

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

NOT RATED

In the opinion of Gilmore & Bell, P.C., as Special 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 Portion of Basic Rent Payments paid by the City under the hereinafter-defined Lease and distributed to the Owners of the Series 2025 Certificates (including any original issue discount properly allocable to an owner thereof) (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 City’s obligation to pay Basic Rent Payments under the Lease is a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code. Special Counsel notes that the Interest Portion of Basic Rent paid by the City under the Lease may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See “TAX MATTERS” herein.

\$490,000*
CERTIFICATES OF PARTICIPATION
(CITY OF PLEASANT HILL, MISSOURI, LESSEE)
SERIES 2025

Evidencing Undivided, Proportionate Interests of the Owners Thereof
in Basic Rent Payments to be Made by the
CITY OF PLEASANT HILL, MISSOURI, as Lessee,
Pursuant to an Annually Renewable Lease Purchase Agreement
with UMB BANK, N.A., as Trustee and Lessor

Dated: Date of Delivery

Due: June 1, as shown on the inside cover

The Certificates of Participation (City of Pleasant Hill, Missouri, Lessee), Series 2025 (the “**Series 2025 Certificates**”), are being delivered pursuant to a Declaration of Trust dated as of June 1, 2025 (the “**Declaration of Trust**”) executed by UMB Bank, N.A., Kansas City, Missouri, as trustee (the “**Trustee**”), and the Series 2025 Certificates represent undivided, proportionate interests in basic rent payments (the “**Basic Rent**” or “**Basic Rent Payments**”) to be paid by the City of Pleasant Hill, Missouri (the “**City**”), under an annually-renewable Lease Purchase Agreement dated as of June 1, 2025 (the “**Lease**”) between the Trustee, as lessor, and the City, as lessee.

The Series 2025 Certificates will be fully registered form in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“**DTC**”), New York, New York, which will act as securities depository for the Series 2025 Certificates. So long as Cede & Co. is the registered owner of the Series 2025 Certificates, as nominee of DTC, Beneficial Owners (defined herein) will not receive certificates representing their interests in Series 2025 Certificates, and payments of the Principal Portion (defined herein) and the Interest Portion (defined herein) of the Basic Rent represented by the Series 2025 Certificates will be made directly to DTC or its nominee, Cede & Co. The Interest Portion of each Basic Rent Payment represented by the Series 2025 Certificates will be payable semiannually on June 1 and December 1, beginning December 1, 2025. The Principal Portion of each Basic Rent Payment represented by the Series 2025 Certificates is payable annually on June 1, beginning on June 1, 2027, as shown on the inside cover page of this Official Statement.

The Series 2025 Certificates are subject to prepayment prior to maturity as described herein. See the caption “**THE SERIES 2025 CERTIFICATES – Prepayment Provisions**” in this Official Statement.

The City’s obligation to make Basic Rent Payments and the other obligations of the City under the Lease are subject to and dependent upon annual appropriations being made by the City Council of the City for that purpose. The Series 2025 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year (defined herein) subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments to come due under the Lease. If the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Series 2025 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or lease of the Trustee’s interest in the Leased Equipment (defined herein). The obligation of the City to pay Basic Rent does not constitute a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, and does not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments.

The Series 2025 Certificates are subject to certain risks. Prospective purchasers of the Series 2025 Certificates should evaluate the risks and merits of an investment in the Series 2025 Certificates before considering a purchase of the Series 2025 Certificates. See the caption “**RISK FACTORS AND INVESTMENT CONSIDERATIONS**” in this Official Statement.

The Series 2025 Certificates are offered when, as and if delivered by the Trustee, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, as Special Counsel to the City, and certain other conditions. It is expected that the Series 2025 Certificates will be available for delivery through the Depository Trust Company in New York, New York, on or about June 18, 2025.



* Preliminary, subject to change

\$490,000*
CERTIFICATES OF PARTICIPATION
(CITY OF PLEASANT HILL, MISSOURI, LESSEE)
SERIES 2025

Evidencing a Proportionate Interest in Basic Rent Payments to be Made by
CITY OF PLEASANT HILL, MISSOURI, as Lessee
Pursuant to an Annually Renewable
Lease Purchase Agreement with
UMB BANK, N.A., as Lessor and Trustee

MATURITY SCHEDULE*

Serial Certificates

<u>Due</u> <u>(June 1)</u>	<u>Principal</u> <u>Portion*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP⁽¹⁾</u>
2026	\$15,000			
2027	15,000			
2028	15,000			
2029	20,000			
2030	20,000			

Term Certificates

<u>Due</u> <u>(June 1)</u>	<u>Principal</u> <u>Portion*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP⁽¹⁾</u>
2036	\$130,000			
2041	140,000			
2045	135,000			

⁽¹⁾ CUSIP Numbers have been assigned to this issue by CUSIP Global Services managed on behalf of the American Bankers Association by FactSet Research Systems Inc., and are included solely for the convenience of the Owners of the Series 2025 Certificates. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

* Preliminary, subject to change

CITY OF PLEASANT HILL, MISSOURI

203 Paul Street
Pleasant Hill, Missouri 64080

Mayor

John King

City Council Members

Brenda Dummer, *Councilwoman Precinct 20*
Pat Niner, *Councilwoman Precinct 21*
Michelle Newberry, *Councilwoman Precinct 22*
Jackie Ralston-Emo, *Councilwoman-at-Large*

City Administration

Shelby Teufel, *City Administrator*
Nicole Wilson, *Assistant City Administrator*
Amy Johnson, *Finance Manager*
Jodie Wasson, *City Clerk*

TRUSTEE

UMB Bank, N.A.
Kansas City, Missouri

SPECIAL COUNSEL

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

MUNICIPAL ADVISOR

 **McLiney And Company**
a division of SAMCO Capital

UNDERWRITER

Central States Capital Markets
Prairie Village, Kansas

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 Series 2025 Certificates 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 Series 2025 Certificates 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 included the following sentence for inclusion in this Official Statement. 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 Series 2025 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2025 Certificates 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 Series 2025 Certificates are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the 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 (1) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (2) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (3) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING 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**.

TABLE OF CONTENTS

	<u>Page</u>	<u>Page</u>
INTRODUCTION	1	
General.....	1	Bankruptcy.....16
The City.....	1	Amendment of the Declaration of Trust and the Lease.....16
Plan of Financing.....	1	Dilution of Security for the Series 2024 Certificates.....16
Financing Documents.....	2	Effects on the Tax-Exemption of the Certificates Upon Termination of the Lease.....16
Limited Obligations.....	2	Taxability.....17
Annual Appropriation Lease.....	3	Risk of Audit.....17
Risk Factors.....	3	Loss of Premium from Prepayment.....17
Exempt from Continuing Disclosure Requirements.....	3	Defeasance Risks.....18
Financial Statements.....	4	Other Factors.....18
Definitions and Descriptions; Inspection of Documents.....	4	
PLAN OF FINANCING	4	LEGAL MATTERS19
The Project and Leased Equipment.....	4	TAX MATTERS19
Sources and Uses of Funds.....	4	Opinion of Special Tax Counsel.....19
		Other Tax Consequences.....20
THE SERIES 2024 CERTIFICATES	5	THE TRUSTEE21
General Description.....	5	CERTAIN RELATIONSHIPS22
Prepayment Provisions.....	5	MISCELLANEOUS22
Book-Entry Only System.....	7	Underwriting.....22
Transfer Outside Book-Entry Only System.....	9	Municipal Advisor.....22
CUSIP Numbers.....	10	Certification and Other Matters Regarding Official Statement.....22
ADDITIONAL CERTIFICATES	10	
SECURITY FOR THE SERIES 2024		APPENDIX A: General, Economic and Financial Information Concerning the City of Pleasant Hill, Missouri
CERTIFICATES	10	APPENDIX B: City of Pleasant Hill, Missouri, Audited Financial Statements with Independent Auditor’s Report for Fiscal Year Ended March 31, 2024
Limited Obligations.....	10	APPENDIX C: Definitions of Words and Terms of Declaration of Trust and Lease Purchase Agreement
Available Revenues; Sources of Payment.....	11	APPENDIX D: Form of Opinion of Special Counsel
Nonappropriation.....	11	
The Leased Equipment.....	12	
RISK FACTORS AND INVESTMENT		
CONSIDERATIONS	12	
Limited Obligations.....	13	
Results of Nonappropriation.....	13	
Termination of the Lease.....	14	
Delays in Exercising Remedies.....	14	
Construction Risks.....	15	
Damage or Destruction of the Leased Equipment	15	
Secondary Market Prices and Liquidity.....	15	
No Credit Enhancement or Reserve Fund.....	16	
Lack of Ratings.....	16	

OFFICIAL STATEMENT

\$490,000*

CERTIFICATES OF PARTICIPATION (CITY OF PLEASANT HILL, MISSOURI, LESSEE) SERIES 2025

**Evidencing Proportionate Interest in Basic Rent Payments to be Made by
CITY OF PLEASANT HILL, MISSOURI, as Lessee
pursuant to an Annually Renewable
Lease Purchase Agreement with
UMB BANK, N.A., as Lessor and Trustee**

INTRODUCTION

The following introductory information is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and appendices, should be considered in its entirety. The offering of the Series 2025 Certificates to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, including the cover page, inside cover page and appendices hereto, is furnished to prospective purchasers in connection with the offering and sale of Certificates of Participation (City of Pleasant Hill, Missouri, Lessee), Series 2025, in the aggregate principal amount of \$490,000* (the “**Series 2025 Certificates**”). The Series 2025 Certificates represent the proportionate interests of the owners thereof (the “**Owners**”) in Basic Rent Payments (defined herein) to be made by the City of Pleasant Hill, Missouri (the “**City**”) pursuant to an annually-renewable Lease Purchase Agreement dated as of June 1, 2025 (the “**Lease**”), between UMB Bank, N.A., Kansas City, Missouri, as trustee and lessor (the “**Trustee**”), and the City, as lessee. The Trustee has agreed to execute and deliver the Series 2025 Certificates pursuant to a Declaration of Trust dated as of June 1, 2025 (the “**Declaration of Trust**”), granted by the Trustee.

The City

The City is a special charter city and political subdivision organized and existing under the laws of the State of Missouri. The City is located in northeastern Cass County, Missouri, approximately 35 miles southeast of Kansas City, Missouri. As of July 1, 2023, the U.S. Census Bureau estimated City’s population at 8,715. For more information about the City, see *Appendix A* to this Official Statement.

Plan of Financing

Proceeds received from the sale of the Series 2025 Certificates will be used to (1) acquire and install new bleachers and other equipment at the City’s outdoor fairgrounds located 308 W. Commercial Street in the City (the “**Project**”) and (2) pay costs of executing and delivering the Lease and the Series 2025 Certificates. See also the section captioned “**PLAN OF FINANCING**” in this Official Statement.

The new bleachers and related equipment and apparatus to be paid for with proceeds of the Series 2025 Certificates in connection with the Project is referred to herein as the “**Leased Equipment**”. See the caption

* Preliminary, subject to change.

“PLAN OF FINANCING – The Project and Leased Equipment” herein for a more detailed description of the Leased Equipment.

Financing Documents

Lease Purchase Agreement. Pursuant to the Lease, (1) the Trustee will agree to execute and deliver the Series 2025 Certificates as provided in the Declaration of Trust and, at the direction of the City, will deposit a portion of the proceeds of the Series 2025 Certificates in the Project Fund (defined herein) which will be used by the City to pay costs of the Project; and (2) the Trustee, as lessor, will lease the Leased Equipment acquired with proceeds of the Series 2025 Certificates to the City, as lessee, for a series of one-year terms, with an option to purchase the Trustee’s interest in the Leased Equipment.

