Clerk

Human Resources

During FY2019, the Human Resources Department was awarded a Gold Level Workplace Health Achievement award (up from Silver Level in FY18) by the American Heart Association for taking significant steps to build a culture of health in the workplace. In order to encourage healthy behaviors year-round, the department extended the Wellness Program from two phases per year to three phases per year, and added additional healthy opportunities for employees and their family members to enjoy. The department also oversaw Request for Proposal (RFP) processes for professional services for our self-insured worker's compensation program and the Employee Assistance Program. In October, the department rolled out a new software program for employees to complete their open enrollment benefit selections, resulting in a more streamlined process for the employees. Lastly, the department continues to research and review Learning Management Systems and electronic Performance Management Systems in preparation for improving employee performance initiatives upon funding and approval.

Courtesy of Gail Strobe, Director of Human Resources

Planning and Protective Services

Metropolitan Planning Organization

The Capital Area MPO is the official transportation planning organization for the Jefferson City urbanized area. The City of Jefferson serves as the administrator for this federally-mandated program.

Major accomplishments for 2019 included:

- **Metropolitan Transportation Plan (MTP) Update** - The MTP is the long-range transportation plan for the MPO planning area, and a planning horizon of at least 20 years and is updated every 5 years. A full rewrite and update of the MTP was ongoing throughout 2018, with finalization of the plan and adoption by the CAMPO Board of Directors in 2019.
- **CAMPO Title VI Program Plan** – work began on the update of the Title VI Plan, which provides for compliance with federal Title VI requirements during the planning process.
- **Mapping** – CAMPO staff worked with JEFFTRAN staff on route configurations and corresponding changes to route guides (both for individual routes and an overall system map). CAMPO staff also provided transportation and land-use related mapping technical assistance to member communities, including zoning and sewer maps.
- **Administrative Functions** – The 2019-2023 Transportation Improvement Program, FY2019 Unified Planning Work Program, Program Year 2018 Annual Listing of Obligated Projects, and other planning documents were produced.

Redevelopment and Grants

The Neighborhood Services Division contributes to safety and the quality of life in Jefferson City by promoting sustainable neighborhoods through grants and initiatives as well as enforcement of housing codes and property maintenance codes. This is accomplished by several program areas and committees such as the Community Development Block Grants, Neighborhood Reinvestment (Old Town), Historic Preservation Commission, Façade Committee, Recycling, etc. The following are a few highlights of 2019.

- **Community Development Block Grant (CDBG) Program** - During 2019, the CDBG Entitlement program assisted 34 Low to Moderate Income households with Down Payment Assistance, Code Deficiency, and Energy Efficiency and Emergency Assistance programs. The purpose of the program is to assist low-to-moderate income homeowners with up to \$5,000 for purchase of single family residence, repairs to meet health and safety standards; to provide the opportunity to realize measurable energy savings; or assist with emergency repairs. Demolition was completed at 803 Montana Street, 207 Chestnut St and 1120 Madeline St. The vacant sites were donated or purchased by River City Habitat for Humanity. Habitat for Humanity will construct a single family house on site to be sold to a low to moderate income family.

Staff participated in the fifth annual Project Homeless Connect. The one day event served over 180 individuals experiencing homelessness by providing access to much needed services and resources such as shelter/housing, food, clothing, ID cards, medical care, dental care, mental health screening, substance abuse screening, job placement, bus passes, haircuts, showers, and much more. This event brought together almost 50 community organizations and nearly 200 volunteers in a unique community-wide effort to address the serious issue of homelessness in our city.

- **Neighborhood Stabilization Program** - In 2009, the City was awarded State CDBG Neighborhood Stabilization Program funds in the amount of \$440,776. The project consists of acquisition and rehabilitation of foreclosed homes. To date, the City has acquired six properties. Three properties were rehabilitated & sold to eligible Area Median Income households. Two properties were demolished, plots merged into one and then donated to Habitat for Humanity for reconstruction of a single family residence. One property at 408 Lafayette Street remains in the possession of the City. The City anticipates completing and closing out the program in 2020.
- **City Reinvestment Incentives** - The City's Neighborhood Reinvestment Act Programs provided incentives for owner-occupied homes and commercial buildings within the "Old Town" Area. Between the Residential Down Payment and Tax Reimbursement programs a total of 30 properties have benefited with 8 properties receiving assistance for down payment. The Commercial Façade & Adaptive Reuse Tax Reimbursement programs currently have six active properties participating. During 2019, the Rental Façade Improvement program supported the completion of one property. The Rental Façade Program assists landlords with rental properties by reimbursing 50% of the cost of improvements to façades of eligible buildings, up to \$5,000 per unit with a maximum of \$10,000. The goal of the program is to improve the exterior appearance and condition of residential rental properties. Eligible properties include single-family or duplexes utilized as rental property. Exterior improvements must be significant and meet appearance guidelines published by the Historic Preservation Commission.
- **Historic Preservation Commission** - The City of Jefferson was officially designated a Certified Local Government by the National Park Service on August 26, 2004. During the early years of being a Certified Local Government, the Commission recognized many challenges facing the community in the area of historic preservation. The Commission has worked to play a pro-active role in the community in the hopes of preventing the need to react to negative situations, such as the demolition of important structures. During 2018-2019, the City was awarded multiple Historic Preservation Fund grants to aid with planning, outreach, and surveys.

Grant funding allowed the City to contract with a historic preservation consultant to develop Jefferson City's first historic preservation plan. The Jefferson City Historic Preservation Plan contains five goals:

1. Reinforce the role of Jefferson City's historic core as central to the City's identity and long-term economic development strategy – emphasize quality of place.
2. Activate and revitalize Jefferson City's historic commercial centers and residential neighborhoods as distinctive places for living and investing.
3. Connect the City's historic core to its outlying suburban neighborhoods through transportation enhancements, parks, open space, trails, bikeways, programming, public facilities, and other initiatives.

4. Use the City's historic preservation, neighborhood services, and planning programs strategically to stimulate private investment in the revitalization of historic areas.

5. Actively engage residents and visitors with information, interpretation, and programming that reinforces community identity and tells the City's stories.

The plan will aid the Historic Preservation Commission, City of Council, City staff, and the public in making well-informed decisions regarding actions for and increased understanding of the City's historic and cultural assets.

Another grant funded the hiring of an architectural historian to conduct a reconnaissance level architectural survey of the Walinko Place, General Realty and Linhardt Subdivisions in the West Main Street area. The 45- acre survey area encompasses three residential subdivision areas that are primarily residential and represent a range of residential architectural styles from the post-World War II era. The West Main Street Historic Resources Report identified two resources at 1700 and 1704 West Main St as potentially eligible for individual listing in the National Register. Additionally, Rosin Preservation identified one hundred twenty-six (126) primary resources that appear eligible for listing as a National Historic District based on the date of construction, architectural integrity, and historical associations.

Future activities for 2019-2020, include hiring a structural engineer to investigate and determine the structural status of the unreinforced masonry buildings in the Missouri State Capitol and Munichburg Commercial Districts. All buildings in the survey area will have a baseline evaluation to determine the potential of unreinforced masonry common walls.

- **Recycling** - The City of Jefferson has multiple programs available to help residents recycle a wide variety of materials. Programs include: single stream recycling through Republic Services, yard waste recycling through All Seasons, glass recycling through Ripple Glass, and household hazardous waste recycling through Clean Harbors.

The City's overall calculated diversion rate as of October 31, 2019, was approximately 59%; of which 24% was diverted through curbside collection. Republic Services collected 17,017,080 pounds of landfill waste and approximately 24,256,441 pounds of additional waste was diverted away from the landfill via one of the available recycling programs.

Single Stream Recycling accepted materials include aluminum cans, mixed paper fiber, cardboard, plastics # 1, 2, 3, 4, 5, & 7. Of the total diverted waste, 5,454,780 pounds was through the Single Stream Recycling program.

- **Glass Recycling** - In 2011, the City of Jefferson began a glass recycling program with Ripple Glass. The City of Jefferson offers 4 locations to recycle glass:
 - 1700 South Ridge Dr. McKay Park,
 - 2284 Hyde Park Road,
 - 1228 E. McCarty Street Save a Lot Parking lot,
 - 2730 W. Main Street (front parking lot of federal recycling building).

Recycled glass is consolidated at a city facility and then sent to Ripple Glass in Kansas City, MO. Upon arriving at Ripple, glass is cleaned, sorted and crushed into cullet. The cleaned cullet is then made into insulation or new glass bottles. Communities that participate in glass recycling with Ripple Glass receive an insulation donation at the end of each year to be used as they wish. River City Habitat for Humanity has been recipient of these donations for over 3 years. In 2019, approximately 540,860 pounds of glass was recycled which represents a 12% increase over 2018.

- **Household Hazardous Waste** - In March of 2011, the Cole County Household Hazardous Waste Facility opened. The Household Hazardous Waste facility is a cooperative project between the City, Cole County and Republic Services dedicated to serving the residents of Cole County at no charge. The Household Hazardous Waste Facility provides the ability to keep products that contain corrosive, toxic, flammable or reactive ingredients out of landfills, streams, and ditches where it could potentially cause harm to ecosystems and human health. In 2019, 312 residents were served and over 7,269 pounds of waste were collected.
- **Adopt A Street/Adopt A Spot Program** - 18 organizations have adopted 6.6 miles of city streets through the Adopt-A-Street program. They are charged with picking up litter in their designated areas. One organization is participating in the

Adopt-A-Spot program with the adoption of an island on Tower Drive. They have taken responsibility for limited plantings, watering and mowing. The City of Jefferson assisted the Downtown Jefferson City Association in creating an Adopt-A-Block program. The boundaries are 100 W High St to 300 E High St; 100 – 200 Block of Madison St. The program requires at least quarterly, to engage in planting and pruning of trees, litter pick up (including cigarette butts), policing the area around the trash receptacles and other activities approved by the City. The adopter will also take note of any safety hazards, damaged benches, signs or sidewalks and report them to the City.

- **Yard Waste** - The City of Jefferson contracts with All Seasons Lawn Care to operate a local compost facility. Residents within the city limits may take yard trimmings, clippings, branches, and brush originating from their personal property to the facility at no cost. During 2019, approximately 20,422 patrons have brought in over 56,153 cubic yards of yard waste.

Property Maintenance

Property Maintenance/Code Enforcement contributes to the quality of life by promoting safety of the community through enforcement of housing codes and property maintenance codes. Existing housing inspections are based on the 2015 International Property Maintenance Code, current Zoning Codes, and various property related specialty codes to enforce minimum standards throughout the City. The Property Maintenance Division works with other City departments to accomplish property maintenance compliance such as the Police Department Community Action Team (CAT Team), Public Works, Law, Wastewater, Fire, Information Technology, and Administration.

Code Enforcement Achievements in 2019

The number Code Enforcement of activities increased from 4,424 in 2018 to 5,323 in 2019, with a voluntary compliance rate of 97%. Approximately 98% of activities were closed out as of October 31, 2019. In 2019, a total of 145 abatements were completed which represents 3% of all violations. Of the abatements completed 5 were owner occupied, 51 were rentals and 89 were abandoned/vacant buildings for a total cost of \$41,307.00 with an additional \$36,250.00 charged for administration fees.

Code Changes

A major code amendment in FY 2019 was to the City's Dangerous Building Code. Sec. 8-80 through Sec. 8-99, was amended separating the dangerous building process from the nuisance process, and clarifying the notice and hearing process. The amendment was based upon the Missouri Municipal League's model dangerous building code and will reinforce the legality of the City's dangerous buildings process.

What Do We See In The Future:

Increased collaboration between Property Maintenance and Community Action Team with Police Department re-instituting the Crime Free Multi-Housing Program. The program is designed to reduce crime, drugs and gangs on apartment properties. The program provides education to local property managers and landlords on topics including but not limited to security, and suggested lease agreement language.

Environmental Health Services Division

The purpose of the Environmental Health Services Division is to contribute to the quality of life by promoting the safety of the community through environmental health education, inspections and enforcement of environmental health laws and regulations.

- **Food Safety Inspection Program**-The Environmental Health Division continues to coordinate an inspection program for food service establishments in Jefferson City, Missouri. This includes the food safety inspection of restaurants, hospitals, schools, grocery stores, convenience stores, hotels, child care facilities, farmers markets, taverns, and temporary food establishments. This past year the division inspected over 350 food service establishments in Jefferson City. The division used the City of Jefferson Food Code that was adopted in 2017 to enforce health regulations in food service establishments. This code was adopted from the Missouri Department of Health and Senior Services. Application of this code to the food service industry reduces food safety violations, thus preventing food-borne illness to protect the public health.
 - Also in 2019, the Environmental Health Division continue to promote its online food safety education course. This course allows individuals to go online to take a food safety course for both the employee and manager of a food service operation. This course is offered in eight languages, English, Spanish, Korean, Mandarin, Vietnamese, Tagalong, Serbo-Croatian, and American Sign Language (ASL). The Environmental Health Division also offers an onsite food safety presentation for those who request it. The presentation goes over the basics of food safety in a food service establishment.
 - Emergency Response was also prevalent in 2019. In May of 2019, a tornado made its way through the heart of Jefferson City causing major damage to both commercial structures and residential structures. Also at the same

time, a major flood was occurring along the Missouri River, thus flooding portions of Jefferson City. The Environmental Health Division responded to these emergencies by assessing food service establishments, hotel, and child care facilities after the damages to assess what damage these facilities were in after these events. The purpose of these assessments is to make sure facilities are in functioning order and can produce a safe environment for the customers they serve.

- **Child Care Inspection Program**-The Environmental Health Division continues its contract with the Missouri Department of Health and Senior Services in the sanitation inspection of child care facilities in Jefferson City. Each year the division inspects child care homes and child care centers for sanitation requirements for licensed facilities. This helps insure that children in Jefferson City are being cared for in a safe and sanitary environment. The Environmental Health Division inspected approximately fifty child care facilities in 2019 in Jefferson City.
- **Mosquito Control Program**-During and after the Flood of 2019, the Environmental Health Services Division worked on controlling the mosquito population in Jefferson City. The flooded river left many areas of stagnant water which led to habitat areas for mosquitoes to develop in. Staff treated stagnant water throughout the City and also conducted a night fogging treatment in residential areas affected by the flood waters. These proactive treatments reduced the number of nuisance and disease causing mosquitoes in the area.
- **City of Jefferson Municipal Cemeteries**-The Environmental Health Division in conjunction with City of Jefferson Cemetery Resources Board continued to improve the conditions and record keeping of its municipal cemeteries. In 2019 several projects were completed, including a restoration training class in Woodland Cemetery. The City of Jefferson partnered with the Missouri Department of Natural Resources to host a cemetery preservation workshop. This workshop was attended by over twenty individuals from around Missouri. The training consisted of a half day indoor classroom training, followed by a half day onsite training in Woodland Cemetery on East McCarty Street. Individuals received hands on training regarding proper restoration of gravestones in cemeteries.
 - Also in 2019, several record keeping projects were completed in the cemeteries. The Cemetery Resources Board made application to the United States Veterans Affairs Office for gravestones for military veterans buried in Old City Cemetery. After the applications were approved a veteran gravestone was placed in Old City Cemetery honoring those individuals for their service to our country. New granite markers were also placed at headstones that were no longer legible in Old City Cemetery. Twenty-two granite grave markers were placed at the head of gravestones that had deteriorated over time. This project help preserve the name, birth, and death date of these individuals interred in Old City Cemetery on East McCarty Street.

Building Regulations Division

The purpose of the Building Regulations Division is to contribute to the quality of life by promoting the health, safety and welfare of the community through enforcement of building codes and construction inspections.

- The major impact on the Division was the EF-3 tornado hitting the town on May 22, 2019. It was estimated that over 500 structures were damaged somehow by the storm within about 3 square miles of the city. Most of the damage occurred just east of the center of town. The tornado came generally north up from Christy Lane and Route B to the river by Capitol Avenue and Lafayette Street. The final damage cost won't really be known for a couple of years, but is estimated to be \$15 to \$20 million. An additional 200 building permits were issued for storm damage during the fiscal year for about \$10 million.
- A total of 1,315 building permits were issued with a total valuation of more than \$70 million. This permit number includes the following types: building (597); demolitions (27); electrical (173); plumbing (409); and signs (109). Increased numbers were definitely influenced by the tornado impact on the city.
- Some notable projects that were permitted this year are:
 - New 4-story hotel
 - New 2-story bank building
 - Reconstruction of the Special Olympics facility
 - New Texas Roadhouse restaurant
 - Renovation of the old JCD/Shoe Factory building by McCarty and Bolivar Streets
 - Addition and renovation of the Public School Teachers Retirement System headquarters
 - New Burger King Restaurant

Planning Division

The purpose of the Planning Division is to contribute to the quality of life through land use planning and administration of development codes.

Staff reviewed the following major projects for compliance with zoning and site design standards:

- New office building for the Missouri Soybean Association located at 734 South Country Club Drive.
- New Texas Roadhouse restaurant located at 3104 Missouri Boulevard.
- New Church for Freshwater Church located at 2500 Tanner Bridge Road.
- Parking lot expansion for Unilever located at 2900 West Truman Boulevard.
- New Courtyard Hotel located at 610 Bolivar Street.
- New Burger King restaurant located at 521 Missouri Boulevard.
- New Mid-America Bank building located at 1200 West Stadium.
- A total of 29 commercial construction site plans were processed in 2019.

Planning Staff prepared:

- Amendments to the Zoning Code pertaining to Medical Marijuana facilities.
- Amendment to the Zoning Code pertaining to Short Term Rentals.
- Amendment to telecommunication facilities regulations pertaining to small cellular installation on right-of-way.
- Jefferson City Historic Preservation Plan in conjunction with Neighborhood Services Division and outside consultant.

Planning staff reviewed applications for zoning and variance related requests and processed cases for review by the Planning and Zoning Commission and Board of Adjustment. Notable cases included:

- New 35 lot residential subdivision located on Sardonyx Drive.
- Commercial subdivision plat associated with the redevelopment of the old St. Mary's Hospital site and variances associated with this redevelopment project.
- Conditional use permit for new Missouri American Water Company facility on Hoover Road.
- Parking lot landscaping variance associated with new outlot development on Missouri Boulevard.
- Variances for three single family residential house projects.
- A total of 20 Planning and Zoning cases and 9 Board of Adjustment cases were processed in 2019.

Planning staff have been undertaking an update to the Comprehensive Plan, which is a project that began in 2018 and is expected to take approximately 2 years. Notable actions undertaken this year include:

- Background research and data gathering.
- Work session with the Planning and Zoning Commission regarding overarching city planning topics.
- Public engagement, including stakeholder interviews, public meetings, and surveys on overarching city planning topics.

Courtesy of Sonny Sanders, Director of Planning and Protective Services

Public Works Department

In 2019 the Public Works Department worked to develop many newly hired staff and supervisors (in the previous 5 years over 50% of the 130 Public Works employees were new hires). Also in 2019 the City experienced a major tornado and flood events. Public Works staff from every division pitched in to dispose of debris related to these two disasters as well as refurbish many damaged City facilities and infrastructure. Public Works staff kept meticulous records of all activities related to the disasters and continues work with FEMA to recover costs for those activities in 2020.

Engineering

The Engineering Division of Public Works will continue to implement the many projects noted in the 2017-2022 ½ Cent Capital Improvement Sales Tax. Projects completed in 2019 include the construction of sidewalks on Missouri Boulevard, the extension of a rail spur to serve Morris Packaging, Cavalier Drive at Capital City High School, a portion of the Dunklin Street Corridor Project, and stormwater projects on Mesa and Chickadee. Goals for 2020 include the completion of the Dunklin Street Bridge and Corridor, the East High sidewalks, the design of the Clark Avenue roundabouts, and various stormwater improvements.

Transit

In 2019 significant bus stop improvements were completed, including several new bus shelters as part of newly-reconfigured routes. In 2020 Transit staff will complete Year 2 of the 3-year rolling recertification of all paratransit clients to update their contact

information as well as ensure users are eligible for the service. The Transit Division also expects to update its paratransit client software, and plans to update a feasibility study to determine future options for replacement transit facilities.

Wastewater

In 2019 the Wastewater Divisions focused on in-house maintenance and rehabilitation efforts. They were also greatly affected by the major flood events of the Missouri River. In 2020 Wastewater will work to repair a key erosion issue on the bank of the Missouri River costing over \$1 million to correct, and will conduct an independent sewer rate study which will analyze long term capital improvement costs.

Streets and Stormwater Operations

In 2019 the Street and Stormwater Operation Division completed an assessment of the street conditions within the City. This information will be used to focus our maintenance and repair efforts going forward. The division will also continue its efforts to complete in house maintenance repair projects to our stormwater system with the use of the additional crew added in 2017. This Public Works Division also carried a large burden of cleanup efforts related to the tornado and floods of 2019. Due to their meticulous record keeping the City will be able to recover many of the costs associated with those events.

Parking

In 2018 the Parking Division completed a study to determine the need for additional parking in the downtown core. The study found a deficit of over 1,900 parking spaces. Phase II of the study, completed in 2019, found two possible sites which would help address this deficit. In 2020 the Division will continue in the planning for an additional parking garage and will also work to improve the condition of various existing surface lots.

Airport

The draft of the most recent airport master plan is awaiting approval from the Federal Aviation Authority. In 2019 the airport sustained a great deal of damage due to flooding. The division will focus efforts in 2020 on flood recovery. The flood recovery plan will include demolishing the existing terminal building damaged in the flood and work with a local business owner in a public/private partnership to replace the existing facility with one which will better suit the needs of the airport. In addition the division is planning projects which will address damage to our lighting system, perimeter fencing, and pavement of our airplane parking ramp.

Courtesy of Matt Morasch, Director of Public Works

Police Department

Utilization of Police One Academy

The Police One Academy is a proven resource that can meet the Police Department's training needs. Their training is coordinated through Lexipol and meets all the criteria for Missouri POST. The employees (134) will have 24/7 access including online learning courses and videos. Technology will allow reality training using up-to-date videos in daily briefings. Police Department employees attended 7,056 hours of police-related training in 2019. During the calendar year 2019, all licensed Missouri police officers were required to attend a minimum of 24 hours of continuing education. Within those 24 hours, a minimum of two hours were required in each of the following categories: Technical (police specific training such as TASER or CPR); Interpersonal (anti-bias training, mental health); Legal (search and seizure, statutory update); and Skill (2 hours mandatory firearms training). Additionally, one of the 24 hours must be on the subject of racial profiling.

Duty Pistol Replacement

The current duty pistols, Glock 17 and 19 Gen 4 9mm pistols, were placed in service in 2011. The normal lifespan of a police duty pistol is eight years. It is more cost effective to purchase new pistols and trade in the old pistols than to refurbish the existing pistols by replacing all the springs and parts, and labor by an armorer.

Initiation of Police Bicycle Patrol

Six officers were selected to serve as bicycle patrol officers, and have received training in bicycle patrol procedures from in-house trainers. Bicycle patrols allow officers to be closer to the community, and to travel where cars cannot reach. The visibility of a bicycle patrol can reduce crime and is an effective method of engaging with the community. Bicycle officers will be tasked with proactive patrols in high crime areas, high visibility patrols in residential areas, and special events.

Police Facility Study

A facility study for the police headquarters building at 401 Monroe Street is complete. The current facility (built in 1979) has space, structural, and interior décor challenges that will need to be addressed in the upcoming years. The goal of the facility study is to find

the most appropriate, efficient, and cost-effective way to address all of the challenges currently faced in a holistic manner. The facility study has been delivered to the Public Safety Committee and added to the police department list of needs.

Tablet Replacement for Detectives

The Investigations Section currently is using Panasonic Tablets which were purchased in 2015. Initially this was suitable due to it being smaller, easily accessible and able for detectives to carry with them. Due to various reasons including network capabilities and FirstNet compatibility, the computers must be updated. The Police Department is intending to transition to the Panasonic Semi Rugged Toughbook.

911 Center Hardware Improvements

The Police Department has been testing and evaluating new monitor configurations in the 9-1-1 emergency communications center. Staff has tested the current six monitor configuration with newer 24-inch wide screen monitor and have tested using a single 50-inch monitor. In 2020 police personnel will work towards selecting the most advantageous configuration and updating the entire 9-1-1 emergency communications center.

Mobile Data Computer Upgrades

The Police Department completed Phase 2 of the Mobile Data Computer replacement. In 2019 the department replaced 16 computers. Another 15 computers are scheduled to be replaced in 2020.

Radio Improvements

The Police Department completed the project of erecting a new radio tower on Rainbow Drive to service the Ventura area. This project was completed with the cooperation of Public Water District #1 as they donated the land. The Police Department also completed a renovation to the radio shed located at the Fairgrounds Road radio tower due to deterioration over the years.

Upgrade of CAD Software

The Department is continuing forward in the upgrade of the outdated Computer Aided Dispatch (CAD) software to a new Enterprise version. This will provide an increase in dispatching capabilities giving the communications operators more tools and interfaces to provide higher quality response support. This project is scheduled to be completed in May 2020.

Text-to-911

With the increasing use of technology and mobile devices by the public, the Police Department is upgrading the 911 communications center to use next generation functionality. This will include the ability to receive emergency communications from the public in the form of text messages. The Police Department has partnered with WEST communications to provide this service. The department is scheduled to be "Text Ready" in March 2020. Once "Text Ready", the testing phases will begin, and the cell phone companies have six months to configure their network and ensure the Police Department is "Text Capable".

FirstNet

The Department completed its migration from the AT&T consumer network to the AT&T FirstNet network on all of the Mobile Data Computers. This will give all of the Police Department devices priority on the network during a time of disaster and during special events when the cellular network is overcrowded.

Internal Camera Software

In 2019 the Police Department upgraded the software used to monitor and record the internal cameras from Panasonic VI to Milestone. Milestone was previously utilized and proved to be a reliable system with more functionality than VI.

Uninterrupted Power Supplies (UPS) at Fire Station 3

In 2020 the Police Department will purchase and install UPSs at the redundant 911 center located at Fire Station #3. This will prevent the computers from rebooting during a power outage while the generator is starting up.

Mold Remediation

In 2019, as part of the mold remediation project at the Animal Shelter, the washing machine and dryer were moved from the center of the building to the garage. This provided an immediate reduction to the interior humidity levels at the shelter.

Additional Outdoor Warning Siren

In 2019 the Police Department completed another phase of the outdoor warning siren project and installed an additional siren to service the downtown area. This will exponentially improve the alerting capabilities during downtown events and festivals.

Interagency CAD to CAD

In 2020 the Police Department continues to work towards implementing a CAD to CAD interface with Boone County 911. This project will further enhance the capabilities to provide uninterrupted service to the respective communities during a 911 center outage.

Courtesy of Chief Roger Schroeder, Jefferson City Police Department

Fire Department

The Jefferson City Fire Department responded to 5,151 calls for service in FY2019 that resulted in \$1,199,685.00 in fire losses. The largest portion of those losses was in 1 or 2 family dwellings at \$697,600.00. While the Department achieved 100% of containment to the structure of origin and 60% containment to the room of origin, continuous improvement through training is an area of emphasis for the department. The Department continues to focus its training program in the following areas: fire suppression, hazardous materials mitigation, water rescue, confined space rescue, and various emergency medical trainings. Overall the Fire Department documented a record high of 18,475 hours of documented training versus 16,425 hours in FY2018.

The Fire Department invested heavily in its fire prevention activities in FY2019. The Department completed 1,726 inspections and pre-plans for this fiscal year. In addition the department documented 233 public education and prevention events for the year in support of community risk reduction. In FY2019 the Jefferson City Fire Department along with local community partners, continued a carbon monoxide education initiative and detector give away to augment our existing smoke alarm program. The Fire Department trained 168 caregivers on the proper installation of child passenger car safety seats and the Fire Department distributed 38 new child passenger safety seats in partnership with the Cole County Health Department and the Missouri Department of Transportation.

Additionally, the Fire Department was recipient of a \$178,345 Federally funded Assistance to Firefighters Grant (AFG) that funded NFPA compliant medical physicals, administered baseline heavy metal testing, and funded Coronary CT scans for all 75 employees. The grant also allowed the placement of updated fitness equipment in all the stations. Our existing annual PAT (Physical Agility Test) showed continued improvement in the overall departmental average time of 5 minutes 38 seconds in 2019 versus 7 minutes 19 seconds in 2015, the initial year of department wide physical testing.

The City of Jefferson experienced historic flooding in the spring of 2019 causing emergency declarations and significant disruption to normal life for the city and the Fire Department. The Fire Department met the needs of the community by providing logistical, organizational, and emergency response support to flood operations throughout the city and county. On May 22nd the Fire Department dedicated its newest station, Fire Station 2 at 2935 East McCarty Street. This was the culmination of years of planning and involvement from all levels of the organization. Later that same night at approximately 11:40 PM an EF-3 Tornado ripped through the heart of Jefferson City. The Fire Department called all personnel back to assist with search and rescue response. The Fire Department continued to meet the community by assisting with various response and recovery operations in the following weeks and months while staffing additional personnel to assist with the ongoing flood.

Courtesy of Chief Matthew Schofield, Jefferson City Fire Department

Law/Municipal Court

During FY19, the Office of City Counselor performed substantial work on economic development projects, including bonding of the Capital Mall TIF/CID project, allowing the developer to pursue new opportunities in the project area and work relating to the development of the Missouri State Penitentiary. Specifically, the Office of City Counselor is serving as staff liaison to the Missouri State Penitentiary Community Partners, a group of stakeholder making recommendations on the redevelopment of the MSP site. Also as part of this work, the Office of the City Counselor provided primary staff support in developing a Request for Qualifications seeking a Master Developer for the MSP project gathering responses to that RFQ, and solicitation of redevelopment proposals from qualified developer candidates.

The Office of City Counselor worked diligently in FY19 to address the passage of Amendment 2 to the Missouri Constitution, which legalized the possession and use of medical marijuana, by research and advising the City Council and City staff about the legal obligations and options of the City related to this emerging area of the law.

The Office of City Counselor staffed the review of the City Charter by the Charter Review Committee and the City Council. This process lead to the passage of three amendments to the City Charter by the voters of the City of Jefferson at the April 2019 general municipal election.

Courtesy of Ryan Moehlman, City Counselor

Information Technology Services (ITS)

Hardware and Software Upgrade

ITS continues to replace computers that are past their 5-year cycle. ITS is working on migrating every computer/laptop in the City from Windows 7 to Windows 10. Windows 7 goes out of support this year. ITS will be migrating all City computers from Office 2010 to Office 2019. ITS will be migrating all the City's email boxes from Exchange 2010 server to Exchange online. Exchange 2010 and Office 2010 go out of support this year. ITS will be working with Revize, our website vendor, to upgrade the City's webpage to a more modern, attractive, and mobile friendly website.

ITS is working with Veeam and VmWare to implement a solid data redundant plan for the City. The main goal is to secure the City's data and minimize downtime during an emergency.

ITS has nearly completed the rollout of the new hosted Voice Over Internet Protocol (VOIP) phone solution. This solution is providing the City with new phone equipment to replace out-of-date equipment. ITS worked with the City's phone service provider to provide two new dedicated internet circuits for the VOIP traffic to travel on.

ITS is working with a vendor to provide a way to exchange secure files between the Police Department and Cole County Prosecutor. ITS is working with the Police Department and multiple vendors to assure a successful rollout of CAD Enterprise this year. ITS is also working with the Police Department and a vendor to upgrade the City's aging Message Switch to a more reliable Virtual Message Switch. ITS is giving technical assistance to the Police Department in creating a CAD to CAD interface between Jefferson City and Boone County. ITS has also given technical assistance to the Police Department in the rollout of Rave and Text to 911.

ITS has installed new Uninterruptible Power Supply (UPS) units for our networking\server equipment in all City buildings. ITS worked with the Fire Department and multiple vendors to successfully open a new Fire Station 2. ITS worked with Public Works and a vendor to upgrade the Fuelmaster and Fleetmate program. ITS and multiple department will be working together to upgrade the City's Springbrook financial program. ITS will be working with a vendor to replace security cameras at the Police Department and Transit.

Security

ITS implemented a four-prong approach for cyber security. A Next-Generation firewall scans all incoming and outgoing traffic to help protect the City against malicious activity. A cloud security platform provides the first line of defense against threats on the internet wherever users go and a cloud-based antivirus software was installed on all City computers. ITS utilizes a cloud-based SPAM filtering solution that captures over 1200 Spam email attempts a day. ITS is in the planning process of changing all email addresses to .gov. email address. Once the City's @jeffcitymo.org addresses have been switched over, the SPAM will decrease. ITS is in the implementation process of changing the City's file shares. This will provide more security at the file level.

Network

ITS is working with a vendor to replace network switches in most City buildings. These switches provide the City with a more reliable and faster connectivity. ITS is using the same vendor to do a Network Analysis and reconfiguration\documentation of the City's network. ITS has started replacing old WAPs with new stronger WAPs. A WAP is a wireless access points that provides a secure wireless network for employees to use. ITS has successfully migrated our DHCP service from the switches to a Server. This will allow us to troubleshoot connection issues more easily. ITS worked with a vendor to successfully upgrade our Active Directory to 2016. This will allow us to add a server with a newer operating system to our network and give us more group policy options.

Courtesy of Eric Meyer, ITS Manager

Geographic Information Systems (GIS)

Software

GIS will continue installing the latest software and migrating all current applications from the old system to the new environment and updating the applications to the latest release.

Application Development

Fire Department

GIS developed a process to provide the fire department with ISO response numbers that will help them in supporting their ISO ratings. This analysis consists of classifying each address with its' nearest two (2) fire stations.

We are continuing to support the Fire Inspection application that was developed in 2018 to assist firefighters in conducting their routine fire inspections. This will be expanded to assist in the business license process in 2020.

GIS is working with all local water companies to compile their water network GIS information to use in the Tyler Technologies 911 system.

Sanitary Sewer Department

GIS will be working with the Sewer Department's software vendor to link the GIS information to their Closed Circuit Television (CCTV) Inspection software.

We are creating a work order management system so that field staff can log the work they have completed.

GIS will continue to analyze water usage among our sanitary sewer customers and upload those usage numbers into Springbrook.

Police Department

GIS is currently working with Tyler Technology to upgrade the current New World GIS system to their new GIS model. We have worked with the County GIS staff to rebuild the system. This effort should be completed by May 2020.

We have developed a Crime analysis process that provides police staff the ability to view crime throughout the city. This information is used to communicate to community members on any crime trends that are occurring.