The Lease provides, among other things, for an initial term beginning on the date of delivery of the Series 2025 Certificates and expiring and terminating on March 31, 2026 (the **“Original Term”**)(which is the end of the City’s current Fiscal Year), subject to annual renewal, at the option of the City, for one-year renewal terms co-extensive with the City’s Fiscal Year (beginning April 1 and ending March 31)(each a **“Renewal Term”**), except that the final renewal term will begin on April 1, 2045* and expire on June 2, 2045*, which is the day following the final maturity of the Series 2025 Certificates on June 1, 2045*. Each Renewal Term is subject to annual appropriation by the City Council of the City. Furthermore, pursuant to the Lease, the Trustee and the City agree that the Leased Equipment is and shall remain personal property, notwithstanding that it may be in any way affixed to real property. **The Leased Equipment does not include any interests in real property.** See also the section captioned **“PLAN OF FINANCING – The Project and Leased Equipment”** herein for a more complete description of the Leased Equipment.

Declaration of Trust. The Series 2025 Certificates are being executed and delivered pursuant to the Declaration of Trust granted by the Trustee, and represent undivided, proportionate interests in the Basic Rent to be paid by the City under the Lease. Neither the Series 2025 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no liability or obligation under or with respect to the Series 2025 Certificates or the Basic Rent Payments. Under the Declaration of Trust, the Trustee will hold all of its estate, right, title and interest in the Lease for the benefit of the Owners of the Series 2025 Certificates. The Declaration of Trust provides for the future delivery of additional certificates (**“Additional Certificates,”** together with the Series 2025 Certificates, the **“Certificates”**) which, if delivered, will rank on a parity with the Series 2025 Certificates, and any other Certificates then Outstanding under the Declaration of Trust. See the section **“ADDITIONAL CERTIFICATES”** in this Official Statement.

Limited Obligations

Under the Lease, the City has agreed to pay rental payments (the “Basic Rent” or **“Basic Rent Payments”**), consisting of a principal portion (the **“Principal Portion”**) and an interest portion (the **“Interest Portion”**), but only if and to the extent that the City Council annually appropriates sufficient money to pay the Basic Rent coming due during each succeeding Renewal Term. The Series 2025 Certificates represent undivided, proportionate interests in the Basic Rent.

Following the delivery of the Series 2025 Certificates, the Series 2025 Certificates will be the only Outstanding series of Certificates under the Declaration of Trust. The City has the right to issue Additional Certificates on a parity with the Series 2025 Certificates, as described under the caption **“ADDITIONAL CERTIFICATES”** herein. Basic Rent Payments to be paid by the City under the Lease, which are subject to annual appropriation by the City Council of the City, are designed to be sufficient to pay, when due, the Principal Portion and Interest Portion represented by each series of the Certificates.

* Preliminary, subject to change.

The City intends to satisfy its obligations to make Basic Rent Payments during each Fiscal Year from revenues generated by the City's 1.00% general sales tax ("**1.00% General Sales Tax**") and certain revenues generated by the City's parks system. **However, purchasers of the Series 2025 Certificates should be aware that such revenues, together with any other legally available revenues are the City, are not pledged to the payment of Basic Rent represented by the Series 2025 Certificates, and there can be no assurance that the City will appropriate funds for payment of the Basic Rent distributable to the Owners of the Series 2025 Certificates.** See also the section captioned "**FINANCIAL INFORMATION CONCERNING THE CITY**" in *Appendix A* to this Official Statement.

None of the Series 2025 Certificates, the Lease or any payments required under the Lease will (a) constitute a mandatory payment obligation of the City in any Fiscal Year beyond the Fiscal Year during which the City is a lessee under the Lease or (b) give rise to a general obligation or other indebtedness of the City. The City is not legally obligated to budget or appropriate money for any Fiscal Year beyond the current Fiscal Year or any subsequent Fiscal Year in which the Lease is in effect, and there can be no assurance that the City will appropriate funds to make Basic Rent or renew the Lease after any Renewal Term. The City may terminate its obligations under the Lease on an annual basis. The City will have the option to purchase the Trustee's interest in the Leased Equipment at the times and upon the conditions described in the Lease, which are summarized under caption "**SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Option to Purchase the Trustee's Interest in the Leased Equipment**" in *Appendix C* to this Official Statement.

Annual Appropriation Lease

THE BASIC RENT PAYMENTS AND OTHER AMOUNTS DUE UNDER THE LEASE DO NOT CONSTITUTE AN OBLIGATION OF THE CITY IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR AS TO WHICH THE CITY HAS APPROPRIATED FUNDS TO PAY BASIC RENT PAYMENTS AND OTHER AMOUNTS REASONABLY ANTICIPATED TO COME DUE UNDER THE LEASE. IN THE EVENT THE CITY FAILS TO BUDGET, APPROPRIATE OR OTHERWISE PROVIDE FOR SUFFICIENT FUNDS TO PAY BASIC RENT PAYMENTS AND REASONABLY ANTICIPATED OTHER AMOUNTS TO COME DUE DURING THE IMMEDIATELY FOLLOWING FISCAL YEAR, THE LEASE WILL TERMINATE AT THE END OF THE THEN CURRENT FISCAL YEAR. UPON TERMINATION OF THE LEASE, THE SERIES 2025 CERTIFICATES WILL BE PAYABLE SOLELY FROM MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE DECLARATION OF TRUST, AND ANY AMOUNTS RESULTING FROM A SALE OR LEASE OF THE TRUSTEE'S INTEREST IN THE LEASED EQUIPMENT. THE OBLIGATION OF THE CITY TO PAY BASIC RENT DOES NOT CONSTITUTE A DEBT OF THE CITY IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, AND SHALL NOT CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, PROPERTIES OR MONEYS OF THE CITY BEYOND ANY THEN CURRENT FISCAL YEAR DURING WHICH THE LEASE IS IN EFFECT. THE CITY IS NOT OBLIGATED TO LEVY ANY TAXES IN ORDER TO RAISE REVENUES TO MAKE BASIC RENT PAYMENTS.

Risk Factors

Payment of the Principal Portions and Interest Portions of Basic Rent represented by the Series 2025 Certificates is subject to certain risks. See the caption "**RISK FACTORS AND INVESTMENT CONSIDERATIONS**" herein.

Exempt from Continuing Disclosure Requirements

The offering of the Series 2025 Certificates is exempt from the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission. However, pursuant to the Lease, the City is required to annually provide the Trustee with current financial statements, budgets, proofs of appropriation for the ensuing

Fiscal Year and such other financial information relating to the ability of the City to continue the Lease as may be requested by the Trustee.

Financial Statements

Audited financial statements of the City, as of and for the Fiscal Year ended March 31, 2024, are included in *Appendix B* to this Official Statement. The financial statements contained therein were audited by CliftonLarsonAllen LLP, Kansas City, Missouri, certified public accountants, to the extent and for the period indicated in the Independent Auditor's Report which is also included in *Appendix B* to this Official Statement.

Definitions and Descriptions; Inspection of Documents

All capitalized terms used in this Official Statement not defined in the text hereof are defined in *Appendix C* to this Official Statement. Brief descriptions of the Series 2025 Certificates, the Lease, the Declaration of Trust, the Continuing Disclosure Undertaking and certain other matters are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Lease, the Declaration of Trust and the Continuing Disclosure Undertaking are qualified in their entirety by reference to such documents. Copies of the final executed documents 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 references to the Series 2025 Certificates are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Lease and the Declaration of Trust.

PLAN OF FINANCING

The Project and Leased Equipment

A portion of the proceeds of the Series 2025 Certificates will be used to pay the costs of the Project, which will consist of the acquisition and installation of new bleachers and related equipment and apparatus at the City's outdoor fairgrounds located at 308 W. Commercial Street in the City at a total cost of approximately \$454,000. The City has selected Hanson Sports, LLC, as the general contract for the Project and anticipates the installation of the Project will begin in May 2025 and will be completed by August 2025.

The Leased Equipment consists of the new bleachers and related equipment and apparatus acquired and installed in connection with the Project that are paid for with proceeds of the Series 2025 Certificates. Pursuant to the Lease, the Trustee and the City agree that the Leased Equipment is and shall remain personal property, notwithstanding that it may be in any way affixed to real property; **therefore, the Leased Equipment does not include any interests in real property.**

Sources and Uses of Funds

The sources and uses of the proceeds of the Series 2025 Certificates are as follows:

Sources of Funds:

Principal Amount of Series 2025 Certificates	\$490,000.00*
Total	<u>\$</u>

Uses of Funds:

Deposit to Project Fund	\$
Costs of Issuance, including Underwriter's Discount	
Total	<u>\$</u>

* Preliminary; subject to change.

THE SERIES 2025 CERTIFICATES

General Description

The Series 2025 Certificates represent a proportionate interest in the Principal Portion and Interest Portion of Basic Rent to be paid by the City under the Lease to the Trustee for the benefit of the Owners of the Series 2025 Certificates. The Series 2025 Certificates will be dated the date of delivery and payment therefor and will be delivered in fully-registered form in the denomination of \$5,000 or any integral multiple thereof. The Series 2025 Certificates will be delivered in the aggregate principal amount stated on the cover page hereof and will mature as stated on the inside cover page hereof, subject to prepayment as described herein under the caption **“Prepayment Provisions.”** The Principal Portion of Basic Rent distributable to the Owner of each Series 2025 Certificate will bear interest at specified rates as set forth on the inside cover page hereof. The Interest Portion of the Basic Rent represented by each Series 2025 Certificate will be payable from the date thereof or the most recent date to which said Interest Portion has been paid. The Interest Portion of the Basic Rent represented by the Series 2025 Certificates will be paid on June 1 and December 1 of each year (the **“Basic Rent Payment Dates”**), beginning on December 1, 2024, and will be computed on the basis of a 360-day year of twelve 30-day months.

Payment of the Interest Portion of the Basic Rent represented by any Series 2025 Certificates shall be made to the person appearing on the registration books of the Registrar as the Owner thereof on the Record Date, such Interest Portion to be paid to such Owner (i) by check or draft drawn on the Trustee and mailed to such Owner’s address as it appears on the registration books of the Registrar on the Record Date or (ii) by electronic transfer to such Owner upon written notice given to the Trustee by such Owner not less than 15 days prior to the Record Date for such Interest Portion, containing the electronic transfer instructions including the name of the bank, the bank’s ABA routing number, the account number to which such Owner wishes to have such transfer directed, and an acknowledgement that an electronic transfer fee may be applicable.

The Principal Portion of the Basic Rent represented by the Series 2025 Certificates shall be payable (whether at maturity or upon prepayment or acceleration) by check, draft or electronic transfer to the Owners of such Series 2025 Certificates upon presentation and surrender of such Series 2025 Certificates at the designated payment office of the Trustee.

While the Series 2025 Certificates remain in book-entry form, payments to Beneficial Owners (defined herein) are governed by the rules of DTC (defined herein) as described in the section **“THE SERIES 2025 CERTIFICATES - Book-Entry Only System”** herein.

Prepayment Provisions

Optional Prepayment of Series 2025 Certificates. The Series 2025 Certificates maturing on June 1, 2031, and thereafter shall be subject to optional prepayment, as a whole or in part, on June 1, 2030, or any date thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2025 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Trustee’s interest in the Leased Equipment or to partially prepay Basic Rent Payments pursuant to the terms of the Lease.