Courtesy of Buster Schrage, GIS Manager

Parks and Recreation

Park Improvements

- Community Park improvements project – final plans and specifications were completed, Sircal Contracting was awarded construction bid spring 2019, and construction is approximately 50% complete.
- McClung Park and Ellis-Porter Riverside Park improvements project – final improvements plans and specifications for both parks are approximately 50% complete. Tentative timeline is to bid projects early 2020 and construction lasting through late 2020.
- Riverfront park design – preliminary design of the park on Adrian's Island is complete. A project budget has been established and construction of the park should coincide with the access bridge construction.
- Completed transformation of Washington Park storage shed into indoor hitting and practice area – project was in cooperation with the Jefferson City Jays Baseball Booster Club.
- Completed Vivion Field spectator bleacher replacement along first and third base. Also replaced backstop poles and backstop netting.
- Marshall Street Trailhead development – completed final plans, received floodplain development permit(s), construction anticipated spring 2020.
- Supplemental Environmental Plan (SEP) projects:
 - Memorial Park – east side stream natural erosion buffer (complete).
 - Memorial Park – west side stream bank step pool construction to help reduce stream erosion (complete).
 - Washington Park wetland project – 60% complete.
- Park Management Center improvements – replaced external siding, exterior walk through doors and security lighting, administrative technician office renovation.
- Additional Vogel Field improvements – replaced/expanded spectator bleacher seating, constructed new entrance sign.
- Added two party pads to Ellis-Porter Riverside Pool.
- Installed four (4) solar benches at the LINC, Community Park, Ellis-Porter Riverside Park and McKay Park.
- Installed new Binder Park Dam Course disc golf tee signs.
- Replaced new McKay Park entrance sign on Southridge Drive.
- Assisted with flooding and tornado damage recovery – initial clean up and repair work to North Jeff City facilities and turf.
- Duensing Field improvements – regrading entire field following the flooding, install outfield irrigation and re-crown infield. Project is approximately 40% complete.

Recreation

- Hosted 43 special events including basketball, volleyball, pickleball and Futsal tournaments, Lincoln basketball camp, Lincoln University's Annual President's Gala, Lincoln Commencement, and a Bridal Spectacular at The Linc.
- Held twenty different types of water and land exercise classes with 5,761 participants.

- Implemented SilverSneakers and Renew Active memberships at The Linc.
- Started SilverSneakers exercise classes at The Linc. SilverSneakers Circuit and Yoga were implemented.
- The Linc had 51,043 visits from public patrons and students.
- Recreation Specialist hired to supervise concessions, facilities and staff at those locations and assist Program Managers.
- Program Manager hired to implement and coordinate outdoor recreation, supervise campground, high and low ropes course, mountain biking, etc.
- Program Manager hired as Membership Director at the Linc, focusing on membership recruitment and retention.
- Coordinated the Little League Baseball program with the Jeff City Little League Board.
- New play structure added at Memorial Pool.
- Added two new party pad/shade structure areas at Ellis Porter Pool.
- Community bike rides implemented. Routes established and coordinated by JC Parks staff and offered to community members at no cost.
- Walk with Ease, walking program sponsored by Arthritis Foundation implemented.

Recreation Looking Ahead in 2020:

- Purchase 63 Diamonds. Continue to operate competitive baseball and softball leagues at the facility. Increase baseball and softball tournaments held at JC Parks facilities.
- Exclusive operators of the Little League Baseball Program. Charter the Little League program under JC Parks.
- Implement wifi capabilities at campground for guest usage.
- Merger of two Figure Skating Clubs: Jefferson City Figure Skating Club and Capital Classics Figure Skating Club.
- Implement Corporate Memberships at The Linc.
- Coordinate Corporate group outings and programs in Outdoor Recreation programs.

Courtesy of Todd Spalding, Director of Parks, Recreation & Forestry

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jefferson for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended October 31, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the 23rd year (1996-2018) that Jefferson City has received the award. We believe our current report (this document) continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA for review.

This Comprehensive Annual Financial Report was produced through the dedicated efforts of the Finance Department and Evers & Company CPA's LLC, the City's independent auditors. Their continuing efforts to enhance procedures, ensure accuracy, and maintain and improve systems have allowed the completion of the annual audit and this report. Our thanks also to the Mayor, City Council and the City Administrator for their support in our efforts to strengthen and improve the financial operations of the City.

Respectfully submitted,



Margie Mueller, CPA
Director of Finance and Information Technology Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Jefferson
Missouri**

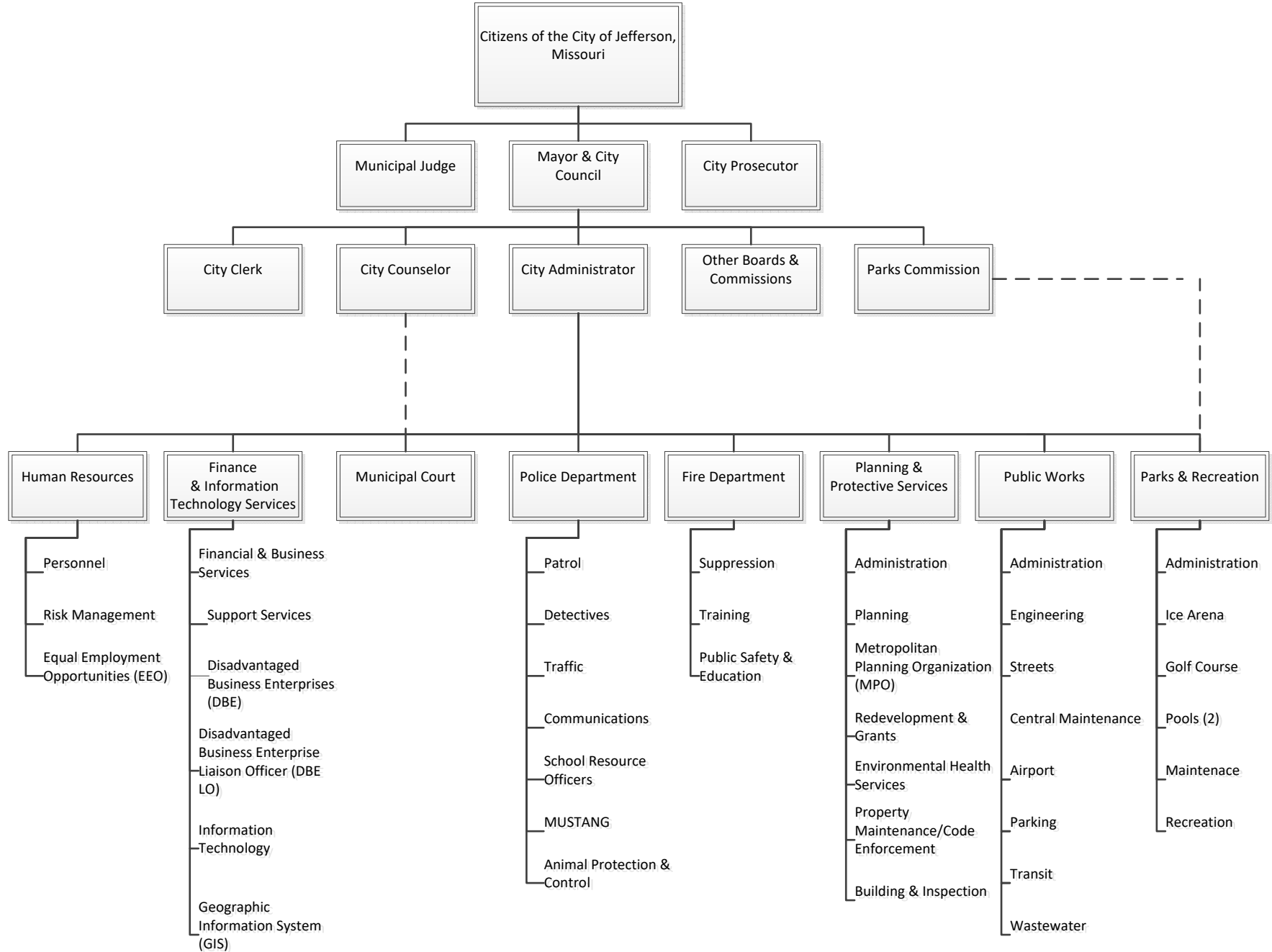
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

October 31, 2018

Christopher P. Morill

Executive Director/CEO

Citywide Table of Organization City of Jefferson, Missouri



City of Jefferson, Missouri Elected and Appointed Officials

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C
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D

MAYOR
Honorable Carrie Tergin

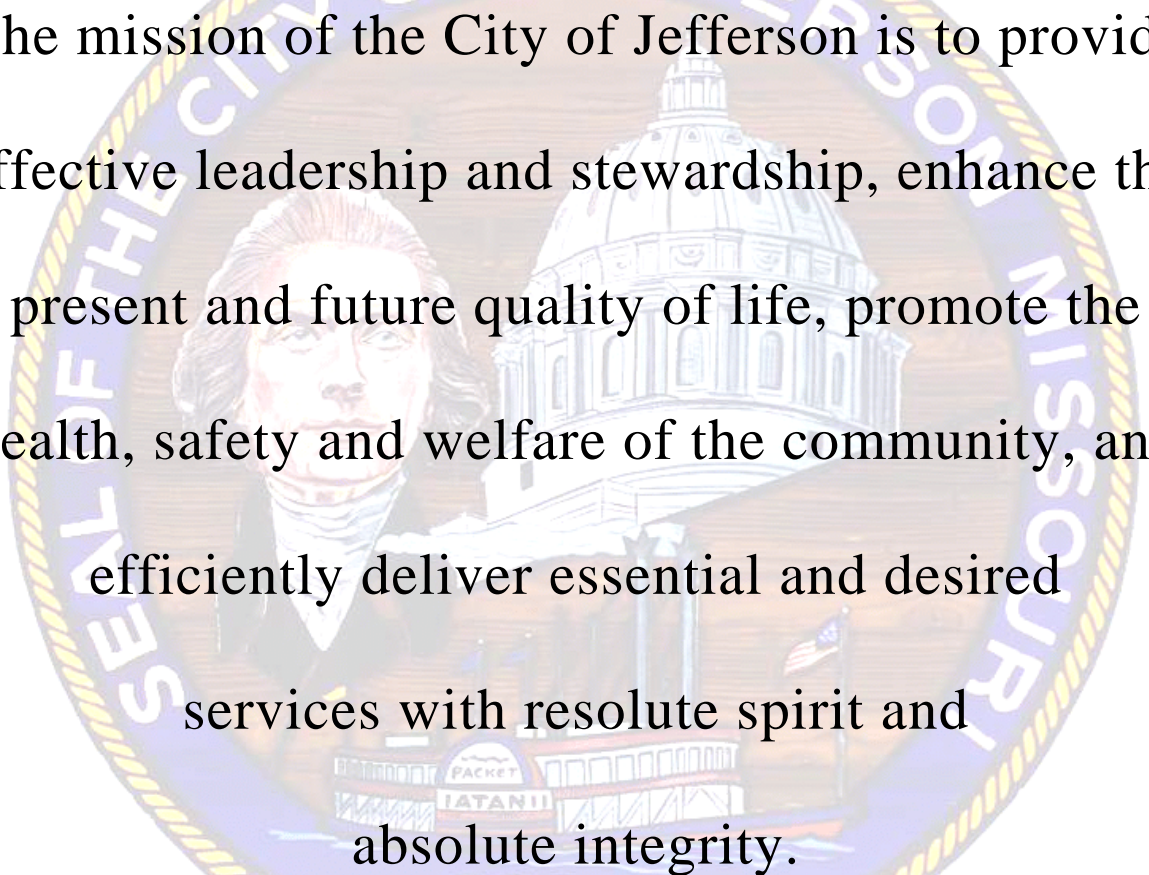
CITY COUNCIL MEMBERS

David Kemna	<u>First Ward</u>	Rick Prather
J. Rick Mihalevich	<u>Second Ward</u>	Laura A. Ward
Erin Wiseman	<u>Third Ward</u>	Ken Hussey
Carlos Graham	<u>Fourth Ward</u>	Ron Fitzwater
Jon Hensley	<u>Fifth Ward</u>	Mark Schreiber

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CITY ADMINISTRATOR
Steve Crowell

<u>City Counselor</u> Ryan Moehlman	<u>Finance/Information Technology Systems</u> Margie Mueller	<u>Police Chief</u> Roger Schroeder
<u>City Clerk</u> Emily Donaldson	<u>Human Resources</u> Gail Strobe	<u>Fire Chief</u> Matt Schofield
<u>Public Works</u> Matt Morasch	<u>Planning & Protective Services</u> Sonny Sanders	<u>Parks & Recreation</u> Todd Spalding



The mission of the City of Jefferson is to provide effective leadership and stewardship, enhance the present and future quality of life, promote the health, safety and welfare of the community, and efficiently deliver essential and desired services with resolute spirit and absolute integrity.

FINANCIAL SECTION



Evers & Company, CPA's, L.L.C.

Certified Public Accountants and Consultants

Richard E. Elliott
Dale A. Siebeneck
Jo L. Moore
Wendy M. Renner
Eldon H. Becker
Bruce A. Vanderveld
Jessica L. Bridges
Bobbie J. Redmon-Murray

INDEPENDENT AUDITORS' REPORT

Elmer L. Evers, Emeritus
Jerome L. Kauffman, Emeritus
Keith L. Taylor, Emeritus

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Jefferson, Missouri**, as of and for the year ended October 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, the Jefferson City Convention and Visitor's Bureau, which represent 2.1 percent, 2.9 percent, and 1.4 percent, respectively, of the assets, net position, and revenues of the governmental activities of the City of Jefferson, Missouri. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jefferson City Convention and Visitor's Bureau, is based solely on the report of the other auditors. 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 the *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 auditors' 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Jefferson, Missouri**, as of October 31, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jefferson, Missouri's basic financial statements. The introductory section, supplemental financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental financial statements and schedules as listed in the table of contents and the schedule of expenditures of federal awards 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 supplemental financial statements and schedules as listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2020, on our consideration of City of Jefferson, Missouri'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 solely 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 the effectiveness of the City of Jefferson, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jefferson, Missouri's internal control over financial reporting and compliance.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

April 27, 2020

City of Jefferson, Missouri
Management's Discussion and Analysis
For the Year Ended October 31, 2019
(unaudited)

As management of the City of Jefferson, we offer readers of the City of Jefferson's financial statements this narrative overview and analysis of the financial activities of the **City of Jefferson** for the fiscal year ended **October 31, 2019**. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

Financial Highlights

The assets and deferred outflows of the City of Jefferson exceeded its liabilities and deferred inflows of resources as of October 31, 2019 by \$222,128,666 (**net position**). Of this amount, \$11,380,605 (**unrestricted net position**) may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position in the **governmental activities** was \$2,570,983 and \$8,809,622 in the **business-type activities**.

The City of Jefferson's **total net position** increased by \$2,504,111 of which \$1,517,000 was from an **increase in net position** in the **governmental activities** and \$987,111 was from an **increase in net position** in the **business-type activities**. The key factors were a decrease of \$561,878 in Net Investment in Capital Assets in the **governmental activities**; a decrease of \$2,441,868 in Restricted for Parks in the **governmental activities**; a decrease of \$1,047,012 in Restricted for Capital Projects in the **governmental activities**; an increase of \$5,480,203 in Unrestricted Net Position in the **governmental activities**; a decrease of \$659,932 in Net Investment in Capital Assets in the **business-type activities**; an increase of \$161,983 in Restricted for Pensions/OPEB in the **business-type activities**; a decrease of \$103,153 in Restricted for Capital Projects in the **business-type activities**; and an increase of \$1,644,262 in Unrestricted Net Position in the **business-type activities**.

As of the close of fiscal year 2019, the City of Jefferson's **governmental funds** reported combined ending **fund balances** of \$22,926,495 - a decrease of \$681,181 in comparison with the prior year. The amount available for disbursement at the government's discretion is \$7,181,863 since that is the government funds combined unassigned fund balance.

At the end of the current fiscal year, the **unassigned fund balance** for the **general fund** was \$7,181,863 or 21.4% of total general fund expenditures, or 20.6% of total general fund expenditures and transfers out.

The City of Jefferson's total **debt** decreased by \$4,330,280. This was due to the retirement of Sewerage System revenue bond principal in the amount of \$3,977,500 and the payment of lease principal for the fire apparatus in the amount of \$352,780.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Jefferson's basic financial statements. The City of Jefferson's basic financial statements comprise three components: 1) **government-wide financial statements**, 2) **fund financial statements**, and 3) **notes to the financial statements**. This report also contains other supplementary information in addition to the basic financial statements.

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

The **statement of net position** presents information on the difference between (assets plus the deferred outflow of resources) and (liabilities plus the deferred inflows of resources) as net position for the City of Jefferson. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Jefferson is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Jefferson that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the City of Jefferson include general government, public safety, community development, and cultural and recreation. The business-type activities of the City of Jefferson include Wastewater, Airport, Parking and Transit.

City of Jefferson, Missouri
Management's Discussion and Analysis
For the Year Ended October 31, 2019
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The government-wide financial statements include not only the City of Jefferson itself (known as the primary government), but also a legal separate non-profit organization, Jefferson City Convention and Visitors Bureau for which the City of Jefferson is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found in the Basic Financial Statements in the Financial Section of this report. A separate audited financial report of the JCCVB is publicly available by written request from the Jefferson City Convention and Visitors Bureau, Inc., 700 E. Capitol Avenue, Jefferson City, MO 65101.

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

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

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

The City of Jefferson maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, parks fund and capital improvement tax fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found in the Basic Financial Statements in the Financial Section of this report.

The City of Jefferson adopts an annual appropriated budget for all of its funds. A budgetary comparison schedule has been provided for all governmental funds to demonstrate compliance with the budget.

Proprietary funds. The City of Jefferson maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Jefferson uses enterprise funds to account for its wastewater, airport, parking and transit operations. Information is presented separately in the statement of net position, proprietary funds, and the statement of revenues, expenses, and changes in net position, proprietary funds, for the wastewater and transit funds, which are considered to be the major funds. Data from the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

The other type of proprietary funds are internal service funds for workers compensation self-insurance and self-funded health insurance which are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found in the Basic Financial Statements in the Financial Section of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the Basic Financial Statements in the Financial Section of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, enterprise funds,

City of Jefferson, Missouri
Management's Discussion and Analysis
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and internal service funds can be found in the Supplemental Financial Statements and Schedules in the Financial Section of this report.

Government-wide Financial Analysis

As noted earlier, **net position** may serve over time as a useful indicator of a government's financial position. In the case of the City of Jefferson, **assets and deferred outflows exceeded liabilities and deferred inflows of resources** by \$222,128,666 which increased \$2,504,111 over the prior year. The **change in net position** in the **governmental activities** was \$1,517,000 and \$987,111 in **business-type activities**. The key factors were a decrease of \$561,878 in Net Investment in Capital Assets in the **governmental activities**; a decrease of \$2,441,868 in Restricted for Parks in the **governmental activities**; a decrease of \$1,047,012 in Restricted for Capital Projects in the **governmental activities**; an increase of \$5,480,203 in Unrestricted Net Position in the **governmental activities**; a decrease of \$659,932 in Net Investment in Capital Assets in the **business-type activities**; an increase of \$161,983 in Restricted for Pensions/OPEB in the **business-type activities**; a decrease of \$103,153 in Restricted for Capital Projects in the **business-type activities**; and an increase of \$1,644,262 in Unrestricted Net Position in the **business-type activities**.

Long-term liabilities decrease of \$4,633,935 was due primarily to a decrease of \$352,780 in Long Term Debt in the **governmental activities**; an increase of \$176,470 in Net OPEB Liability in the **governmental activities**; an increase of \$475,872 in Net Pension Liability in the **governmental activities**; a decrease of \$1,158,500 in Payable to Other Governments in the **business-type activities**; an increase of \$30,066 in Net OPEB Liability in the **business-type activities**; and a decrease of \$4,095,550 in Revenue Bonds Payable in the **business-type activities**. **Other liabilities** decrease of \$195,078 was due primarily to a decrease in accounts payable of \$757,280 in **governmental activities**; a decrease in retainage payable of \$47,351 in **governmental activities**; an increase in accrued liabilities of \$171,270 in **governmental activities**; an increase in accounts payable of \$325,429 in **business-type activities**; an increase of \$45,192 in retainage payable in **business-type activities**; an increase in accrued liabilities of \$18,555 in **business-type activities**; an increase of \$36,982 in deposits in **business-type activities**; a decrease of \$52,293 in accrued interest payable in **business-type activities**.

By far the largest portion of the City of Jefferson's net position (87.6%) reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment). The City of Jefferson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Jefferson's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Jefferson's net position (7.27%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$11,380,605) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Jefferson, Missouri
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City of Jefferson's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 34,362,732	\$ 35,463,830	\$ 23,468,382	\$ 25,787,911	\$ 57,831,114	\$ 61,251,741
Capital assets	136,409,398	135,881,703	110,258,998	112,116,272	246,668,396	247,997,975
Total assets	170,772,130	171,345,533	133,727,380	137,904,183	304,499,510	309,249,716
Deferred Outflows	5,155,144	4,141,731	453,946	329,895	5,609,090	4,471,626
Current liabilities	4,111,794	4,682,190	1,739,830	1,364,512	5,851,624	6,046,702
Long-term liabilities	16,318,282	15,752,570	55,250,597	60,450,244	71,568,879	76,202,814
Total liabilities	20,430,076	20,434,760	56,990,427	61,814,756	77,420,503	82,249,516
Deferred Inflows	9,769,152	10,841,458	790,279	1,005,813	10,559,431	11,847,271
Net position:						
Net investment in capital assets	132,961,604	133,523,482	61,630,070	62,290,002	194,591,674	195,813,484
Restricted	10,195,459	13,596,784	5,960,928	5,958,147	16,156,387	19,554,931
Unrestricted (deficit)	2,570,983	(2,909,220)	8,809,622	7,165,360	11,380,605	4,256,140
Total net position	\$ 145,728,046	\$ 144,211,046	\$ 76,400,620	\$ 75,413,509	\$ 222,128,666	\$ 219,624,555

There was an increase of \$7,124,465 in unrestricted net position due primarily to a decrease of \$561,878 in Net Investment in Capital Assets in the **governmental activities**; a decrease of \$2,441,868 in Restricted for Parks in the **governmental activities**; a decrease of \$1,047,012 in Restricted for Capital Projects in the **governmental activities**; a decrease of \$659,932 in Net Investment in Capital Assets in the **business-type activities**; an increase of \$161,983 in Restricted for Pensions/OPEB in the **business-type activities**; a decrease of \$103,153 in Restricted for Capital Projects in the **business-type activities**.

At the end of the current fiscal year, the City of Jefferson is able to report positive balances in all three categories of total net position, for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Jefferson, Missouri
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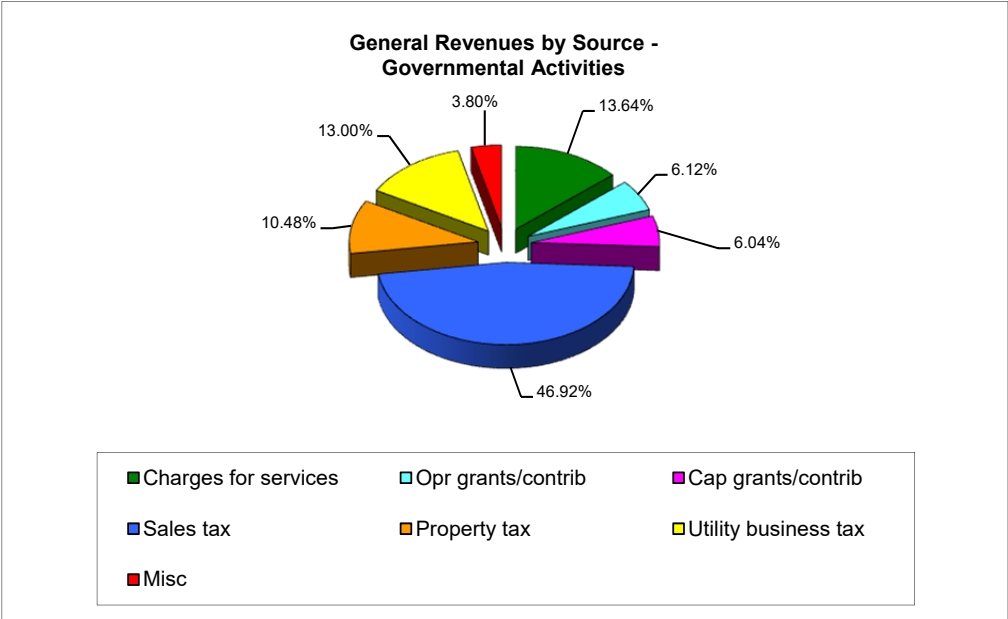
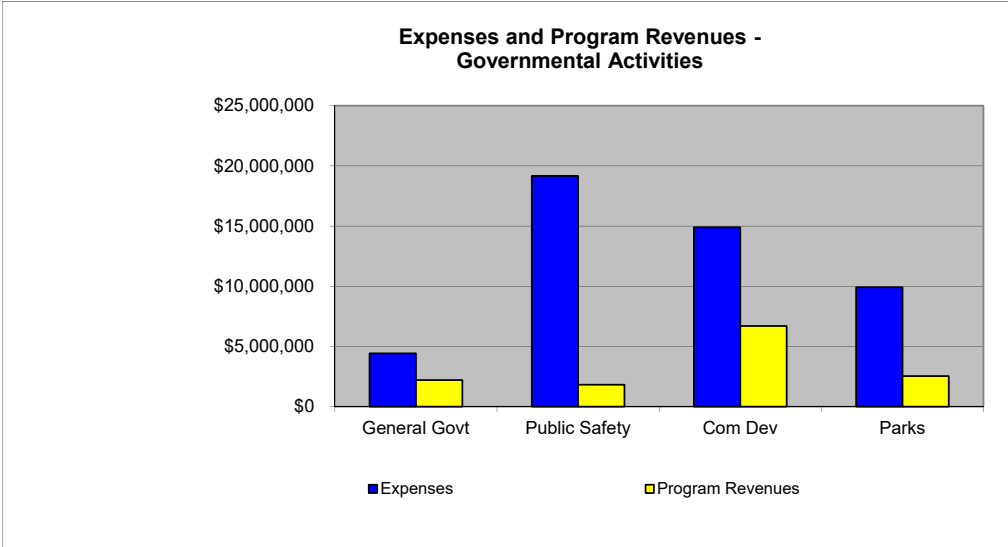
City of Jefferson's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 7,019,641	\$ 6,945,746	\$ 13,099,762	\$ 13,031,874	\$ 20,119,403	\$ 19,977,620
Operating grants and contributions	3,152,113	2,804,979	1,162,330	1,169,604	4,314,443	3,974,583
Capital grants and contributions	3,107,206	1,195,546	1,507,967	703,394	4,615,173	1,898,940
General Revenues:						
Sales and other user taxes	24,155,498	23,891,622	-	-	24,155,498	23,891,622
Property taxes	5,396,050	5,420,869	-	-	5,396,050	5,420,869
Franchise and utility license taxes	6,693,922	7,687,404	-	-	6,693,922	7,687,404
Other	1,954,397	856,685	1,369,069	1,166,090	3,323,466	2,022,775
Total revenues	51,478,827	48,802,851	17,139,128	16,070,962	68,617,955	64,873,813
Expenses:						
General government	4,428,872	6,415,042	-	-	4,428,872	6,415,042
Public safety	19,171,208	17,602,637	-	-	19,171,208	17,602,637
Community development	14,893,432	13,988,575	-	-	14,893,432	13,988,575
Cultural and recreation	9,911,023	7,430,214	-	-	9,911,023	7,430,214
Wastewater	-	-	12,471,554	11,189,218	12,471,554	11,189,218
Airport	-	-	1,606,834	1,566,462	1,606,834	1,566,462
Parking	-	-	825,714	900,551	825,714	900,551
Transit	-	-	2,757,987	2,939,414	2,757,987	2,939,414
Interest on long-term debt	47,220	117,133	-	-	47,220	117,133
Total expenses	48,451,755	45,553,601	17,662,089	16,595,645	66,113,844	62,149,246
Increase (decrease) in net position before transfers	3,027,072	3,249,250	(522,961)	(524,683)	2,504,111	2,724,567
Transfers	(1,510,072)	(1,503,960)	1,510,072	1,503,960	-	-
Increase (decrease) in net position	1,517,000	1,745,290	987,111	979,277	2,504,111	2,724,567
Net position - November 1	144,211,046	139,507,089	75,413,509	74,676,109	219,624,555	214,183,198
Prior Period Adjustments	-	2,958,667	-	(241,877)	-	2,716,790
Net position - November 1, as restated	144,211,046	142,465,756	75,413,509	74,434,232	219,624,555	216,899,988
Net position - October 31	\$ 145,728,046	\$ 144,211,046	\$ 76,400,620	\$ 75,413,509	\$ 222,128,666	\$ 219,624,555

Governmental activities. Governmental activities increased the City of Jefferson's net position by \$1,517,000 compared to the increase of \$1,745,290 last fiscal year. Key elements of the City of Jefferson's governmental activities were an increase in expenses and transfers of \$2,904,266 and an increase of revenue of \$2,675,976 from the prior fiscal year. The revenue increase was primarily due to an increase of \$347,134 in operating grants and contributions in the governmental activities; an increase of \$1,911,660 in capital grants and contributions in the governmental activities; an increase of \$263,876 in sales and other user taxes in the

City of Jefferson, Missouri
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governmental activities; a decrease of \$993,482 in franchise and utility license taxes in the governmental activities; and an increase of \$1,097,712 in other revenues in the governmental activities.



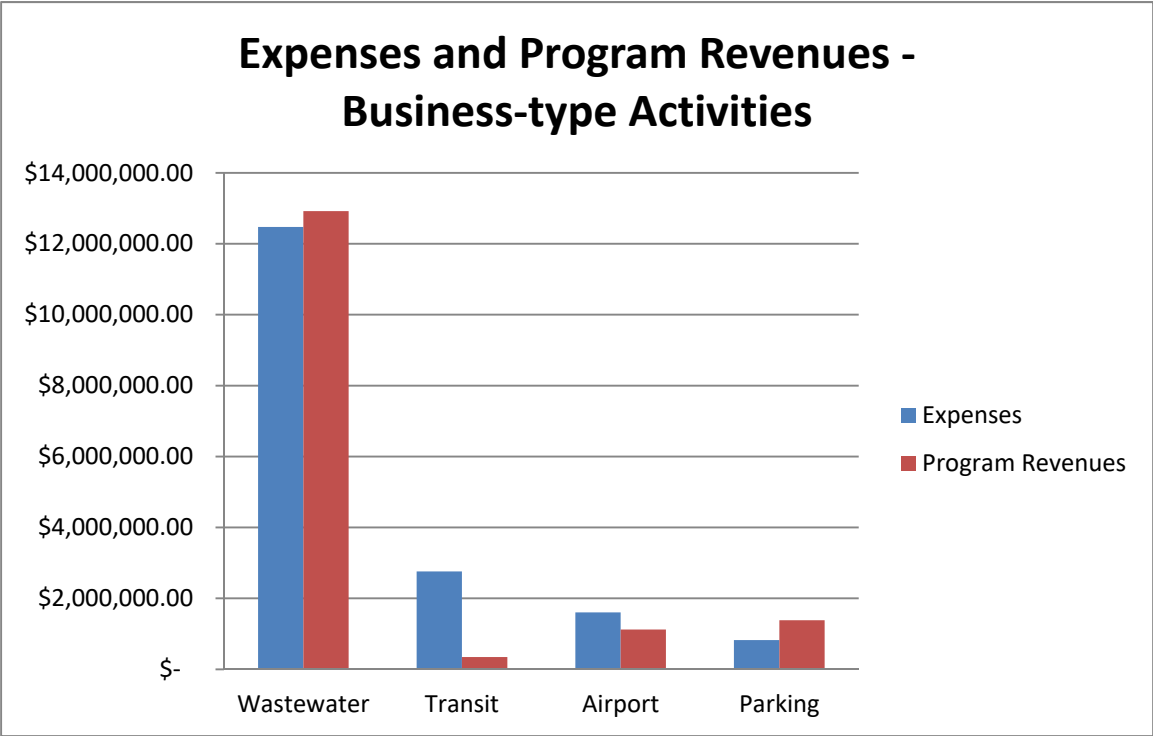
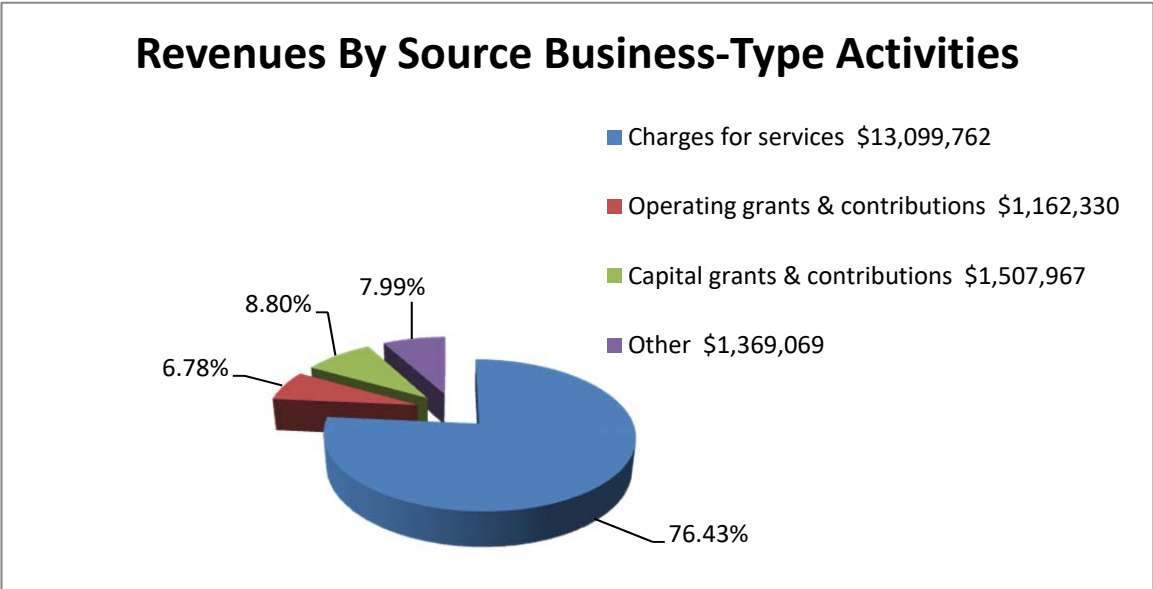
Business-type activities: Business-type activities increased the City of Jefferson’s net position by \$987,111 compared to the increase of \$979,277 last fiscal year. Key elements of this increase are as follows:

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Charges for services for business-type activities increased by a total of \$67,888 (0.52%). The **Wastewater** operations activities charges for services decreased from the last fiscal year by \$517 (0.004%). The **Parking** operations activities charges for services decreased by \$1,627 (0.15%). The **Transit** operations activities charges for services increased by \$45,675 (24.45%). The **Airport fund** charges for services increased by \$24,357 (15.21%).