Mandatory Prepayment of Series 2025 Certificates. The Series 2025 Certificates with stated maturity dates of June 1, 2036, June 1, 2041, and June 1, 2045 (the “**Series 2025 Term Certificates**”), are subject to mandatory prepayment pursuant to the mandatory prepayment requirements of the Declaration of Trust at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2025 Term Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, as follows:

Series 2025 Term Certificates		Series 2025 Term Certificates	
<u>Maturing on June 1, 2036</u>		<u>Maturing on June 1, 2041</u>	
Prepayment Date		Prepayment Date	
<u>June 1</u>	<u>Principal Portion</u>	<u>June 1</u>	<u>Principal Portion</u>
2031	\$20,000	2037	\$25,000
2032	20,000	2038	25,000
2033	20,000	2039	30,000
2034	20,000	2040	30,000
2035	25,000	2041 ⁺	30,000
2036 ⁺	25,000		

Series 2025 Term Certificates	
<u>Maturing on June 1, 2045</u>	
Prepayment Date	
<u>June 1</u>	<u>Principal Portion</u>
2042	\$30,000
2043	35,000
2044	35,000
2045 ⁺	35,000

⁺Final Maturity.

Extraordinary Optional Prepayment – Damage, Destruction, Condemnation, Changes in Law. The Series 2025 Certificates shall be subject to optional prepayment on any date prior to their respective stated maturities, as a whole but not in part, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Equipment, or if as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Lease or the Declaration of Trust becomes unenforceable and the City purchases the Trustee’s interest in the Leased Equipment pursuant to the Lease. See the caption “**SUMMARY OF CERTAIN PROVISIONS OF THE LEASE - Damage, Destruction and Condemnation**” in *Appendix C* hereto.

Selection of Certificates to Be Prepaid. Series 2025 Certificates shall be prepaid only in principal amounts of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Series 2025 Certificates are called for optional prepayment, such Series 2025 Certificates shall be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date the Trustee shall select the Series 2025 Certificates or any given portion thereof to be prepaid by lot or in such equitable manner as the Trustee determines in principal amounts of \$5,000 or any integral multiple thereof.

Partial Prepayment of Certificates. Upon surrender of any Series 2025 Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the City, a new Series 2025 Certificate or Series 2025 Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Series 2025 Certificate surrendered.

Notice of Prepayment. Unless otherwise provided in the Declaration of Trust, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 20 days prior to the Prepayment Date, to

the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (a) the Prepayment Date, (b) the place of prepayment, (c) the Prepayment Price, (d) that the proposed prepayment is conditioned upon there being on deposit in the applicable fund or account on the Prepayment Date sufficient money to pay the full Prepayment Price of the Certificates to be prepaid, (e) if less than all, the identification of the Certificates to be prepaid, and (f) if a Certificate is being prepaid in part, the portion thereof being prepaid. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as herein provided or any defect therein will not affect or invalidate the validity of any proceedings for the prepayment of such Certificate.

With respect to optional prepayments, such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to Prepayment Date in an amount sufficient to pay the Prepayment Price on the Prepayment Date. If such notice is conditional and either the Trustee receives written notice from the City that moneys sufficient to pay the Prepayment Price will not be on deposit on the Prepayment Date, or such moneys are not received on the Prepayment Date, then such notice shall be of no force and effect, the Trustee shall not prepay the Series 2025 Certificates and the Trustee shall give notice, in the same manner in which the notice of prepayment was given, that such moneys were not or will not be so received and that such Series 2025 Certificates will not be prepaid.

The Trustee is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards will not affect or invalidate the prepayment of any Series 2025 Certificate to be prepaid.

The Trustee, as long as a book-entry system is used for the Series 2025 Certificates, will send notices of prepayment only to the Securities Depository (being DTC or its successors and its assigns), as the Owner of the Series 2025 Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any participant or any nominee to notify any Beneficial Owner of the Series 2025 Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series 2025 Certificates called for prepayment.

Effect of Prepayment. Notice of prepayment having been duly given as provided in the Declaration of Trust, and upon funds for payment of the Prepayment Price of such Series 2025 Certificates being held by the Trustee, on the Prepayment Date designated in such notice, the Series 2025 Certificates so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Series 2025 Certificates so called for prepayment will cease to accrue, said Series 2025 Certificates will cease to be entitled to any benefit or security under the Declaration of Trust, and the Owners of such Series 2025 Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price. All Series 2025 Certificates prepaid pursuant to the provisions of the Declaration of Trust will be cancelled upon surrender thereof and destroyed by the Trustee.

Book-Entry Only System

The following information above concerning DTC and DTC's book-entry 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 Trustee or the Underwriter. The City, the Trustee 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 Series 2025 Certificates are available in book-entry only form. Purchasers of the Series 2025 Certificates will not receive certificated securities representing their interests in the Series 2025 Certificates. Ownership interests in the Series 2025 Certificates 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 Series 2025 Certificates. The Series 2025 Certificates 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 Series 2025 Certificate will be issued for each maturity of the Series 2025 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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.

Purchases of Ownership Interests. Purchases of the Series 2025 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Certificate ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Certificates, except in the event that use of the book-entry system for the Series 2025 Certificates is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2025 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 Series 2025 Certificates may wish to take certain steps to

augment the transmission to them of notices of significant events with respect to the Series 2025 Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Series 2025 Certificate documents. For example, Beneficial Owners of the Series 2025 Certificates may wish to ascertain that the nominee holding the Series 2025 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices will be sent to DTC. If less than all of the Series 2025 Certificates within maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Certificates unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument 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 Series 2025 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, Prepayment Price and Interest. Prepayment proceeds, distributions, and dividend payments on the Series 2025 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as depository with respect to the Series 2025 Certificates at any time by giving reasonable notice to the City and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2025 Certificates are required to be printed and delivered. The Participants holding a majority position in the Outstanding Series 2025 Certificates may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, the Series 2025 Certificates will be printed and delivered.

Transfer Outside Book-Entry Only System

While the Series 2025 Certificates remain in book-entry form, transfers of ownership by Beneficial Owners may be made as described under the caption "**THE SERIES 2025 CERTIFICATES - Book-Entry Only System**" herein. In the event that DTC ceases to act as securities depository for the Series 2025 Certificates, transfers may be effected as described below.

Any Series 2025 Certificate may be transferred upon the books required to be kept by the Registrar under the Declaration of Trust, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2025 Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. The Trustee may also require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. If any Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such Owner sufficient to pay any governmental charge required to be

paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such Owner under the Declaration of Trust or under the Series 2025 Certificates.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2025 Certificates, but neither the failure to print such numbers on any Series 2025 Certificates, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Series 2025 Certificates.

ADDITIONAL CERTIFICATES

The Trustee may deliver Additional Certificates for any purpose specified in the Declaration of Trust, upon compliance with certain terms and conditions set forth in the Declaration of Trust. Any Additional Certificates will be equally and ratably secured by the Declaration of Trust on a parity with the Series 2025 Certificates, except that each series of Certificates, if secured by a reserve fund, is entitled to the benefits and security of a separate account in such reserve fund. Concurrently with the delivery of any such Additional Certificates, the Trustee and the City shall deliver an amendment to the Lease obligating the City to make payments of principal thereof and interest thereon in amounts and at times sufficient to provide for the timely payment of principal of and interest on such Additional Certificates. See the section captioned “**SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION OF TRUST – Additional Certificates**” in *Appendix C* to this Official Statement.

SECURITY FOR THE SERIES 2025 CERTIFICATES

Limited Obligations

Each Series 2025 Certificate evidences the undivided, proportionate interest of the Owner thereof in the right to receive Basic Rent Payments to be made by the City under the Lease. The Series 2025 Certificates are payable solely from the Basic Rent and other money and investments held by the Trustee under the Declaration of Trust.

The Series 2025 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. If the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then-current Fiscal Year. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then-current Fiscal Year, but failure to give such notice will not extend the term beyond such Fiscal Year. Upon termination of the Lease, the Series 2025 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or lease of the Trustee’s interest in the Leased Equipment pursuant to the Lease and the Declaration of Trust. The obligation of the City to pay Basic Rent and, thus, the Series 2025 Certificates, is limited to payment from Available Revenues (as defined below under the section captioned “**Available Revenues**”), will constitute a current expense of the City and will not be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, and will not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes or other revenues in order to make Basic Rent Payments.

Under the terms of the Lease, if the City elects to renew the Lease at the end of any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its Available Revenues, which appropriation must be sufficient to make the Basic Rent Payments coming due during the ensuing Fiscal Year. To provide for the timely payment of Basic Rent, the City has covenanted and agreed in the Lease to pay the Basic Rent Payments to the Trustee for deposit in the Lease Revenue Fund no later than the five (5) business days prior to each Basic Rent Payment Date (but only if the City elects to renew the Lease for each Renewal Term). **There can be no assurance that the City Council will appropriate funds for Basic Rent or renew the Lease for any subsequent Renewal Term. The City is not legally required to budget or appropriate money for any subsequent Fiscal Year beyond the then-current Fiscal Year for which such moneys have been appropriated for the payment of Basic Rent.**

To secure the payment of all of the City's obligations under the Lease, the City has granted, to the extent permitted by law, to the Trustee a security interest in the Leased Equipment and all additions, attachments, accessions thereto, substitutions therefor and proceeds therefrom.

Neither the Series 2025 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no obligation to make any payment with respect to the Series 2025 Certificates or the Lease.

Available Revenues; Sources of Payment

If the City appropriates funds to pay Basic Rent scheduled to become due under the Lease during any Renewal Term, the City is only obligated to pay such Basic Rent from lawfully Available Revenues. **"Available Revenues"** means amounts budgeted and appropriated by the City for such Fiscal Year plus any other funds of the City that are legally available to pay Basic Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

Although Basic Rent Payments due under the Lease distributable to Owners of the Series 2025 Certificates can be made from all Available Revenues of the City, it is the current intention of the City to satisfy its obligations to make Basic Rent Payments under the Lease from revenues generated by the City from its 1.00% General Sales Tax and certain revenues generated by the City's parks system. See also the section captioned **"FINANCIAL INFORMATION CONCERNING THE CITY"** in *Appendix A* to this Official Statement.

However, purchasers of the Series 2025 Certificates should be aware that such revenues, together with any other legally Available Revenues of the City, are not pledged to the payment of Basic Rent represented by the Series 2025 Certificates.

Nonappropriation

The Lease Term will continue into each succeeding Fiscal Year, at the option of the City, only if there is an appropriation made by the City from which to pay Basic Rent Payments and all other amounts payable by the City under the Lease during such Fiscal Year.

Upon the occurrence of an Event of Nonappropriation, the City's obligation to make Basic Rent Payments and other payments under the Lease will terminate as of the end of the last Fiscal Year for which the City has appropriated funds to make Basic Rent Payments. If an Event of Nonappropriation occurs, or upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may take possession of the Leased Equipment, in which event the City will take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee all of the City's interest in and to the Leased Equipment. The Trustee may then terminate the Lease and lease the Leased Equipment or sell its interest therein. Upon the occurrence of an Event of Default or upon the occurrence of an Event of Nonappropriation, the Trustee may declare all Rent payable by the City under the Lease to the end of the then-current Renewal Term to be due. See the sections captioned **"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Events of Default Defined"** and **"– Remedies on Default"** in *Appendix C* attached hereto and the section captioned **"RISK FACTORS"** herein.

THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR BASIC RENT PAYMENTS OR RENEW THE LEASE AFTER THE ORIGINAL LEASE TERM OR EACH RENEWAL TERM. NEITHER THE SERIES 2025 CERTIFICATES NOR THE LEASE CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE IS IN EFFECT. THE CITY IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS FOR ANY SUBSEQUENT FISCAL YEAR BEYOND THE CURRENT FISCAL YEAR.

The Leased Equipment

The Leased Equipment consists of the new bleachers and related equipment and apparatus that will be acquired and installed at the City's outdoor fairgrounds as part of the Project, to the extent funded in whole or in part with the proceeds of the Series 2025 Certificates (which does not include any interest in the underlying real property). See the section captioned **"PLAN OF FINANCING – The Leased Equipment"** herein. The Trustee and the City have agreed that the Leased Equipment is and will remain personal property. The Leased Equipment will not be deemed to be affixed to or a part of the real estate on or under which it may be situated, notwithstanding that the Leased Equipment or any part thereof may be or hereafter become in any manner physically affixed to, buried in or otherwise attached to such real estate or any building thereon. The Leased Equipment does not include any interests in real property.

Upon the occurrence of an Event of Default under the Lease, which includes an Event of Nonappropriation, the Trustee may terminate the Lease or, with or without terminating the Lease, retake possession of the Leased Equipment or require the City at the City's expense to promptly return any or all of such equipment to the possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease the Leased Equipment or, for the account of the City, sublease the Leased Equipment continuing to hold the City liable for the difference between (a) the Basic Rent Payments payable by the City under the Lease for the then-current Renewal Term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease). Exercise of the remedies available to the Trustee may interfere with the City's ability to use any real property on which the Leased Equipment is located. Because the Trustee will not have a lien on the underlying real estate, however, the Trustee will not be able to foreclose on any real estate interest or exercise any of the remedies normally available to a mortgage trustee under a deed of trust.

Due to the nature of the Leased Equipment (new bleachers and related equipment and apparatus acquired and installed with proceeds of the Series 2025 Certificates in connection with the Project), no assurance can be given that the Trustee could lease or sell its rights in the Leased Equipment for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Portions and Interest Portions of Basic Rent Payments then due with respect to the Series 2025 Certificates. Furthermore, no assurance can be given that the amount, if any, realized upon any sale or lease of the Leased Equipment will be available to provide for the payment of the Series 2025 Certificates on a timely basis.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The following is a discussion of certain risks that could affect the Basic Rent Payments and other payments to be made by the City with respect to the Lease and the Series 2025 Certificates. To identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement, including the appendices. Prospective purchasers of the Series 2025 Certificates should consider carefully all possible factors that may result in a default in the payment of the Principal Portion

or Interest Portion of Basic Rent Payments represented by the Series 2025 Certificates by the City under the Lease, the prepayment of the Series 2025 Certificates prior to maturity or the determination that the Interest Portion of the Basic Rent Payments represented by the Series 2025 Certificates might be deemed taxable for purposes of federal and State income taxation, or that may affect the market price or liquidity of the Series 2025 Certificates. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

Limited Obligations

The Series 2025 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. In the event the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Series 2025 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from the Trustee's sale or lease of the Leased Equipment pursuant to the Lease and the Declaration of Trust. The obligation of the City to pay Basic Rent and, thus, the Series 2025 Certificates, is limited to payment from Available Revenues, will constitute a current expense of the City and will not be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, and will not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments.

The City's obligations under the Lease to make Basic Rent Payments may be terminated on an annual basis by the City without any penalty, and there is no assurance that the City will budget funds for that purpose. Accordingly, the likelihood that there will be sufficient funds to pay the Series 2025 Certificates is dependent upon certain factors that are beyond the control of the Owners of the Series 2025 Certificates, including (a) the continuing need of the City for the Leased Equipment, (b) the ability of the City to generate sufficient revenues to pay Basic Rent and other obligations associated with the Lease and any other obligations of the City and (c) the ability of the Trustee to sell or lease the Leased Equipment to third parties, in the event of a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default.

Results of Nonappropriation

An "**Event of Nonappropriation**" occurs if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and other amounts reasonably anticipated to come due during the immediately following Fiscal Year. See the section "**SUMMARY OF CERTAIN PROVISIONS OF THE LEASE - Events of Default**" and "**-Remedies on Default**" in *Appendix C* to this Official Statement for a discussion of the results of an Event of Nonappropriation.

The Lease will expire by its terms at the end of each Renewal Term (which is the end of each Fiscal Year of the City), with the final Renewal Term ending on June 2, 2045*, unless the City in its sole discretion exercises the option provided in the Lease to extend its term for each next succeeding Renewal Term. If in any year the City does not extend the term of the Lease, the City's obligation to make payments will terminate at the end of the then current Renewal Term (which will be the end of the City's then current Fiscal Year).

Upon the occurrence of an Event of Default under the Lease, which includes an Event of Nonappropriation, the Trustee may terminate the Lease or, with or without terminating the Lease, enter onto the real property on which the Leased Equipment is located and retake possession of the Leased Equipment or

* Preliminary, subject to change.

require the City at the City's expense to promptly return any or all of such equipment to the possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease the Leased Equipment or, for the account of the City, sublease the Leased Equipment continuing to hold the City liable for the difference between (a) the Basic Rent Payments payable by the City under the Lease for the then current Renewal Term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease). Exercise of the remedies available to the Trustee may interfere with the City's ability to use the real estate or any facilities upon which the Leased Equipment is located. Because the Trustee will not have a lien on any underlying real estate, however, the Trustee will not be able to foreclose on any real estate interest or exercise any of the remedies normally available to a mortgage trustee under a deed of trust.

The Trustee and the City have agreed that the Leased Equipment is and will remain personal property. The Leased Equipment will not be deemed to be affixed to or a part of the real estate on or under which it may be situated, notwithstanding that the Leased Equipment or any part thereof may be or hereafter become in any manner physically affixed to, buried in or otherwise attached to such real estate. If necessary to protect the security interest of the Trustee and upon the request of the Trustee, the City will, at the City's expense, furnish a waiver of any interest in the Leased Equipment from any party having an interest in any such real estate. A UCC fixture filing will not be recorded in any real property records.

Because the Leased Equipment consists solely of the new bleachers and related equipment and apparatus to be installed at the City's outdoor fairgrounds, it may not be reasonably or easily removed or converted to alternative uses. A potential purchaser of the Series 2025 Certificates should not assume that it will be possible to sell or lease the Trustee's interest in the Leased Equipment after a termination of the Lease for an amount equal to the aggregate Principal Portion of the Basic Rent Payments represented by the Series 2025 Certificates then Outstanding plus the Interest Portion of the Basic Rent Payments represented by the Series 2025 Certificates accrued thereon.

Delays in Exercising Remedies

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

Further, the Leased Equipment is used by the City for the performance of its essential governmental functions. Due to the essential governmental use of the Leased Equipment, the nature of the Leased Equipment itself and the delays inherent in obtaining possession of the Leased Equipment and other judicial remedies, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Portions and Interest Portions of Basic Rent Payments with respect to the Series 2025 Certificates. The legal opinion to be provided with the delivery of the Series 2025 Certificates will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (a) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (b) general principles of equity, and (c) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all Outstanding Series 2025 Certificates and any Additional Certificates issued on a parity therewith in full, the Series 2025 Certificates and any such Additional Certificates would be paid in part on a *pro rata* basis. Any delays in the ability of the Trustee to obtain possession of the Leased Equipment will, of necessity, result in delays in any payment of Principal Portions and Interest Portions of Basic Rent Payments with respect to the Series 2025 Certificates.

Construction Risks

There can be no assurance that the actual costs of the Project will not exceed the funds available from the proceeds of the Series 2025 Certificates and other available funds of the City. Change orders and other contingencies such as weather conditions, labor conditions and difficulties in obtaining materials, may also cause the actual cost of completion to exceed available funds. Because the new bleachers and related equipment and apparatus being acquired and installed at the City's outdoor fairgrounds with proceeds of the Series 2025 Certificates (*i.e.*, the Leased Equipment) serves as collateral for the Series 2025 Certificates, the failure by the City to complete the Project would likely adversely affect the security for the Series 2025 Certificates and could increase the likelihood of nonappropriation of Basic Rent Payments by the City.

Damage or Destruction of the Leased Equipment

The Lease requires the Leased Equipment to be insured as described in **"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Insurance"** in *Appendix C*. If the Leased Equipment is damaged or destroyed and if the City determines that replacing, repairing, restoring, modifying or improving the Leased Equipment is desirable, the City shall proceed with replacing, repairing, restoring, modifying or improving the Leased Equipment damaged or destroyed so as to place said Leased Equipment in substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the City and as will not impair the utility of the Leased Equipment. The City and the Trustee will cause the Net Proceeds of any insurance claim to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease. If said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, restoration, modification or improvement, the City shall nonetheless complete the work thereof and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

If the City determines that replacing, repairing, restoring, modifying or improving the Leased Equipment is not practicable and desirable, then, in lieu of replacing, repairing, restoring, modifying or improving the Leased Equipment, the City shall promptly purchase the Leased Equipment by paying the Purchase Price to the Trustee and any Net Proceeds of casualty insurance received with respect to any such damage to or loss of the Leased Equipment shall be applied to such payment.

The City shall not, by reason of its inability to use all or any part of the Leased Equipment during any period in which the Leased Equipment is damaged or destroyed, or is being replaced, repaired, restored, modified or improved, or by reason of the payment of the costs of such replacing, repairing, restoring, modifying or improving, be entitled to any reimbursement from the Trustee or the Owners of the Series 2025 Certificates, or any abatement or diminution of the rentals payable by the City under the Lease.

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

Secondary Market Prices and Liquidity

The Series 2025 Certificates are not readily liquid, and no person should invest in the Series 2025 Certificates with funds such person may need to convert readily into cash. Owners of the Series 2025 Certificates should be prepared to hold their Certificates to the stated maturity date. The Underwriter will not be obligated to repurchase any of the Series 2025 Certificates, and no representation is made concerning the existence of any

secondary market for the Series 2025 Certificates. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2025 Certificates as no assurance can be given that the initial offering price for the Series 2025 Certificates will continue for any period of time.

No Credit Enhancement or Reserve Fund

No financial guaranty insurance policy, letter of credit or other credit enhancement or reserve fund will be issued to insure payment of the Principal Portion or Interest Portion of Basic Rent due with respect to the Series 2025 Certificates. Accordingly, any potential purchaser of the Series 2023 Certificates should consider the financial ability of the City to pay Basic Rent Payments under the Lease.

Lack of Ratings

The Series 2025 Certificates are not rated and no application will be made to obtain a rating on the Series 2025 Certificates.

Bankruptcy

In addition to the limitations on remedies contained in the Declaration of Trust and the Lease, the rights and remedies provided in the Declaration of Trust and the Lease may be limited by and are subject to (a) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, (b) the application of equitable principles, (c) the exercise of judicial discretion in appropriate cases and (d) limitations on legal remedies against public agencies in the State. The City, like all other political subdivisions within the State, is specifically authorized by State law to institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Series 2025 Certificates.

Amendment of the Declaration of Trust and the Lease

Certain amendments to the Declaration of Trust and the Lease may be made with the consent of the Owners of not less than a majority in principal amount of the Certificates then-Outstanding affected by such supplemental declarations of trust or supplemental leases. Such amendments, such as an amendment to the insurance requirements of the Lease, may adversely affect the security of the Owners of the Certificates.

Dilution of Security for the Series 2025 Certificates

The Declaration of Trust permits the delivery of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2025 Certificates. See the section captioned **"ADDITIONAL CERTIFICATES" in this Official Statement.** The delivery of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2025 Certificates may dilute the security for the Series 2025 Certificates by increasing payment obligations under the Declaration of Trust without a concomitant increase in the security for the Series 2025 Certificates.