Operating grants and contributions decreased by \$7,274 (0.62%).

Capital grants and contributions increased by \$804,573 (114.38%) which was due primarily to an increase in **Wastewater’s** capital grants of \$1,007,565; and a decrease in **Transit’s** capital grants of \$186,575.



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(unaudited)

Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Jefferson's **governmental funds** is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jefferson's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Jefferson's governmental funds reported combined ending fund balances of \$22,926,495, a decrease of \$681,181 in comparison with the prior fiscal year. The amount available for spending at the government's discretion was \$7,181,863 since this is the government funds combined unassigned fund balance. The remainder of the fund balance (\$15,744,632) is either nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed a) to liquidate contracts and purchase orders of prior period relating to capital improvement tax projects and grant related expenditures (\$4,745,976), b) restricted for other capital commitments (\$9,856,814), c) restricted for specific donations (\$651,254), and d) for nonspendable inventories and prepaids (\$490,588).

The **General Fund is the chief operating fund** of the City of Jefferson. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$7,181,863 while the total fund balance reached \$8,096,404. The unassigned fund balance decreased \$1,107,154 from the previous fiscal year. This was due primarily to a decrease in utility/franchise taxes of \$992,149; an increase in licenses, permits and fees of \$87,793; an increase in intergovernmental of \$196,299; and a decrease in fine and forfeitures of \$109,899, while transfers out increased by \$104,416 due primarily to an increase to the Transit Fund of \$88,194; and an increase to the Airport Fund of \$16,222. Additionally, another factor in the decrease of the unassigned fund balance of the general fund was the fact the City Council approved supplemental appropriations throughout the fiscal year in the amount of \$205,000 for the purchase of salt/chemicals for snow removal and for the purchase of a snow plow truck.

As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 21.4% of the total general fund expenditures (\$33,580,986), while the total fund balance represents 24.1% of that same amount. In addition, unassigned fund balance represents 20.6% of total general fund expenditures and transfers out (\$34,934,391), while the total fund balance represents 23.2% of that same amount. Transfers include subsidies to Airport (\$241,769) and Transit (\$1,111,636).

The City of Jefferson's two other major governmental funds are the Parks Fund and the Capital Improvement Tax Fund. As of the fiscal year-end the fund balance analysis is as follows:

	Parks Fund		Capital Improvement Tax Fund	
	2019	2018	2019	2018
Net changes in fund balances	\$ (562,222)	\$ 1,066,086	\$ 1,732,838	\$ 327,408
Restricted fund balance	3,277,785	5,719,653	6,579,029	7,626,041
Total fund balance	5,157,431	5,719,653	9,358,879	7,626,041
Fund expenditures	8,905,472	7,276,643	6,754,956	5,094,916
Restricted fund balance percentage of expenditures	36.8%	78.6%	97.4%	149.7%
Total fund balance percentage of expenditures	57.9%	78.6%	138.5%	149.7%

City of Jefferson, Missouri
Management's Discussion and Analysis
For the Year Ended October 31, 2019
(unaudited)

The **Parks & Recreation Fund** accounts for Parks Administration, Ice Arena, Oak Hills Golf Course, Memorial Pool, Ellis Porter Pool, Parks Maintenance, Recreation Programs, Outdoor Recreation Programs, Camp Programs, and the LINC. Parks revenue increased \$103,344 from the previous fiscal year's revenue and expenditures increased \$1,628,829. The key factors in the increase in revenue were an increase in sales and other user taxes of \$43,753; a decrease in intergovernmental of \$72,065; and an increase in charges for services of \$147,943 from the prior fiscal year. The Parks fund balance decreased by \$562,222.

The **Capital Improvement Tax Fund** accounts for sales tax funded capital improvement projects. The Capital Improvement Tax Fund revenue, including proceeds from sale of assets and transfers, increased from the previous fiscal year by \$2,967,166 and expenditures including transfers increased by \$1,561,736 over the previous fiscal year. The major increase in revenue was primarily due to an increase in sales and other user taxes of \$53,689; an increase in intergovernmental of \$2,118,085; and an increase in sale of assets of \$800,000 from the previous fiscal year. Capital improvement projects that were reappropriated in fiscal year 2019 from 2018 amounted to \$7,472,846 (from uncompleted projects.) The Capital Improvement Tax fund balance increased by \$1,732,838.

Proprietary funds. The City of Jefferson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. *Unrestricted net position* of the enterprise funds at the end of the year amounted to \$8,890,528 to reflect the consolidation of the Internal Service Fund related to the enterprise funds in the government-wide financial statements) as follows:

Unrestricted Net position:

		2019		2018
Airport	\$	300,084	\$	110,144
Parking	\$	4,980,155	\$	4,554,612
Transit	\$	130,797	\$	189,861
Wastewater	\$	3,479,492	\$	2,386,884

The total growth in net position was \$991,876, compared to last fiscal year's growth of \$708,572 as follows:

Total Growth in Net Position:

		2019		2018
Airport	\$	(674,139)	\$	(974,690)
Parking	\$	420,461	\$	302,676
Transit	\$	(119,735)	\$	(201,218)
Wastewater	\$	1,365,289	\$	1,581,804

Other factors concerning the finances of these enterprise funds have already been addressed in the discussion of the City of Jefferson's business-type activities.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year original budgeted revenues, and in turn original budgeted expenditures, were increased by \$257,806 for grant awards; \$14,186 for accepted donations; \$22,801 for TIF Developer Reimbursements; and \$113,229 for sale of assets that were received during the fiscal year.

City of Jefferson, Missouri
Management's Discussion and Analysis
For the Year Ended October 31, 2019
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There was also a need to make amendments to reallocate appropriations among departments. Generally, the movement of the appropriations between departments was *not* significant. The exception was as follows:

For the year ended October 31, 2019 there are several departments in the General Fund where all dollars appropriated by City Council were utilized. During fiscal year 2019, the City experienced significant flooding. Additionally, on May 22, 2019 an EF-3 tornado directly impacted the City. In response to the natural disasters that occurred, the City made the decision to utilize any appropriated funds that had not been expended during the year to cover the expenditures related to the flooding and the tornado instead of utilizing the fund balance.

Final budget compared to actual results. The most significant differences between estimated revenues/expenditures and actual revenues/expenditures were as follow:

			Variance
Revenues	Utility/Franchise taxes	\$	(739,745)
	Intergovernmental		(676,622)
	Fines and forfeitures		(164,268)
	Miscellaneous		171,014
Expenditures	Entitlement Grant	\$	420,851
	Non-departmental		183,607
	Police		141,922
	Capital Projects		828,473

Capital Asset and Debt Administration

Capital Assets. The City of Jefferson's investment in capital assets for its governmental and business type activities as of October 31, 2019, amounts to \$246,668,396 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure (such as streets, sidewalks, street lighting and drainage systems,) machinery and equipment, parks facilities, airport facilities, parking facilities, transit facilities and wastewater plant and systems.

Major capital asset events during the current fiscal year included the following:

- Completion of the Municipal Court Renovations in the amount of \$619,795.
- Replacement of the Fire Truck Fleet in the amount of \$4,755,986.
- Completion of Fire Station #2 Replacement in the amount of \$3,338,174
- Completion of Downtown Spot Repair and Electric Expansion in the amount of \$1,253,017.
- Completion of ABB Pump Station in the amount of \$707,594.

City of Jefferson, Missouri
Management's Discussion and Analysis
For the Year Ended October 31, 2019
(unaudited)

City of Jefferson's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 15,071,267	\$ 15,101,257	\$ 5,211,214	\$ 5,211,214	\$ 20,282,481	\$ 20,312,471
Easements	456,713	365,063	67,374	67,374	524,087	432,437
Buildings	21,106,158	17,812,237	57,092,266	58,091,204	78,198,424	75,903,441
Improvements other than buildings	6,444,629	5,075,000	7,484,441	8,313,805	13,929,070	13,388,805
Machinery and equipment	8,515,202	5,140,577	1,741,355	1,906,937	10,256,557	7,047,514
Infrastructure	81,699,645	85,492,659	36,920,973	37,384,751	118,620,618	122,877,410
Construction in progress	3,115,784	6,894,909	1,741,375	1,140,987	4,857,159	8,035,896
Total	\$ 136,409,398	\$ 135,881,702	\$ 110,258,998	\$ 112,116,272	\$ 246,668,396	\$ 247,997,974

Additional information on the City of Jefferson's capital assets can be found in Note 6 Capital Assets in the Notes to the Financial Statements in the Financial Section of this report.

Long-term debt. At the end of the fiscal year 2019, the City of Jefferson had total debt outstanding of \$54,068,566.

City of Jefferson's Outstanding Debt

	2019			2018		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
Revenue Bonds	\$ -	\$ 49,794,100	\$ 49,794,100	\$ -	\$ 53,771,600	\$ 53,771,600
Deferred Amounts	-	826,674	826,674	-	944,724	944,724
Fire Apparatus Lease	3,447,792	-	3,447,792	3,800,572	-	3,800,572
Total	\$ 3,447,792	\$ 50,620,774	\$ 54,068,566	\$ 3,800,572	\$ 54,716,324	\$ 58,516,896

\$50,620,774 was associated with Wastewater Sewerage System Revenue Bonds. During the 2019 fiscal year, no new Wastewater Sewerage System bonds were issued and the City retired \$3,977,500 in Wastewater Sewerage System Revenue Bond principal payments.

\$3,447,792 was associated with the lease for fire apparatus. This lease was entered into during the 2017 fiscal year with total principal in the amount of \$5,037,541 and the City of Jefferson made \$352,780 in principal payments during the 2019 fiscal year.

The City of Jefferson's total debt decreased during fiscal year 2019 by \$4,330,280 due to the key factors stated above. Additional information on the City of Jefferson's long-term debt can be found in Note 7 Long-Term Debt in the Notes to the Financial Statements in the Financial Section of this report.

City of Jefferson, Missouri
Management's Discussion and Analysis
For the Year Ended October 31, 2019
(unaudited)

Economic Factors and Next Year's Budgets

The following economic factors currently affect The City of Jefferson and were considered when developing the 2019-2020 fiscal year budget.

- The City consistently ranks as one of the lower unemployment areas in the state. The local unemployment rate at fiscal year-end October 31, 2019 was 2.0% compared to 1.9% October 31, 2018. This compares favorably to the state's average unemployment rate of 2.5% and the national average of 3.3%.
- Minimal, if any, expected increases in property tax.
- No new revenue sources were identified.
- Sales tax revenue was budgeted with a 2.00% increase over the FY2019 adopted budget.
- The budget for the Department of Parks, Recreation and Forestry included debt service payments for bond issuance.

Requests for Information

This financial report is designed to provide a general overview of the City of Jefferson's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Office of the Finance Director, City of Jefferson, 320 E. McCarty Street, Jefferson City, MO 65101.

BASIC FINANCIAL STATEMENTS

CITY OF JEFFERSON, MISSOURI
Statement of Net Position
October 31, 2019

A-1

	Primary Government			12/31/2018
	Governmental Activities	Business-Type Activities	Total	Component Unit JC Convention & Visitors Bureau
ASSETS				
Cash and cash equivalents	\$ 21,630,090	\$ 12,239,839	\$ 33,869,929	\$ 6,246,629
Receivables, net of uncollectibles:				
Taxes and franchise fees	10,114,648	-	10,114,648	-
Accounts	1,303,589	1,142,882	2,446,471	-
Intergovernmental receivable	542,911	244,309	787,220	-
Due from primary government	-	-	-	154,810
Internal Balances	80,906	(80,906)	-	-
Prepays	284,515	69,080	353,595	3,500
Inventories	206,073	-	206,073	17,531
Restricted assets:				
Cash and cash equivalents	200,000	3,318,574	3,518,574	-
Accrued interest	-	183,415	183,415	-
Investments - revenue bond reserve fund	-	4,458,462	4,458,462	-
Net pension assets	-	1,892,727	1,892,727	-
Capital assets:				
Land and construction in progress	18,643,764	7,019,963	25,663,727	-
Other capital assets, net of depreciation	117,765,634	103,239,035	221,004,669	121,003
Total assets	<u>170,772,130</u>	<u>133,727,380</u>	<u>304,499,510</u>	<u>6,543,473</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	4,970,800	409,460	5,380,260	-
Deferred outflows related to OPEB	184,344	31,253	215,597	-
Deferred outflows related to advanced refunding	-	13,233	13,233	-
Total deferred outflows of resources	<u>5,155,144</u>	<u>453,946</u>	<u>5,609,090</u>	<u>-</u>
LIABILITIES AND NET POSITION				
Accounts payable	2,530,051	191,031	2,721,082	11,427
Retainage payable	68,507	-	68,507	-
Accrued liabilities	1,201,166	160,551	1,361,717	3,033
Deposits	55,576	1,060	56,636	-
Unearned revenue	-	50,856	50,856	840
Liabilities payable from restricted assets:				
Accounts payable	-	354,491	354,491	-
Retainage payable	-	74,310	74,310	-
Accrued interest payable	-	530,600	530,600	-
Deposits	-	376,931	376,931	-
Due to component unit	256,494	-	256,494	-
Noncurrent Liabilities:				
Payable from restricted assets:				
Due within one year	-	2,577,017	2,577,017	-
Due in more than one year	-	2,618,000	2,618,000	-
Due within one year	617,686	2,806,422	3,424,108	-
Due in more than one year	15,700,596	47,249,158	62,949,754	-
Total liabilities	<u>20,430,076</u>	<u>56,990,427</u>	<u>77,420,503</u>	<u>15,300</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	4,162,772	765,449	4,928,221	-
Deferred inflows related to OPEB	125,814	24,830	150,644	-
Deferred revenue - property taxes	5,480,566	-	5,480,566	-
Total deferred inflows of resources	<u>9,769,152</u>	<u>790,279</u>	<u>10,559,431</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	132,961,604	61,630,070	194,591,674	97,693
Restricted for:				
Parks	3,277,785	-	3,277,785	-
Revenue Bond Debt Service requirements	-	2,020,933	2,020,933	-
Bond renewal and replacement requirements	-	500,000	500,000	-
Pensions/OPEB	-	1,218,705	1,218,705	-
Capital Projects	6,579,029	2,221,290	8,800,319	5,127,737
Public Safety	335,764	-	335,764	-
Community Development	2,881	-	2,881	-
Unrestricted	2,570,983	8,809,622	11,380,605	1,302,743
Total Net Position	<u>\$ 145,728,046</u>	<u>\$ 76,400,620</u>	<u>\$ 222,128,666</u>	<u>\$ 6,528,173</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI
Statement of Activities
For the Year Ended October 31, 2019

B-1

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit JC Convention & Visitors Bureau
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General Government	\$ 4,428,872	\$ 2,209,559	\$ -	\$ 200	\$ (2,219,113)	\$ -	\$ (2,219,113)	\$ -
Public safety	19,171,208	1,205,831	426,670	190,445	(17,348,262)	-	(17,348,262)	-
Community development	14,893,432	1,064,508	2,725,443	2,915,885	(8,187,596)	-	(8,187,596)	-
Cultural and recreation	9,911,023	2,539,743	-	676	(7,370,604)	-	(7,370,604)	-
Interest on long-term debt	47,220	-	-	-	(47,220)	-	(47,220)	-
Total governmental activities	48,451,755	7,019,641	3,152,113	3,107,206	(35,172,795)	-	(35,172,795)	-
Business-type activities:								
Wastewater	12,471,554	11,562,345	-	1,357,416	-	448,207	448,207	-
Airport	1,606,834	184,543	47,525	112,362	-	(1,262,404)	(1,262,404)	-
Parking	825,714	1,120,412	-	-	-	294,698	294,698	-
Transit	2,757,987	232,462	1,114,805	38,189	-	(1,372,531)	(1,372,531)	-
Total business-type activities	17,662,089	13,099,762	1,162,330	1,507,967	-	(1,892,030)	(1,892,030)	-
Total primary government	\$ 66,113,844	\$ 20,119,403	\$ 4,314,443	\$ 4,615,173	(35,172,795)	(1,892,030)	(37,064,825)	-
Component unit (12/31/18):								
JC Convention & Visitors Bureau	\$ 1,114,994	\$ 640,604	\$ 1,260,418					786,028
General revenues:								
Taxes								
Sales and other user taxes					24,155,498	-	24,155,498	-
Property taxes					5,396,050	-	5,396,050	-
Franchise and utility license taxes					6,693,922	-	6,693,922	-
Investment earnings					396,943	966,364	1,363,307	72,662
Miscellaneous					382,815	363,205	746,020	63,187
Gain on sale of capital assets					1,174,639	39,500	1,214,139	-
Transfers					(1,510,072)	1,510,072	-	-
Total general revenues and transfers					36,689,795	2,879,141	39,568,936	135,849
Change in net position					1,517,000	987,111	2,504,111	921,877
Net position-beginning					144,211,046	75,413,509	219,624,555	5,606,296
Net position-ending					\$ 145,728,046	\$ 76,400,620	\$ 222,128,666	\$ 6,528,173

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI

C-1

Balance Sheet
Governmental Funds
October 31, 2019

	General	Parks	Capital Improvement Tax	Total Nonmajor Governmental Funds (See H-1)	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,452,619	\$ 4,587,063	\$ 8,888,742	\$ 439,932	\$ 20,368,356
Receivables (net of allowance for uncollectibles):					
Taxes and franchise fees	8,197,072	890,774	890,766	136,036	10,114,648
Accounts	81,867	1,315	1,042,485	-	1,125,667
Receivables from other governments	542,235	676	-	-	542,911
Prepays	255,995	28,520	-	-	284,515
Inventories	204,901	-	-	1,172	206,073
Total assets	<u>\$ 15,734,689</u>	<u>\$ 5,508,348</u>	<u>\$ 10,821,993</u>	<u>\$ 577,140</u>	<u>\$ 32,642,170</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 487,058	\$ 171,693	\$ 1,426,394	\$ 263,359	\$ 2,348,504
Retainage payable	-	31,787	36,720	-	68,507
Accrued liabilities	1,073,608	127,558	-	-	1,201,166
Deposits payable	40,000	15,576	-	-	55,576
Unearned revenue	148,668	4,292	-	-	152,960
Total liabilities	<u>1,749,334</u>	<u>350,906</u>	<u>1,463,114</u>	<u>263,359</u>	<u>3,826,713</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	5,517,455	11	-	-	5,517,466
Unavailable revenue - surtax	371,496	-	-	-	371,496
Total deferred inflows of resources	<u>5,888,951</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>5,888,962</u>
FUND BALANCES					
Nonspendable:					
Inventories	204,901	-	-	1,172	206,073
Prepays	255,995	28,520	-	-	284,515
Restricted:					
Parks	-	3,277,785	-	-	3,277,785
Capital projects	-	-	6,579,029	-	6,579,029
Police - drug forfeiture	122,747	-	-	-	122,747
Police - evidence funds	117,143	-	-	-	117,143
Police - animal shelter	91,312	-	-	-	91,312
Police - community projects	4,562	-	-	-	4,562
Police training	-	-	-	73,471	73,471
Lodging Tax	-	-	-	45,064	45,064
JC Veterans Plaza	-	-	-	129,526	129,526
City Hall Art	-	-	-	19,923	19,923
USS Jefferson City Submarine	-	-	-	13,813	13,813
Woodland Cemetery	-	-	-	30,812	30,812
Sidewalk waiver	2,560	-	-	-	2,560
Cemetery restoration	321	-	-	-	321
Committed:					
Site plan/permittig process	5,000	-	-	-	5,000
Sewer main rehab - pipe lining	110,000	-	-	-	110,000
Prefabricated restroom bldg	-	231,900	-	-	231,900
Community Park improvements	-	1,619,226	-	-	1,619,226
MSP Parkway project	-	-	22,812	-	22,812
Master plan/airport layout plan	-	-	4,325	-	4,325
Cable installation/testing/maint	-	-	7,500	-	7,500
Enterprise CAD upgrade	-	-	104,643	-	104,643
Concrete/Asphalt Quality Assurance	-	-	21,323	-	21,323
Mo Blvd sidewalk project	-	-	77,590	-	77,590
Dunklin St bridge project	-	-	1,867,317	-	1,867,317
Clark Ave/Dunklin Street project	-	-	152,566	-	152,566
Sewer main rehab project	-	-	521,774	-	521,774
Unassigned:	<u>7,181,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,181,863</u>
Total fund balances	<u>8,096,404</u>	<u>5,157,431</u>	<u>9,358,879</u>	<u>313,781</u>	<u>22,926,495</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,734,689</u>	<u>\$ 5,508,348</u>	<u>\$ 10,821,993</u>	<u>\$ 577,140</u>	<u>\$ 32,642,170</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI
Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Position
October 31, 2019

Total fund balance - total governmental funds (from C-1)	\$	22,926,495
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		136,409,398
Certain assets are not reported in this fund financial statement because they are not available to pay current-period expenditures and are unavailable revenue in the funds.		561,356
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(2,717,743)
Long-term debt		(3,447,793)
The net pension liabilities reported in governmental activities is not a financial resource and therefore are not reported in the funds.		(8,152,179)
The net OPEB liabilities reported in governmental activities is not a financial resource and therefore are not reported in the funds.		(1,670,027)
Certain deferred outflows and inflows of resources represent a consumption or acquisition of net position in a future period and therefore are not reported in the funds.		
Pension related outflows - LAGERS		4,970,800
Pension related inflows - LAGERS		(4,162,772)
OPEB related outflows		184,344
OPEB related inflows		(125,814)
Internal service funds are used by management to charge the costs of workers compensation and self-funded health insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (\$871,075 plus \$80,906 allocation to business-type)		951,981
Net position of governmental activities	\$	145,728,046

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended October 31, 2019

C-3

	<u>General</u>	<u>Parks</u>	<u>Capital Improvement Tax</u>	<u>Total Nonmajor Governmental Funds (See H-2)</u>	<u>Total Governmental Funds</u>
REVENUES					
Sales and other user taxes	\$ 11,610,233	\$ 5,597,755	\$ 5,599,211	\$ 1,348,299	\$ 24,155,498
Property taxes	5,447,766	-	-	-	5,447,766
Utility/Franchise taxes	6,695,255	-	-	-	6,695,255
Licenses, permits and fees	999,288	-	-	-	999,288
Intergovernmental	3,672,161	(3,616)	2,123,485	4,546	5,796,576
Charges for services	2,800,278	2,539,743	-	-	5,340,021
Fines and forfeitures	670,632	-	-	9,699	680,331
Investment earnings	152,937	92,049	121,765	6,936	373,687
Contributions	359,133	-	-	4,950	364,083
Miscellaneous	266,117	116,687	-	11	382,815
Total revenues	<u>32,673,800</u>	<u>8,342,618</u>	<u>7,844,461</u>	<u>1,374,441</u>	<u>50,235,320</u>
EXPENDITURES					
Current:					
General government	4,998,909	5,378	5,378	1,339,614	6,349,279
Public safety	18,391,085	-	-	-	18,391,085
Community development	8,177,317	-	-	-	8,177,317
Cultural and recreation	-	6,842,304	-	-	6,842,304
Capital outlay	2,013,675	2,057,790	6,349,578	40	10,421,083
Debt service:					
Principal, notes and leases	-	-	352,780	-	352,780
Interest	-	-	47,220	-	47,220
Total expenditures	<u>33,580,986</u>	<u>8,905,472</u>	<u>6,754,956</u>	<u>1,339,654</u>	<u>50,581,068</u>
Excess (deficiency) of revenues over expenditures	<u>(907,186)</u>	<u>(562,854)</u>	<u>1,089,505</u>	<u>34,787</u>	<u>(345,748)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	374,007	632	800,000	-	1,174,639
Transfers in	26,850	-	-	-	26,850
Transfers out	(1,353,405)	-	(156,667)	(26,850)	(1,536,922)
Total other financing sources and uses	<u>(952,548)</u>	<u>632</u>	<u>643,333</u>	<u>(26,850)</u>	<u>(335,433)</u>
Net change in fund balances	<u>(1,859,734)</u>	<u>(562,222)</u>	<u>1,732,838</u>	<u>7,937</u>	<u>(681,181)</u>
Fund balances-beginning	9,956,138	5,719,653	7,626,041	305,844	23,607,676
Fund balances-ending	<u>\$ 8,096,404</u>	<u>\$ 5,157,431</u>	<u>\$ 9,358,879</u>	<u>\$ 313,781</u>	<u>\$ 22,926,495</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds
to the Statement of Activities
For the Year Ended October 31, 2019

Net change in fund balances - total governmental funds (from C-3)	\$	(681,181)
Amounts reported for governmental activities in the statement of activities (B-1) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1,438,743
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(46,036)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to increase net position.		(911,048)
The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Lease payments		352,780
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		(149,690)
Pension related amounts, pension expense - LAGERS		1,614,793
OPEB related amounts, OPEB expense		(65,377)
An Internal Service Fund is used by management to charge the costs of workers compensation and self-funded health insurance. The net revenue (expense) (\$40,749) of the internal service funds is reported with governmental activities in the amount of \$35,984 with the balance \$4,765 allocated to the business activities.		(35,984)
Change in net position of governmental activities	\$	<u>1,517,000</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI
Statement of Net Position
Proprietary Funds
October 31, 2019

D-1

	Business-type Activities				Governmental
	Wastewater	Transit	Nonmajor Enterprise Funds (See H-3)	Total Enterprise Funds	Internal Service Funds (See H-6)
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 6,696,469	\$ 167,059	\$ 5,376,311	\$ 12,239,839	\$ 1,261,734
Receivables (net of allowance for uncollectibles):					
Accounts	1,064,539	12,424	65,919	1,142,882	177,922
Receivables from other governments	111,981	109,858	22,470	244,309	-
Prepaid items	35,603	26,789	6,688	69,080	-
Current restricted assets:					
Cash and cash equivalents	2,818,574	-	-	2,818,574	-
Accrued Interest	183,415	-	-	183,415	-
Total current assets	10,910,581	316,130	5,471,388	16,698,099	1,439,656
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	500,000	-	-	500,000	200,000
Investments - revenue bond reserve fund	4,458,462	-	-	4,458,462	-
Net pension asset	1,012,701	566,955	313,071	1,892,727	-
Capital assets:					
Land	942,043	149,511	4,187,034	5,278,588	-
Distribution and collection systems	69,599,846	-	-	69,599,846	-
Improvements other than buildings	-	269,469	14,380,763	14,650,232	-
Buildings and equipment	79,585,130	5,996,635	6,528,892	92,110,657	-
Construction in progress	1,741,375	-	-	1,741,375	-
Less accumulated depreciation	(54,383,123)	(5,497,413)	(13,241,164)	(73,121,700)	-
Total noncurrent assets	103,456,434	1,485,157	12,168,596	117,110,187	200,000
Total assets	114,367,015	1,801,287	17,639,984	133,808,286	1,639,656
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred outflows related to pensions	244,364	114,893	50,203	409,460	-
Deferred outflows related to OPEB	18,068	13,185	5,127	36,380	-
Deferred outflows related to an advance refunding	8,106	-	-	8,106	-
Total deferred outflows of resources	270,538	128,078	55,330	453,946	-
LIABILITIES:					
Current liabilities:					
Accounts payable	124,460	38,929	27,642	191,031	438,041
Accrued liabilities	86,092	54,553	19,906	160,551	-
Deposits	-	-	1,060	1,060	-
Compensated absences	22,456	7,348	7,335	37,139	-
Claims and judgments	-	-	-	-	330,540
Unearned revenue	-	-	50,856	50,856	-
Revenue bonds payable-current	2,769,283	-	-	2,769,283	-
Current liabilities payable from restricted assets:					
Accounts payable	354,491	-	-	354,491	-
Retainage payable	74,310	-	-	74,310	-
Accrued interest payable	530,600	-	-	530,600	-
Deposits	376,931	-	-	376,931	-
Payable to other governments-due within one year	1,218,000	-	-	1,218,000	-
Revenue bonds payable-current	1,359,017	-	-	1,359,017	-
Total current liabilities	6,915,640	100,830	106,799	7,123,269	768,581
Noncurrent liabilities:					
Payable from restricted assets:					
Payable to other governments-due in more than one year	2,618,000	-	-	2,618,000	-
Compensated absences	258,249	84,503	84,350	427,102	-
Total OPEB liability	163,685	119,446	46,451	329,582	-
Revenue bonds payable (net of unamortized discounts, premiums and deferred amount of refunding)	46,492,474	-	-	46,492,474	-
Total noncurrent liabilities	49,532,408	203,949	130,801	49,867,158	-
Total liabilities	56,448,048	304,779	237,600	56,990,427	768,581
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows related to pensions	408,979	238,074	118,396	765,449	-
Deferred inflows related to OPEB	12,331	8,999	3,500	24,830	-
Total deferred inflows of resources	421,310	247,073	121,896	790,279	-
NET POSITION:					
Net investment in capital assets	48,856,342	918,202	11,855,526	61,630,070	-
Restricted for:					
Pensions/OPEB	690,138	328,514	200,053	1,218,705	-
Bond debt service	2,020,933	-	-	2,020,933	-
Bond renewal and replacement	500,000	-	-	500,000	-
Capital projects	2,221,290	-	-	2,221,290	-
Unrestricted	3,479,492	130,797	5,280,239	8,890,528	871,075
Total net position	\$ 57,768,195	\$ 1,377,513	\$ 17,335,818	\$ 76,481,526	\$ 871,075
Current Year adjustment to reflect the consolidation of internal service fund activities to enterprise funds.				(80,906)	
Net position of business-type activities (A-1)				\$ 76,400,620	

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended October 31, 2019

D-2

	Business-type Activities				Governmental
	Wastewater	Transit	Nonmajor Enterprise Funds (See H-4)	Total Enterprise Funds	Internal Service Funds (See H-7)
Operating Revenues:					
Charges for services	\$ -	\$ 232,462	\$ 1,304,955	\$ 1,537,417	\$ -
Charges for services pledged as security for revenue bonds:					
Sewer	11,562,345	-	-	11,562,345	-
Miscellaneous	26,511	44,231	292,463	363,205	12,217
Premiums	-	-	-	-	4,555,645
Total operating revenues	<u>11,588,856</u>	<u>276,693</u>	<u>1,597,418</u>	<u>13,462,967</u>	<u>4,567,862</u>
Operating Expenses:					
Personnel services	2,467,716	1,530,136	639,911	4,637,763	-
Contractual services	1,302,320	304,224	366,708	1,973,252	196,458
Claims Expense	27,711	-	-	27,711	4,433,230
Material and supplies	751,102	266,693	114,313	1,132,108	125
Repairs and maintenance	531,141	394,831	111,883	1,037,855	-
Utilities	568,030	29,014	40,769	637,813	-
Depreciation	3,734,349	155,414	1,006,218	4,895,981	-
Other operating	1,164,526	75,413	151,447	1,391,386	2,053
Total operating expenses	<u>10,546,895</u>	<u>2,755,725</u>	<u>2,431,249</u>	<u>15,733,869</u>	<u>4,631,866</u>
Operating income (loss)	<u>1,041,961</u>	<u>(2,479,032)</u>	<u>(833,831)</u>	<u>(2,270,902)</u>	<u>(64,004)</u>
Nonoperating revenue (expenses):					
Intergovernmental	-	1,114,805	47,525	1,162,330	-
Interest and investment revenue	869,551	8,441	88,371	966,363	23,255
Interest expense and fees	(1,923,454)	-	-	(1,923,454)	-
Gain/(Loss) on sale of capital assets	19,815	4,536	15,149	39,500	-
Total nonoperating revenues (expenses)	<u>(1,034,088)</u>	<u>1,127,782</u>	<u>151,045</u>	<u>244,739</u>	<u>23,255</u>
Income (loss) before capital contributions and transfers	<u>7,873</u>	<u>(1,351,250)</u>	<u>(682,786)</u>	<u>(2,026,163)</u>	<u>(40,749)</u>
Capital contributions	1,357,416	38,189	112,362	1,507,967	-
Transfers in	-	1,193,326	316,746	1,510,072	-
Change in net position	1,365,289	(119,735)	(253,678)	991,876	(40,749)
Net position-beginning	56,402,906	1,497,248	17,589,496	75,490,150	911,824
Net position-ending	<u>\$ 57,768,195</u>	<u>\$ 1,377,513</u>	<u>\$ 17,335,818</u>	<u>\$ 75,490,150</u>	<u>\$ 871,075</u>

Amounts reported for business-type activities in the statement of activities are different because:

Current Year adjustment to reflect the consolidation of Internal Service Funds related to Enterprise Funds	(4,765)
Change in net position - business-type activities (B-1)	<u>\$ 987,111</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI
Statement of Cash Flows
Proprietary Funds
For the Year Ended October 31, 2019

D-3

	Business-type Activities				Governmental
	Wastewater	Transit	Nonmajor Enterprise Funds (See H-5)	Total Enterprise Funds	Internal Service Funds (See H-8)
CASH FLOWS FROM OPERATING ACTIVITIES					
Services provided to other funds	\$ -	\$ -	\$ -	\$ -	\$ 4,501,161
Receipts from customers	11,652,128	274,299	1,589,037	13,515,464	-
Payments to suppliers	(3,941,341)	(1,075,381)	(789,741)	(5,806,463)	(286,598)
Payments to employees	(2,533,233)	(1,562,258)	(661,365)	(4,756,856)	-
Claims paid	(27,711)	-	-	(27,711)	(4,316,769)
Net cash provided (used) by operating activities	<u>5,149,843</u>	<u>(2,363,340)</u>	<u>137,931</u>	<u>2,924,434</u>	<u>(102,206)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers from other funds	-	1,193,326	316,746	1,510,072	-
Operating subsidies from other governments	(39,753)	1,083,649	139,410	1,183,306	-
Net cash provided (used) by noncapital financing activities	<u>(39,753)</u>	<u>2,276,975</u>	<u>456,156</u>	<u>2,693,378</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants	39,753	38,189	112,362	190,304	-
Capital recovery contributions	1,317,663	-	-	1,317,663	-
Purchases of capital assets	(2,876,764)	(47,466)	(114,477)	(3,038,707)	-
Sale of assets	19,815	4,536	15,149	39,500	-
Principal paid on capital debt	(3,977,500)	-	-	(3,977,500)	-
Interest/fees paid on capital debt	(2,091,095)	-	-	(2,091,095)	-
Net cash provided (used) by capital and related financing activities	<u>(7,568,128)</u>	<u>(4,741)</u>	<u>13,034</u>	<u>(7,559,835)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(17,881)	-	-	(17,881)	-
Interest and dividends	900,457	8,440	88,371	997,268	23,255
Net cash provided (used) by investing activities	<u>882,576</u>	<u>8,440</u>	<u>88,371</u>	<u>979,387</u>	<u>23,255</u>
Net increase (decrease) in cash and cash equivalents	(1,575,462)	(82,666)	695,492	(962,636)	(78,951)
Balances-beginning of the year	11,590,505	249,725	4,680,819	16,521,049	1,340,685
Balances-end of the year	<u>\$ 10,015,043</u>	<u>\$ 167,059</u>	<u>\$ 5,376,311</u>	<u>\$ 15,558,413</u>	<u>\$ 1,261,734</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,041,961	(2,479,032)	\$ (833,831)	\$ (2,270,902)	\$ (64,004)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	3,734,349	155,414	1,006,218	4,895,981	-
Change in assets, deferred outflows, deferred inflows, and liabilities:					
Receivables, net	26,290	(2,394)	(9,834)	14,062	(66,701)
Prepaid items	1,182	(5,631)	(221)	(4,670)	-
Deferred outflows	(66,948)	(42,073)	(17,732)	(126,753)	-
Accounts and other payables	530,358	78,519	23,373	632,250	28,499
Deferred inflows	(117,349)	(68,143)	(30,042)	(215,534)	-
Net cash provided by operating activities	<u>\$ 5,149,843</u>	<u>\$ (2,363,340)</u>	<u>\$ 137,931</u>	<u>\$ 2,924,434</u>	<u>\$ (102,206)</u>
Contributions of capital assets from developers	\$ 1,173,840	\$ -	\$ -	\$ 1,173,840	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSON, MISSOURI
Statement of Assets and Liabilities
Fiduciary Funds
October 31, 2019

E-1

	<u>Agency</u> <u>Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 8,226
Due from other governments	6,169
Total assets	<u>14,395</u>
LIABILITIES:	
Due to other entities	14,395
Total liabilities	<u>\$ 14,395</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

The Notes to the Financial Statements include a summary of accounting policies followed and information used by the City that are judged to be most appropriate for full disclosure in the preparation of the financial statements.