Effects on Tax-Exemption of the Certificates Upon Termination of the Lease

Special Counsel is not rendering an opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Series 2025 Certificate subsequent to termination of the Lease for any reason (including an Event of Nonappropriation or an Event of Default). If the Lease is terminated while the Series 2025 Certificates are Outstanding, there is no assurance that the Series 2025 Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Special Counsel is not rendering an opinion with respect to the exclusion from gross income of the Interest Portion of Basic Rent distributable to Owners of the Series 2025 Certificates subsequent to the termination of the Lease for any reason (including an Event of Default or an Event of Nonappropriation under the Lease). If the Lease is terminated while the Series 2025 Certificates are Outstanding, there is no assurance that payments made to Owners of the Series 2025 Certificate after such termination with respect to interest will be excluded from gross income of the Owners thereof for federal or State income tax purposes.

Taxability

Special Counsel's opinions as to the exclusion of the Interest Portion of the Basic Rent Payments with respect to the Series 2025 Certificates from gross income for federal income tax purposes and other matters are not a guarantee of result and are not binding on the Internal Revenue Service (the "**IRS**"); rather, such opinions represent Special Counsel's legal judgment based upon its review of existing law. Also, events occurring subsequent to execution and delivery of the Series 2025 Certificates may require that the Interest Portion of the Basic Rent Payments represented by the Series 2025 Certificates be included in gross income for purposes of federal income taxation and not be exempt from income taxes imposed by the State. See the section captioned "**TAX MATTERS**" in this Official Statement.

The Series 2025 Certificates are not subject to prepayment, nor is the payment of any additional interest or penalties on the Series 2025 Certificates required, in the event of a determination by the IRS or a court of competent jurisdiction that the Interest Portion of the Basic Rent Payments paid or to be paid with respect to any Series 2025 Certificate is or will be included in the gross income of the Owner of a Series 2025 Certificate for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set forth in the Lease. Likewise, the Declaration of Trust does not require the prepayment of the Series 2025 Certificates or the payment of any additional interest or penalty on the Series 2025 Certificates if the Interest Portion of the Basic Rent Payments with respect to the Series 2025 Certificates loses its exemption from income taxes imposed by the State. In such circumstances, it may be that Owners would continue to hold their Series 2025 Certificates, receiving Principal Portions and Interest Portions as and when due, but would be required to pay federal and State income tax on each payment of the Interest Portion as received or accrued.

Special Counsel expresses no opinion as to the federal or State tax exemption of the Interest Portions on the Series 2025 Certificates in the event of payment thereof (a) if the City fails to budget and appropriate sufficient moneys to pay the Basic Rent Payments under the Lease or (b) the Lease terminates for any reason.

Risk of Audit

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. Owners of the Series 2025 Certificates are advised that, if an audit of the Series 2025 Certificates were commenced, the IRS, in accordance with its current published procedures, is likely to treat the City as the taxpayer, and the Owners of the Series 2025 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2025 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Prepayment

Any person who purchases a Series 2025 Certificate at a price in excess of its principal amount or who holds such Series 2025 Certificate trading at a price in excess of par should consider the fact that the Series 2025 Certificates are subject to prepayment prior to maturity at the Prepayment Prices described herein if the Series 2025 Certificates are prepaid prior to maturity. See the section captioned "**THE SERIES 2025 CERTIFICATES – Prepayment Provisions**" in this Official Statement.

Defeasance Risks

When all Certificates are deemed paid as provided in the Declaration of Trust (in *Appendix C*, see “**SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION OF TRUST – Discharge of Declaration of Trust**”), the Declaration of Trust will be released and terminated, and the Leased Equipment encumbered by the Lease as security for the Certificates will be released. Any Certificate shall be deemed paid when (a) payment of the Principal Portion of Basic Rent Payments evidenced by such Certificate and premium, if any, thereon and the Interest Portion of Basic Rent Payments payable with respect thereto whether such payment is by reason of the stated payment date or upon prepayment as provided in the Declaration of Trust either (i) has been made in accordance with the terms of such Certificate (determined assuming the City has appropriated funds to pay all Basic Rent Payments through the final Renewal Term of the Lease or through the Prepayment Date), or (ii) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (A) cash sufficient to make such payment and/or (B) Government Obligations, maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to such Certificate have been paid or the payment thereof provided for to the satisfaction of the Trustee. Government 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 one of the two highest rating categories by the rating agencies. There is no legal requirement in the Declaration of Trust or the Lease that Government Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Certificates defeased with Government Obligations to the extent the Government Obligations have a change or downgrade in rating.

Other Factors

Other factors, including but not limited to one or more of the following factors or events, could adversely affect the City’s operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Management.* Changes in key management personnel could affect the capability of the management of the City.
2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the City, including increased unemployment and inability to control expenses in periods of inflation, could adversely impact the City’s financial performance, including its tax revenues and other revenues.
3. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City’s financial performance.
4. *Natural Disasters.* The occurrence of natural disasters, such as floods, droughts, tornadoes or earthquakes, could damage the City’s facilities, interrupt services or otherwise impair operations of the City.
5. *Cybersecurity Risks.* It is possible that the City’s security measures may not prevent improper or unauthorized access or disclosure of information resulting from cyber-attacks. Cyber-attacks can create disruptions of the City and its services or unauthorized disclosure of confidential information. The City may incur significant costs to remediate possible injury to persons affected by any cyber-attack.

LEGAL MATERS

Legal matters with respect to the authorization, delivery and sale of the Series 2025 Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, as Special Counsel to the City, which opinion will be rendered in substantially the form set forth in **Appendix E** hereto. Gilmore & Bell, P.C., has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and certified public accountants, as referred to herein, and Special Counsel expresses no opinion as to the accuracy or sufficiency thereof.

The legal opinion to be delivered concurrently with the delivery of the Series 2025 Certificates 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 income tax consequences of holding and disposing of the Series 2025 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2025 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers) and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2025 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2025 Certificates.

Opinion of Special Counsel

In the opinion of Gilmore & Bell, P.C., as Special Counsel to the City (“**Special Counsel**”), under the law existing as of the date of delivery of the Series 2025 Certificates:

Federal and State of Missouri Tax Exemption. The Interest Portion of the Basic Rent Payments paid by the City under the Lease and distributed to the Owners of the Series 2025 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Portion of the Basic Rent Payments paid by the City under the Lease and distributed to the Owners of the Series 2025 Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The City’s obligation to pay Basic Rent Payments under the Lease is a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

Special Counsel's opinions are provided as of the date of delivery of the Series 2025 Certificates, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2025 Certificates in order that the Interest Portion be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion in gross income for federal and State of Missouri income tax purposes retroactive to the date of delivery of the Series 2025 Certificates. Special Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2025 Certificates but has reviewed the discussion under this section "TAX MATTERS."

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2025 Certificate over its issue price. The stated redemption price at maturity of a Series 2025 Certificate is the sum of all payments on the Series 2025 Certificate other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Certificate is generally the first price at which a substantial amount of the Series 2025 Certificates of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2025 Certificate during any accrual period generally equals (1) the issue price of that Series 2025 Certificate, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2025 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2025 Certificate during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2025 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2025 Certificate over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2025 Certificate is the sum of all payments on the Series 2025 Certificate other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Certificate is generally the first price at which a substantial amount of the Series 2025 Certificates of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt obligations amortizes over the term of the Series 2025 Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2025 Certificate 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 Series 2025 Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange, Legal Defeasance or Retirement of Series 2025 Certificates. Upon the sale, exchange, legal defeasance or retirement (including prepayment) of a Series 2025 Certificate, an owner of the Series 2025 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, legal defeasance or retirement of the Series 2025 Certificate (other than in respect of the accrued and unpaid Interest Portion) and such owner's adjusted tax basis in the Series 2025 Certificate. To the extent a Series 2025 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2025 Certificate has been held for more than 12 months at the time of sale, exchange, legal defeasance or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of Principal Portion, Interest Portion and prepayment premium paid on the Series 2025 Certificates, and to the proceeds paid on the sale of the Series 2025 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2025 Certificates should be aware that ownership of the Series 2025 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2025 Certificates. Special Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2025 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2025 Certificates, including the possible application of state, local, foreign and other tax laws.

Special Counsel notes that the Interest Portion of Basic Rent paid by the City and distributed to the Owners of the Series 2025 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

THE TRUSTEE

UMB Bank, N.A., Kansas City, Missouri, a national banking association duly organized and existing under the laws of the United States of America, will be the trustee under the Declaration of Trust, and the lessor under the Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Declaration of Trust or the Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2025 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Declaration of Trust, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Declaration of Trust or the Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either express or implied in the Series 2025 Certificates, the Declaration of Trust or the Lease, all such liability, if any, being expressly waived by the Owners of the Series 2025 Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Series 2025 Certificates. The Trustee and the Owner of any Series 2025 Certificate and any person claiming by, through or under the Trustee or the Owner of any Series 2025 Certificate may look solely to the Trust Estate described in the Declaration of Trust for payment of the interests evidenced by the Series 2025 Certificates.

CERTAIN RELATIONSHIPS

Gilmore & Bell, P.C., as Special Counsel to the City, has represented the Trustee in transactions unrelated to the delivery of the Series 2025 Certificates, but is not representing the Trustee in connection with the delivery of the Series 2025 Certificates.

MISCELLANEOUS

Underwriting

Central States Capital Markets, Prairie Village, Kansas (the “**Underwriter**”) has agreed to purchase the Series 2025 Certificates at a price equal to \$[] (representing the original principal amount of the Series 2025 Certificates, [plus] a[n] [net] original issue premium of \$[] less an underwriters’ discount of \$[]). The Underwriter is purchasing the Series 2025 Certificates from the Trustee for resale in the normal course of the Underwriter’s business activities. The Underwriter may sell certain of the Series 2025 Certificates 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 Series 2025 Certificates 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 Series 2025 Certificates to the public. The Underwriter may offer and sell Series 2025 Certificates to certain dealers (including dealers depositing Series 2025 Certificates into investment trusts) at prices lower than the public offering prices.

Municipal Advisor

McLiney And Company, a division of SAMCO Capital Markets, Inc., Mission, Kansas, is employed as Municipal Advisor to the City to render certain professional services, including advising the City on a plan of financing in connection with the issuance of the Series 2025 Certificates. The Municipal Advisor has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement.

Certification and Other Matters Regarding Official Statement

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2025 Certificates, the security for the payment of the Series 2025 Certificates and the rights of the Owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriter; following delivery of the Series 2025 Certificates, copies of such documents may be examined at the offices of the Trustee. The information contained in this Official Statement has been compiled from official and other sources that are deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. 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 information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City, the Trustee or the Underwriter and the purchasers or Owners of any Series 2025 Certificates.

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the City and the Trustee; however, the Trustee has made no warranty or representations regarding either the accuracy or sufficiency of any material contained herein. Neither the City nor the Trustee nor any of their officers, directors 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 under the Lease and the Declaration of Trust; and further, neither the City nor the Trustee nor their officers, directors or employees assume any duties, responsibilities or obligations in relation to the delivery of the Series 2025 Certificates other than those either expressly or by fair implication imposed on the City or the Trustee by the Lease and the Declaration of Trust.

The City has duly authorized the delivery of this Official Statement.

[Remainder of this page intentionally left blank.]

CITY OF PLEASANT HILL, MISSOURI

By: _____
Mayor

(THIS PAGE LEFT BLANK INTENTIONALLY)

APPENDIX A

**GENERAL, ECONOMIC AND FINANCIAL INFORMATION
FOR THE CITY OF PLEASANT HILL, MISSOURI**

(THIS PAGE LEFT BLANK INTENTIONALLY)

APPENDIX A

CITY OF PLEASANT HILL, MISSOURI

GENERAL, ECONOMIC AND FINANCIAL INFORMATION FOR THE CITY

TABLE OF CONTENTS

	<u>Page A-</u>
GENERAL AND ECONOMIC INFORMATION.....	1
Location and Size.....	1
Government and Organization.....	1
Risk Management	1
Services and Facilities.....	2
ECONOMIC INFORMATION CONCERNING THE CITY	3
Commerce, Industry and Employment	3
Population, Income and Housing.....	4
FINANCIAL INFORMATION CONCERNING THE CITY	6
Accounting, Budgeting and Auditing Procedures.....	6
Sources of Revenue for General Fund.....	7
Summary of General Fund Receipts, Expenditures and Fund Balances.....	8
Sales Tax Collections.....	8
Employee Retirement and Pension Plans.....	9
Other Postemployment Benefits	9
DEBT STRUCTURE OF THE CITY	10
Overview.....	10
Current Long-Term General Obligation Indebtedness	11
History of General Obligation Indebtedness.....	11
General Obligation Bond Debt Service Requirements	12
Overlapping General Obligation Indebtedness	13
Legal Debt Capacity	14
Other Long-Term Obligations of the City	14
PROPERTY TAX INFORMATION	16
Property Valuations	16
Property Tax Levies and Collections.....	17
Tax Abatement and Tax Increment Financing.....	18
Payment in Lieu of Taxes – PILOT Payments	18
Tax Rates	18
Tax Collection Record	20

(THIS PAGE LEFT BLANK INTENTIONALLY)

GENERAL AND ECONOMIC INFORMATION

Location and Size

The City of Pleasant Hill, Missouri (the “City”), is a special charter city and political subdivision organized and existing under the laws of the State of Missouri since 1859. The City, encompassing approximately eight square miles, is located on Missouri Highway 7 in Cass County, Missouri (“Cass County”), in the western portion of the State of Missouri, approximately 35 miles southeast of Kansas City, Missouri. A small portion of the City is located in Jackson County, Missouri (“Jackson County”). As of July 2023, the U.S. Census Bureau estimated the City’s population at 8,715.

Government and Organization

The City is governed by a mayor-council-administrator form of government and exercises powers of municipal government specifically granted by the State of Missouri. The City is governed by a City Council composed of four members, one of whom is elected at large, and three of whom are elected by precinct, for staggered two-year terms without restriction as to reelection. The Mayor is elected at large for a two-year term without restriction as to reelection. The Mayor presides over meetings of the City Council, but does not vote, except in the case of a tie. The City Council establishes utility and tax rates and authorizes all municipal indebtedness.

The City Council appoints a City Administrator who acts as the chief administrative officer of the City and serves at the pleasure of the City Council. The City Administrator is responsible to the City Council for administration of City policy, preparation of the annual budget, appointment of City employees and supervision of the City’s operating departments.

The City budget, prepared by the City Administrator after consultation with each department, is reviewed and adopted by the City Council. Tax rates are established by the City Council to support the budget adopted. As required by state law, the aggregate City budget may not include any expenditures in excess of anticipated revenues. The City’s fiscal year begins on April 1st and ends on March 31st.

The present Mayor and City Council and terms of office are as follows:

Name	Title	Current Term Began	Current Term Expires
John King	Mayor	April 2024	April 2026
Brenda Dummer	Councilwoman Precinct 20	April 2025	April 2027
Pat Niner	Councilwoman Precinct 21	April 2025	April 2027
Michelle Newberry	Councilwoman Precinct 22	April 2024	April 2026
Jackie Ralston-Emo	Councilwoman-at-Large	April 2024	April 2026

The City Administrator is Shelby Teufel, who has served as City Administrator since July 7, 2018. Prior to being appointed the City Administrator, Ms. Teufel had previously served as the City’s Assistant City Administrator/Finance Director. Ms. Teufel earned a Bachelor of Arts in Political Science degree from William Jewell College and a Masters of Public Administration degree from the University of Kansas. Prior to joining the City, Ms. Teufel worked for the cities of Olathe, Kansas and Liberty, Missouri.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers’ compensation; and natural disasters. The City has a member representative on MPR (formerly MARCIT), a nonprofit corporation consisting of governmental entities, incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the

City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in medical, dental, property, casualty, general liability, and workers' compensation insurance coverages. MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury STRIPS, U.S. governmental agency obligations, and collateralized mortgage obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during the year; and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment. MPR was not in a deficit situation during the past year. MPR's financial statements are presented in its Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

Services and Facilities

Municipal Utilities and Services. The City provides public safety services including fire, ambulance and police protection, maintenance of streets and sanitary sewer services. The City Police Department is comprised of the Chief of Police, 13 full-time officers and 1 part-time officer.

The Pleasant Hill Fire Protection District was formed in 2007 and covers approximately 101 square miles in the northeast portion of Cass County. The District provides emergency medical services, fire protection, fire prevention and educational services to approximately 20,000 persons in Cass County.

The City's water is supplied by both the Pleasant Hill Water Department and Public Water Supply District No. 5. The wastewater collection system is owned and operated by the City and the wastewater ultimately flows to the Middle Big Creek Wastewater Treatment Facility. Natural gas is supplied by Spire Energy and electricity is provided by Evergy.

The City oversees various parks and other recreational facilities, including fishing lakes, a recreation complex, swimming pool, community building and community garden. The City is the westernmost trailhead for the Rock Island Spur of the KATY Trail and is accessible for bicyclists and hikers.

Transportation and Communication Facilities. The City's close proximity to the metropolitan Kansas City area provides residents with a wide variety of transportation services, including water, air and rail transport. Lee's Summit Municipal Airport, located 23 miles away, has a 5,501 foot concrete runway and a 40,000 square foot heated hangar and a pilot lounge. For longer range air service, Kansas City International Airport is located 50 miles away.

Residents of the City have access to the area's major telephone service and internet service providers. The City, being part of the Kansas City metropolitan area, has access to all communication facilities of the area, including radio and television stations and cable television. The *Pleasant Hill Times* is a weekly newspaper published and circulated in the City.

Educational Institutions and Facilities. The Pleasant Hill R-III School District (the "School District") is comprised of three elementary schools, one middle school and one high school all located within the City limits and as of the 2022-2023 school year had an enrollment of 2,152 students. The Missouri Department of Elementary and Secondary Education ("DESE") administers the Missouri School Improvement Program, whereby school districts are evaluated in all areas of operation, including curriculum, facilities, teaching staff and administrative staff. The evaluation culminates with the placing of each district in one of three categories:

“accredited,” “provisionally accredited” or “unaccredited.” The School District has been awarded an “accredited” status. The classification is not a bond or debt rating, but solely an evaluation made by DESE.

The City’s residents also have easy access to the Kansas City metropolitan area’s fifteen colleges and universities, seven community colleges and numerous technical schools.

Medical and Health Facilities. Located 11 miles away in Harrisonville, Missouri, is the Cass Regional Medical Center, which also offers primary care at six family practice locations including the City. Another nearby healthcare resource is the Regional Medical Center in Belton, Missouri, a part of HCA Midwest Health network. In addition, residents also have access to several hospitals throughout the Kansas City Metropolitan Area which provide inpatient/outpatient facilities as well as a full range of diagnostic and therapeutic services.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce, Industry and Employment

Major Employers. Listed below are several major employers located in the City and the number employed by each:

City of Pleasant Hill, Missouri		
Employer	Type of Business	Number of Employees
Pleasant Hill School District	Educational institution	248
Pleasant Hill Health & Rehab	Nursing home	101
Price Chopper	Retail	95
ICF Industries	Sheet metal fabrication	83
National Weather Service	Radar / forecasting center	50
City of Pleasant Hill	Municipal government	48
Pleasant Hill Bank	Financial institution	31
Dogwood Energy Power Plant	Wholesale electricity	25

Residents have additional employment opportunities within Cass County and the Kansas City Metropolitan Area. Listed below are several major employers located in Cass County and the number employed by each:

Cass County, Missouri		
Employer	Type of Business	Number of Employees
Raymore-Peculiar School District	Public education	914
Wal-Mart Distribution Center	Distribution center	764
Belton School District	Public education	687
Quick ‘n Tasty	Retail	600
Cass Medical Center	Healthcare	470
Belton Regional Medical Center	Healthcare	360
Cass R-IX Schools	Public education	303
ADESA	Auto auction	250

Source: Kansas City Area Development Council for the City and Cass County.

Employment Data. The following table sets forth the average unemployment figures for the last five years for Cass County and the State of Missouri.

	2021	2022	2023	2024	2025 ⁽¹⁾
Cass County					
Average Total Labor Force	54,378	55,021	55,165	59,435	59,476
Average Unemployed	1,986	1,316	1,548	2,025	2,378
Average Unemployment Rate	3.7%	2.4%	2.8%	3.4%	4.0%
State of Missouri					
Average Total Labor Force	3,050,028	3,036,611	3,087,759	3,131,182	3,146,623
Average Unemployed	124,810	79,259	94,172	114,296	137,989
Average Unemployment Rate	4.1%	2.6%	3.0%	3.7%	4.4%

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

⁽¹⁾ Average of January 2025 through March 2025, the latest data available.

Population, Income and Housing

Population. Listed below are historical population figures for the City as compared to Cass County and the State of Missouri:

	1990	2000	2010	2020	2024
City of Pleasant Hill	3,827	5,517	8,113	8,777	8,715 ⁽¹⁾
Cass County	63,808	82,092	99,478	107,824	113,873
State of Missouri	5,117,073	5,595,211	5,988,927	6,154,913	6,245,466

Source: U.S. Census Bureau, Quick Facts; Missouri Census Data Center.

⁽¹⁾ Estimate for the City as of July 2023.

Population by Age. The following table shows the population by age categories for the City, Cass County and the State of Missouri:

Age	City of Pleasant Hill	Cass County	State of Missouri
under 5 years	365	6,238	359,915
5-19 years	1,966	22,095	1,187,955
20-24 years	775	5,857	402,879
25-44 years	2,273	27,202	1,596,432
45-64 years	1,993	28,893	1,541,871
65 and over	<u>1,481</u>	<u>19,108</u>	<u>1,079,129</u>
TOTAL	8,853	109,393	6,168,181
Median Age	35.6	40.1	38.9

Source: Missouri Census Data Center, American Community Survey, 5-year estimate (2019-2023).

Per Capita Personal Income. The following table presents per capita personal income⁽¹⁾ for Cass County and the State of Missouri for the years 2019 through 2022, the latest date for which information is available:

Year	Cass County Per Capita Personal Income	State of Missouri Per Capita Personal Income
2022	\$55,712	\$57,818
2021	54,169	56,073
2020	51,424	52,095
2019	48,493	48,401
2018	46,131	46,680

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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

Median Household Income. The following table presents the estimated median household income for the City, Cass County and the State of Missouri:

	Median Household Income
City of Pleasant Hill	\$94,840
Cass County	87,413
State of Missouri	68,920

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2019-2023).

Housing. The estimated median value of owner-occupied housing units in the City, Cass County and the State of Missouri was as follows:

	Number of Owner- Occupied Units	Median Home Value
City of Pleasant Hill	2,477	\$245,400
Cass County	32,111	269,000
State of Missouri	1,688,072	215,600

Source: Missouri Census Data Center, American Community Survey, 5-year estimates (2019-2023).