City of Jefferson, Missouri
Notes to Financial Statements
October 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the *City of Jefferson, Missouri* (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The *City of Jefferson* is a municipal corporation governed by an elected mayor and ten-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The City's relationship to other legally separate organizations has been examined to determine if their inclusion in the City's financial statements is necessary to fairly present the financial position of the City. The criteria used in this determination included an examination of the nature and significance of the organization's relationship with the City, financial benefit or burden to the City, the ability of the City Council to appoint members of the entity's governing board, and the level of influence the City has over the activities of the organization. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Included within the reporting entity:

Jefferson City Convention & Visitors Bureau Inc.

- The Jefferson City Convention and Visitors Bureau (JCCVB) Financial Statement (for fiscal year ended December 31, 2018) is included as a **discretely presented component unit** because it is a legally separate non-profit organization and in excess of 60% of the organizations total revenue is provided by the City from a 7% lodging tax assessed by the City of Jefferson (prior to May 1, 2011 the lodging tax was 3%). Additionally the City approves their annual operating budget and appoints their governing board.
- A separate audited financial report of JCCVB is publicly available by written request from the Jefferson City Convention and Visitors Bureau Inc., 700 E. Capitol Avenue, Jefferson City, MO 65101.

Excluded from the reporting entity:

- *Jefferson City Public School District*
- *City of Jefferson Housing Authority*
- *City of Jefferson Industrial Development Authority*
- *Missouri River Regional Library System*

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from the statements. **Governmental activities**, which normally are supported by taxes and intergovernmental revenues, are reported separately from **business-type activities**, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

City of Jefferson, Missouri
Notes to Financial Statements
October 31, 2019

funds are reported as separate columns in the fund financial statements.

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

The *government-wide financial statements* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenue in the year for which they are budgeted rather than the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end except those described below. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales taxes, franchise taxes, other taxes, licenses, grants, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

The City reports the following *major governmental funds*:

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

The *parks fund, a special revenue fund*, accounts for revenue sources from the operations of Parks and Recreation and sales taxes specifically designated for Parks and Recreation that are legally restricted to expenditures for specific purposes including major capital projects.

The *capital improvement tax fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by other funds.

The City reports the following *major proprietary funds*:

The *wastewater fund* accounts for the activities of the sewage treatment plant, sewage pumping and collection systems.

The *transit fund* accounts for the operations of bus fixed route and handicap public transit.

Additionally, the City reports the following fund types:

The *internal service fund* account for operations that provide self-insured worker's compensation/risk management services and self-funded health insurance to all operating funds of the City.

The *fiduciary fund* type, is an agency fund, which is a clearing account for tax increment financing. The agency fund is custodial in nature and does not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are direct costs and program revenues reported for the various functions concerned, which would be distorted if eliminated.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. However, taxes imposed by the State of Missouri and Cole County and distributed to the City, such as gasoline, motor vehicle increase, and road and bridge taxes are included

City of Jefferson, Missouri
Notes to Financial Statements
October 31, 2019

in operating and capital grants and contributions on the government-wide statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Wastewater, Airport, Parking, and Transit enterprise funds, and of the government's internal service funds are charges to customers for sales and services. The Wastewater fund also recognizes as operating revenue the portion of sewer connection fees intended to recover the costs of connecting new customers to the system. Operating expenses for enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

The City's *cash and cash equivalents* are considered to be cash on hand, demand deposits, amounts invested in overnight repurchase agreements, mutual funds, and investments with a maturity date of 90 days or less.

Cash resources of all city individual funds are combined to form a pool which is invested in overnight repurchase agreements which are carried at cost, which approximates fair value.

State law and the City's *investment* policy allow the Finance Director to invest in U.S. Treasury obligations, U.S. Government Agency securities and instrumentalities of government sponsored corporations, repurchase agreements, certificates of deposit, Missouri local government investment pools and full faith and credit obligations of the United States, the state of Missouri or any Missouri local government unit. Such investments are stated at fair value. Fair values for investments for the City, as well as its component unit, are determined by closing market prices at fiscal year-end as reported by the custodian.

Interest earned as a result of pooling is distributed to the appropriate funds based upon the month-end balances of cash and marketable securities of each fund.

Contributions and Grants

Grants are received from State, Federal, and Local sources and are classified as either capital grants to be used for the construction or acquisition of capital assets, or operating grants to be used at the discretion of the grantee for operating purposes.

Contributions and grants received by all funds are accounted for as follows: Contributions and grants for both capital and operating purposes are included in revenues. Grant revenues are accrued as eligible expenditures or commitments are incurred, as appropriate for the fund type involved.

Inventory and Prepaid Items

Inventory is valued at cost using the first-in, first-out method. Inventories consist of vehicle parts and accessories for the transit system and City vehicles. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of such prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain assets of the Wastewater enterprise fund are set aside and restricted by bond covenants as security for payment of debt service costs on outstanding bonds, for replacement reserves, for contingencies and for the periodic accumulation of funds to pay semi-annual bond interest and annual principal due during the next fiscal year. Likewise, assets of the Worker's Compensation Risk Management Fund are set aside to comply with Missouri Statutes.

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Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City Finance Director as assets with an estimated useful life in excess of one year with a threshold of \$10,000.

Capital assets for all fund types are recorded at cost or estimated historical cost where cost could not be determined from available records. Donated capital assets are recorded at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are charged to operations as they occur and are not included in the capital assets. Renewals and betterments are capitalized over the remaining useful life of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Total interest expense for the year was \$1,881,797. In addition, capital outlays for intangible assets are capitalized. Intangible assets include easements with an indefinite life which are therefore, not being amortized.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Buildings	10-50 years
Improvements other than buildings	7-10 years
Wastewater plant and system	40-50 years
Machinery and equipment	5-20 years
Furniture and fixtures	5-10 years
Motor vehicles	5-15 years

Infrastructure:

Streets and stormwater drainage	35 years
Sidewalks and trails	30 years
Street lighting	30 years
Traffic signals	20 years

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and certain sick incentive pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

At October 31, 2019 employees of the City had accumulated earned vacation, sick leave and compensatory time aggregating \$3,181,984 of which-

- \$ 2,717,743 has been recorded in the government-wide, governmental activities, liabilities, and
- \$ 464,241 has been recorded in the various proprietary funds and government-wide, business-type activities, liabilities.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. *Deferred outflows* represent a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow

City of Jefferson, Missouri
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of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. *Deferred inflows* represent an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. *Unavailable revenues* are deferred and recognized as an inflow of resources in the period that the amounts become available. *Unearned revenues* arise when resources are received by the government before it has a legal claim to them.

Fund Balances

The City follows GASB 54 for its reporting of fund balances.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision making authority for the City of Jefferson. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only the City Council may assign amounts for specific purposes.

Unassigned – the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. The general fund will be the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

The City’s adopted Financial Policy Guidelines state that the City calculates an unassigned General fund balance at a minimum of 17% of expenditures as originally adopted for the General Fund budget. All other funds, if they are not subsidized by other funds, shall maintain a minimum 10% fund balance.

Deficit Fund Equity

At October 31, 2019, the self-insured workers’ compensation fund, an internal service fund, has a deficit fund balance of \$6,864. When the City originally determined that there would be a cost saving by self-insuring the workers’ compensation program, each department contributed a quasi-premium into the fund to provide the resources to pay the claims as presented. Each budget cycle, City administration determines if they believe that the fund balance at that time will be sufficient to fund the claim payments and at what level City departments will be required to contribute based on claim assumptions. During the year ended October 31, 2019, claims payments exceeded the fund balance resulting in a deficit balance. This deficit will be eliminated as resources from City departments are transferred into the fund.

E. Subsequent Events

The City evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or

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disclosure in the financial statements. The accompanying financial statements consider events through April 27, 2020 which is the date the financial statements were available to be issued.

On December 3, 2019 the City issued Special Obligation Improvement Bonds (Parks System Project), Series 2019, in the maximum aggregate principal amount of \$7,305,000 for the purpose of financing the costs of various repairs, replacements, improvements, renovations, expansions and additions that need to be made to the City's Parks System.

On December 18, 2019 the City issued Industrial Revenue Bonds (Modern Litho-Print Co. Project), Series 2019, in the maximum aggregate principal amount of \$5,000,000 for the purpose of acquiring certain machinery and equipment to be installed at the Company's manufacturing facility which is located within the City.

The emergence and spread of COVID 19 in early 2020 has affected business and economic activity in the United States of America and elsewhere. Locally, non-essential businesses have had to temporarily close and employees are being laid off. This will have an undetermined negative impact on revenues of the City, particularly sales tax revenues. There has also been a significant decline in all of the major stock market indices which affects the market value of investments. It is anticipated that these conditions will remain volatile for the short term. The extent of any further decline or the duration of the decline cannot be reasonably determined at this time. Management is closely monitoring the situation and will take action as directed by the governing body.

NOTE 2: Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds." The details of the \$561,356 difference are as follows:

Property tax receivable/deferred inflow	\$	408,395
Franchise tax receivable/unearned revenue		22,000
Grant receivable/unearned revenue		130,961
Net adjustment to increase fund balance-total governmental funds to arrive at net position-governmental activities	\$	561,356

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$1,438,743 difference are as follows:

Capital outlay	\$	8,323,821
Depreciation expense		(6,885,078)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	1,438,743

Another element of that reconciliation states that 'The net effect of various miscellaneous transactions involving capital assets (i.e.,

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sales, trade-ins, and donations) is to increase net position.” The details of the \$911,048 difference are as follows:

Donated and annexed capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Donated capital assets	\$ 91,650
In addition, the loss on disposal of capital assets are not reported in the governmental funds	<u>(1,002,698)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (911,048)</u></u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of the \$46,036 difference are as follows:

Property tax revenue	\$ (51,716)
Franchise/Utility tax revenue	(1,330)
Intergovernmental revenue	<u>7,010</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (46,036)</u></u>

NOTE 3: FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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.

The City’s investments by input levels as of October 31, 2019 are presented below.

Investment	2019 Fair Value	Quoted Prices Markets for Identical Assets (Level 1)
Fixed Income Securities	\$ 4,458,462	\$ 4,458,462
City's Investments	4,458,462	4,458,462
Total Investments	\$ 4,458,462	\$ 4,458,462

NOTE 4: DEPOSITS & INVESTMENTS

As of October 31, 2019, the City of Jefferson had the following investments and maturities:

Type	Maturities	Total
City of Jefferson Investments:		
Repurchase agreements (cash & cash equivalents)	Less than one year	\$ 36,704,042
Money Market	Less than one year	684,461
Fixed Income Securities	6 - 10 years	4,458,462
Total City's Deposits/Investments		<u><u>\$ 41,846,965</u></u>

See note 1.D., *Deposits and Investments*, for a discussion of how shares are valued. A credit rating is not available.

City of Jefferson, Missouri
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Interest rate risk. It is the policy of the City to invest public funds in a manner which will provide maximum security of capital, meet daily cash flow demands and earn a market rate of return on investment for like maturities and securities instruments; while conforming to all applicable statutes governing the investment of public funds. The City manages its exposure to declines in fair values by limiting the segmented time distribution of its investment portfolio to less than one year.

Credit risk. State statutes authorize the City to invest in obligations of the U.S. Treasury, and federal agencies and instrumentalities; certificates of deposit issued by Missouri banks; and repurchase agreements.

Concentration of credit risk. The City of Jefferson has no formal policy related to a specific deposit or investment risk. However, in accordance with the City of Jefferson investment policy, the investments will be diversified to minimize the risk of loss resulting from over concentration of assets in (1) a specific investment type, (2) a specific issuer or (3) a specific maturity. The following guidelines represent limits established for diversification by instrument:

Type and Issuer	Percent of Portfolio	
	minimum	maximum
U.S. Treasury Obligations	5%	100%
U.S. Government Agency Securities and Instrumentalities of Government	0%	80%
Certificates of Deposits (CD's)	0%	50%
Repurchase Agreements	5%	100%
Full faith & credit obligations of the State or any Missouri local governmental entity	0%	25%

Repurchase agreements represent concentrations greater than 5%.

The City's investment portfolio at 10/31/19 was not in compliance with the current investment policy, however, the policy has been reviewed by a banking consultant who has recommended changes to the policy. The changes have not yet been approved by the City Council, however, the portfolio would be in compliance with the recommended changes. Staff is currently working to get the changes approved by the City Council.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City of Jefferson's deposits may not be returned to the City. All bank balances and certificates of deposit as of the balance sheet date are entirely insured or collateralized with securities held by the City or by its agent in the City's name. The City has no custodial credit risk policy for deposits.

Discretely Presented Component Unit:

Jefferson City Convention and Visitors Bureau (JCCVB), a discretely presented component unit, cash accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. JCCVB also maintains balances in overnight investment accounts which are not insured or guaranteed by FDIC or any government agency. They are, however, invested in government-backed securities. At December 31, 2018 amounts in the overnight investment account totaled \$5,039,274.

NOTE 5: RECEIVABLES

Taxes receivable represent amounts due for property taxes, gasoline tax, franchise tax and sales tax which have been reflected as revenues reduced by an appropriate allowance for uncollectible.

Taxes receivable includes a receivable for property tax in the amount of \$5,480,567 for property assessed as of January 1, 2019. However, the related revenue is deferred until after the fiscal year end since the taxes are budgeted and levied for the subsequent fiscal year. Therefore, \$5,480,567 was recognized as deferred inflow of resources in the General Fund. The receivable also includes the

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sales, motor vehicle and gasoline taxes charged by the retailers in October (point of sale). The third quarter taxes are due by October 31 of which the State of Missouri receives the majority in the first week of November. The October monthly filer's tax is due by November 20 of which the State also receives the majority of it in November. Therefore, the State remits its November collections to the City in December. The tax receivable includes both November and December receipts from the State of Missouri, representing the taxes charged by retailers through October 31, 2019.

A. Property Taxes

The City's property tax is levied by the Counties of Cole and Callaway each October 1, based on the assessed value as of the previous January 1, for all real and personal property located in the City. Assessed values are established by the County Assessors.

Property taxes are billed by November 1 following the levy date, due by December 31 and are considered delinquent on January 1. A lien is placed on the property as of March 1 if delinquent taxes are not paid.

The assessed value for property located in the City as of January 1, 2018 upon which the Fiscal Year 2019 budget was based, amounted to \$894,954,520. The City's property tax levies per \$100 of assessed valuation for the year ended October 31, 2019 were as follows:

	Levy (dollars)	
	Cole	Callaway
General Fund	\$ 0.4600	\$ 0.4600
Firemen's Retirement	\$ 0.0961	\$ 0.0961
Totals	\$ 0.5561	\$ 0.5561

The City is permitted by the Missouri State Constitution to levy taxes up to \$1.00 per \$100 assessed valuation for general governmental services (General Fund) other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. There was no Debt Service levy for the year ended October 31, 2019.

B. Loan, Notes and Accounts Receivable:

Schedule of Receivables

Receivables at October 31, 2019 on the fund financial statements consist of the following:

	General	Parks	Capital Projects	Wastewater	Transit	Non Major & Other Funds	Total
Taxes/Franchise Fees	\$ 8,463,716	\$ 890,774	\$ 890,766	\$ -	\$ -	\$ 136,036	\$ 10,381,292
Accounts	92,870	1,315	1,042,485	1,070,470	12,424	66,294	2,285,858
From other Governments	542,235	676	-	111,981	109,858	22,470	787,220
Gross Receivables	9,098,821	892,765	1,933,251	1,182,451	122,282	224,800	13,454,370
Less: Allowance for Uncollectible	(277,647)	-	-	(5,931)	-	(375)	(283,953)
Net Total Receivables	\$ 8,821,174	\$ 892,765	\$ 1,933,251	\$ 1,176,520	\$ 122,282	\$ 224,425	\$ 13,170,417

City of Jefferson, Missouri
Notes to Financial Statements
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NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2019 was as follows:

Primary Government

	<u>Beginning</u> <u>Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u> <u>Balances</u>
Government Activities:							
Capital Assets, not being depreciated:							
Land	\$ 15,101,257	\$	10	\$	(30,000)	\$	15,071,267
Easements	365,063		91,650		-		456,713
Construction in progress	6,894,909		7,611,654		(11,390,779)		3,115,784
Total Capital Assets, not being depreciated	<u>22,361,229</u>		<u>7,703,314</u>		<u>(11,420,779)</u>		<u>18,643,764</u>
Capital Assets, being depreciated:							
Buildings	27,452,728		3,972,614		(210,626)		31,214,716
Improvements other than buildings	15,722,248		2,091,518		(18,817)		17,794,949
Machinery and equipment	19,327,021		5,742,343		(2,628,478)		22,440,886
Infrastructure	194,499,709		296,462		(1)		194,796,170
Total Capital Assets, being depreciated	<u>257,001,706</u>		<u>12,102,937</u>		<u>(2,857,922)</u>		<u>266,246,721</u>
Less Accumulated Depreciation for:							
Buildings	(9,640,491)		(663,713)		195,646		(10,108,558)
Improvements other than buildings	(10,647,248)		(721,888)		18,816		(11,350,320)
Machinery and equipment	(14,186,444)		(1,410,002)		1,670,762		(13,925,684)
Infrastructure	(109,007,050)		(4,089,475)		-		(113,096,525)
Total Accumulated Depreciation	<u>(143,481,233)</u>		<u>(6,885,078)</u>		<u>1,885,224</u>		<u>(148,481,087)</u>
Total Capital Assets, being depreciated, net	<u>113,520,473</u>		<u>5,217,859</u>		<u>(972,698)</u>		<u>117,765,634</u>
Governmental activities capital assets, net	<u>\$ 135,881,702</u>	\$	<u>12,921,173</u>	\$	<u>(12,393,477)</u>	\$	<u>136,409,398</u>

City of Jefferson, Missouri
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	<u>Beginning</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u>
	<u>Balance</u>						<u>Balances</u>
Business-type activities:							
Capital Assets, not being depreciated:							
Land	\$ 5,211,214	\$	-	\$	-	\$	5,211,214
Easements	67,374		-		-		67,374
Construction in progress	1,140,987		1,656,376		(1,055,988)		1,741,375
Total Capital Assets, not being depreciated	6,419,575		1,656,376		(1,055,988)		7,019,963
Capital Assets, being depreciated:							
Buildings	81,928,591		816,853		(140,615)		82,604,829
Improvements other than buildings	14,550,314		99,918		-		14,650,232
Machinery and equipment	9,378,794		347,708		(220,674)		9,505,828
Distribution and Collection	68,426,006		1,173,840		-		69,599,846
Total Capital Assets, being depreciated	174,283,705		2,438,319		(361,289)		176,360,735
Less Accumulated Depreciation for:							
Buildings	(23,837,387)		(1,815,791)		140,615		(25,512,563)
Improvements other than buildings	(6,236,509)		(929,282)		-		(7,165,791)
Machinery and equipment	(7,471,857)		(513,290)		220,674		(7,764,473)
Distribution and Collection	(31,041,255)		(1,637,618)		-		(32,678,873)
Total Accumulated Depreciation	(68,587,008)		(4,895,981)		361,289		(73,121,700)
Total Capital Assets, being depreciated, net	105,696,697		(2,457,662)		-		103,239,035
Business-type activities capital assets, net	\$ 112,116,272	\$	(801,286)	\$	(1,055,988)	\$	110,258,998

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:		Business-type activities:	
General government	\$ 120,534	Wastewater	\$ 3,734,349
Public safety	1,132,282	Transit	155,414
Community development	4,512,700	Airport	930,230
Culture and recreation	1,119,562	Parking	75,988
Total depreciation expense-		Total depreciation expense-	
Governmental activities	\$ 6,885,078	Business-type activities	\$ 4,895,981

City of Jefferson, Missouri
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The assets acquired through outstanding capital leases are shown below.

Government activities:

Equipment	\$	4,755,986
Less: Depreciation		(306,586)
		<u>\$ 4,449,400</u>

Depreciation expense for the year ended October 31, 2019 for assets under capital leases was \$306,586 for governmental activities.

NOTE 7: LONG-TERM DEBT

A. Bonds Payable

The following is a summary of bonded debt transactions of the City for the year ended October 31, 2019:

	Bonds Payable	
	Wastewater	Total
Bonds payable at 10/31/18	\$ 53,771,600	\$ 53,771,600
Bonds issued	-	-
Bonds retired	(3,977,500)	(3,977,500)
Bonds payable at 10/31/19	\$ 49,794,100	\$ 49,794,100
Deferred amounts:		
Premiums/Discounts	826,674	826,674
Net bonds payable at 10/31/18	\$ 50,620,774	\$ 50,620,774
Interest to maturity	12,919,518	12,919,518
Total Debt Service to Maturity	\$ 63,540,292	\$ 63,540,292

The annual debt service requirements to maturity, including interest (excluding amortization of premiums and/or discounts) on all bonded debt outstanding as of October 31, 2019 are as follows:

	Wastewater Debt Service Requirements		
	Principal	Interest	Total
2020	\$ 4,128,300	\$ 1,771,645	\$ 5,899,945
2021	4,309,200	1,602,125	5,911,325
2022	4,481,000	1,425,273	5,906,273
2023	3,277,800	1,240,435	4,518,235
2024	3,394,700	1,124,498	4,519,198
2025-2029	14,892,900	3,898,169	18,791,069
2030-2034	12,530,200	1,728,423	14,258,623
2035-2039	2,780,000	128,950	2,908,950
Totals	<u>\$ 49,794,100</u>	<u>\$ 12,919,518</u>	<u>\$ 62,713,618</u>

Pledged Revenues

The City has pledged future sanitary sewer operating revenues, net of specified operating expense, to repay \$49,794,100 in sanitary sewerage system revenue bonds. The bonds are payable solely from sanitary sewer net revenues and are payable through 2036. Annual principal and interest payments on the bonds have required on average between 80 and 90 percent of net revenues. The total principal and interest remaining to be paid on bonds is \$62,713,618. Principal and interest paid for the current year and total net sanitary sewer revenues for the current year were \$5,911,455 and \$5,665,676, respectively.

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Revenue Bond payables at October 31, 2019 are comprised of the following individual issues:

\$24,875,000 Sewerage System Improvement and Refunding Revenue Bond (State Revolving Fund-Leveraged Loan Program) Series 2001C payable in annual installments of \$785,000 to \$1,915,000, July 1, 2004 through July 1, 2022; interest at 3% - 5%	\$ 5,480,000
\$ 4,600,000 Sewerage System Revenue Bond (State Revolving Fund-Leveraged Loan Program) Series 2005A payable in annual installments of \$135,000 to \$345,000, May 19, 2005 through July 1, 2025; interest at 3.0% -5.0%	1,845,000
\$10,105,000 Sewerage System Revenue Bond (State Revolving Fund-Leveraged Loan Program) Series 2005C payable in annual installments of \$335,000 to \$750,000, November 30, 2005 through July 1, 2026; interest at 3.25% -5.25%	4,590,000
\$ 3,900,000 Sewerage System Revenue Bond (State Revolving Fund-Leveraged Loan Program) Series 2008A payable in annual installments of \$25,000 to \$320,000, October 30, 2008 through January 1, 2029; interest at 4.0% -5.75%	2,500,000
\$6,445,000 Sewerage System Revenue Bond (Taxable Build America Bonds) Series 2010B payable in annual installments of \$210,000 to \$515,000, August 5, 2010 through September 1, 2035 average coupon interest 6.103%	6,015,000
\$15,000,000 Sewerage System Revenue Bond (State Revolving Fund-Direct Loan Program) Series 2012 payable in semi-annual installments of \$307,000 to \$473,000, July 1, 2014 through July 1, 2033 average coupon interest 1.27%; due to the nature of the Direct Loan Program \$549,866 of the authorized amount of this bond is not yet issued	11,314,100
\$9,940,000 Sewerage System Revenue Bond Series 2014 payable in annual installments of \$410,000 to \$675,000, May 15, 2014 through July 1, 2035; interest at 2.0% - 3.5%	8,670,000
\$9,380,000 Sewerage System Revenue Bond Series 2016 payable in annual installments of \$550,000 to \$805,000, June 20, 2016 through July 1, 2036; interest at 3.0%	9,380,000
Total bonded indebtedness in enterprise funds	<u>\$ 49,794,100</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

On November 7, 2000 voters approved \$52,000,000 of Sewerage System Revenue Bonds for improving and extending the City's sewerage system. The cost of operation and maintenance of the sewerage system is to be paid solely from the revenues derived by the City from the operation of its sewer system. A 29% increase in sewer fees was effective June 1, 2001 with an additional 4% increase annually for 9 years was required to finance the proposed sewer projects. On July 6, 2009 the Council approved an additional 27% increase in sewer fees effective June 1, 2010 in lieu of the 4%. On November 2, 2010 the voters approved issuance of Sewerage System Revenue Bonds in the amount of \$35,000,000 to finance the sanitary sewer system improvements from 2011 through 2017. This change increased the charges to customers 5% annually from 2011 through 2014, and 6% annually from 2015 through 2017.

The initial \$10,000,000 Sewerage System Revenue Bond was refunded in November 2001, creating a \$24,875,000 Revenue Bond (State Revolving Fund Program) Series 2001C. An additional Sewerage System Revenue Bond, Series 2002 in the amount of \$5,555,000 was issued in November 2002 and Series 2005A in the amount of \$4,600,000 in May 2005. On November 30, 2005 the City refunded the balance (\$4,980,000) of the \$5,555,000 November 2002 issue, creating a \$10,105,000 Sewerage System Revenue Bond (State Revolving Fund Program) Series 2005C. Another Sewerage System Revenue Bond, Series 2008A in the amount of \$3,900,000 was issued in October 2008. On August 5, 2010 the City issued additional Sewerage System Revenue Bonds: Series 2010A (tax exempt) in the amount of \$1,300,000 and Series 2010B (taxable Build America Bonds) in the amount of \$6,445,000. On November 13, 2012 the City issued an additional Sewerage System Revenue Bond (State Revolving Fund Program) Series 2012 in the amount of \$15,000,000. On May 15, 2014 the City issued an additional Sewerage System Revenue Bond Series 2014 in the amount of \$9,940,000. On June 20, 2016 the City issued an additional Sewerage System Revenue Bond Series 2016 in the amount of \$9,380,000. These bond issues in the amount of \$85,545,000 are part of \$52,000,000 approved by the voters in November 2000 and the \$35,000,000 approved by voters in November 2010.

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All of the City’s Wastewater Revenue Bonds, with the exception of the 2010A, 2010B, 2014, and 2016 bonds, were participants in the State of Missouri Department of Natural Resources (DNR) Revolving Fund-Leverage Loan Program (Capitalization Grant Agreement.) The Revolving Fund Program provides security for the revenue bonds participating in the program. As disbursements are made to the City from the restricted construction bond funds, DNR deposits additional funds into a Reserve Account. Funds on deposit in the Reserve Account (other than interest earnings) secure only a portion of the revenue bonds (70%). As the City makes principal payments on the related revenue bonds, an equivalent amount is repaid to DNR from the Reserve Account. The City assigns its right, title and interest in the Reserve Account to the State Environment Improvement and Energy Resources Authority to secure the City’s Wastewater Revenue Bonds. The Reserve Account for the 2001C issue is shown in the City of Jefferson’s Statement of Net Position, Proprietary Funds as an asset (Restricted Assets: Investments - revenue bond reserve fund) and a liability (Payable from restricted assets: Payable to other governments) in the amount of \$4,458,462 as of October 31, 2019.

B. General Obligation Debt

The City has no outstanding general obligation bonded debt. The legal debt margin (the amount of general obligation bonds the City could issue with voter approval) at October 31, 2019 is computed as follows:

Total 2018 Assessed Value		\$ 894,954,520
Ordinary debt (1)	10%	89,495,452
Additional debt (2)	10%	89,495,452
Constitutional debt limit	20%	178,990,904
Less: Current G.O. Bonds		-
Available debt margin		\$ 178,990,904

(1) Article VI, Sections 26(b) and (c) of the Missouri Constitution provides, with a vote of four-sevenths of qualified electors voting at a general municipal election day, primary or general election day or two-thirds for all other elections, a city may incur an indebtedness not to exceed in aggregate, 10 percent of the value of taxable tangible property of the city, for any purposes authorized in the charter of the city or by any general law of the State of Missouri.

(2) Article VI, Sections 26(d) and (e) of the Missouri Constitution provides, with a vote of four-sevenths of qualified electors voting at a general municipal election day, primary or general election day or two-thirds for all other elections, a city may become indebted an additional 10 percent of the value of taxable tangible property of the city for the purpose of acquiring right of way; construction, extending and improving streets and/or sanitary or sewer systems; and purchasing or constructing water works, electric or other light plants, provided that the total general obligation indebtedness of the city does not exceed 20 percent of the value of the taxable tangible property of the city.

City of Jefferson, Missouri
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C. Changes in Long-term Liabilities

Long-term liability activity for the year ended October 31, 2019, was as follows:

	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending</u> <u>Balances</u>		<u>Due Within</u> <u>One Year</u>
Governmental Activities:									
Lease (LTD)	\$ 3,800,573	\$ -	\$ (352,780)	\$ 3,447,793	\$ 314,326				
Claims and Judgements	214,079	396,090	(279,629)	330,540	85,940				
Compensated Absences	2,568,054	2,110,028	(1,960,339)	2,717,743	217,420				
Total OPEB Liability	1,493,557	176,470	-	1,670,027	-				
Net Pension Liability (Asset)	7,676,307	475,872	-	8,152,179	-				
Governmental Activity Long-term Liabilities	<u>\$ 15,752,570</u>	<u>\$ 3,158,460</u>	<u>\$ (2,592,748)</u>	<u>\$ 16,318,282</u>	<u>\$ 617,686</u>				
Business-type Activities:									
Bonds Payable:									
Revenue Bonds	\$ 53,771,600	\$ -	\$ (3,977,500)	\$ 49,794,100	\$ 4,128,300				
Less Deferred Amounts:									
For Issuance Premiums	944,724	-	(118,050)	826,674	-				
Total Bonds Payable	54,716,324	-	(4,095,550)	50,620,774	4,128,300				
Payable to Other Governments	4,994,500	-	(1,158,500)	3,836,000	1,218,000				
Claims and Judgements	-	27,711	(27,711)	-	-				
Compensated Absences	439,904	391,334	(366,997)	464,241	37,139				
Total OPEB Liability	299,516	30,066	-	329,582	-				
Net Pension Liability (Asset)	(2,042,963)	150,236	-	(1,892,727)	-				
Business-type Activity Long-term Liabilities	<u>\$ 58,407,281</u>	<u>\$ 599,347</u>	<u>\$ (5,648,758)</u>	<u>\$ 53,357,870</u>	<u>\$ 5,383,439</u>				

Compensated absences in both governmental and business-type activities are classified as 92% long-term and 8% short-term liabilities. Accrued compensated absence liabilities and net pension liabilities related to governmental activities are generally liquidated by the General Fund and the Parks Fund.

Claims and judgments other than workers compensation in both governmental and business-type activities are classified as 74% long-term and 26% short-term liabilities. Claim liabilities related to governmental and business-type activities are normally paid from the fund associated with that claim. Claim liabilities for workers compensation are classified as 100% short-term liabilities in the government activities (workers compensation self-insured fund.)

D. Leases

On May 19, 2017 the City entered into a lease agreement in the amount of \$5,037,541 for the purchase of fire apparatus. The City of Jefferson made \$400,000 (\$352,780 in principal and \$47,220 in interest) in lease payments during the fiscal year.

The annual debt service requirements to maturity, including interest on this outstanding debt as of October 31, 2019 are as follows:

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Fire Apparatus Debt Service Requirements			
	Principal	Interest	Total
2020	314,326	85,674	400,000
2021	322,136	77,864	400,000
2022	330,141	69,859	400,000
2023	388,577	61,655	450,232
2024	398,233	51,999	450,232
2025-2028	1,694,379	106,551	1,800,930
Totals	\$ 3,447,792	\$ 453,602	\$ 3,901,394

E. Postretirement Benefits Other than Pensions (OPEB)

General Information about the Pension Plan

Plan Description and Benefits Provided

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents. The City requires retirees to pay the same medical premium charged for active employees. Under the theory that retirees have higher utilization of services, the difference between the true cost of providing retiree coverage and what the retiree is being charged is known as the implicit rate subsidy, which is considered Other Postemployment Benefits (OPEB) under GASB Statement No. 45. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms

At October 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled but not yet receiving benefits	-
Active employees	417
	432

Total OPEB Liability

The employer's total OPEB liability of \$1,999,609 was measured as of October 31, 2019, and determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the October 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25% wage inflation
Salary Increase	3.25% to 7.15% including wage inflation
Healthcare Trend Rates	Initial trend of 8.25% gradually decreasing to an ultimate trend rate of 3.25% in year 10

Retirees' Share of Benefit-

Related Costs 100 percent of projected health insurance premiums for retirees

The discount rate was based on the tax-exempt municipal bond rated based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the rate was based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA index".