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City's government-wide financial statements are reported in accordance with the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, and the City's governmental fund financial statements are reported in accordance with the modified accrual basis of accounting, which are both accounting principles generally accepted in the United States as applied to government units, as more fully described in the notes to the City's audited financial statements for fiscal year ended March 31, 2024, attached as **Appendix B** to this Official Statement. The City, like other Missouri state and local governments, uses fund accounting to 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 Funds, as further described below:

Governmental Fund Types: Governmental funds are used to account for essentially the same functions reported as the governmental activities in the government-wide financial statements. The City reports the following major governmental funds:

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

Transportation Fund: The transportation fund is used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for the specified purpose of expanding and maintaining the local infrastructure.

Park Fund: The park fund is used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for the specified purpose of expanding and maintaining the local parks and other community areas.

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs other than bonds payable from the operations of the enterprise funds.

Capital Projects Funds: Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

ARPA Fund: The ARPA fund consists of funding received under the American Rescue Plan Act of 2021. As of March 31, 2024, these funds are considered unearned revenue.

Proprietary Funds: The City uses the proprietary fund to account for its combined water, sewer and trash operations.

Fiduciary Funds: The City uses a custodial fund to account for its Show Me Court municipal bond account. Custodial funds are used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds or private purpose trust funds.

The City is required by law to prepare an annual budget of estimated receipts and disbursements for the coming fiscal year. The budget committee submits to the City Council a proposed budget for the fiscal year commencing the following April 1.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. The audited financial statements for the

fiscal year ended March 31, 2024, attached as ***Appendix B*** to this Official Statement, have been prepared by Clifton Larson Allen LLP, Certified Public Accountants, Overland Park, Kansas. Prior year audit reports are on file with the City and are available for review.

Sources of Revenue for General Fund

The City finances its general operations through a local property tax levy, sales taxes, franchise taxes, charges for services, fines and fees and miscellaneous services. The City's sources of revenue in the General Fund for the four prior fiscal years ended March 31, 2021, through March 31, 2024, are as follows:

Source	2021		<u>Fiscal Years Ended March 31</u>				2024	
	Amount	%	2022 Amount	%	2023 Amount	%	Amount	%
Sales Tax	\$869,613	26.46%	\$913,978	30.58%	\$952,443	28.88%	\$939,662	25.38%
Property Tax	476,267	14.49	490,083	16.40	511,100	15.50	545,947	14.75
Other Tax	23,217	0.71	21,064	0.70	20,937	0.63	17,511	0.47
PILOT Payments	201,366	6.13	201,366	6.74	201,366	6.11	201,366	5.44
Franchise Fees	978,551	29.77	976,556	32.68	1,008,273	30.57	959,007	25.91
License and Permits	107,412	3.27	132,095	4.42	115,493	3.50	125,696	3.40
Intergovernmental Revenue	480,670	14.62	5,197	0.17	5,087	0.15	5,290	0.14
Fines and Court Costs	87,758	2.67	111,185	3.72	118,528	3.59	162,111	4.38
Insurance Rebates & Proceeds	4,783	0.15	57,381	1.92	113,519	3.44	70,083	1.89
Grants and Donations	39,190	1.19	62,601	2.09	63,999	1.94	62,923	1.70
Interest	8,705	0.26	2,700	0.09	81,672	2.48	478,141	12.92
Other	9,285	0.28	14,218	0.48	105,785	3.21	134,256	3.63
TOTAL REVENUES	\$3,286,817	100.00%	\$2,988,424	100.00%	\$3,298,202	100.00%	\$3,701,993	100.00%

Source: City's audited financial statements for fiscal years ended March 31, 2021, through March 31, 2024.

[Remainder of this page intentionally left blank.]

Summary of General Fund Receipts, Expenditures and Fund Balances

The following table sets forth the City's total revenues and expenditures and ending balance in the General Fund for the fiscal years ended March 31, 2020, through March 31, 2024:

	<u>Fiscal Years Ended March 31</u>				
	2020	2021	2022	2023	2024
REVENUES AND EXPENSES					
General Fund Revenues	\$2,790,483	\$3,286,817	\$2,988,424	\$3,298,202	\$3,701,993
General Fund Expenditures	<u>2,771,315</u>	<u>3,022,967</u>	<u>3,306,912</u>	<u>3,542,192</u>	<u>3,603,343</u>
Revenues Collected Over (Under) Expenses	\$19,168	\$263,850	\$(318,488)	\$(243,990)	\$98,650
OTHER FINANCING SOURCES (USES)					
Issuance of Lease	\$--	\$--	\$--	\$53,390	--
Transfers In	375,511	387,682	616,224	540,079	\$686,407
Transfers (Out)	<u>(252,265)</u>	<u>(183,575)</u>	<u>(290,475)</u>	<u>(106,916)</u>	<u>(105,728)</u>
Total Other Financing Sources (Uses)	\$123,246	\$204,107	\$325,749	\$486,553	\$580,649
NET CHANGE IN FUND BALANCES	\$142,414	\$467,957	\$7,261	\$242,563	\$679,299
BEGINNING GENERAL FUND BALANCE (April 1)	<u>\$1,774,880</u>	<u>\$1,917,294</u>	<u>\$2,385,251</u>	<u>\$2,390,383</u>	<u>\$2,706,811⁽²⁾</u>
ENDING GENERAL FUND BALANCE (March 31)	<u>\$1,917,294</u>	<u>\$2,385,251</u>	<u>\$2,392,512</u>	<u>\$2,632,946</u>	<u>\$3,386,110</u>

Source: City's audited financial statements for fiscal years ended March 31, 2020, through March 31, 2024.

⁽¹⁾ Accounts payable in the General Fund was previously misstated – to correct this issue, the beginning net position of the General Fund was restated, which resulted in a \$73,865 increase to the beginning fund balance for fiscal year ended March 31, 2024.

Sales Tax Collections

The following table sets forth the City's sales tax collection for the fiscal years ended March 31, 2020, through March 31, 2024:

Fiscal Year Ended March 31	General Fund (1.0%)	Capital Improvement (0.5%)	Park/Stormwater (0.5%)	Transportation (0.5%)	Pool Capital Improvement (0.25%)
2024	\$939,662	\$470,255	\$423,931	\$423,931	\$211,965
2023	952,443	475,799	426,660	426,665	213,287
2022	913,977	456,988	416,033	415,771	207,859
2021	869,613	434,807	395,782	395,784	197,874
2020	764,750	382,376	339,148	339,419	169,698

Source: City's audited financial statements for the fiscal years ended March 31, 2020, through 2024.

It is the current intention of the City to satisfy its obligations to make Basic Rent Payments under the Lease distributable to the Owners of the Series 2025 Certificates from revenues generated by its 1.00% General Sales Tax and certain revenues generated by the City's parks system. However, the City's obligation to make such Basic Rent Payments during any Renewal Term of the Lease is not limited to such revenues, and such revenues, or any other legally available revenues of the City, are not, and cannot be, pledged to the payment of Basic Rent Payments.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 (the “**2024 LAGERS Annual Financial Report**”) is available at <https://www.molagers.org/financial-reports>. The link to the 2024 LAGERS Annual Financial Report is provided for general background information only, and the information in the 2024 LAGERS Annual Financial Report is not incorporated by reference into this Official Statement. The 2024 LAGERS Annual Financial Report 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.

For information specific to the City’s participation in LAGERS, including the City’s past contributions, net pension liability, and pension expense, see *Note 9* to the City’s audited financial statements for fiscal year ended March 31, 2024, included in **Appendix B** to this Official Statement. For additional information regarding LAGERS, see the 2024 LAGERS Annual Financial Report.

Other Postemployment Benefits

In addition to pensions, many state and local governments, including the City, provide other postemployment benefits (“OPEB”) as part of the total compensation offered to attract and retain the services of qualified employees. For information specific to the City’s OPEB obligations, including the City’s past contributions relative to its required contributions, its assumptions as to future healthcare and other costs and its unfunded actuarial accrued liability, see *Note 10* to the City’s audited financial statements for fiscal year ended March 31, 2023, included in **Appendix B** to this Official Statement.

[Remainder of this page intentionally left blank.]

DEBT STRUCTURE OF THE CITY

Overview

The following table summarizes certain financial information concerning the City as of the date of issuance and delivery of the Series 2025 Certificates (June 18, 2025). This information should be reviewed in conjunction with the information contained in this section and the excerpts of the City's audited financial statements for fiscal year ended March 31, 2024, attached as *Appendix B* to this Official Statement.

2024 Assessed Valuation ⁽¹⁾	\$162,822,257
2024 Estimated Actual Valuation ⁽²⁾	\$745,698,195
Estimated Population (as of July 1, 2023) ⁽³⁾	8,715
Outstanding General Obligation Bonds (“ Direct GO Debt ”) ⁽⁴⁾	\$16,000,000
Outstanding Lease Obligations (“ Direct Leases ”) ⁽⁵⁾	<u>\$1,845,000*</u>
Total Direct GO Debt and Direct Leases.....	\$17,845,000*
Ratio of Direct GO Debt and Direct Leases to Assessed Valuation.....	10.96%*
Ratio of Direct GO Debt and Direct Leases to Estimated Actual Valuation.....	2.39%*
Per Capita Direct GO Debt and Direct Leases	\$2,047.62*
Overlapping General Obligation Debt (“ Indirect GO Debt ”) ⁽⁶⁾	<u>\$13,422,255</u>
Total Indirect GO Debt, Direct GO Debt and Direct Leases.....	\$31,267,255*
Ratio of Indirect GO Debt, Direct GO Debt and Direct Leases to Assessed Valuation.....	19.20%*
Ratio of Indirect GO Debt, Direct GO Debt and Direct Leases to Estimated Actual Valuation	4.19%*
Per Capita Indirect GO Debt, Direct GO Debt and Direct Leases.....	\$3,587.75*

⁽¹⁾ Includes the City's final 2024 real and personal property assessment as certified by the Cass County Clerk and the Jackson County Clerk. For further details see the section captioned “**PROPERTY TAX INFORMATION CONCERNING THE CITY**” herein.

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

⁽³⁾ U.S. Census Bureau, Quick Facts, estimated July 1, 2023, population of the City.

⁽⁴⁾ Reflects the total outstanding principal amount of the City's General Obligation Bonds, Series 2024 Bonds (\$16,000,000) as of the date of delivery of the Series 2025 Certificate (June 18, 2025). See also the section captioned “**Current Long-Term General Obligation Indebtedness**” herein.

⁽⁵⁾ Reflects (i) the outstanding aggregate principal amount of the Series 2025 Certificates (\$490,000*) being issued on June 18, 2025, and (ii) the outstanding principal amount of the City's Series 2019 Certificates (\$1,355,000) as of the date of issuance of the Series 2025 Certificates (June 18, 2025). See the section captioned “**Other Long-Term Obligations of the City**” herein.

⁽⁶⁾ For further details see the section captioned “**Overlapping General Obligation Indebtedness**” herein.

[Remainder of this page intentionally left blank.]

* Preliminary, subject to change.

Current Long-Term General Obligation Indebtedness

The following table sets forth all of the outstanding general obligation indebtedness of the City as of the date of issuance of the Series 2025 Certificates (June 18, 2025):

Category of Indebtedness	Date of Indebtedness	Principal Amount Issued	Principal Amount Outstanding
General Obligation Bonds, Series 2024	June 12, 2024	16,000,000	<u>16,000,000</u>
		TOTAL:	<u>\$16,000,000</u>

History of General Obligation Indebtedness

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

As of Fiscal Year Ended March 31	Total Outstanding Debt	Assessed Valuation ⁽¹⁾	Debt as Percentage of Assessed Value
2025	\$16,000,000	\$162,822,257	9.83%
2024	740,000	161,604,895	0.46
2023	1,470,000	139,576,510	1.05
2022	2,180,000	135,666,730	1.61
2021	2,855,000	129,436,000	2.21

Source: City's audited financial statements for fiscal years ended March 31, 2021, through March 31, 2024; assessed valuations of the City provided by the County Clerks of Cass County and Jackson County for calendar years 2020 through 2024.