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Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

Unless otherwise specified, the actuarial assumptions used in making the October 31, 2019 valuation were based on a 5-year investigation of Missouri Local Government Employees Retirement System (LAGERS) in total for the period ending February 28, 2015.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of 10/31/18	\$ 1,793,073
Changes for year:	
Service Cost	81,477
Interest	71,092
Difference between expected & actual experience	(104,386)
Changes of assumptions	244,520
Benefit payments, including refunds	(86,167)
Net changes	206,536
Balances as of 10/31/19	\$ 1,999,609

Changes of assumptions reflect a change in the discount rate from 3.97 percent in 2018 to 2.85 percent in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB Liability of the employer, calculated using the discount rate of 2.85%, as well as what the employer's total OPEB Liability would be using a discount rate that is 1 percentage point lower (1.87%) or one percentage point higher (3.85%) than the current rate.

	Current Single Discount		
	1% Decrease 1.85%	Rate Assumption 2.85%	1% Increase 3.85%
Total OPEB Liability	\$ 2,171,056	\$ 1,999,609	\$ 1,840,307

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB Liability of the employer, calculated using the healthcare cost trend rate (8.5 percent decreasing to 3.25 percent), as well as what the employer's total OPEB Liability would be using a healthcare cost trend rate that is 1 percentage point lower (7.5 percent decreasing to 2.25 percent) or one percentage point higher (9.5 percent decreasing to 4.25 percent) than the current rate.

	Current Healthcare Cost		
	1% Decrease (7.5% decreasing to 2.25%)	Trend Rate (8.5% decreasing to 3.25%)	1% Increase (9.5% decreasing to 4.25%)
Total OPEB Liability	\$ 1,759,897	\$ 1,999,609	\$ 2,284,875

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended October 31, 2019 the employer recognized an OPEB expense of \$73,352. At October 31, 2019, the employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 94,227
Changes in assumptions	220,724	56,416
Net difference between projected and actual earnings on OPEB plan investments	-	-
	\$ 220,724	\$ 150,643

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

Year Ended:

2020	\$	6,949
2021		6,949
2022		6,949
2023		6,949
2024		6,949
Thereafter		35,336
	\$	70,081

F. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying financing arrangement. Upon repayment of the bonds, ownership of the acquired facilities transfer to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The aggregate amount of all outstanding conduit debt as of October 31, 2019 was \$33,601,035. As of this date, taxable industrial revenue bonds were issued as follows:

Unilever Project, Series 2012, in the maximum aggregate principal amount of \$23,280,000 for the purpose of providing funds to pay the cost of facility expansion and acquiring certain manufacturing equipment which is located within the City. As of October 31, 2019 the principal amount outstanding was \$0.

Continental Commercial Products Project, Series 2015A, in the maximum aggregate principal amount of \$1,734,000 for the purpose of providing funds to renovate, improve and equip an existing building, which is located within the City, for manufacturing purposes. As of October 31, 2019 the principal amount outstanding was \$1,734,000.

Continental Commercial Products Project, Series 2015B, in the maximum aggregate principal amount of \$500,000 for the purpose of providing funds to renovate, improve and equip an existing building, which is located within the City, for manufacturing purposes. As of October 31, 2019 the principal amount outstanding was \$500,000.

Modern Litho Project, Series 2016, in the maximum aggregate principal amount of \$8,000,000 for the purpose of providing funds to pay the cost of acquiring and installing certain manufacturing equipment which is located within the City. As of October 31, 2019 the principal amount outstanding was \$8,000,000.

Axiom Plastics Project, Series 2017A, in the maximum aggregate principal amount of \$6,000,000 for the purpose of providing funds to pay the cost of acquiring real property and making certain real property improvements to the project site which is located within the City. As of October 31, 2019 the principal amount outstanding was \$1,000,399.

Axiom Plastics Project, Series 2017B, in the maximum aggregate principal amount of \$20,000,000 for the purpose of providing funds to equip the project site, which is located within the City, with certain personal property. As of October 31, 2019 the principal amount

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outstanding was \$13,210,165.

Command Web Project, Series 2018, in the maximum aggregate principal amount of \$34,250,000 for the purpose of acquiring certain machinery and equipment to be installed at the manufacturing facility which is located within the City. As of October 31, 2019 the principal amount outstanding was \$9,156,471.

NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES

A. Risk Management

The City of Jefferson, Missouri is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased insurance up to \$3.6 million for these risks from Midwest Public Risk (MPR), except for worker's compensation described below. There have been no settlements in excess of insured coverage during the past five years. In 2001, the City established a \$50,000 self-insured retention with a \$250,000 shared annual aggregate for liability coverage. In 2015, the City reduced the self-insured retention to \$25,000 with no shared annual aggregate for liability coverage.

The Midwest Public Risk Fund is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Fund to meet its expected financial obligations. The Fund has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the Fund's obligations.

Other commercial policies are purchased from various vendors for Property and Equipment, Excess Property, Boiler and Machinery, Commercial Crime, Excess Workers Compensation, and Airport Owners and Operators Liability.

In the area of loss prevention and control, the City has contracted for services through a commercial insurance company and a professional broker. The City has also instituted internal safety and supervisory training programs designed to minimize risk exposure and claims.

The claims liability of \$0 reported at October 31, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liabilities do not include incremental claims adjustment expenses.

Fiscal Year Ending October 31, 2019				Fiscal Year Ending October 31, 2018			
	Governmental activities	Business-type activities	Total		Governmental activities	Business-type activities	Total
Beginning liability	\$ -	\$ -	\$ -	Beginning liability	\$ -	\$ -	\$ -
Claims & changes in estimates	69,900	27,711	97,611	Claims & changes in estimates	30,752	42,704	73,456
Claims payments	(69,900)	(27,711)	(97,611)	Claims payments	(30,752)	(42,704)	(73,456)
Ending liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Ending liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. Worker's Compensation Risk Management

On July 1, 1991, the City established a Worker's Compensation Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of this loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$350,000 for each worker's compensation claim, with the exception that claims for Public Safety (Fire/Police) provide maximum coverage of \$450,000 per claim. The City purchases commercial reinsurance for claims in excess of individual coverage provided by the Fund (Stop Loss \$350,000 individual with a policy maximum of \$1 million).

Payments are made to the Risk Management Fund based on payroll at State of Missouri Worker's Compensation rates which are estimates of the amounts needed to pay prior- and current-year claims and to build an unreserved fund balance. That balance was (\$6,864) at October 31, 2019. The claims liability of \$330,540 reported in the Fund at October 31, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial

City of Jefferson, Missouri
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statements and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amount are as follows:

	2018-2019	2017-2018	Due within One Year
Beginning liability	\$ 214,079	\$ 312,139	
Claims & changes in estimates	326,190	176,948	
Claims payments	(209,729)	(275,008)	
Ending liability	\$ 330,540	\$ 214,079	\$ 85,940

C. Self-Funded Health Insurance

On January 1, 2016, the City established a Self-Funded Health Insurance Fund (an internal service fund) to account for the transactions and reserves associated with the City's medical and prescription drug programs for City employees. Coverage for health and prescription drug plans are self-insured. The City has a stop-loss attachment point of \$125,000 per individual with a policy maximum of \$4,515,378.

Payments are made to the Self-Funded Health Insurance Fund based on estimates of the amounts needed to pay prior- and current-year claims and to establish net position sufficient for catastrophic losses. That balance was \$877,939 at October 31, 2019. The claims liability of \$434,160 reported in the Fund at October 31, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amount are as follows:

	2018-2019	2017-2018	Due within One Year
Beginning liability	\$ 525,814	\$ 125,466	
Claims & changes in estimates	4,108,673	3,370,751	
Claims payments	(4,200,327)	(2,970,403)	
Ending liability	\$ 434,160	\$ 525,814	\$ 434,160

D. Litigation

The City is a defendant in a number of claims and lawsuits resulting from personal injury, property damage, personnel actions, and police activity. The City Counselor has reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City. The City Counselor has reviewed lawsuits involving various departments and allegations, which are currently pending. The chances of the plaintiff's success in these cases vary. The amount of any recovery payable from City funds should be \$500,000 or less. A number of other claims involving vehicles and property damage, and alleged dangerous conditions have been reviewed. Most have been resolved or are in the process of being resolved. While most are covered by insurance, some may have deductibles, self-insured retention, or other circumstances which involve payment from City funds. The total from all of the above claims of this nature should not cause payment from City funds of an amount greater than \$100,000. No significant adverse impact beyond budgeted funds is anticipated from any of the pending claims or litigation.

E. Commitments

At October 31, 2019, the following funds have construction and other significant commitments:

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Primary Government	Commitment
General Fund	\$ 115,000
Parks Fund	\$ 1,851,126
JC Veterans Plaza Trust Fund	\$ 2,341
Capital Projects	\$ 2,779,851
Wastewater Fund	\$ 1,669,658

F. Grants and Other

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial to its financial position and operations.

NOTE 9: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The General Fund transfers to **subsidize** Airport and Transit (\$1,353,405), Lodging Tax Fund **2% administrative fee** (\$26,850) transfer to the General Fund, and Capital Projects (\$156,667) transfers to the Transit and Airport Funds to subsidize purchases for the year ended October 31, 2019 are as follows:

	Transfer from other funds	Transfer to other funds
General Fund	\$ 26,850	\$ 1,353,405
Transit Fund	1,193,326	-
Airport Fund	316,746	-
Capital Projects	-	156,667
Non Major Government Funds	-	26,850
	<u>\$ 1,536,922</u>	<u>\$ 1,536,922</u>

Discretely Presented Component Unit:

The Jefferson City Convention and Visitors Bureau's (JC CVB) is a discretely presented component unit of the City of Jefferson with a fiscal year end of December 31. The City's lodging tax fund payable to JC CVB of \$256,494 at October 31, 2019 is different from their receivable of \$154,810 at December 31, 2018 because of the different fiscal year ends.

NOTE 10: EMPLOYEES' RETIREMENT SYSTEMS

A. LAGERS

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description

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

City of Jefferson, Missouri
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the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

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

	<u>2019 Valuation</u>
Benefit Multiplier:	2%
Final Average Salary:	3 years
Member Contributions:	0%

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

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>
Inactive employees or beneficiaries currently receiving benefits	199	52	72
Inactive employees entitled but not yet receiving benefits	84	29	5
Active employees	261	84	72
	<u>544</u>	<u>165</u>	<u>149</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 12.5% (General), 18.0% (Police) and 46.0% (Fire) of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

Actuarial Assumptions

The total pension liability in the February 28, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash	10.00%	0.00%
Leverage	-35.00%	-0.51%

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances as of 6/30/18	\$ 144,940,704	\$ 139,307,360	\$ 5,633,344
Changes for year:			
Service Cost	2,867,447	-	2,867,447
Interest	10,366,008	-	10,366,008
Difference between expected & actual experience	2,157,242	-	2,157,242
Contributions - employer	-	4,346,691	(4,346,691)
Net investment income	-	9,046,050	(9,046,050)
Benefit payments, including refunds	(6,859,851)	(6,859,851)	-
Administrative expenses	-	(101,301)	101,301
Other changes	-	1,473,148	(1,473,148)
Net changes	8,530,846	7,904,737	626,109
Balances as of 6/30/19	\$ 153,471,550	\$ 147,212,097	\$ 6,259,453

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

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

City of Jefferson, Missouri
Notes to Financial Statements
October 31, 2019

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 175,190,294	\$ 153,471,550	\$ 135,631,934
Plan Fiduciary Net Position	147,212,097	147,212,097	147,212,097
Net Pension Liability/(Asset) (NPL)	\$ 27,978,197	\$ 6,259,453	\$ (11,580,163)

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

For the year ended October 31, 2019 the employer recognized pension expense of (\$1,784,752). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 2,511,471	\$ (1,459,367)
Differences in assumptions	1,400,522	-
Excess (deficit) investment returns	-	(3,468,855)
Contributions subsequent to the measurement date*	1,468,267	-
	<u>\$ 5,380,260</u>	<u>\$ (4,928,222)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending October 31, 2020.

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

Year Ended:	
2020	\$ (40,038)
2021	(1,747,852)
2022	(619,469)
2023	667,385
2024	315,762
Thereafter	407,983
	<u>\$ (1,016,229)</u>

Payable to the Pension Plan

At October 31, 2019, the City of Jefferson reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended October 31, 2019.

NOTE 11: DEPARTMENT DISCLOSURES

For the year ending October 31, 2019, there were no departments (the legal level of budgetary control) in the governmental funds where expenditures exceeded appropriations.

For the year ended October 31, 2019 there are several departments in the General Fund where all dollars appropriated by City Council were utilized. During fiscal year 2019, the City experienced significant flooding. Additionally, on May 22, 2019 an EF-3 tornado directly impacted the City. In response to the natural disasters that occurred, the City made the decision to utilize any appropriated funds that had not been expended during the year to cover the expenditures related to the flooding and the tornado instead of utilizing the fund balance.

City of Jefferson, Missouri
Notes to Financial Statements
October 31, 2019

NOTE 12: TAX ABATEMENT

The City of Jefferson can grant tax abatements as outlined below:

Chapter 100 Financing: In Missouri, cities and counties ("Municipality") can issue industrial development revenue bonds ("Revenue Bonds") pursuant to Chapter 100 of the Missouri Revised Statutes ("RSMo"), as amended (the "Act"), in order to encourage industrial development projects for private companies. Under the Act, the Municipality may issue Revenue Bonds to finance the costs of the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants, including the real estate either within or without the limits of such Municipality, buildings, fixtures and machinery (the "Project"). There are two primary reasons to issue Revenue Bonds under the Act. First, if the Revenue Bonds are tax-exempt, it may be possible to issue the Revenue Bonds at lower interest rates than those obtained through conventional financing. Second, even if the Revenue Bonds are not tax-exempt, ad valorem taxes levied on the Revenue Bond financed Project may be abated so long as the Revenue Bonds are outstanding.

In a typical Chapter 100 transaction, the Municipality holds fee title to the Project once the Revenue Bonds are issued and leases the Project to the private company. Because the Municipality is the legal owner of the Project while the Revenue Bonds are outstanding, the Project is exempt from ad valorem taxation and personal property taxation. The Municipality and the private company may determine that partial tax abatement - but not full tax abatement is desirable. In this case, the Municipality and the private company will enter into an agreement providing for the company to make "payments in lieu of taxes" to the Municipality and other taxing jurisdictions levying property taxes where the Project is located. The amount of payments in lieu of taxes to be paid by the private company is negotiable to any amount. The payments in lieu of taxes are payable by December 31 of each year and are distributed to the Municipality and to each taxing jurisdiction levying property taxes where the Project is located in the same manner and proportion as the property taxes would otherwise be distributed to such taxing jurisdictions under Missouri law. Section 100.800 of the RS Mo does provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

For the fiscal year ended October 31, 2019, the City abated property taxes totaling \$41,908 under these Chapter 100 Financing agreements.

Tax Increment Financing: Pursuant to the Real Property Tax Increment Allocation Act, Sections 99.800 through 99.865, RSMo, as amended (the "TIF Act"), cities and counties ("Municipality") may adopt a redevelopment plan ("TIF plan") that provides for the redevelopment of a "blighted area", "conservation area" or "economic development area," located within the boundaries of the Municipality. The theory of TIF financing is that, by encouraging redevelopment projects, the value of real property in a redevelopment area should increase.

When the TIF plan is adopted, the assessed valuation of the real property in the redevelopment area is frozen at the current base level prior to construction of improvements. The owner of the property continues to pay property taxes at the base level and such property tax revenues are distributed to the taxing jurisdictions levying property taxes in the redevelopment area. As the property is improved, the assessed value of the real property in the redevelopment area increases above the base level. By applying the property tax levy of all taxing jurisdiction having taxing power within the redevelopment area to the increase in assessed valuation of the improved real property over the base level, a "tax increment" is produced. The tax increments, referred to as "payments in lieu of taxes," are paid by the owner of the real property in the same manner as regular property taxes. The payments in lieu of taxes are transferred by the collecting agency to the treasurer of the Municipality and deposited in a special allocation fund.

In addition to the payments in lieu of taxes described above, and pursuant to Section 99.845(3) of the Act, fifty percent of the total additional revenue from taxes which are imposed by the City, the County or other taxing districts, and which are generated by economic activities within the redevelopment area over the amount of such taxes generated by economic activities within the redevelopment prior to the TIF plan, are transferred by the collecting agency to the treasurer of the Municipality and deposited in a special allocation fund.

For the fiscal year ended October 31, 2019, the City abated property taxes and economic activity taxes totaling \$25,984 under these Tax Increment Financing agreements.

The following tax abatement agreements each exceeded 10 percent of the City's total taxes abated for fiscal year 2019:

- A 100 percent property tax abatement to a manufacturing company for the purpose of equipping the project site, which is

City of Jefferson, Missouri
Notes to Financial Statements
October 31, 2019

located within the City. The abatements amounted to \$17,279.

- A 100 percent property tax abatement and 50% economic activity tax abatement to the Southside TIF. In October 2009, the City approved the tax increment plan for the area commonly known as the E. Dunklin Street Redevelopment Area. The abatements amounted to \$10,886.
- A 100 percent property tax abatement and 50% economic activity tax abatement to the St. Mary's TIF. In August 2017, the City approved the tax increment plan for the St. Mary's Redevelopment Area. The abatements amounted to \$8,225.

NOTE 13: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. This Statement is effective for periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statements is effective for periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement is effective for periods beginning after June 15, 2018.

GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statement No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for periods beginning after December 15, 2018.

GASB Statement 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement is effective for periods beginning after December 15, 2020.

**REQUIRED SUPPLEMENTARY
INFORMATION (RSI)**

City of Jefferson
Required Supplementary Information
October 31, 2019

**Schedule of Changes in Net Pension Liability and Related Ratios
LAGERS - All Divisions Combined
For the Last Five Fiscal Years***

<i>Fiscal year ending June 30,</i>	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 2,867,447	\$ 2,720,530	\$ 2,593,354	\$ 2,568,487	\$ 2,532,035
Interest on the Total Pension Liability	10,366,008	8,939,085	8,591,220	7,967,490	7,661,827
Changes of Benefit Terms	-	14,534,542	-	-	-
Difference between expected and actual experience	2,157,242	138,893	(867,154)	(1,608,734)	(1,694,178)
Assumption Changes	-	-	-	4,236,574	-
Benefit Payments	(6,859,851)	(6,591,847)	(4,606,460)	(4,540,383)	(4,070,926)
Net Change in Total Pension Liability	8,530,846	19,741,203	5,710,960	8,623,434	4,428,758
Total Pension Liability beginning	144,940,704	125,199,501	119,488,541	110,865,107	106,436,349
Total Pension Liability ending	\$ 153,471,550	\$ 144,940,704	\$ 125,199,501	\$ 119,488,541	\$ 110,865,107
Plan Fiduciary Net Position					
Contributions-employer	\$ 4,346,691	\$ 4,836,810	\$ 4,188,777	\$ 4,151,922	\$ 4,368,344
Contributions-legacy plan	-	14,837,956	-	-	-
Contributions-employee	-	-	80,841	46,880	-
Pension Plan Net Investment income	9,046,050	15,419,234	12,130,427	(187,832)	1,902,415
Benefit Payments	(6,859,851)	(6,591,847)	(4,606,460)	(4,540,383)	(4,070,926)
Pension Plan Administrative expense	(101,301)	(70,768)	(63,974)	(60,825)	(65,895)
Other	1,473,148	(943,532)	466,678	520,922	(328,829)
Net Change in Plan Fiduciary Net Position	7,904,737	27,487,853	12,196,289	(69,316)	1,805,109
Plan Fiduciary Net Position beginning	139,307,360	111,819,507	99,623,218	99,692,534	97,887,425
Plan Fiduciary Net Position ending	\$ 147,212,097	\$ 139,307,360	\$ 111,819,507	\$ 99,623,218	\$ 99,692,534
Employer Net Pension Liability	\$ 6,259,453	\$ 5,633,344	\$ 13,379,994	\$ 19,865,323	\$ 11,172,573
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.92%	96.11%	89.31%	83.37%	89.92%
Covered Employee Payroll	21,201,296	20,525,788	19,360,321	18,743,450	18,925,302
Employer's Net Pension Liability as a percentage of covered employee payroll	29.52%	27.45%	69.11%	105.99%	59.04%

*Information for prior years is not available; ultimately ten fiscal years will be displayed.

**The City previously administered a closed Firemen's Pension Fund Plan. With the passing of H.B. 1443 (2016), the City chose to move the closed pension plan to LAGERS. These contributions are the assets of the closed Firemen's Pension Fund Plan that were moved to LAGERS as part of the transition.

City of Jefferson
Required Supplementary Information
October 31, 2019

**SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years**

FY Ending October 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2010	2,551,098	2,551,099	(1)	15,597,209	16.36%
2011	4,209,701	3,853,552	356,149	18,357,823	20.99%
2012	4,694,853	4,519,117	175,736	19,559,948	23.10%
2013	4,717,432	4,619,170	98,262	19,309,118	23.92%
2014	4,514,653	4,514,653	-	19,142,454	23.58%
2015	4,374,480	4,374,479	1	19,167,837	22.82%
2016	4,105,940	4,058,398	47,542	18,849,419	21.53%
2017	4,292,416	4,288,511	3,905	20,169,748	21.26%
2018	4,521,484	4,284,209	237,275	20,912,401	20.49%
2019	4,590,418	4,347,958	242,460	21,664,177	20.07%

NOTES TO THE SCHEDULE OF CONTRIBUTIONS

Valuation Date: 2/28/19

Notes: The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry Age Normal and Modified Terminal Funding

Amortization Method A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining Amortization Period General Division: Multiple bases from 12 to 15 years
Police Division: Multiple bases from 10 to 15 years
Fire Division: Multiple bases from 11 to 20 years

Asset Valuation Method 5-Year smoothed market; 20% corridor

Inflation 3.25% wage inflation; 2.5% price inflation

Salary Increases General & Police Divisions: 3.25% to 6.55% including wage inflation
Fire Division: 3.25% to 7.15% including wage inflation

Investment Rate of Return 7.25%, net of investment expenses

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.

Mortality The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other Information None

City of Jefferson
Required Supplementary Information
October 31, 2019

**Schedule of Changes in Total OPEB Liability and Related Ratios
For the Last Two Fiscal Years***

<i>Fiscal year ending October 31,</i>	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 81,477	\$ 77,397
Interest on the Total OPEB Liability	71,092	68,428
Difference between expected and actual experience	(104,386)	-
Assumption Changes	244,520	(69,792)
Benefit Payments	(86,167)	(75,347)
Net Change in Total OPEB Liability	<u>206,536</u>	<u>686</u>
Total OPEB Liability beginning	<u>1,793,073</u>	<u>1,792,387</u>
Total OPEB Liability ending	<u><u>\$ 1,999,609</u></u>	<u><u>\$ 1,793,073</u></u>
Plan Fiduciary Net Position		
Contributions-employer	\$ 86,167	\$ 75,347
Benefit Payments	(86,167)	(75,347)
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position beginning	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Total OPEB Liability	<u><u>\$ 1,999,609</u></u>	<u><u>\$ 1,793,073</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.00%	0.00%
Covered Employee Payroll	\$ 20,181,782	\$ 17,831,599
Total OPEB Liability as a percentage of covered employee payroll	9.91%	10.06%

Notes to Schedule:

Assumption Changes

Changes of assumptions reflect the effects of changes in the discount rate each period.

The following are the discount rates used each period:

2019	2.85%
2018	3.97%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

***Information for prior years is not available; ultimately ten fiscal years will be displayed.**

CITY OF JEFFERSON, MISSOURI
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended October 31, 2019

G-1

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales and other user taxes	\$ 11,751,260	\$ 11,751,260	\$ 11,610,233	\$ (141,027)
Property taxes	5,432,399	5,432,399	5,447,766	15,367
Utility/Franchise taxes	7,435,000	7,435,000	6,695,255	(739,745)
Licenses, permits and fees	879,410	879,410	999,288	119,878
Intergovernmental	4,115,487 *	4,348,783	3,672,161	(676,622)
Charges for services	2,761,364	2,761,364	2,800,278	38,914
Fines and forfeitures	834,900	834,900	670,632	(164,268)
Investment earnings	152,927	152,927	152,937	10
Miscellaneous	417,248	454,236	625,250	171,014
Total revenues	<u>33,779,995</u>	<u>34,050,279</u>	<u>32,673,800</u>	<u>(1,376,479)</u>
EXPENDITURES				
General government:				
Mayor and council	118,134	118,134	114,022	4,112
City clerk	100,773	100,773	87,962	12,811
City administrator	286,779	286,779	273,148	13,631
City counselor	323,491	321,086	305,985	15,101
Municipal court	272,398	274,143	255,345	18,798
Human Resources	349,226	325,935	320,646	5,289
Finance department	936,927	867,366	867,366	-
Non-departmental	1,215,670 *	1,725,516	1,541,909	183,607
Entitlement Grant	569,473 *	651,320	230,469	420,851
Information Systems Technology/GIS	1,026,233	1,021,841	1,021,841	-
Public safety:				
Police	11,226,775 *	11,259,363	11,117,441	141,922
Fire	7,881,698 *	7,825,756	7,804,420	21,336
Planning & Protective Services:				
Administration	262,609	263,609	250,566	13,043
Planning	221,873	219,375	216,832	2,543
Metropolitan Planning Organization	271,924 *	267,299	234,006	33,293
Redevelopment & Grants	354,247 *	379,047	276,560	102,487
Environmental Health	481,579	481,379	478,612	2,767
Prop Maintenance/Code Enforcement	387,351 *	330,626	330,626	-
Building Regulations	480,544	480,844	467,218	13,626
Public Works:				
Central maintenance	1,088,197	1,148,006	1,148,006	-
Administration	371,698	382,314	382,314	-
Engineering	1,151,446	1,102,482	1,102,482	-
Streets	3,345,738	3,492,157	3,369,806	122,351
Capital Projects	2,211,877 *	2,211,877	1,383,404	828,473
Total expenditures	<u>34,936,660</u>	<u>35,537,027</u>	<u>33,580,986</u>	<u>1,956,041</u>
Excess of revenues over expenditures	<u>(1,156,665)</u>	<u>(1,486,748)</u>	<u>(907,186)</u>	<u>579,562</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	55,000	168,229	374,007	205,778
Transfers in	26,000	26,000	26,850	850
Transfers out	<u>(1,353,405)</u>	<u>(1,353,405)</u>	<u>(1,353,405)</u>	<u>-</u>
Total other financing sources and uses	<u>(1,272,405)</u>	<u>(1,159,176)</u>	<u>(952,548)</u>	<u>206,628</u>
Net change in fund balance	<u>(2,429,070)</u>	<u>(2,645,924)</u>	<u>(1,859,734)</u>	<u>786,190</u>
Fund balances-beginning	<u>9,956,138</u>	<u>9,956,138</u>	<u>9,956,138</u>	<u>-</u>
Fund balances-ending	<u>\$ 7,527,068</u>	<u>\$ 7,310,214</u>	<u>\$ 8,096,404</u>	<u>\$ 786,190</u>

* Includes Grants/Capital Projects Reappropriated:

Non-Dept Professional Services	4,199.50
Non-Dept LCRA Reimb	259,000.00
PPS-CDBG (149)	358,586.74
Fire - Grants	187,868.00
Police Grants	72,352.85
Police Clothing Expense	7,398.50
Police Purchase of Vehicle	122,828.56
PPS-MPO	96,393.31
PPS-Redev & Grants (NSP)	47,097.38
PPS-Redev & Grants	73,000.00
PPS-Prop Maint/Code Enforcement	42,073.00
990 Grants	291,307.35
990 Fire Station #2	1,159,086.98
990 Downtown Streetscape	1,300.00
990 Stormwater Improvements	406,000.00
990 Ongoing Infrastructure/Facility Needs	354,182.55
Total Grants Reappropriated	<u>\$ 3,482,675</u>

CITY OF JEFFERSON, MISSOURI
Required Supplementary Information
Budgetary Comparison Schedule
Parks Fund
For the Year Ended October 31, 2019

G-2

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales and other user taxes	\$ 5,250,000	\$ 5,250,000	\$ 5,597,755	\$ 347,755
Intergovernmental	-	179,578	(3,616)	(183,194)
Charges for services	2,538,858	2,538,858	2,539,743	885
Investment earnings	30,000	30,000	92,049	62,049
Miscellaneous	100,950	100,950	116,687	15,737
Total revenues	<u>7,919,808</u>	<u>8,099,386</u>	<u>8,342,618</u>	<u>243,232</u>
EXPENDITURES				
Cultural and recreation:				
Parks administration	1,026,853	1,072,938	1,022,931	50,007
Ice arena	734,426	800,552	792,551	8,001
Golf course	946,432	947,489	849,413	98,076
Memorial pool	342,100	383,169	374,749	8,420
Ellis Porter pool	261,042	285,419	258,819	26,600
Parks maintenance	2,738,085	2,611,202	2,085,829	525,373
Recreation programs	933,969	1,035,065	946,986	88,079
Outdoor recreation	301,376	300,515	284,255	16,260
Camp programs	384,171	345,890	304,352	41,538
Multipurpose building	470,070	473,861	399,001	74,860
Capital outlay-projects	<u>1,824,986</u>	<u>3,821,018</u>	<u>1,586,586</u>	<u>2,234,432</u>
Total expenditures	<u>9,963,510</u>	<u>12,077,118</u>	<u>8,905,472</u>	<u>3,171,646</u>
Excess of revenues over expenditures	<u>(2,043,702)</u>	<u>(3,977,732)</u>	<u>(562,854)</u>	<u>3,414,878</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	10,000	10,000	632	(9,368)
Total other financing sources and uses	<u>10,000</u>	<u>10,000</u>	<u>632</u>	<u>(9,368)</u>
Net change in fund balance	<u>(2,033,702)</u>	<u>(3,967,732)</u>	<u>(562,222)</u>	<u>3,405,510</u>
Fund balances-beginning	5,719,653	5,719,653	5,719,653	-
Fund balances-ending	<u>\$ 3,685,951</u>	<u>\$ 1,751,921</u>	<u>\$ 5,157,431</u>	<u>\$ 3,405,510</u>

* Includes Capital Projects Reappropriated:
Parks capital projects

\$ 683,986

City of Jefferson
Notes to the Required Supplementary Information
October 31, 2019

Budgetary Information

Budgetary basis of accounting

The City Administrator is responsible for preparing the annual operating and five-year capital budgets for all City operations and agencies for the Mayor's review, consideration and recommendation to the Council. The process begins at the department level in March and ends with adoption on or before October 31 of each year. The Mayor's proposed budget can only be adopted by majority action of the Council which must hold at least one public hearing prior to enactment. Controls are maintained to ensure compliance with the annual adopted budget which, in turn, must comply with state constitutional and statutory limits on tax levies. Budgetary control is maintained at the departmental level with transfers between departments requiring City Administrator approval and supplemental appropriations requiring Council approval.

Budgets are prepared on a basis consistent with generally accepted accounting principles and are adopted for all revenues and expenditures/expenses of all funds.

Project budgets are adopted for the Capital Improvement Tax funds and for capital projects in the Grant, Parks, and Wastewater funds. Capital project budgets also include the continuing appropriations which represent the remaining balance carried forward from the prior year. Except for project or grant budgets, any remaining unencumbered appropriations lapse at the fiscal year end.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances are carried forward as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the next year.

Excess of expenditures over appropriations

For the year ended October 31, 2019 there were no departments (the legal level of budgetary control) in the governmental funds where expenditures exceeded appropriations.

For the year ended October 31, 2019 there are several departments in the General Fund where all dollars appropriated by City Council were utilized. During fiscal year 2019, the City experienced significant flooding. Additionally, on May 22, 2019 an EF-3 tornado directly impacted the City. In response to the natural disasters that occurred, the City made the decision to utilize any appropriated funds that had not been expended during the year to cover the expenditures related to the flooding and the tornado instead of utilizing the fund balance.

SUPPLEMENTAL FINANCIAL STATEMENTS AND SCHEDULES

The supplemental financial presentation contains data beyond what is included in the government and proprietary financial statements for nonmajor funds. This data is presented to provide additional financial information in order to better inform the users of the financial statements.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Police Training Fund - Proceeds from a portion of Municipal Court costs are set aside for training activities for police officers.

Lodging Tax Fund - Accounts for the collection of the City's 7% Lodging Tax. Proceeds go to the Jefferson City's Convention and Visitors Bureau (a discretely presented component unit) to promote tourism and economic development and to the Conference Center Fund for the future development of a conference center.

JC Veterans Plaza Trust Fund - Accounts for the proceeds of the sale of commemorative bricks or donations and expenditures for the cost, engraving and placement of the commemorative bricks and plaques; and the cost of maintenance and repair of the Veteran's Plaza.

City Hall Art Trust Fund - Provides art works in the John G. Christy Municipal (City Hall) building from proceeds of Sidney Larson's prints of the City Hall mural and proceeds from Jefferson City Police Department History books and local history books and/or donations.

USS Jefferson City Submarine - Accounts for private donations raised during the commissioning of the U.S. Navy ship that are used for crew events and promotions under the direction of a city appointed committee.

Woodland Cemetery - Accounts for private donations which include funds transferred from Exchange National Bank in 2000 from the Woodland Cemetery Trust Fund.

CITY OF JEFFERSON, MISSOURI
Combining Balance Sheet
Nonmajor Governmental Funds
October 31, 2019

H-1

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Police Training	Lodging Tax	JC Vet Plaza Trust	City Hall Art Trust	USS Submarine Trust	Woodland Cemetery Trust	
ASSETS							
Cash and cash equivalents	\$ 73,471	\$ 165,522	\$ 130,191	\$ 19,923	\$ 13,813	\$ 37,012	\$ 439,932
Receivables (net of allowance for uncollectibles):							
Taxes and franchise fees	-	136,036	-	-	-	-	136,036
Inventories	-	-	-	1,172	-	-	1,172
Total assets	<u>\$ 73,471</u>	<u>\$ 301,558</u>	<u>\$ 130,191</u>	<u>\$ 21,095</u>	<u>\$ 13,813</u>	<u>\$ 37,012</u>	<u>\$ 577,140</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 256,494	\$ 665	\$ -	\$ -	\$ 6,200	\$ 263,359
Total liabilities	<u>-</u>	<u>256,494</u>	<u>665</u>	<u>-</u>	<u>-</u>	<u>6,200</u>	<u>263,359</u>
FUND BALANCES							
Nonspendable:							
Inventories	-	-	-	1,172	-	-	1,172
Restricted:	73,471	45,064	129,526	19,923	13,813	30,812	312,609
Total fund balances	<u>73,471</u>	<u>45,064</u>	<u>129,526</u>	<u>21,095</u>	<u>13,813</u>	<u>30,812</u>	<u>313,781</u>
Total liabilities and fund balances	<u>\$ 73,471</u>	<u>\$ 301,558</u>	<u>\$ 130,191</u>	<u>\$ 21,095</u>	<u>\$ 13,813</u>	<u>\$ 37,012</u>	<u>\$ 577,140</u>

CITY OF JEFFERSON, MISSOURI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended October 31, 2019

	Special Revenue Funds					Woodland Cemetery Trust	Total Nonmajor Governmental Funds
	Police Training	Lodging Tax	JC Vet Plaza Trust	City Hall Art Trust	USS Submarine Trust		
REVENUES							
Sales and other user taxes	\$ -	\$ 1,348,299	\$ -	\$ -	\$ -	\$ -	\$ 1,348,299
Intergovernmental	4,546	-	-	-	-	-	4,546
Fines and forfeitures	9,699	-	-	-	-	-	9,699
Investment earnings	1,156	2,096	2,367	353	245	719	6,936
Contributions	-	-	200	-	-	4,750	4,950
Miscellaneous	11	-	-	-	-	-	11
Total revenues	<u>15,412</u>	<u>1,350,395</u>	<u>2,567</u>	<u>353</u>	<u>245</u>	<u>5,469</u>	<u>1,374,441</u>
EXPENDITURES							
Current:							
General Government	-	1,321,333	4,159	42	-	14,080	1,339,614
Capital outlay-projects	-	-	40	-	-	-	40
Total expenditures	<u>-</u>	<u>1,321,333</u>	<u>4,199</u>	<u>42</u>	<u>-</u>	<u>14,080</u>	<u>1,339,654</u>
Excess (deficiency) of revenues over expenditures	<u>15,412</u>	<u>29,062</u>	<u>(1,632)</u>	<u>311</u>	<u>245</u>	<u>(8,611)</u>	<u>34,787</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	(26,850)	-	-	-	-	(26,850)
Total other financing sources and uses	<u>-</u>	<u>(26,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,850)</u>
Net change in fund balances	15,412	2,212	(1,632)	311	245	(8,611)	7,937
Fund balances-beginning	58,059	42,852	131,158	20,784	13,568	39,423	305,844
Fund balances-ending	<u>\$ 73,471</u>	<u>\$ 45,064</u>	<u>\$ 129,526</u>	<u>\$ 21,095</u>	<u>\$ 13,813</u>	<u>\$ 30,812</u>	<u>\$ 313,781</u>

NON-MAJOR ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private enterprises, where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Airport - Accounts for the operations of the City owned airport facility in north Jefferson City.

Parking - Accounts for the operations of a 542 car parking garage on the southeast corner of Madison Street and Capitol Avenue, the parking garage on the Jefferson lot, 13 reserved parking lots, 5 metered lots, and 760 on street parking meters, including collection and enforcement.

CITY OF JEFFERSON, MISSOURI
Combining Statement of Net Position
Nonmajor Proprietary Funds
October 31, 2019

H-3

	Business-type Activities		
	Airport	Parking	Totals
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 311,307	\$ 5,065,004	\$ 5,376,311
Receivables (net of allowance for uncollectibles):			
Accounts	42,570	23,349	65,919
Receivables from other governments	22,470	-	22,470
Prepaid Items	2,759	3,929	6,688
Total current assets	<u>379,106</u>	<u>5,092,282</u>	<u>5,471,388</u>
Noncurrent assets:			
Restricted assets:			
Net pension asset	79,941	233,130	313,071
Capital assets:			
Land	2,318,767	1,868,267	4,187,034
Improvements other than buildings	14,098,875	281,888	14,380,763
Buildings and equipment	599,242	5,929,650	6,528,892
Less accumulated depreciation	<u>(7,348,610)</u>	<u>(5,892,554)</u>	<u>(13,241,164)</u>
Total noncurrent assets	<u>9,748,215</u>	<u>2,420,381</u>	<u>12,168,596</u>
Total assets	<u>10,127,321</u>	<u>7,512,663</u>	<u>17,639,984</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	13,513	36,690	50,203
Deferred outflows related to OPEB	<u>1,465</u>	<u>3,662</u>	<u>5,127</u>
Total deferred outflows of resources	<u>14,978</u>	<u>40,352</u>	<u>55,330</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	24,000	3,642	27,642
Accrued liabilities	7,509	12,397	19,906
Deposits	500	560	1,060
Compensated Absences	3,761	3,574	7,335
Unearned revenue	-	50,856	50,856
Total current liabilities	<u>35,770</u>	<u>71,029</u>	<u>106,799</u>
Noncurrent liabilities:			
Compensated absences	43,253	41,097	84,350
Net OPEB liability	<u>13,272</u>	<u>33,179</u>	<u>46,451</u>
Total noncurrent liabilities	<u>56,525</u>	<u>74,276</u>	<u>130,801</u>
Total liabilities	<u>92,295</u>	<u>145,305</u>	<u>237,600</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	34,406	83,990	118,396
Deferred inflows related to OPEB	<u>1,000</u>	<u>2,500</u>	<u>3,500</u>
Total deferred inflows of resources	<u>35,406</u>	<u>86,490</u>	<u>121,896</u>
NET POSITION:			
Net investment in capital assets	9,668,274	2,187,252	11,855,526
Restricted for:			
Pensions/OPEB	46,240	153,813	200,053
Unrestricted	300,084	4,980,155	5,280,239
Total net position	<u>\$ 10,014,598</u>	<u>\$ 7,321,220</u>	<u>\$ 17,335,818</u>

CITY OF JEFFERSON, MISSOURI
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-major Proprietary Funds
For the Year Ended October 31, 2019

H-4

	Business-type Activities		
	Airport	Parking	Totals
Operating Revenues:			
Charges for services	\$ 184,543	\$ 1,120,412	\$ 1,304,955
Miscellaneous	258,294	34,169	292,463
Total operating revenues	<u>442,837</u>	<u>1,154,581</u>	<u>1,597,418</u>
Operating Expenses:			
Personnel services	222,339	417,572	639,911
Contractual services	171,070	195,638	366,708
Material and supplies	83,508	30,805	114,313
Repairs and maintenance	27,945	83,938	111,883
Utilities	21,855	18,914	40,769
Depreciation	930,230	75,988	1,006,218
Other operating	149,036	2,411	151,447
Total operating expenses	<u>1,605,983</u>	<u>825,266</u>	<u>2,431,249</u>
Operating income (loss)	<u>(1,163,146)</u>	<u>329,315</u>	<u>(833,831)</u>
Nonoperating revenue (expenses):			
Intergovernmental	47,525	-	47,525
Interest and investment revenue	3,274	85,097	88,371
Sales of assets (Loss on sale)	9,100	6,049	15,149
Total nonoperating revenues (expenses)	<u>59,899</u>	<u>91,146</u>	<u>151,045</u>
Income (loss) before capital contributions and transfers	<u>(1,103,247)</u>	<u>420,461</u>	<u>(682,786)</u>
Capital contributions	112,362	-	112,362
Transfers in	316,746	-	316,746
Change in net position	<u>(674,139)</u>	<u>420,461</u>	<u>(253,678)</u>
Net position-beginning	10,688,737	6,900,759	17,589,496
Prior period adjustment	-	-	-
Total net position - beginning, as restated	<u>10,688,737</u>	<u>6,900,759</u>	<u>17,589,496</u>
Net position-ending	<u>\$ 10,014,598</u>	<u>\$ 7,321,220</u>	<u>\$ 17,335,818</u>

CITY OF JEFFERSON, MISSOURI
Combining Statement of Cash Flows
Non-major Proprietary Funds
For the Year Ended October 31, 2019

H-5

	Business-type Activities		
	Airport	Parking	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 428,684	\$ 1,160,353	\$ 1,589,037
Payments to suppliers	(457,389)	(332,352)	(789,741)
Payments to employees	(227,095)	(434,270)	(661,365)
Net cash provided (used) by operating activities	<u>(255,800)</u>	<u>393,731</u>	<u>137,931</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	316,746	-	316,746
Operating subsidies from other governments	139,410	-	139,410
Net cash provided (used) by noncapital financing activities	<u>456,156</u>	<u>-</u>	<u>456,156</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants	112,362	-	112,362
Purchases of capital assets	(58,364)	(56,113)	(114,477)
Sale of assets	9,100	6,049	15,149
Net cash provided (used) by capital and related financing activities	<u>63,098</u>	<u>(50,064)</u>	<u>13,034</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	3,274	85,097	88,371
Net cash provided (used) by investing activities	<u>3,274</u>	<u>85,097</u>	<u>88,371</u>
Net increase (decrease) in cash and cash equivalents	266,728	428,764	695,492
Balances-beginning of the year	44,579	4,636,240	4,680,819
Balances-end of the year	<u>\$ 311,307</u>	<u>\$ 5,065,004</u>	<u>\$ 5,376,311</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,163,146)	\$ 329,315	\$ (833,831)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	930,230	75,988	1,006,218
Change in assets, deferred outflows, deferred inflows, and liabilities:			
Receivables, net	(14,153)	4,319	(9,834)
Prepaid items	(31)	(190)	(221)
Deferred outflows	(5,777)	(11,955)	(17,732)
Accounts and other payables	7,468	15,905	23,373
Deferred inflows	(10,391)	(19,651)	(30,042)
Net cash provided (used) by operating activities	<u>\$ (255,800)</u>	<u>\$ 393,731</u>	<u>\$ 137,931</u>

INTERNAL SERVICE FUNDS

Internal service funds account for the Self-Insurance Workers Compensation Fund and the Self-Funded Health Insurance Fund.

Worker's Compensation - This is a self-insured fund established in 1991 to directly pay for on-the-job or job related sickness and injuries. The plan was implemented as a cost containment measure in lieu of using the State of Missouri fund or private insurance.

Self-Funded Health Insurance - This is a self-insured fund established in 2016 to self-fund the health insurance program offered to City employees. Costs of the program are accounted for in an Internal Service Fund, in which services provided under the health insurance program are billed to the funds benefiting from the service.

FIDUCIARY FUNDS

AGENCY FUND

The agency fund is a clearing account for tax increment financing.

TIF Fund - The Tax Increment Financing (TIF) fund is a clearing account for tax increment financing for redevelopment and community projects. TIF is an economic development program used to encourage commercial and real estate development and redevelopment. TIF provides financial incentives to spur private investment that otherwise would not occur.

CITY OF JEFFERSON, MISSOURI
Combining Statement of Net Position
Internal Service Funds
October 31, 2019

H-6

	Worker's Compensation	Self-Funded Health Insurance	Total Internal Service Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 127,557	\$ 1,134,177	\$ 1,261,734
Receivables (net of allowance for uncollectibles):			
Accounts	-	177,922	177,922
Total current assets	127,557	1,312,099	1,439,656
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	200,000	-	200,000
Total noncurrent assets	200,000	-	200,000
Total assets	327,557	1,312,099	1,639,656
LIABILITIES:			
Current liabilities:			
Accounts payable	3,881	434,160	438,041
Claims & Judgments	330,540	-	330,540
Total current liabilities	334,421	434,160	768,581
Total liabilities	334,421	434,160	768,581
NET POSITION:			
Unrestricted (deficit)	(6,864)	877,939	871,075
Total net position (deficit)	\$ (6,864)	\$ 877,939	\$ 871,075

CITY OF JEFFERSON, MISSOURI
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended October 31, 2019

H-7

	<u>Worker's Compensation</u>	<u>Self-Funded Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Miscellaneous	\$ 240	\$ 11,977	\$ 12,217
Premiums	400,000	4,155,645	4,555,645
Total operating revenues	<u>400,240</u>	<u>4,167,622</u>	<u>4,567,862</u>
Operating Expenses:			
Contractual services	196,458	-	196,458
Claims Expense	326,610	4,106,620	4,433,230
Material and supplies	125	-	125
Other operating	-	2,053	2,053
Total operating expenses	<u>523,193</u>	<u>4,108,673</u>	<u>4,631,866</u>
Operating income (loss)	<u>(122,953)</u>	<u>58,949</u>	<u>(64,004)</u>
Nonoperating revenue (expenses):			
Interest and investment revenue	7,964	15,291	23,255
Total nonoperating revenues (expenses)	<u>7,964</u>	<u>15,291</u>	<u>23,255</u>
Income (loss) before capital contributions and transfers	<u>(114,989)</u>	<u>74,240</u>	<u>(40,749)</u>
Change in net position	<u>(114,989)</u>	<u>74,240</u>	<u>(40,749)</u>
Net position-beginning	108,125	803,699	911,824
Net position-ending (deficit)	<u>\$ (6,864)</u>	<u>\$ 877,939</u>	<u>\$ 871,075</u>

CITY OF JEFFERSON, MISSOURI
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended October 31, 2019

H-8

	Worker's Compensation	Self-Funded Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Services provided to other funds	\$ 400,517	\$ 4,100,644	\$ 4,501,161
Payments to suppliers	(192,891)	(93,707)	(286,598)
Claims paid	(210,149)	(4,106,620)	(4,316,769)
Net cash provided (used) by operating activities	(2,523)	(99,683)	(102,206)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	7,964	15,291	23,255
Net cash provided (used) by investing activities	7,964	15,291	23,255
Net increase (decrease) in cash and cash equivalents	5,441	(84,392)	(78,951)
Balances-beginning of the year	122,116	1,218,569	1,340,685
Balances-end of the year	\$ 127,557	\$ 1,134,177	\$ 1,261,734
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (122,953)	\$ 58,949	\$ (64,004)
Change in assets, deferred outflows, deferred inflows, and liabilities:			
Receivables, net	277	(66,978)	(66,701)
Accounts and other payables	120,153	(91,654)	28,499
Net cash provided (used) by operating activities	\$ (2,523)	\$ (99,683)	\$ (102,206)

CITY OF JEFFERSON, MISSOURI
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended October 31, 2019

H-9

	TIF FUND			
	<u>Balance October 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance October 31, 2019</u>
ASSETS:				
Cash and cash equivalents	\$ 23,643	\$ 428,518	\$ 443,935	\$ 8,226
Receivables (net of allowance for uncollectibles):				
Accounts	85,586	-	85,586	-
Due from other governments	-	28,310	22,141	6,169
Total receivables	<u>85,586</u>	<u>28,310</u>	<u>107,727</u>	<u>6,169</u>
Total assets	<u>\$ 109,229</u>	<u>\$ 456,828</u>	<u>\$ 551,662</u>	<u>\$ 14,395</u>
LIABILITIES:				
Due to other entities	<u>\$ 109,229</u>	<u>487,577</u>	<u>\$ 392,743</u>	<u>\$ 14,395</u>
Total liabilities	<u>\$ 109,229</u>	<u>\$ 487,577</u>	<u>\$ 392,743</u>	<u>\$ 14,395</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENT FUNDS**

CITY OF JEFFERSON, MISSOURI
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
October 31, 2019 and 2018

J-1

	<u>2019</u>	<u>2018</u>
Governmental funds capital assets:		
Land	\$ 15,071,267	\$ 15,101,257
Easements	456,713	365,063
Buildings	31,214,716	27,452,728
Improvements other than buildings	17,794,949	15,722,248
Machinery and equipment	22,440,886	19,327,021
Infrastructure	194,796,170	194,499,709
Construction in progress	<u>3,115,784</u>	<u>6,894,909</u>
Total governmental funds capital assets	<u>\$ 284,890,485</u>	<u>\$ 279,362,935</u>
Investments in governmental funds capital assets by source:		
General and capital projects funds	\$ 206,954,445	\$ 203,450,544
Special revenue fund	36,275,803	34,343,804
Annexation	15,109,175	15,109,175
Donations	<u>26,551,062</u>	<u>26,459,412</u>
Total governmental funds capital assets	<u>\$ 284,890,485</u>	<u>\$ 279,362,935</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF JEFFERSON, MISSOURI
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
For the Year Ended October 31, 2019

<u>Function and Activity</u>	<u>Land</u>	<u>Easements</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government:								
Entitlement Grant	\$ -	\$ -	\$ -	\$ 109,470	\$ -	\$ 145,798	\$ -	\$ 255,268
Court	-	-	619,795	-	163,883	-	-	783,678
City Clerk	-	-	-	-	11,842	-	-	11,842
Finance	-	-	-	-	171,354	-	-	171,354
Information Technology Systems	-	-	-	-	963,726	324,076	-	1,287,802
Other:								
Public buildings	1,586,165	-	3,743,211	369,444	108,333	-	-	5,807,153
Flood land	2,574,702	-	-	-	-	-	-	2,574,702
Total general government	<u>4,160,867</u>	<u>-</u>	<u>4,363,006</u>	<u>478,914</u>	<u>1,419,138</u>	<u>469,874</u>	<u>-</u>	<u>10,891,799</u>
Public safety:								
Police	82,749	-	4,770,523	1,378,497	4,233,371	-	144,902	10,610,042
Fire	724,736	-	7,462,424	637,415	7,112,718	-	8,828	15,946,121
Total public safety	<u>807,485</u>	<u>-</u>	<u>12,232,947</u>	<u>2,015,912</u>	<u>11,346,089</u>	<u>-</u>	<u>153,730</u>	<u>26,556,163</u>
Community Development								
Planning	-	-	-	-	21,538	-	-	21,538
Redevelopment & Grants	49,117	-	-	-	78,500	-	-	127,617
Building Regulations	-	-	-	-	67,583	-	-	67,583
Environmental Health Services	-	-	-	24,500	64,616	-	-	89,116
Property Maintenance/Code Enforcement	-	-	-	-	118,290	-	-	118,290
Central Maintenance	97,287	-	337,884	-	141,390	-	-	576,561
Engineering	39,421	-	-	305,466	407,454	-	-	752,341
Streets	38,037	-	2,181,118	35,942	4,394,304	-	-	6,649,401
Land/Right-of-way under Streets	6,706,397	-	-	-	-	-	-	6,706,397
Easements	-	456,713	-	-	-	-	-	456,713
Infrastructure	-	-	-	3,035,815	-	191,621,250	944,098	195,601,163
Total community development	<u>6,930,259</u>	<u>456,713</u>	<u>2,519,002</u>	<u>3,401,723</u>	<u>5,293,675</u>	<u>191,621,250</u>	<u>944,098</u>	<u>211,166,720</u>
Cultural and recreation								
Parks and Recreation	3,172,656	-	12,099,761	11,898,400	4,381,984	-	2,017,956	33,570,757
Infrastructure	-	-	-	-	-	2,705,046	-	2,705,046
Total cultural and recreation	<u>3,172,656</u>	<u>-</u>	<u>12,099,761</u>	<u>11,898,400</u>	<u>4,381,984</u>	<u>2,705,046</u>	<u>2,017,956</u>	<u>36,275,803</u>
Total governmental funds capital assets	<u>\$ 15,071,267</u>	<u>\$ 456,713</u>	<u>\$ 31,214,716</u>	<u>\$ 17,794,949</u>	<u>\$ 22,440,886</u>	<u>\$ 194,796,170</u>	<u>\$ 3,115,784</u>	<u>\$ 284,890,485</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF JEFFERSON, MISSOURI
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Year Ended October 31, 2019

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Function and Activity	<u>Governmental Funds Capital Assets</u>			<u>Governmental Funds Capital Assets</u>
	<u>November 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>October 31, 2019</u>
General government:				
Entitlement Grant	\$ 255,268	\$ -	\$ -	\$ 255,268
Court	163,883	619,795	-	783,678
City Clerk	11,842	-	-	11,842
Finance	188,825	-	17,471	171,354
Information Technology Systems	963,726	-	-	963,726
Infrastructure	324,076	-	-	324,076
Other:				
Public buildings	5,790,260	16,893	-	5,807,153
Flood land	2,574,702	-	-	2,574,702
Total general government	10,272,582	636,688	17,471	10,891,799
Public safety:				
Police	10,791,391	283,940	610,191	10,465,140
Fire	9,529,179	8,258,347	1,850,233	15,937,293
Total public safety	20,320,570	8,542,287	2,460,424	26,402,433
Community Development				
Planning	21,538	-	-	21,538
Redevelopment & Grants	127,617	-	-	127,617
Building Regulations	67,583	-	-	67,583
Environmental Health Services	89,116	-	-	89,116
Central Maintenance	599,667	-	23,106	576,561
Public Works-Property Maintenance	85,736	32,554	-	118,290
Engineering	816,581	-	64,240	752,341
Streets	6,822,990	104,092	277,681	6,649,401
Land/Right-of-way under Streets	6,706,397	-	-	6,706,397
Easements	365,063	91,650	-	456,713
Infrastructure	192,650,890	2,006,175	-	194,657,065
Total community development	208,353,178	2,234,471	365,027	210,222,622
Cultural and recreation				
Parks and Recreation	30,816,650	781,151	45,000	31,552,801
Infrastructure	2,705,046	-	-	2,705,046
Total cultural and recreation	33,521,696	781,151	45,000	34,257,847
Total governmental funds capital assets	\$ 272,468,026	\$ 12,194,597	\$ 2,887,922	\$ 281,774,701
Construction in Progress:				
General government	\$ 577,810	\$ 41,985	\$ 619,795	\$ -
Parks and Recreation	822,108	1,693,492	497,644	2,017,956
Streets infrastructure	1,342,155	1,608,119	2,006,176	944,098
Other	4,152,836	4,268,058	8,267,164	153,730
Total construction in progress	\$ 6,894,909	\$ 7,611,654	\$ 11,390,779	\$ 3,115,784
Total investment in capital assets	\$ 279,362,935	\$ 19,806,251	\$ 14,278,701	\$ 284,890,485

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Jefferson’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	106
These schedules contain trend information to help the reader understand how the governments’s financial performance and well-being have changed over time.	
Revenue Capacity	112
These schedules contain information to help the reader assess the government’s most significant local revenue source, sales tax.	
Debt Capacity	119
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information	124
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	126
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF JEFFERSON, MISSOURI
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$111,598,957	\$111,660,044	\$118,566,434	\$116,124,963	\$118,495,660	\$120,212,246	\$128,207,685	\$134,041,897	\$133,523,482	\$132,961,604
Restricted	8,964,506	16,387,142	13,801,552	14,755,634	13,836,281	15,683,571	12,582,749	12,193,858	13,596,784	10,195,459
Unrestricted	10,175,671	5,645,296	5,437,482	4,756,655	6,274,785	477,568	2,410,741	(6,728,666)	(2,909,220)	2,570,983
Total governmental activities net position	<u>\$130,739,134</u>	<u>\$133,692,482</u>	<u>\$137,805,468</u>	<u>\$135,637,252</u>	<u>\$138,606,726</u>	<u>\$136,373,385</u>	<u>\$143,201,175</u>	<u>\$139,507,089</u>	<u>\$144,211,046</u>	<u>\$145,728,046</u>
Business-type activities										
Net investment in capital assets	\$45,072,929	\$46,704,256	\$49,674,810	\$48,893,581	\$42,459,708	\$57,478,203	\$60,435,926	\$61,355,299	\$62,290,002	\$61,630,070
Restricted	3,501,412	2,652,493	4,577,210	2,818,846	4,211,475	7,516,969	4,227,319	4,841,393	5,958,147	5,960,928
Unrestricted	5,020,910	7,108,880	4,558,727	8,892,901	15,065,220	5,260,974	8,669,190	8,479,417	7,165,360	8,809,622
Total business-type activities net position	<u>\$53,595,251</u>	<u>\$56,465,629</u>	<u>\$58,810,747</u>	<u>\$60,605,328</u>	<u>\$61,736,403</u>	<u>\$70,256,146</u> *	<u>\$73,332,435</u>	<u>\$74,676,109</u>	<u>\$75,413,509</u>	<u>\$76,400,620</u>
Primary government										
Net investment in capital assets	\$156,671,886	\$158,364,300	\$168,241,244	\$165,018,544	\$160,955,368	\$177,690,449	\$188,643,611	\$195,397,196	\$195,813,484	\$194,591,674
Restricted	12,465,918	19,039,635	18,378,762	17,574,480	18,047,756	23,200,540	16,810,068	17,035,251	19,554,931	16,156,387
Unrestricted	15,196,581	12,754,176	9,996,209	13,649,556	21,340,005	5,738,542	11,079,931	1,750,751	4,256,140	11,380,605
Total primary government activities net position	<u>\$184,334,385</u>	<u>\$190,158,111</u>	<u>\$196,616,215</u>	<u>\$196,242,580</u>	<u>\$200,343,129</u>	<u>\$206,629,531</u>	<u>\$216,533,610</u>	<u>\$214,183,198</u>	<u>\$219,624,555</u>	<u>\$222,128,666</u>

*The net position of business-type activities was restated to reflect the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.*

CITY OF JEFFERSON, MISSOURI
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$6,172,366	\$7,829,114	\$7,343,140	\$7,615,659	\$5,977,243	\$6,090,518	\$886,115	\$10,942,357	\$6,415,042	\$4,428,872
Public safety	17,833,872	16,853,617	18,469,673	17,719,009	17,449,482	18,638,206	17,147,856	30,569,479	17,602,637	19,171,208
Community development	12,114,238	11,731,469	11,833,352	14,410,449	15,175,137	12,123,795	12,951,871	13,481,422	13,988,575	14,893,432
Cultural and recreation	7,026,914	6,192,969	6,722,411	5,683,676	6,638,378	6,711,667	12,105,604	2,967,251	7,430,214	9,911,023
Interest on long-term debt	4,499	6,391	3,262	6,672	14,605	-	-	663,853	117,133	47,220
Total governmental activities expenses	43,151,889	42,613,560	44,371,838	45,435,465	45,254,845	43,564,186	43,091,446	58,624,362	45,553,601	48,451,755
Business-type activities:										
Wastewater	7,839,688	8,494,201	8,715,736	9,121,900	9,626,406	10,365,892	10,834,575	11,196,930	11,189,218	12,471,554
Water	792	10	32	-	-	-	-	-	-	-
Airport	645,661	586,304	595,746	589,241	611,216	636,229	645,311	719,872	1,566,462	1,606,834
Parking	797,851	792,806	789,367	825,745	849,881	854,406	868,399	957,093	900,551	825,714
Transit	2,497,667	2,548,628	2,701,193	2,533,094	2,697,888	2,945,168	2,923,807	2,912,755	2,939,414	2,757,987
Total business-type activities expenses	11,781,659	12,421,949	12,802,074	13,069,980	13,785,391	14,801,695	15,272,092	15,786,650	16,595,645	17,662,089
Total primary government expenses	\$54,933,548	\$55,035,509	\$57,173,912	\$58,505,445	\$59,040,236	\$58,365,881	\$58,363,538	\$74,411,012	\$62,149,246	\$66,113,844
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$1,516,190	\$1,734,404	\$1,562,864	\$1,811,738	\$1,804,045	\$2,159,316	\$2,271,973	\$2,243,034	\$2,279,587	\$2,209,559
Public safety	990,988	1,130,496	1,244,519	1,403,041	1,415,712	1,435,845	1,390,273	1,299,350	1,254,158	1,205,831
Community development	1,045,210	1,164,287	1,519,309	1,024,935	805,576	768,463	835,024	943,260	1,020,201	1,064,508
Cultural and recreation	1,605,037	1,667,467	1,701,663	1,692,395	1,812,254	1,853,613	2,013,969	2,239,193	2,391,800	2,539,743
Operating grants and contributions	3,548,408	2,840,005	2,914,432	2,258,055	3,881,626	2,614,754	2,898,038	2,974,494	2,804,979	3,152,113
Capital grants and contributions	5,095,260	2,723,110	6,727,873	2,617,542	4,686,143	4,582,044	5,043,425	9,580,655	1,195,546	3,107,206
Total governmental activities program revenues	13,801,093	11,259,769	15,670,660	10,807,706	14,405,356	13,414,035	14,452,702	19,279,986	10,946,271	13,278,960
Business-type activities:										
Charges for services:										
Wastewater	6,878,914	8,243,476	9,090,009	9,288,076	9,573,325	10,155,178	10,801,343	11,171,366	11,562,862	11,562,345
Airport	118,835	105,239	123,957	152,171	131,852	181,726	189,042	172,504	160,186	184,543
Parking	1,085,757	1,092,908	1,061,862	1,036,486	1,056,109	1,109,797	1,134,660	1,081,816	1,122,039	1,120,412
Transit	280,104	223,099	229,124	220,298	217,698	214,150	204,257	191,717	186,787	232,462
Operating grants and contributions	1,052,086	994,003	984,268	1,082,556	1,131,889	1,147,824	1,130,405	1,178,539	1,169,604	1,162,330
Capital grants and contributions	546,320	914,684	821,345	745,380	1,082,360	5,902,401	1,934,757	691,871	703,394	1,507,967
Total business-type activities program revenues	9,962,016	11,573,409	12,310,565	12,524,967	13,193,233	18,711,076	15,394,464	14,487,813	14,904,872	15,770,059
Total primary government program revenues	\$23,763,109	\$22,833,178	\$27,981,225	\$23,332,673	\$27,598,589	\$32,125,111	\$29,847,166	\$33,767,799	\$25,851,143	\$29,049,019

CITY OF JEFFERSON, MISSOURI
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net (expense) revenue										
Governmental activities	(\$29,350,796)	(\$31,353,791)	(\$28,701,178)	(\$34,627,759)	(\$30,849,489)	(\$30,150,151)	(\$28,638,744)	(\$39,344,376)	(\$34,607,330)	(\$35,172,795)
Business-type activities	(1,819,643)	(848,540)	(491,509)	(545,013)	(592,158)	3,909,381	122,372	(1,298,837)	(1,690,773)	(1,892,030)
Total primary government net expense	<u>(\$31,170,439)</u>	<u>(\$32,202,331)</u>	<u>(\$29,192,687)</u>	<u>(\$35,172,772)</u>	<u>(\$31,441,647)</u>	<u>(\$26,240,770)</u>	<u>(\$28,516,372)</u>	<u>(\$40,643,213)</u>	<u>(\$36,298,103)</u>	<u>(\$37,064,825)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales taxes and other user taxes	\$19,028,515	\$19,948,674	\$20,144,663	\$20,213,180	\$21,125,412	\$22,628,475	\$23,015,744	\$23,656,655	\$23,891,622	\$24,155,498
Property taxes	5,075,734	5,173,275	5,176,442	5,190,439	5,135,715	5,188,759	5,214,737	5,362,603	5,420,869	5,396,050
Franchise/utility license taxes	8,805,457	7,964,817	8,170,738	7,287,504	7,669,316	7,294,904	7,258,460	7,058,070	7,687,404	6,693,922
Investment earnings	327,343	334,736	400,145	414,868	374,779	377,858	424,385	433,715	406,718	396,943
Miscellaneous	282,423	715,888	382,302	533,266	345,831	483,339	1,033,442	506,110	449,967	1,557,454
Transfers	(834,146)	(1,534,188)	(1,460,126)	(879,401)	(832,090)	(1,515,275)	(1,480,234)	(1,366,863)	(1,503,960)	(1,510,072)
Total governmental activities	<u>32,685,326</u>	<u>32,603,202</u>	<u>32,814,164</u>	<u>32,759,856</u>	<u>33,818,963</u>	<u>34,458,060</u>	<u>35,466,534</u>	<u>35,650,290</u>	<u>36,352,620</u>	<u>36,689,795</u>
Business-type activities:										
Investment earnings	1,376,248	1,487,173	1,433,006	1,384,525	1,335,879	1,281,939	1,187,179	1,186,959	1,057,561	966,364
Miscellaneous	38,227	102,551	(56,505)	75,668	191,996	68,769	286,504	88,689	108,529	402,705
Transfers	834,146	1,534,188	1,460,126	879,401	832,090	1,515,275	1,480,234	1,366,863	1,503,960	1,510,072
Total business-type activities	<u>2,248,621</u>	<u>3,123,912</u>	<u>2,836,627</u>	<u>2,339,594</u>	<u>2,359,965</u>	<u>2,865,983</u>	<u>2,953,917</u>	<u>2,642,511</u>	<u>2,670,050</u>	<u>2,879,141</u>
Total primary government	<u>\$34,933,947</u>	<u>\$35,727,114</u>	<u>\$35,650,791</u>	<u>\$35,099,450</u>	<u>\$36,178,928</u>	<u>\$37,324,043</u>	<u>\$38,420,451</u>	<u>\$38,292,801</u>	<u>\$39,022,670</u>	<u>\$39,568,936</u>
Changes in Net Position										
Governmental activities	\$3,334,530	\$1,249,411	\$4,112,986	(\$1,867,903)	\$2,969,474	\$4,307,909	\$6,827,790	(\$3,694,086)	\$1,745,290	\$1,517,000
Business-type activities	428,978	2,275,372	2,345,118	1,794,581	1,767,807	6,775,364	3,076,289	1,343,674	979,277	987,111
Total change in net position	<u>\$3,763,508</u>	<u>\$3,524,783</u>	<u>\$6,458,104</u>	<u>(\$73,322)</u>	<u>\$4,737,281</u>	<u>\$11,083,273</u>	<u>\$9,904,079</u>	<u>(\$2,350,412)</u>	<u>\$2,724,567</u>	<u>\$2,504,111</u>

CITY OF JEFFERSON, MISSOURI
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Sales Tax	Property Tax	Utility Tax	Cigarette Tax	Lodging Tax	Total
2010	18,414,037	5,075,734	8,805,457	151,330	463,148	32,909,706
2011	19,028,103	5,173,275	7,964,817	142,645	777,926	33,086,766
2012	18,993,278	5,176,442	8,170,738	134,435	1,016,950	33,491,843
2013	18,983,249	5,190,439	7,287,504	128,223	1,101,708	32,691,123
2014	19,854,124	5,135,715	7,669,316	121,781	1,149,507	33,930,443
2015	21,376,531	5,188,759	7,294,904	120,658	1,131,285	35,112,138
2016	21,717,596	5,214,737	7,258,460	119,147	1,179,001	35,488,941
2017	22,297,376	5,362,603	7,058,070	114,233	1,245,046	36,077,328
2018	22,569,577	5,420,869	7,687,404	107,460	1,214,585	36,999,895
2019	22,708,581	5,396,050	6,693,922	98,618	1,348,299	36,245,470

CITY OF JEFFERSON, MISSOURI
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011 ¹	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 804,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,588,943	-	-	-	-	-	-	-	-	-
Nonspendable	-	276,321	232,441	282,373	252,625	241,242	377,934	403,711	466,700	460,896
Restricted	-	538,625	167,543	193,967	324,674	312,638	298,003	241,658	251,090	338,645
Committed	-	869,304	165,306	113,200	48,550	1,831,544	1,540,785	433,562	949,331	115,000
Unassigned	-	4,751,536	4,681,316	4,944,983	6,466,439	7,010,330	8,844,970	9,231,503	8,289,017	7,181,863
Total General Fund	\$ 5,393,328	\$ 6,435,786	\$ 5,246,606	\$ 5,534,523	\$ 7,092,288	\$ 9,395,754	\$ 11,061,692	\$ 10,310,434	\$ 9,956,138	\$ 8,096,404
All other governmental funds										
Reserved	\$ 9,629,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,300,003	-	-	-	-	-	-	-	-	-
Capital projects funds	226,364	-	-	-	-	-	-	-	-	-
Nonspendable	-	318,513	18,479	1,340	1,360	1,298	1,298	1,277	1,214	29,692
Restricted:										
Parks	-	5,917,493	6,412,064	7,191,904	8,193,448	9,533,750	6,753,629	4,653,567	5,719,653	3,277,785
Capital projects	-	9,272,370	6,798,414	6,968,580	4,941,338	5,515,637	5,531,117	7,298,633	7,626,041	6,579,029
Police training	-	-	-	-	-	-	36,318	40,632	58,059	73,471
Lodging tax	-	-	-	-	-	-	29,879	43,108	42,852	45,064
JC Veterans Plaza	-	-	-	-	-	-	129,738	132,324	131,158	129,526
City Hall Art	-	-	-	-	-	-	18,727	19,143	19,570	19,923
USS Jefferson City Submarine	-	-	-	-	-	-	16,840	17,175	13,568	13,813
Woodland Cemetery	-	-	-	-	-	-	44,842	43,393	39,423	30,812
Other Purposes	-	340,141	352,206	359,679	326,345	289,270	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	4,630,976
Total All Other Governmental Funds	\$ 13,156,205	\$ 15,848,517	\$ 13,581,163	\$ 14,521,503	\$ 13,462,491	\$ 15,339,955	\$ 12,562,388	\$ 12,249,252	\$ 13,651,538	\$ 14,830,091

¹ 2011 First year for GASBS No. 54 reporting which requires governmental fund balances to be reported in five classifications - nonspendable, restricted, committed, assigned, and unassigned.

CITY OF JEFFERSON, MISSOURI
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Sales and other user taxes	\$ 20,542,402	\$ 21,453,456	\$ 21,688,707	\$ 20,213,180	\$ 21,125,412	\$ 22,628,475	\$ 23,015,744	\$ 23,656,655	\$ 23,891,622	\$ 24,155,498
Property taxes	5,219,828	5,166,024	5,178,611	5,237,547	5,190,969	5,261,508	5,267,657	5,419,824	5,484,475	5,447,766
Utility/franchise taxes	8,499,340	8,953,048	7,430,945	7,289,415	7,670,316	7,295,904	7,258,960	7,060,237	7,687,404	6,695,255
Licenses, permits and fees	644,028	617,597	1,048,494	750,254	828,254	760,615	818,420	897,213	911,495	999,288
Intergovernmental	3,410,236	3,721,235	6,374,525	3,953,313	5,642,708	4,608,038	4,423,255	5,261,966	3,562,158	5,796,576
Charges for Services	3,294,471	3,543,346	3,661,509	4,187,634	4,000,927	4,432,834	4,741,235	5,006,456	5,241,920	5,340,021
Fines and forfeitures	761,698	894,737	1,008,168	994,220	1,008,406	1,023,787	951,585	821,174	792,331	680,331
Investment earnings	302,709	323,547	374,975	391,884	352,551	361,156	406,004	417,668	384,174	373,687
Contributions	-	-	-	188,663	209,725	176,879	317,104	334,912	335,096	364,083
Miscellaneous	1,612,182	1,647,491	1,448,952	223,279	297,817	389,478	672,367	367,014	244,424	382,815
Total revenues	44,286,894	46,320,481	48,214,886	43,429,389	46,327,085	46,938,674	47,872,331	49,243,119	48,535,099	50,235,320
Expenditures										
General government	5,970,843	6,786,837	7,935,233	6,478,306	5,940,300	5,725,817	5,473,387	5,667,308	5,923,438	6,349,279
Public Safety	15,718,165	15,478,886	16,061,284	15,819,408	15,871,211	16,026,365	16,510,754	17,230,032	17,920,197	18,391,085
Community development	7,434,651	7,779,774	7,480,827	6,784,987	8,537,749	6,969,904	7,373,632	7,654,282	7,969,032	8,177,317
Cultural and recreation	5,225,529	5,239,050	5,449,562	5,413,554	5,400,290	5,572,731	6,037,672	6,459,097	6,556,633	6,842,304
Capital Outlay	7,587,153	7,387,232	13,245,272	7,135,462	8,902,901	7,025,382	12,479,889	16,906,542	6,619,392	10,421,083
Debt service										
Principal	70,270	73,271	76,399	-	370,524	-	-	154,101	1,082,867	352,780
Interest	4,499	6,391	3,262	-	21,277	-	-	45,899	117,133	47,220
Total Expenditures	42,011,110	42,751,441	50,251,839	41,631,717	45,044,252	41,320,199	47,875,334	54,117,261	46,188,692	50,581,068
Excess of revenues over (under) expenditures	2,275,784	3,569,040	(2,036,953)	1,797,672	1,282,833	5,618,475	(3,003)	(4,874,142)	2,346,407	(345,748)
Other financing sources (uses)										
Proceeds from sale of assets	24,078	101,270	31,530	309,986	48,010	77,729	377,208	139,070	205,543	1,174,639
Loan Proceeds	-	-	-	-	-	-	-	5,037,541	-	-
Capital Contributions	-	23,617	9,014	-	-	-	-	-	-	-
Transfers in	9,560	387,872	19,806	347,618	23,122	32,944	202,647	24,871	24,102	26,850
Transfers out	(843,706)	(1,922,061)	(1,479,932)	(1,227,018)	(855,212)	(1,548,218)	(1,688,481)	(1,391,734)	(1,528,062)	(1,536,922)
Total other financing sources (uses)	(810,068)	(1,409,302)	(1,419,582)	(569,414)	(784,080)	(1,437,545)	(1,108,626)	3,809,748	(1,298,417)	(335,433)
Net change in fund balances	\$ 1,465,716	\$ 2,159,738	\$ (3,456,535)	\$ 1,228,258	\$ 498,753	\$ 4,180,930	\$ (1,111,629)	\$ (1,064,394)	\$ 1,047,990	\$ (681,181)
Debt service as a percentage of noncapital expenditures	0.22%	0.21%	0.21%	0.00%	0.97%	0.00%	0.00%	0.46%	2.88%	0.95%

CITY OF JEFFERSON, MISSOURI
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Sales Tax	Motor Vehicle Tax Disbursement	Gasoline Tax Disbursement	Cigarette Tax	Lodging Tax	Total Sales and Other User Taxes	Property Tax	Utility Tax	Total
2010	18,414,037	399,613	1,116,841	151,330	460,581	20,542,402	5,219,828	8,499,340	34,261,570
2011	19,028,103	410,046	1,092,169	142,645	780,493	21,453,456	5,166,025	8,953,048	35,572,529
2012	18,993,278	447,194	1,096,851	134,435	1,016,949	21,688,707	5,178,611	7,430,945	34,298,263
2013	18,983,248	469,011	1,091,729	128,223	1,101,708	21,773,919	5,237,547	7,289,415	34,300,881
2014	19,854,123	512,548	1,111,896	121,781	1,149,507	22,749,855	5,190,969	7,670,316	35,611,140
2015	21,376,532	542,700	1,147,135	120,658	1,131,285	24,318,310	5,261,508	7,295,904	36,875,722
2016	21,717,595	556,693	1,147,230	119,147	1,179,001	24,719,667	5,267,657	7,258,960	37,246,284
2017	22,297,385	575,400	1,162,718	114,223	1,245,046	25,394,772	5,419,824	7,060,237	37,874,833
2018	22,569,577	583,368	1,156,866	107,460	1,214,585	25,631,855	5,484,475	7,687,404	38,803,734
2019	22,708,580	587,899	1,166,609	98,618	1,348,299	25,910,005	5,447,766	6,695,255	38,053,026

CITY OF JEFFERSON, MISSOURI
Sales Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Jefferson				County Rate	State Rate	Total Direct & Overlapping Rates
	General Fund Rate	Capital Improvement Rate	Parks Rate	Total City Rate			
2010	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2011	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2012	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2013	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2014	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2015	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2016	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2017	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2018	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%
2019	1.000%	0.500%	0.500%	2.000%	1.500%	4.225%	7.725%

¹ County Ambulance one-half cent sales tax was effective April 1, 2009.

CITY OF JEFFERSON, MISSOURI
Principal Sales Taxpayers
October 31, 2019

Taxpayer	2019		2010	
	Rank	Percentage of Total Taxable Retail Sales	Rank	Percentage of Total Taxable Retail Sales
Wal-Mart	1	13.02%	1	14.29%
Sam's Club	2	4.40%		
Ameren UE	3	3.71%	2	4.96%
Lowes Home Centers	4	3.00%	3	3.67%
Dillion Stores	5	2.99%	4	3.00%
Hy-Vee	6	2.91%	5	2.84%
Menards	7	2.72%		
Target	8	1.98%	6	2.53%
Schultes Fresh Foods	9	1.34%	10	1.31%
Schnucks	10	1.29%	7	1.89%
Best Buy, Inc			8	1.74%
A T & T Mobility			9	1.58%
Totals		37.36%		37.81%

Source: State of Missouri, Department of Revenue

CITY OF JEFFERSON, MISSOURI
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended October 31	Real Property			Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value of a Percentage of Actual Value
	Residential Property	Agricultural Property	Commercial ¹ Property					
2010	349,819,640	925,170	316,219,888	182,636,931	849,601,629	0.5561	3,384,963,693	25.10%
2011	351,943,970	930,560	325,741,110	177,772,272	856,387,912	0.5561	3,411,349,136	25.10%
2012	355,395,460	929,130	329,398,567	161,547,258	847,270,415	0.5561	3,392,257,467	24.98%
2013	357,602,180	904,680	332,482,807	157,397,748	848,387,415	0.5561	3,400,857,753	24.95%
2014	361,333,140	739,480	335,086,436	156,554,546	853,713,602	0.5561	3,424,724,452	24.93%
2015	364,536,160	731,280	332,777,887	158,731,376	856,776,703	0.5561	3,440,830,393	24.90%
2016	367,304,150	734,480	334,885,789	160,211,277	863,135,696	0.5561	3,466,452,325	24.90%
2017	369,260,340	735,850	335,252,186	178,061,610	883,309,986	0.5561	3,531,455,468	25.01%
2018	372,686,830	746,572	343,432,677	177,039,181	893,905,260	0.5561	3,572,075,724	25.02%
2019	376,119,907	753,403	340,893,830	177,187,380	894,954,520	0.5561	3,582,712,175	24.98%

Note: The County assesses real estate-residential property at 19% of actual taxable value, real estate-agricultural at 12%, real estate-commercial at 32% and personal property at 33 1/3%. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$100 of assessed value. Tax assessment for 2018 relates to the City's fiscal year 2019.

¹ Includes local and state assessed railroad & utilities.

CITY OF JEFFERSON, MISSOURI
Property Tax Rates (Per \$100 Assessed Valuation)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Jefferson			County			School District			Total Direct & Overlapping Rates
	Operating Rate	Debt Service Rate	Total City Rate	Operating Rate	Debt Service Rate	Total County Rate	Operating Rate	Debt Service Rate	Total School Rate	
2010	0.5561	-	0.5561	0.7865	-	0.7865	3.6770	-	3.6770	5.0196
2011	0.5561	-	0.5561	0.7013	-	0.7013	3.6770	-	3.6770	4.9344
2012	0.5561	-	0.5561	0.7018	-	0.7018	3.6770	-	3.6770	4.9349
2013	0.5561	-	0.5561	0.6973	-	0.6973	3.6770	-	3.6770	4.9304
2014	0.5561	-	0.5561	0.6891	-	0.6891	3.6934	-	3.6934	4.9386
2015	0.5561	-	0.5561	0.6901	-	0.6901	3.6928	-	3.6928	4.9390
2016	0.5561	-	0.5561	0.6655	-	0.6655	3.6928	-	3.6928	4.9144
2017	0.5561	-	0.5561	0.6687	-	0.6687	3.6928	-	3.6928	4.9176
2018	0.5561	-	0.5561	0.6743	-	0.6743	4.5428	-	4.5428	5.7732
2019	0.5561	-	0.5561	0.6641	-	0.6641	4.6928	-	4.6928	5.9130

Source: County Clerk's office/County Assessor

Note: Tax assessment for 2018 relates to the City's fiscal year 2019.

CITY OF JEFFERSON, MISSOURI
Principal Property Taxpayers
October 31, 2019

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Conopco/Chesebrough/Unilever	\$18,895,992	1	2.11%	\$19,758,839	1	2.33%
Ameren Missouri/Union Electric	14,404,325	2	1.61%			
Missouri American Water	13,395,383	3	1.50%	6,457,338	5	0.76%
Wal-Mart	8,960,000	4	1.00%	5,381,481	6	0.63%
Scholastic	6,124,440	5	0.68%	8,088,120	3	0.95%
Jefferson City Medical Center	6,072,000	6	0.68%	4,992,740	7	0.59%
Central Missouri Realty	5,720,000	7	0.64%			
Command Web Offset Co. Inc.	4,643,674	8	0.52%			
Wildwood Crossing LLC	4,640,000	9	0.52%	4,640,000	8	0.55%
Atrium Finance	3,680,000	10	0.41%			
Von Hoffman Press				19,460,190	2	2.29%
Capital Mall Inc/GGP Limited Partnership				7,907,460	4	0.93%
Lowes Home Centers				4,160,000	9	0.49%
Matrix Packaging of Missouri, Inc				3,692,956	10	0.43%
Totals	<u>\$86,535,814</u>		<u>9.67%</u>	<u>\$64,780,285</u>		<u>7.62%</u>

Note: Tax assessment for 2018 relates to the City's fiscal year 2019

Source: Cole County Collector of Revenue

CITY OF JEFFERSON, MISSOURI
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended October 31	Net Tax Levy ¹ for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2010	4,677,388	4,571,912	97.7%	67,077	4,638,989	99.2%
2011	4,714,749	4,640,055	98.4%	49,559	4,689,614	99.5%
2012	4,641,391	4,571,039	98.5%	49,922	4,620,961	99.6%
2013	4,647,526	4,574,811	98.4%	51,449	4,626,261	99.5%
2014	4,676,700	4,514,124	96.5%	42,377	4,556,501	97.4%
2015	4,693,499	4,558,916	97.1%	45,694	4,604,610	98.1%
2016	4,728,336	4,589,287	97.1%	35,058	4,624,345	97.8%
2017	4,838,766	4,720,216	97.5%	25,817	4,746,033	98.1%
2018	4,896,931	4,761,805	97.2%	-	4,761,805	97.2%
2019	4,902,680	4,760,932	97.1%	-	4,760,932	97.1%

¹ "Net Tax Levy" is the total levy less one percent collection fee by Counties.

CITY OF JEFFERSON, MISSOURI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Long Term Debt	Business-Type Activities					Total Primary Government	Per Capita ¹	Per Capita Income ^{2/3}	
	General Obligation Bonds	Special Assessment Bonds	Capital Leases		Wastewater Bonds	Wastewater Notes	Parking Bonds	Water Bonds	General Obligation Bonds				Capital Leases
2010	-	-	149,670	-	41,795,000	-	-	-	-	-	41,944,670	974	3.68%
2011	-	-	76,399	-	39,845,000	-	-	-	-	-	39,921,399	927	3.50%
2012	-	-	-	-	37,805,000	-	-	-	-	-	37,805,000	878	3.31%
2013	-	-	-	370,524	44,995,309	-	-	-	-	-	45,365,833	1,053	4.06%
2014	-	-	-	-	58,280,645	-	-	-	-	-	58,280,645	1,353	5.26%
2015	-	-	-	-	55,642,805	-	-	-	-	-	55,642,805	1,292	5.10%
2016	-	-	-	-	62,387,824	-	-	-	-	-	62,387,824	1,448	5.85%
2017	-	-	-	4,883,440	58,631,974	-	-	-	-	-	63,515,414	1,474	5.94%
2018	-	-	-	3,800,572	54,716,324	-	-	-	-	-	58,516,896	1,358	5.37%
2019	-	-	-	3,447,792	50,620,774	-	-	-	-	-	54,068,566	1,255	4.68%

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics for population data.

² Source: United States Census Bureau

³ Per Capita Income only available back to 2010

CITY OF JEFFERSON, MISSOURI
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-

CITY OF JEFFERSON, MISSOURI
Direct and Overlapping Governmental Activities Debt
As of October 31, 2019

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Cole County	\$1,013,000	62.58%	\$633,946
Subtotal, overlapping debt			<u>633,946</u>
City of Jefferson direct debt			<u>\$3,447,793</u>
Total direct and overlapping debt			<u><u>\$4,081,739</u></u>

Sources: Assessed value data used to estimate applicable percentages and debt outstanding data provided by the Cole County (12/31/18 Comprehensive Annual Financial Report).

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

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

CITY OF JEFFERSON, MISSOURI
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit:										
10 percent of total assessed value-for general purposes	\$84,960,163	\$85,638,791	\$84,727,042	\$84,838,742	\$85,371,360	\$85,677,670	\$86,313,570	\$88,330,999	\$89,390,526	\$89,495,452
10 percent of total assessed value-for specific improvements	84,960,163	85,638,791	84,727,042	84,838,742	85,371,360	85,677,670	86,313,570	88,330,999	89,390,526	89,495,452
Total debt limitation	<u>169,920,326</u>	<u>171,277,582</u>	<u>169,454,084</u>	<u>169,677,484</u>	<u>170,742,720</u>	<u>171,355,340</u>	<u>172,627,138</u>	<u>176,661,996</u>	<u>178,781,052</u>	<u>178,990,904</u>
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$169,920,326</u>	<u>\$171,277,582</u>	<u>\$169,454,084</u>	<u>\$169,677,484</u>	<u>\$170,742,720</u>	<u>\$171,355,340</u>	<u>\$172,627,138</u>	<u>\$176,661,996</u>	<u>\$178,781,052</u>	<u>\$178,990,904</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

CITY OF JEFFERSON, MISSOURI
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Sewer Revenue Bonds					
	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	8,198,471	4,266,561	3,931,910	1,620,000	1,769,820	1.16
2011	9,666,908	4,487,631	5,179,277	1,950,000	2,157,737	1.26
2012	10,448,653	4,764,596	5,684,057	2,040,000	2,048,925	1.39
2013	10,585,111	5,106,704	5,478,407	2,150,000	1,564,622	1.47
2014	10,829,310	5,142,457	5,686,853	2,552,000	2,090,341	1.22
2015	11,367,177	5,405,800	5,961,377	2,984,000	2,212,611	1.15
2016	11,964,744	5,698,309	6,266,435	3,101,048	1,964,873	1.24
2017	12,267,295	5,834,648	6,432,647	3,637,800	2,083,465	1.12
2018	12,557,974	5,536,848	7,021,126	3,797,600	2,268,213	1.16
2019	12,478,222	6,812,546	5,665,676	3,977,500	2,091,095	0.93

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.
Sewer charges and other includes investment earnings. Operating expenses do not include interest or depreciation.

CITY OF JEFFERSON, MISSOURI
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ⁵	Median Age ^{1,5}	Per Capita Income ^{2,5}	Personal Income	Population 25 and Over, High School Graduate or Higher ³	Jefferson City School District School Enrollment ⁶	Unemployment Rate ⁷
2010	43,079	35.7				7,698	6.6%
2011	43,079	37.2	\$ 26,494	\$ 1,141,335,026		8,039	6.1%
2012	43,079	36.8	\$ 25,934	\$ 1,117,210,786		8,017	5.1%
2013	43,079	37.5	\$ 25,699	\$ 1,107,087,221		8,163	4.8%
2014	43,079	37.2	\$ 25,349	\$ 1,092,009,571		8,231	3.9%
2015	43,079	37.9	\$ 24,763	\$ 1,066,765,277		8,284	3.4%
2016	43,079	37.4	\$ 24,810	\$ 1,068,789,990		8,079	3.4%
2017	43,079	37.8	\$ 25,315	\$ 1,090,544,885	90.9%	8,062	1.9%
2018	43,079	37.7	26,797	\$ 1,154,387,963	91.0%	8,047	1.9%
2019	43,079	⁴	⁴	⁴	⁴	8,106	2.0%

¹ Median Age prior to 2010 is not available

² Per Capita Income prior to 2011 is not available, therefore Personal Income is not available

³ Education Level prior to 2017 is unavailable

⁴ Figures for current fiscal year are not yet available

Source:

⁵ United States Census Bureau

⁶ Missouri Department of Elementary and Secondary Education (MODESE)

⁷ Missouri Economic Research and Information Center (MERIC)

CITY OF JEFFERSON, MISSOURI
Principal Employers
October 31, 2019

Employer	2019			2010		
	Employees*	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of Missouri	14,174	1	27.0%	16,359	1	30.3%
Jefferson City Public Schools	1,627	2	3.1%	1,106	5	2.0%
Capital Region Medical Center	1,527	3	2.9%	1,450	3	2.7%
Scholastic, Inc.	1,500	4	2.9%	1,500	2	2.8%
Central Bancompany	1,020	5	1.9%	750	7	1.4%
SSM Health - St. Marys Hospital	982	6	1.9%	1,200	4	2.2%
ABB, Inc	865	7	1.6%	625	8	1.2%
Walmart Supercenter (2)	665	8	1.3%	783	6	1.4%
Jefferson City Medical Group	629	9	1.2%	564	9	1.0%
Unilever	467	10	0.9%			
RR Donnelley				525	10	1.0%
Totals	23,456			24,337		

*Includes full and part-time employees

Source: Jefferson City Chamber of Commerce/United States Census Bureau

CITY OF JEFFERSON, MISSOURI
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	Full-time Equivalent Employees as of October 31,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	34.3	34.25	36.25	35.25	32.25	32.25	33.25	33.25	33.25	33.25
Public safety										
Police										
Police officers	88.0	88.00	89.00	89.00	88.00	88.00	88.00	89.00	89.00	90.00
Civilians	31.8	31.75	39.75	39.75	37.75	37.75	37.75	38.75	38.75	38.75
Fire										
Firefighters and officials	75.0	75.00	75.00	75.00	72.00	72.00	73.00	75.00	75.00	75.00
Civilians	1.0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Planning & Protective Svcs/Public Works	76.5	76.50	69.50	69.50	63.50	63.50	64.50	68.50	70.50	73.50
Cultural and recreation	46.0	46.00	46.00	47.00	47.00	47.00	47.00	48.00	50.00	52.00
Total governmental activities FT Employees	352.5	352.50	356.50	356.50	341.50	341.50	344.50	353.50	357.50	363.50
Business-type activities:										
Wastewater/Water	35.0	35.00	35.00	35.00	35.00	35.00	35.00	36.00	36.00	36.00
Airport	2.0	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Parking	7.5	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Transit	25.0	25.00	25.00	25.00	25.00	26.00	26.00	26.00	26.00	26.00
Total business-type activities FT Employees	69.5	69.50	69.50	69.50	69.50	70.50	70.50	72.50	72.50	72.50
Total primary government FT Employees	422.0	422.00	426.00	426.00	411.00	412.00	415.00	426.00	430.00	436.00

Source: City of Jefferson Adopted Budget

CITY OF JEFFERSON, MISSOURI
Operating Indicators by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Total # Activities										
Calls for Service	59,229	65,162	67,570	64,719	65,888	67,067	67,986	64,117	58,235	57,423
Crimes Reported	4,443	4,366	4,473	4,090	4,210	4,263	4,130	4,127	4,013	3,925
Arrest/Detentions	6,548	5,492	5,303	5,067	4,366	5,254	5,714	4,894	5,103	4,842
Traffic Accidents	1,646	1,550	1,286	1,300	1,252	1,298	1,374	1,211	1,208	1,288
Traffic Citations	11,843	12,227	11,808	11,278	10,925	11,787	10,719	11,368	9,893	7,183
Fire										
Number of calls answered	4,411	4,412	4,232	4,204	4,582	4,630	5,060	4,626	4,837	5,151
Number of inspections conducted	1,800	1,814	1,832	1,841	733	1,627	1,195	1,552	1,400	1,635
Planning and Protective Services										
Number of inspections on fixed food establishments	*	*	*	*	*	800	800	797	720	724
Number of property maintenance code violation cases investigated	*	1,700	1,688	1,746	2,906	1,378	1,667	3,217	4,424	5,323
Number of residential building permits issued	242	229	274	253	248	235	301	214	241	394
Number of commercial building permits issued	90	122	132	147	155	161	167	170	167	203
Number of building inspections for all disciplines	*	*	*	*	1,804	2,121	2,029	2,459	2,849	2,756
Central Maintenance										
Number of vehicle/major equipment work orders completed	3,073	3,240	2,944	2,843	2,850	2,841	2,911	2,955	2,952	3,190
Streets										
Number of square yards of pavement repair	5,147	3,263	5,363	4,614	5,663	3,644	5,311	5,735	3,827	3,677
Number of lane miles receiving surface treatment	13.4	9.9	15.8	33.5	23.7	16.1	18.6	16.7	12.4	12.5
Number of street miles swept	5,141	5,902	5,178	5,063	6,313	4,721	6,507	7,177	3,805	5,755
Aiport										
Number of aircraft operations	25,532	26,722	30,996	29,821	30,184	27,268	34,413	33,577	33,211	23,401
Number of aircraft based at the airport	53	55	59	58	62	65	69	65	63	60
Parking										
Parking violations	20,377	21,271	20,779	20,155	17,637	19,678	21,813	20,523	20,584	19,905
Transit										
Number of fixed routes	9	9	9	9	9	9	9	9	9	9
Number of fixed route revenue miles traveled	599,879	310,004	291,242	252,887	253,451	291,744	296,449	294,479	295,049	293,925
Number of fixed route passengers, transfers included	274,447	309,305	287,285	276,811	272,789	258,239	248,944	235,042	231,638	215,442
Number of Handi-Wheels passengers	50,080	54,024	57,659	57,329	57,331	55,407	50,464	51,930	50,387	50,949
Wastewater										
Number of service connections	20,209	20,230	20,258	20,260	20,260	20,260	20,173	20,192	20,192	20,299
Daily average treatment in gallons	9,600,000	8,750,000	6,000,000	6,000,000	5,890,000	5,897,000	8,877,000	7,157,000	9,779,153	11,732,617
Maximum daily design capacity in gallons	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000

*Information for this timeframe not available
Source: Various city departments.

CITY OF JEFFERSON, MISSOURI
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	27	27	34	34	34	34	34	34	32	32
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Public Works										
Area in square miles	38	38	38	38	38	38	38	38	38	38
Center line miles of streets	251	251	251	251	253	253	253	253	253	255.3
Number of street lights	3,401	3,401	3,401	3,401	3,401	3,401	4,066	4,123	4,123	4,123
Number of parking spaces (surface lot and garage)	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Number of fixed route buses	12	12	12	12	12	12	12	12	12	12
Culture and Recreation										
Parks	16	16	17	17	17	18	18	18	18	18
Parks acreage	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
RV Campground	1	1	1	1	1	1	1	1	1	1
Primitive Campsite	-	-	3	3	3	3	3	3	3	3
Golf Course - 18 hole	1	1	1	1	1	1	1	1	1	1
Driving Range	-	-	-	1	1	1	1	1	1	1
Swimming pools/aquatic centers	2	2	2	2	2	2	2	2	2	2
Tennis courts - lighted	7	7	7	7	7	7	7	7	7	11
Skate Park - lighted	1	1	1	1	1	1	1	1	1	1
Handball/racquetball courts-lighted	4	4	4	4	4	4	4	4	4	4
Horseshoe courts-lighted	12	12	12	12	12	12	12	12	12	12
Bocce courts	2	2	2	2	2	2	2	2	2	2
Sand volleyball courts-lighted	2	2	2	2	2	2	3	3	3	3
Boat Ramps	2	2	2	2	2	2	2	2	2	2
Radio controlled car track	1	1	1	1	1	1	1	1	1	-
Radio controlled flying field	1	1	1	1	1	1	1	1	1	1
Amphitheater-lighted	1	1	1	1	1	1	1	1	1	1
Rugby field	1	1	1	1	1	1	1	1	1	1
Dog Park	2	2	2	2	2	2	2	2	2	2
Indoor Ice Arena	1	1	1	1	1	1	1	1	1	1
Playgrounds	12	12	13	13	13	13	13	13	13	13
Lighted athletic game fields	11	11	11	11	11	11	11	11	11	15
Unlighted athletic game fields	2	2	2	2	2	2	2	2	2	2
Picnic shelters - rentable	7	7	6	6	6	9	9	9	9	9
Indoor Pavilions/Multipurpose Rooms	-	-	3	4	4	5	5	5	5	5
Multi-Use trails including mountain bike trails (miles)	32	32	34	34	37	38	38	38	38	38
Lakes	3	3	3	3	3	3	3	3	3	3
Missouri River overlooks	3	3	3	3	3	3	3	3	3	3
Rentable Garden Plots	-	-	-	200	200	200	200	200	200	200
Practice Ball Fields	-	-	-	12	12	12	12	12	12	12
Outdoor Basketball Courts	-	-	-	8	8	8	8	8	8	8
Single Picnic Units w/ table & grill	-	-	-	42	42	42	44	44	44	44
The Line										
Indoor Basketball Courts	-	-	-	-	-	-	-	4	4	4
Indoor Volleyball Courts	-	-	-	-	-	-	-	6	6	6
Fitness Center	-	-	-	-	-	-	-	1	1	1
Cycling Room	-	-	-	-	-	-	-	1	1	1
Meeting Rooms	-	-	-	-	-	-	-	5	5	5
Walking Track	-	-	-	-	-	-	-	1	1	1
Wastewater										
Miles of sanitary sewer	323	323	425	429	432	436	436	437	437	440
Number of treatment plants	2	2	2	2	2	2	2	2	2	2

Source: Various city departments.

FEDERAL AWARDS SECTION

CITY OF JEFFERSON, MISSOURI
Schedule of Expenditures of Federal Awards
October 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Transportation - Federal Transit Administration				
Section 5307 Operating Assistance Grant	20.507	MO-2019-013-00	\$ 798,681	\$ -
Passed Through MO Department of Transportation:				
MO Department of Transportation Grant	20.526	MO-34-0009	38,189	-
Total Federal Transit Cluster			836,870	-
Passed Through University of Central MO:				
Click It or Ticket	20.600	19-PT-02-067	134	-
Youth Seatbelt Enforcement	20.600	19-PT-02-067	253	-
Child Passenger Safety Enforcement	20.600	19-PT-02-067	287	-
Total University of Central MO			674	-
Passed Through MO Department of Transportation:				
Hazardous Moving Violations	20.600	20-PT-02-055	1,365	-
Hazardous Moving Violations	20.600	19-PT-02-054	13,325	-
Child Passenger Seat Safety Program	20.600		1,080	-
Total Missouri Department of Transportation			15,770	-
Total Highway Safety Cluster			16,444	-
Passed Through University of Central MO:				
Holiday DWI Enforcement Campaign	20.607	19-154-AL-019	1,149	-
Drive Sober or Get Pulled Over DWI Enforcement	20.607	19-154-AL-019	633	-
Total University of Central MO			1,782	-
Passed Through MO Department of Transportation- Highway Safety Division:				
DWI Enforcement	20.607	20-154-AL-063	126	-
DWI Enforcement	20.607	19-154-AL-057	16,011	-
Total DWI Enforcement			16,137	-
Total MO Department of Transportation - Highway Safety Division			16,137	-
Passed Through MO Department of Transportation:				
Surface Transportation Program	20.505	1STP3100(523)	59,241	-
Updating Airport Master Plan/Airport Layout Plan	20.106	18-040B-1	112,362	-
Total MO Department of Transportation			171,603	-
FHWA PL Funds	20.205	MO-81-0018	123,521	-
Clark Avenue Hwy 50/63 Interchange	20.205	STP-3100-(525)	7,243	-
MO Blvd Sidewalks from Beck Street to Waverly Street	20.205	TAP-3100 (524)	237,169	-
Recreation Trails Program	20.219	2016-15	676	-
Total Highway Planning and Construction Cluster			368,609	-
Total U.S. Department of Transportation			1,411,445	-

The accompanying notes are an integral part of this schedule.

CITY OF JEFFERSON, MISSOURI
Schedule of Expenditures of Federal Awards
October 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Justice				
US Edward Byrne Justice Assistance Grant Program	16.738	2018-DJ-BX-0380	11,927	4,771
2018 Bullet Resistant Vest	16.607	2018BUBX18094421	1,027	-
2017 Bullet Resistant Vest	16.607	2017BUBX17087080	6,633	-
Equitable Sharing (Drug Forfeiture- Justice)	16.922		8,000	-
Total Department of Justice			<u>27,587</u>	<u>4,771</u>
Executive Office of the President				
Passed Through U.S. Department of Justice:				
Passed Through MO State Highway Patrol:				
HIDTA Program - DEA Equipment	95.001	G18MW0001A	9,639	-
HIDTA Program - DEA Equipment	95.001	G17MW0001A	12	-
Total Executive Office of the President			<u>9,651</u>	<u>-</u>
Total U.S. Department of Justice			<u>37,238</u>	<u>4,771</u>
U.S. Department of Housing and Urban Development				
HUD Entitlement Grant	14.218	B-15-MC-29-0012	230,600	-
Total CDBG Entitlement Grants Cluster			<u>230,600</u>	<u>-</u>
Total U.S Department of Housing and Urban Development			<u>230,600</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed Through Missouri Department of Health and Senior Services:				
Child Care Development Block Grant (CCDF Cluster)	93.575		6,365	-
Total U.S. Department of Health and Human Services			<u>6,365</u>	<u>-</u>
U.S. Department of Homeland Security				
FEMA Fire Act Grant	97.044	EMW-2016-FO-04737	8,323	-
FEMA 2017 Fire Act Grant	97.044	EMW-2017-FO-05906	151,294	-
Total First Act Grant			<u>159,617</u>	<u>-</u>
Passed Through State Emergency Management Agency:				
FEMA Green Meadow Grant	97.036	PA-07-MO-4317-PW-00410(477)	20,001	-
FEMA S. Lincoln Street Slide Failure	97.036	4317DR-MO (4317DR)	12,886	-
Total State Emergency Management Agency			<u>32,887</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>192,504</u>	<u>-</u>
U.S. Department of the Interior				
National Parks Service Historic Preservation Fund Grant	15.904	29-18-161413-010	11,850	-
National Parks Service Historic Preservation Fund Grant	15.904	29-18-161413-003	21,000	-
Total U.S. Department of the Interior			<u>32,850</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,911,002</u>	<u>\$ 4,771</u>

The accompanying notes are an integral part of this schedule.

CITY OF JEFFERSON, MISSOURI
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended October 31, 2019

NOTE 1 – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Jefferson, Missouri under programs of the federal government for the year ended October 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Jefferson, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Jefferson, Missouri.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – PROGRAM INCOME:

In accordance with terms of the grant, program income is available to be used to reduce the amount of federal funds used for specific projects:

Neighborhood Stabilization Program:

Program Income Carryforward	\$ 47,098
Expenses paid with program income	-
Program Income	-
Remainder program income	<u>\$ 47,098</u>

Neighborhood Stabilization Program:

Program Income Carryforward	\$ -
Expenses paid with program income	(24,828)
Program Income	<u>24,828</u>
Remainder program income	<u>\$ -</u>

NOTE 4 – INDIRECT COST RATE:

The City of Jefferson has elected to use the 10% de minimis cost rate allowed under the Uniform Guidance.



Evers & Company, CPA's, L.L.C.

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Elmer L. Evers, Emeritus
Jerome L. Kauffman, Emeritus
Keith L. Taylor, Emeritus

**INDEPENDENT AUDITORS' 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 Honorable Mayor and
Members of the City Council
City of Jefferson, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Jefferson, Missouri**, as of and for the year ended October 31, 2018, and the related notes to the financial statements, which collectively comprise the **City of Jefferson, Missouri's** basic financial statements and have issued our report thereon dated April 27, 2020. The financial statements of the Jefferson City Convention and Visitors Bureau were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Jefferson City Convention and Visitors Bureau.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **City of Jefferson, Missouri'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **City of Jefferson, Missouri's** internal control. Accordingly, we do not express an opinion on the effectiveness of **City of Jefferson, Missouri'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 **City of Jefferson, Missouri'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Evors & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

April 27, 2020



Evers & Company, CPA's, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited **City of Jefferson, Missouri's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **City of Jefferson, Missouri's** major federal programs for the year ended October 31, 2019. The **City of Jefferson, Missouri's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **City of Jefferson, Missouri's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **City of Jefferson, Missouri's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **City of Jefferson, Missouri's** compliance.

Opinion on Each Major Federal Program

In our opinion, **City of Jefferson, Missouri** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2019.

Report on Internal Control over Compliance

Management of the **City of Jefferson, Missouri** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the **City of Jefferson, Missouri's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the **City of Jefferson, Missouri's** internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

April 27, 2020

CITY OF JEFFERSON, MISSOURI
Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2019

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? No

- Significant deficiency(ies) identified that are not considered to be material weakness (es)? No

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in Accordance with section 2CFR 200.51(a)? No

CITY OF JEFFERSON, MISSOURI
Summary of Status of Prior Audit Findings
For the Year Ended October 31, 2019

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Federal Transit Cluster
20.507	Department of Transportation – Federal Transit Administration – Section 5307 Operating Assistance Grant
20.526	Department of Transportation – Passed through MO Highway and Transportation Department
Dollar Threshold Used to Distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk?	Yes

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – Summary of Status of Prior Audit Findings

There are no findings from prior years that require an update in this report.

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APPENDIX C

SUMMARY OF THE BOND ORDINANCE

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

Definitions

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

“Accountant” means an independent certified public accountant or firm of certified public accountants.

“Act” means Article VI, Section 27 of the Missouri Constitution and Chapter 250 of the Revised Statutes of Missouri, as amended.

“Authority” means the State Environmental Improvement and Energy Resources Authority, a governmental instrumentality of the State of Missouri.

“Authority Program Bonds” means any bonds of the Authority heretofore or hereafter issued under the SRF Program, all or a portion of the proceeds of which are loaned to the City with respect to the System and pursuant to the SRF Program.

“Average Annual Debt Service” means the average of the Debt Service Requirements as computed for the then current and all future fiscal years.

“Bond Counsel” means Gilmore & Bell, P.C., Kansas City, Missouri, or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“Bond Payment Date” means any date on which principal of or interest on any Bond is payable at the Maturity thereof or on any Interest Payment Date.

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept at the office of the Paying Agent.

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

“Bonds” means the Sewerage System Refunding Revenue Bonds, Series 2020, of the City, authorized and issued pursuant to the Bond Ordinance.

“Business Day” means a day, other than a Saturday, Sunday or holiday, on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“Cede & Co.” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York, and any successor nominee with respect to the Bonds.

“Certificate of Final Terms” means the Certificate of Final Terms, the form of which is attached to the Bond Ordinance.

“City” means the City of Jefferson, Missouri, and any successors or assigns.

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

“Consultant” “Consultant” means a registered municipal advisor, an independent certificated public accountant or a firm of independent certified public accountants, or an independent engineer or engineering firm with experience in designing and constructing wastewater treatment, sanitary sewerage, water pollution control facilities, selected by the City for the purpose of carrying out the duties imposed on the Consultant by the Bond Ordinance.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking dated the date set forth therein, the form of which is attached to the Bond Ordinance.

“Dated Date” means the date of initial delivery and payment for the Bonds specified in the Certificate of Final Terms.

“Debt Service Account” means the Series 2020 Debt Service Account in the Debt Service Fund created by the Ordinance.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and net interest or interest-like payments (after taking into account any applicable Subsidy Payments) on all System Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers.

“Defaulted Interest” means interest on any Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in a rating category by Moody's or Standard & Poor's Ratings Group that is no lower than the rating category then assigned by that rating agency to United States Government Obligations.

“Depreciation and Replacement Account” means the account by that name ratified and confirmed by the Bond Ordinance.

“Depreciation and Replacement Accumulation Requirement” means \$500,000, which includes amounts required to be accumulated in the Depreciation and Replacement Account pursuant to the ordinances of the City authorizing all other outstanding issues of System Revenue Bonds, as such amounts may be decreased upon redemption or maturity of each series of System Revenue Bonds.

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Revenue Bonds and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant's reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term indebtedness incurred and payable within a particular fiscal year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System.

“FAST Agent” means the Paying Agent when acting as agent for DTC in accordance with rules established by DTC for Fast Automated Securities Transfers.

“Federal Tax Certificate” means the Federal Tax Certificate dated as of date of issuance and delivery of the Bonds, delivered by the City for the Bonds, which sets forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the use of property financed or refinanced with those proceeds, and the investment of the Bond proceeds and certain other related money in order to comply with the requirements of Code imposed on the Bonds.

“Interest Payment Date” means the Stated Maturity of an installment of interest on any Bond.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as provided therein and in the Bond Ordinance, whether at the Stated Maturity thereof or by call for redemption or otherwise.

“Net Revenues” means all Revenues less all Expenses.

“Notice of Bond Sale” means the Notice of Bond Sale relating to the public offering for sale of the Bonds, the form of which is attached to the Bond Ordinance.

“Operation and Maintenance Account” means the account by that name ratified and confirmed by the Bond Ordinance.

“Original Principal Amount” means the Original Principal Amount of the Bonds specified in the Certificate of Final Terms.

“Outstanding,” when used with reference to Bonds, means, as of any particular date of determination, all Bonds theretofore issued and delivered hereunder, except the following Bonds:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of the Bond Ordinance; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered hereunder.

“Parity Bonds” means the Previously Issued Parity Bonds and any additional bonds or other obligations hereafter issued or incurred pursuant to the **Bond Ordinance and** standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net Revenues of the System.

“Parity Ordinances” means the Previously Issued Parity Ordinances and the ordinance or ordinances under which any additional Parity Bonds are hereafter issued pursuant to the Bond Ordinance.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Paying Agent” means UMB Bank, N.A., St. Louis, Missouri, and any successors and assigns.

“Paying Agent Agreement” means the Paying Agent Agreement between the City and the Paying Agent in substantially the form to the Bond Ordinance.

“Permitted Investments” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Bond Ordinance:

- (a) United States Government Obligations;
- (b) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by United States Government Obligations which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and
- (c) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

“Person” means any natural person, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Previously Issued Parity Bonds” means, collectively, the Series 2001B Bonds, the Series 2005A Bonds, the Series 2005B Bonds, the Series 2008 Bonds, the portion of the Series 2010B Bonds scheduled to mature on September 1, 2020, outstanding in the aggregate principal amount of \$225,000, the Series 2012 Bonds, the Series 2014 Bonds and the Series 2016 Bonds.

“Previously Issued Parity Ordinances” means, collectively, the Series 2001B Ordinance, the Series 2005A Ordinance, the Series 2005B Ordinance, the Series 2008 Ordinance, the Series 2010 Ordinance, the Series 2012 Ordinance, the Series 2014 Ordinance and the Series 2016 Ordinance.

“Purchase Price” means the purchase price of the Bonds specified in the Certificate of Final Terms.

“Purchaser” means the purchaser of the Bonds specified in the Certificate of Final Terms.

“Rebate Fund” means the fund by that name referred to in the Bond Ordinance.

“Record Date” for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Redemption Date” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Ordinance.

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of the Bond Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Refunded Bonds” means the portion of the Series 2010B Bonds maturing on September 1, 2025, and thereafter outstanding in the aggregate principal amount of \$5,790,000.

“Refunding Bond Law” means Section 108.140(2), of the Revised Statutes of Missouri, as amended.

“Revenue Fund” means the fund by that name ratified and confirmed by the Bond Ordinance.

“Revenues” means all income and revenues derived from the ownership and operation of the System, including investment and rental income, net proceeds from business interruption insurance, sales tax revenues which have been annually appropriated by the City or which are limited solely to the payment of improvements to or expenses of the System, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of System facilities to be applied during the period of determination to pay interest on System Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Series 2001B Bonds” means the Sewerage System Refunding and Improvement Revenue Bonds, Series 2001B, of the City, in the original aggregate principal amount of \$24,875,000, authorized and issued pursuant to the Series 2001B Ordinance.

“**Series 2001B Ordinance**” means Ordinance No. 13295 of the City passed on October 31, 2001, under which the Series 2001B Bonds were issued.

“**Series 2005A Bonds**” means the Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2005A, of the City, in the original aggregate principal amount of \$4,600,000, authorized and issued pursuant to the Series 2005A Ordinance.

“**Series 2005A Ordinance**” means Ordinance No. 13878 of the City passed on May 4, 2005, under which the Series 2005A Bonds were issued.

“**Series 2005B Bonds**” means the Sewerage System Refunding and Improvement Revenue Bonds (State Revolving Fund Program), Series 2005B, of the City, in the original aggregate principal amount of \$10,105,000, authorized and issued pursuant to the Series 2005B Ordinance.

“**Series 2005B Ordinance**” means Ordinance No. 13961 of the City passed on October 17, 2005, under which the Series 2005B Bonds were issued.

“**Series 2008 Bonds**” means the Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2008, of the City, in the original aggregate principal amount of \$3,900,000, authorized and issued pursuant to the Series 2008 Ordinance.

“**Series 2008 Ordinance**” means Substitute Bill 2008-64 for Ordinance No. 14411 of the City passed on October 6, 2008, under which the Series 2008 Bonds were issued.

“**Series 2010B Bonds**” means the Taxable Sewerage System Revenue Bonds, Series 2010B (Build America Bonds – Direct Payment), of the City, in the original aggregate principal amount of \$6,445,000, authorized and issued pursuant to the Series 2010 Ordinance.

“**Series 2010 Ordinance**” means Ordinance No. 14698 of the City passed on July 19, 2010, under which the Sewerage System Revenue Bonds, Series 2010A (which are no longer outstanding), and the Series 2010B Bonds were issued.

“**Series 2012 Bonds**” means the Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2012, of the City, in the original aggregate principal amount of \$15,000,000, authorized and issued pursuant to the Series 2012 Ordinance.

“**Series 2012 Ordinance**” means Ordinance No. 15039 of the City passed on November 5, 2012, under which the Series 2012 Bonds were issued.

“**Series 2014 Bonds**” means the Sewerage System Revenue Bonds, Series 2014, of the City, in the original aggregate principal amount of \$9,940,000, authorized and issued pursuant to the Series 2014 Ordinance.

“**Series 2014 Ordinance**” means Ordinance No. 15256 of the City passed on May 5, 2014, under which the Series 2014 Bonds were issued.

“**Series 2016 Bonds**” means the Sewerage System Revenue Bonds, Series 2016, of the City, in the original aggregate principal amount of \$9,380,000, authorized and issued pursuant to the Series 2016 Ordinance.

“**Series 2016 Ordinance**” means Ordinance No. 15536 of the City passed on June 6, 2015, under which the Series 2016 Bonds were issued.

“Special Record Date” means the date fixed by the Paying Agent pursuant to the Bond Ordinance for the payment of Defaulted Interest.

“SRF Program” means the Missouri Leveraged State Water Pollution Control Revolving Fund Program of the DNR and the Authority.

“SRF Program Bonds” means any System Revenue Bonds heretofore or hereafter issued in connection with the City’s participation in the SRF Program.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Bond Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Subsidy Payments” means funds received (or with respect to the Bond Ordinance funds that are reasonably expected to be received) by the City that either (a) must be used or (b) have been used (or with respect to the Bond Ordinance are reasonably expected to be used) to reduce the interest or principal payments on System Revenue Bonds. Such Subsidy Payments would include, but are not limited to, payments received by the City through a federal or State of Missouri program.

“Surplus Account” means the account by that name ratified and confirmed by the Bond Ordinance.

“System” means the entire sewerage plant and system owned and operated by the City for the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

“System Revenue Bonds” means collectively the Bonds and all other revenue bonds or other obligations which are payable out of, or secured by an interest in, the Net Revenues of the System.

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

“Valuation Date” means the first business day of each fiscal year of the System.

Establishment of Funds and Accounts

(a) There are created or ratified and ordered to be established and maintained in the treasury of the City the following separate funds and accounts to be known respectively as the:

- (1) Sewerage System Revenue Fund (the **“Revenue Fund”**).
- (2) Sewerage System Operation and Maintenance Account (the **“Operation and Maintenance Account”**).
- (3) Series 2020 Debt Service Account for the Bonds, in the Debt Service Fund (the **“Debt Service Account”**).
- (4) Sewerage System Depreciation and Replacement Account (the **“Depreciation and Replacement Account”**).
- (5) Sewerage System Surplus Account (the **“Surplus Account”**).
- (6) Rebate Fund.

(b) The funds and accounts referred to in subparagraphs (a)(1) through (a)(6) of shall be maintained and administered by the City solely for the purposes and in the manner as provided in the Act and in the Bond Ordinance and in the Previously Issued Parity Ordinances so long as any of the Bonds or the Previously Issued Parity Bonds remain outstanding within the meaning of the Bond Ordinance and said Previously Issued Parity Ordinances, respectively.

(c) The City acknowledges the creation and continuing existence of the reserve accounts, debt service accounts, principal accounts and interest accounts, as applicable, established under the Previously Issued Parity Ordinances.

Revenue Fund

The City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding hereunder, all of the Revenues shall as and when received be paid and deposited into the Revenue Fund unless otherwise specifically provided by the Bond Ordinance. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the Bond Ordinance.

Application of Moneys in Funds and Accounts

The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will administer and allocate all of the moneys then held in the Revenue Fund as follows:

(a) *Operation and Maintenance Account.* On the 25th day of each month, there shall be paid and credited to the Operation and Maintenance Account an amount sufficient to pay the estimated Expenses during the ensuing month. All amounts paid and credited to the Operation and Maintenance Account shall be expended and used by the City solely for the purpose of paying the Expenses of the System.

(b) *Debt Service Account.* On the 25th day of each month, there shall next be paid and credited to the Debt Service Account, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bonds, the following sums:

(1) Beginning with the first of said deposits and continuing on the 25th day of each month thereafter to and including February 25, 2021, an equal *pro rata* portion of the amount of interest becoming due on the Bonds on March 1, 2021, and thereafter, beginning on March 25, 2021, and continuing on the 25th day of each month thereafter so long as the Bonds shall remain outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Interest Payment Date; and

(2) Beginning with the first of said deposits and continuing on the 25th day of each month thereafter to and including August 25, 2021, an equal *pro rata* portion of the amount of principal becoming due on the respective series of the Bonds on September 1, 2021; and thereafter, beginning on September 25, 2020, and continuing on the 25th day of each month thereafter so long as any of the Bonds shall remain outstanding and unpaid, an amount not less than 1/12 of the amount of principal that will become due on the Bonds on the next succeeding Maturity.

The amounts required to be paid and credited to the Debt Service Account pursuant to this subparagraph (b) shall be so paid at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinances.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Account and to the debt service accounts established to pay the principal of and interest on any Parity Bonds, the available moneys in the Revenue Fund shall, unless otherwise directed by the Previously Issued Parity Ordinances, be divided among such debt service accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in said debt service accounts.

All amounts paid and credited to the Debt Service Account shall be expended and used by the City for the sole purpose of paying the interest on and principal of the Bonds as and when the same become due on each Bond Payment Date.

(c) *Depreciation and Replacement Account.* So long as the amount in the Depreciation and Replacement Account aggregates \$500,000 (the “**Depreciation and Replacement Accumulation Requirement**”), no further deposits will be required in the Depreciation and Replacement Account. But if the City shall ever be required to expend and use a part of the moneys in said Depreciation and Replacement Account for its authorized purposes and such expenditure shall reduce the amount of said Depreciation and Replacement Account below the Depreciation and Replacement Accumulation Requirement, then the City shall beginning November 1 of the fiscal year immediately following fiscal year in which the Depreciation and Replacement Account fell below the Depreciation and Replacement Accumulation Requirement, and on each November 1 thereafter, deposit the sum of \$120,000 each year until such Depreciation and Replacement Account aggregates the Depreciation and Replacement Accumulation Requirement. The amounts required to be deposited in the Depreciation and Replacement Account by the Bond Ordinance shall include those amounts required to be deposited by the Previously Issued Parity Bonds. Except as provided in the Bond Ordinance, moneys in the Depreciation and Replacement Account shall be expended and used by the City, if no other funds are available therefor, solely for the purpose of making unusual or extraordinary replacements and repairs in and to the System as may be necessary to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof, including replacing or repairing portions of the System or major items of any plant or equipment which either have been fully depreciated and are worn out or have become obsolete, inefficient or uneconomical. No moneys in said Account shall be used for the purpose of extending or enlarging the System.

(d) *Surplus Account.* After all payments and credits required at the time to be made under the provisions of the subparagraphs above have been made, all moneys remaining in the Revenue Fund shall be paid and credited to the Surplus Account. Moneys in the Surplus Account may be expended and used for the following purposes as determined by the City Council of the City:

(1) Paying Expenses of the System to the extent that may be necessary after the application of the moneys held in the Operation and Maintenance Account under the provisions of subparagraph (a) above.

(2) Paying the cost of extending, enlarging or improving the System;

(3) Preventing default in, anticipating payments into or increasing the amounts in the debt service accounts or debt service reserve accounts for System Revenue Bonds or the Depreciation and Replacement Account, or any one of them, said payments made to prevent default to be made in the order prescribed in the Bond Ordinance or in the applicable

sections of ordinances authorizing additional System Revenue Bonds hereafter issued, or establishing or increasing the amount of any debt service account or debt service reserve account created by the City for the payment of any additional System Revenue Bonds; or

(4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any bonds are callable), the Bonds or any other System Revenue Bonds, including principal, interest and redemption premium, if any; or

(5) Any other lawful purpose in connection with the operation of the System and benefitting the System.

So long as any of the Bonds remain Outstanding, no moneys derived from the operation of the System shall be diverted to the general governmental or municipal functions of the City.

(e) *Deficiency of Payments into Funds and Accounts.* If at any time the Revenues shall be insufficient to make any payment on the date or dates specified above, the City will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received by the City, such payments and credits being made and applied in the order specified above.

Payments Due on Saturdays, Sundays and Holidays

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Nonpresentment of Bonds

In the event any Bond shall not be presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond shall have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City without liability for interest thereon the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Deposit and Investment of Moneys

(a) Moneys in each of the funds and accounts created by and referred to in the Bond Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks or financial institutions holding such deposits as provided by the laws of the State of Missouri.

(b) Moneys held in any fund or account held in the custody of the City referred to in the Bond Ordinance may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund or account was created. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of the Bond Ordinance, obligations shall be valued at the lower of the cost or the market value thereof. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of the Bond Ordinance, the City shall direct that such excess be paid and credited to the Revenue Fund.

(c) So long as any of the Previously Issued Parity Bonds remain outstanding and unpaid, any investments made pursuant to the Bond Ordinance shall be subject to any restrictions in the Previously Issued Parity Ordinances with respect to the funds and accounts created or ratified by and referred to in the Previously Issued Parity Ordinances.

Efficient and Economical Operation

The City will continuously own and will operate the System as a revenue producing System in an efficient and economical manner and will keep and maintain the same in good repair and working order. The City will establish and maintain such rules and regulations for the use of the System as may be necessary to assure maximum utilization and most efficient operation of the System.

Rate Covenant

The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to (a) pay the Expenses of the System; (b) pay the principal of and interest on the Bonds as and when the same become due; and (c) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in the Bond Ordinance. The City further covenants and agrees that such rates and charges will be sufficient to enable the City to have in each fiscal year Net Revenues not less than 110% of the Debt Service Requirements for such fiscal year. The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations of the City under the Bond Ordinance. If for any two consecutive fiscal years Net Revenues shall be an amount less than as provided above, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the City Clerk and with the Purchaser of the Bonds and shall be furnished to any Registered Owner of the Bonds requesting a copy of the same, at the cost of such Registered Owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

Restrictions on Mortgage or Sale of System

The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may

(a) sell at fair market value any portion of the System which shall have been replaced by other similar property of at least equal value, or which shall cease to be necessary for the efficient operation of the System, and in the event of sale, the City will apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing redemption of Bonds in advance of Stated Maturity, or (2) replacement of the property so disposed of by other property the Revenues of which shall be incorporated into the System as provided in the Bond Ordinance;

(b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City; or

(c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the System. Property being leased as lessor and/or lessee pursuant to this subparagraph (c) shall not be treated as part of the System for purposes of the Bond Ordinance and may be mortgaged, pledged or otherwise encumbered.

Insurance

The City will carry and maintain insurance with respect to the System and its operations against casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability insurance, business interruption insurance, worker's compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other municipalities or public entities engaged in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the City will pay and deposit the proceeds of such insurance into the Revenue Fund. The City will annually review the insurance it maintains with respect to the System to determine that such insurance is customary and adequate to protect its property and operations. The cost of all insurance obtained pursuant to the requirements of the Bond Ordinance shall be paid as an Expense out of the Revenues.

Books, Records and Accounts

The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the System. Such accounts shall show the amount of Revenues of the System, the application of such Revenues, and all financial transactions in connection therewith. Said books shall be kept by the City according to standard accounting practices as applicable to the operation of facilities comparable to the System.

Annual Budget

Prior to the commencement of each fiscal year, the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding fiscal year. The City Clerk, promptly upon the filing of said budget in the City Clerk's office, will mail a copy of said budget to the Purchaser of the Bonds.

Annual Audit

Annually, promptly after the end of the fiscal year, the City will cause an audit of the System to be made for the preceding fiscal year by an Accountant to be employed for that purpose and paid from the Revenues. Said annual audit shall cover in reasonable detail the operation of the System during such fiscal year.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk, and, upon the Purchaser's request, a duplicate copy of said audit shall be mailed to the Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the System, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or Registered Owner. A copy of any such audit will, upon request and upon receipt by the City of payment of the reasonable cost of preparing and mailing the same, be sent to any Bondowner or prospective Bondowner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of the Bond Ordinance, the City will promptly cure such deficiency and will promptly proceed to increase the rates and charges to be charged for the use and services furnished by the System as may be necessary to adequately provide for such requirements.

Tax Covenants

(a) The City covenants and agrees that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from federal gross income of the interest on the Bonds and (2) it will not use or permit the use of any proceeds of Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from federal gross income of the interest on the Bonds. The City will also pass such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future law in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The City covenants and agrees that (1) it will use the proceeds of the Bonds as soon as practicable for the purposes for which the Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(c) The City covenants that it will pay or provide for the payment from time to time of all arbitrage rebate to the United States pursuant to Section 148(f) of the Code and the Federal Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Federal Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the Bonds.

(d) The City covenants that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any Bond to be a "private activity bond" within the meaning of Section 141 of the Code.

(e) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to the Bond Ordinance or any other provision of the Bond Ordinance, until the final Maturity of all Bonds Outstanding.

Senior Lien Bonds

The City covenants and agrees that so long as any of the Bonds remain Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the System for the payment of moneys determined in accordance with generally accepted accounting principles consistently applied, including capital leases as defined by generally accepted accounting principles, payable out of the Net Revenues of the System or any part thereof which are superior to the Bonds.

Parity Bonds and Other Obligations

The City covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional bonds or other long-term obligations payable out of the Net Revenues of the System or any part thereof which stand on a parity or equality with the Bonds (“**Parity Bonds**”) unless the following conditions are met:

(a) The City shall not be in default in the payment of principal of or interest on any Bonds or any Parity Bonds at the time outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in the Bond Ordinance or any Parity Ordinance for Parity Bonds at the time outstanding (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

(b) Either of the following:

(1) The average annual Net Revenues as set forth in the two most recent annual audits for the two fiscal years immediately preceding the issuance of additional bonds, as determined by an Accountant or a Consultant, shall have been equal to at least 110% of the Average Annual Debt Service for all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the average annual Net Revenues for the two preceding fiscal years for the purpose of this subparagraph, the City may obtain an Accountant or a Consultant to adjust said Net Revenues for the two preceding fiscal years by adding thereto, in the event the City shall have made any increase in rates for the use and services of the System and such increase shall not have been in effect during all of the two fiscal years for which annual audits are available immediately preceding the issuance of additional bonds, the amount, as estimated by the Accountant or Consultant, of the additional Net Revenues which would have resulted from the operation of the System during said two preceding fiscal years had such rate increase been in effect for the entire period; or

(2) The projected average annual Net Revenues for the two fiscal years immediately following the fiscal year in which the improvements to the System, the cost of which is being financed by such additional bonds, are to be placed in commercial operation, as determined by an Accountant or a Consultant, shall be equal to at least 110% of the average of the Debt Service Requirements in all fiscal years succeeding said fiscal year in which such improvements are expected to be placed in commercial operation. In determining the projected average annual Net Revenues for the purpose of this subparagraph, the Accountant or Consultant may adjust said projections by adding thereto any estimated increase in Net Revenues resulting from any increase or increases in rates for the use and services of the System duly made by the City which shall be in effect for the period of such projections and which, in the opinion of the Accountant or Consultant, are economically feasible and reasonably considered necessary based on projected operations of the System.

Additional sewerage system revenue bonds of the City issued under the conditions set forth in the Bond Ordinance shall stand on a parity with the Bonds and shall enjoy complete equality of lien on and claim against the Net Revenues with the Bonds, and the City may make equal provision for paying said bonds and the interest thereon out of the Revenue Fund and may likewise provide for the creation of reasonable debt service accounts and debt service reserve accounts for the payment of such additional bonds and the interest thereon out of moneys in the Revenue Fund.

Junior Lien Bonds and Other Obligations

Nothing in the Bond Ordinance contained shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the Net Revenues of the System, provided at the time of the issuance of such additional revenue bonds or obligations the City shall not be in default in the performance of any covenant or agreement contained in the Bond Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Bonds, or if the City shall be in default in making any payments required to be made by it under the provisions of subparagraphs (a), (b), (c) and (d) under the heading **“Application of Moneys in Funds and Accounts”** the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or for paying said obligations out of moneys in the Revenue Fund.

Refunding Bonds

The City shall have the right, without complying with the provisions of the Bond Ordinance summarized under the heading **“Parity Bonds”** above, to refund any of the Bonds under the provisions of any law then available, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Bonds that are not refunded, if any, upon the Net Revenues of the System; provided, however, that if only a portion of the Bonds are refunded and if said Bonds are refunded in such manner that the aggregate amount of principal and interest scheduled to become due on the refunding bonds in any fiscal year (taking into account scheduled mandatory redemptions) exceeds the aggregate amount of principal and interest scheduled to become due on the refunded Bonds in said fiscal year (taking into account scheduled mandatory redemptions), then said Bonds may be refunded without complying with the provisions of the Bond Ordinance summarized under the heading **“Parity Bonds”** above only by and with the written consent of the Registered Owners of a majority in principal amount of the Bonds not refunded.

Acceleration of Maturity Upon Default

The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Bonds as the same shall become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of the Bond Ordinance or of the constitution or statutes of the State of Missouri, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the Registered Owner of any Bond then Outstanding, then, at any time thereafter and while such default continues, the Registered Owners of 25% in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in the Bond Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has been paid in full and all other defaults, if any, by the City under the provisions of the Bond Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as specified above, may rescind and annul such declaration and its consequences, but

no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Other Remedies

The provisions of the Bond Ordinance, including the covenants and agreements therein contained, shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Ordinance or by the constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

Limitation on Rights of Bondowners

No one or more Bondowners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Ordinance, or to enforce any right hereunder, except in the manner provided in the Bond Ordinance, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

No Obligation to Levy Taxes

Nothing contained in the Bond Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred in the Bond Ordinance or to pay the principal of or interest on the Bonds.

Defeasance

(a) When any or all of the Bonds or the interest payments thereon shall have been paid and discharged, then the requirements contained in the Bond Ordinance and the pledge of Net Revenues made hereunder and all other rights granted hereby shall terminate with respect to the Bonds or interest payments so paid and discharged. Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Bonds, and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the Stated Maturity thereof, (1) the City shall have elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Bonds in compliance with **the Bond Ordinance**.

(b) Any moneys and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of such Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All moneys and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Ordinance.

(c) In the event of an advance refunding, the City shall cause to be delivered a verification report of an independent nationally recognized certified public accountant.

Amendments

(a) The Continuing Disclosure Undertaking is exempt from the provisions of the Bond Ordinance summarized under this “**Amendments**” caption and is subject to amendment and modification only as provided therein. The rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of the Bond Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (1) extend the maturity of any payment of principal or interest due upon any Bond;
- (2) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond;
- (3) permit the creation of a lien on the Net Revenues of the System prior or equal to the lien of the Bonds or Parity Bonds;
- (4) permit preference or priority of any Bonds over any other Bonds; or
- (5) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

(b) Any provision of the Bonds or of the Bond Ordinance may, however, be amended or modified by Ordinance duly adopted by the governing body of the City at any time in any respect with the written consent of the Registered Owners of all of the Bonds at the time Outstanding.

(c) Without notice to or the consent of any Bondowners, the City may amend or supplement the Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondowners.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of August 27, 2020 (this **“Continuing Disclosure Undertaking”**), is executed and delivered by **CITY OF JEFFERSON, MISSOURI** (the **“Issuer”**).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of **\$5,625,000 Sewerage System Refunding Revenue Bonds, Series 2020** (the **“Bonds”**), pursuant to an Ordinance adopted by the governing body of the Issuer (the **“Ordinance”**).

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 Ordinance, 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 **November 1** and ending on **October 31** 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 **April 30th** immediately following the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending October 31, 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 described in the notes to the financial statements contained in *Appendix B* to the final Official Statement related to the Bonds. 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 financial statements 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, in substantially the form attached hereto as **Exhibit B**, 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 Ordinance 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 Ordinance 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.

CITY OF JEFFERSON, MISSOURI

By: _____
Title: Mayor

**EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING**

**FINANCIAL INFORMATION AND OPERATING DATA TO BE
INCLUDED IN ANNUAL REPORT**

The operating data in the sections and tables in *Appendix A* contained in the final Official Statement relating to the Bonds generally described as follows:

- The tables under “**HISTORY AND OPERATION OF THE SYSTEM**” relating to utility rates and customers (*excluding* the table relating to the Holts Summit Agreement)
- The information contained in the table “**Historical Debt Service Coverage**” under “**FINANCIAL INFORMATION CONCERNING THE SYSTEM**” for the most recently ended fiscal year.

**EXHIBIT B
TO CONTINUING DISCLOSURE UNDERTAKING**

FORM OF FAILURE TO FILE NOTICE

Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)

Issuer/Obligated Person: City of Jefferson, Missouri

**Issues to which this
Notice relates:** Sewerage System Refunding Revenue Bonds, Series 2020

CUSIP Numbers for Issue to which this Notice relates:

<u>Maturity Date</u>	<u>CUSIP Number</u>
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Event Reported: Failure to Timely File Annual Financial Information/Audited Financial Statements

The Obligated Person did not timely file its operating data for the fiscal year ended October 31, 20____. Such operating data [*will be*] [*was*] filed with the MSRB through EMMA on _____, 20__.

The Obligated Person did not timely file its audited financial statements for the fiscal year ended October 31, 20____. Such audited financial statements [*will be*] [*were*] filed with the MSRB through EMMA on _____, 20__.

The information contained in this Notice has been submitted by the Obligated Person pursuant to contractual undertakings the Obligated Person made in accordance with SEC Rule 15c2-12. Nothing contained in the undertaking or this Notice is, or should be construed as, a representation by the Obligated Person that the information included in this Notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any of the securities listed above, or any other securities of the Obligated Person.

For additional information, contact:

Margaret Mueller, Director of Finance
City of Jefferson, Missouri
320 E. McCarty Street
Jefferson City, Missouri 65101
(573) 645-6435

Date Submitted: [Date]

CITY OF JEFFERSON, MISSOURI

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the City believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Paying Agent or the Underwriter. The City, the Paying Agent and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

General. 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 "**DTC**"), New York, New York.

DTC 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. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book Entry Only System, as described below.

DTC and its Participants. 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.

Purchase of Ownership Interests. Purchases of the 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Transfers. 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other 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.

Notices. 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 the 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 Ordinance. For example, Beneficial Owners of the 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 Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall 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 maturity to be redeemed.

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

Payments of Principal, Redemption Price and Interest. Payment of principal or redemption price of and interest 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 City 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, its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the 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.

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

The City 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, 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), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described in the Bond Ordinance.

RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE CITY AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF, AND NEITHER THE PARTICIPANTS NOR THE BENEFICIAL OWNERS SHOULD RELY ON THE FOREGOING INFORMATION WITH RESPECT TO SUCH MATTERS BUT SHOULD INSTEAD CONFIRM THE SAME WITH DTC OR THE PARTICIPANTS, AS THE CASE MAY BE.

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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