⁽¹⁾ Reflects the assessed valuation of the City provided by the County Clerks of Cass County and Jackson County for the calendar year ended December 31, prior to the fiscal year shown.

[Remainder of this page intentionally left blank.]

General Obligation Bond Debt Service Requirements

The following table sets forth debt service requirements for all of the outstanding general obligation bonds of the City as of the date of issuance of the Series 2025 Certificates (June 18, 2025).

Fiscal Year Ending March 31	Outstanding Bonds		
	Principal	Interest	Total Debt Service
2026	\$305,000.00	\$661,625.00	\$966,625.00
2027	345,000.00	646,375.00	991,375.00
2028	390,000.00	629,125.00	1,019,125.00
2029	440,000.00	609,625.00	1,049,625.00
2030	485,000.00	587,625.00	1,072,625.00
2031	540,000.00	563,375.00	1,103,375.00
2032	595,000.00	541,775.00	1,136,775.00
2033	655,000.00	517,975.00	1,172,975.00
2034	720,000.00	491,775.00	1,211,775.00
2035	785,000.00	462,975.00	1,247,975.00
2036	855,000.00	431,575.00	1,286,575.00
2037	930,000.00	397,375.00	1,327,375.00
2038	1,005,000.00	360,175.00	1,365,175.00
2039	1,090,000.00	319,975.00	1,409,975.00
2040	1,175,000.00	276,375.00	1,451,375.00
2041	1,270,000.00	229,375.00	1,499,375.00
2042	1,365,000.00	178,575.00	1,543,575.00
2043	1,470,000.00	123,975.00	1,593,975.00
2044	1,580,000.00	65,175.00	1,645,175.00
TOTAL	\$16,000,000.00	\$8,094,825.00	\$24,094,825.00

[Remainder of this page intentionally left blank.]

Overlapping General Obligation Indebtedness

The following table sets forth overlapping general obligation indebtedness of political subdivisions with boundaries overlapping the City as of the date of the issuance of the Series 2025 Certificates (June 18, 2025), and the approximate percent attributable to the City (on the basis of 2024 assessed valuation) based on information furnished by the jurisdictions responsible for the debt. The City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or incurring of lease obligations since the date indicated, the amounts of which cannot be determined at this time.

Taxing Jurisdiction	Total Outstanding General Obligation Bond Indebtedness	Approx. Percent Applicable to City	Approx. Amount Applicable to City
Pleasant Hill R-III School District	\$18,255,000	67.9%	\$12,395,145
Cass County ⁽¹⁾	15,330,000	6.7	1,027,110
		TOTAL	<u>\$13,422,255</u>

Source: Bond Registration Reports of Missouri State Auditor; City’s audited financial statements for fiscal year ended March 31, 2024; most recent information available from the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system.

⁽¹⁾ Cass County’s outstanding obligations consist of general obligation bonds issued for the purpose of extending and improving streets, roadways and bridges in Cass County. Excluded are neighborhood improvement district bonds, which are general obligations of Cass County but are expected to be paid from special assessments against property within the neighborhood improvement districts and for which Cass County may not levy a general property tax without voter approval.

[Remainder of this page intentionally left blank.]

Legal Debt Capacity

Article VI, Sections 26(b) and 26(c) of the Constitution of Missouri, limits the net outstanding amount of authorized general obligation bonds for a city to 10 percent of the assessed valuation of the city. Article VI, Sections 26(d) and 26(e), however, provides that a city may, with the required voter approval, issue general obligation bonds in an amount not to exceed an additional 10 percent of assessed valuation for street, water system, sewer system and electric utility system improvements, provided 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 2024, the City's current legal debt margin is as follows:

Constitutional Debt Limit (20% of 2024 Assessed Valuation of \$162,822,257)	\$32,564,451
Less General Obligation Bonds Outstanding	<u>(16,000,000)⁽¹⁾</u>
Legal Debt Margin	<u>\$16,564,451</u>

⁽¹⁾ Includes the outstanding principal amount of the City's General Obligation Bonds, Series 2024 (\$16,000,000).

Other Long-Term Obligations of the City

Refunding Certificates of Participation, Series 2019. On October 8, 2019, the City delivered its Refunding Certificates of Participation (City of Pleasant Hill, Missouri, Lessee), Series 2019, in the original principal amount of \$2,055,000 (the "**Series 2019 Certificates**") for the purpose of refunding all of the outstanding Certificates of Participation (Swimming Pool Project), Series 2013, in the original principal amount of \$2,420,000 (the "**Refunded Certificates**") in order to achieve interest cost savings for the City. The Series 2019 Certificates represent proportionate, undivided interests of the owners thereof in basic rent payments to be paid by the City pursuant to an annually-renewable Lease Purchase Agreement dated as of October 1, 2019 (the "**2019 Lease**"), between Security Bank of Kansas City, as trustee and lessor, and the City, as lessee. The following schedule shows the remaining basic rent payments that are payable by the City under the 2019 Lease, which are subject to annual appropriation by the City Council, and that are distributable to owners of the Series 2019 Certificates.

Fiscal Year			
Ending	Principal	Interest	Total Basic Rent
<u>March 31</u>	<u>Portion</u>	<u>Portion</u>	<u>Payment</u>
2026	\$120,000.00	\$40,650.00	\$160,650.00
2027	125,000.00	37,050.00	162,050.00
2028	130,000.00	33,300.00	163,300.00
2029	135,000.00	29,400.00	164,400.00
2030	140,000.00	25,350.00	165,350.00
2031	140,000.00	21,150.00	161,150.00
2032	145,000.00	16,950.00	161,950.00
2033	145,000.00	12,600.00	157,600.00
2034	275,000.00	8,250.00	283,250.00
Total	\$1,355,000.00	\$224,700.00	\$1,579,700.00
(Less 06/01/2025 Pymt) ⁽¹⁾	--	(20,325.00)	(20,325.00)
TOTAL	\$1,355,000.00	\$204,375.00	\$1,559,375.00

⁽¹⁾ Reflects interest portion of rental payment previously paid by the City on June 1, 2025, during the City's current fiscal year ending March 31, 2026.

The City satisfies its obligations to make Basic Rent Payments during each fiscal year under the 2019 Lease from revenues generated by the City's 0.25% capital improvement sales tax, which was approved by voters of the City at an election held on April 2, 2013, with no automatic sunset, for the purpose of providing funds for capital improvements, including a municipal swimming pool. The City began collecting the tax on October 1, 2013. See also the section captioned **"FINANCIAL INFORMATION CONCERNING THE CITY - Sales Tax Collections"** in this *Appendix A*.

Certificates of Participation, Series 2025. The Certificates of Participation (City of Pleasant Hill, Missouri, Lessee), Series 2025 (the **"Series 2025 Certificates"**), will be issued and delivered on June 18, 2025, in the original principal amount of \$490,000* pursuant to a Declaration of Trust dated as of June 1, 2025, executed by UMB Bank, N.A., Kansas City, Missouri, as trustee (the **"Trustee"**). Proceeds received from the sale of the Series 2025 Certificates will be used to (1) pay costs of the Project (as further described in the Official Statement), and (2) pay costs of delivering the Series 2025 Certificates. The Series 2025 Certificates are payable from Basic Rent Payments paid by the City to the Trustee, pursuant to a Lease Purchase Agreement dated as of June 1, 2025 (the **"Lease"**), between Trustee, as lessor, and the City, as lessee, which Basic Rent Payments are subject to annual appropriation by the City Council of the City.

The table below reflects the scheduled Basic Rent Payments distributable to the Owners of the Series 2025 Certificates after the issuance of the Series 2025 Certificates.

Fiscal Year			
Ending	Principal	Interest	Total Basic Rent
<u>March 31</u>	<u>Portion*</u>	<u>Portion</u>	<u>Payment</u>
2026	--		
2027	\$15,000.00		
2028	15,000.00		
2029	15,000.00		
2030	20,000.00		
2031	20,000.00		
2032	20,000.00		
2033	20,000.00		
2034	20,000.00		
2035	20,000.00		
2036	25,000.00		
2037	25,000.00		
2038	25,000.00		
2039	25,000.00		
2040	30,000.00		
2041	30,000.00		
2042	30,000.00		
2043	30,000.00		
2044	35,000.00		
2045	35,000.00		
2046	35,000.00		
TOTAL	\$490,000.00*		

The City intends to apply revenues from its 1.00% General Sales Tax and certain revenues generated by the City's parks system to satisfy its obligations to pay the Basic Rent Payments under the Lease that are distributable to Owners of the Series 2025 Certificates. **However, such revenues, or any other legally available revenues of the City, are not pledged to the payment of the Basic Rent Payments scheduled to**

* Preliminary, subject to change.

become due under the Lease and distributable to the Owners of the Series 2025 Certificates. The City Council will decide on an annual basis whether to appropriate revenues generated from the City's 1.00% General Sales Tax, revenues generated by the City's parks system or other legally available revenues of the City to make Basic Rent Payments scheduled to become due under the Lease or whether to use other available funds of the City to make Basic Rent Payments scheduled to become due under the Lease. See also the section captioned "FINANCIAL INFORMATION CONCERNING THE CITY - Sales Tax Collections" in this *Appendix A*.

Revenue Bonds. The City has outstanding the following combined waterworks and sewerage system revenue bond obligations payable solely from the revenues generated by the operation of the City's combined waterworks and sewerage system:

Description of Revenue Bonds	Date of Issuance of Revenue Bonds	Principal Amount Outstanding
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2015A	12/09/2015	\$410,000
Combined Waterworks and Sewerage System Revenue Bonds, Series 2023	06/28/2023	2,000,000
Combined Waterworks and Sewerage System Revenue Bonds, Series 2024	12/19/2024	<u>2,625,000</u>
	TOTAL	\$5,035,000

PROPERTY TAX INFORMATION

Property Valuations

Assessment Procedure: All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that personal property be assessed at 33 1/3% of true value (except for a few subclasses of minimal value that are assessed at a lower percentage) and that real property be assessed at the following percentages of true value:

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

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

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

Current Assessed Valuation. The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessment for calendar year 2024 for property owned as of January 1, 2024 (after Board of Equalization adjustments).

<u>Type of Property</u>	<u>Total Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Total Estimated Actual Valuation</u>	<u>% of Actual Valuation</u>
Real Property:				
Residential	\$112,047,610	19.00%	\$589,724,263	79.08%
Agricultural	153,741	12.00%	1,281,175	0.17
Commercial ⁽¹⁾	<u>22,572,986</u>	32.00%	<u>70,540,581</u>	<u>9.46</u>
Total Real Property	\$134,774,337		\$661,546,019	88.71%
Personal Property ⁽¹⁾	<u>\$28,047,920</u>	33.33% ⁽²⁾	<u>\$84,152,175</u>	<u>11.29%</u>
TOTAL PROPERTY	<u>\$162,822,257</u>		<u>\$745,698,195</u>	<u>100.00%</u>

⁽¹⁾ Includes state assessed railroad and utility property.

⁽²⁾ Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See “Assessment Procedure” discussed above.

History of Property Valuations: The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the final notice of assessed valuation provided the County Clerks of Cass County and Jackson County in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2024	\$162,822,257	0.75%
2023	161,604,895	15.78 ⁽¹⁾
2022	139,576,510	2.88
2021	135,666,730	4.81
2020	129,436,000	1.89

Source: Cass County Clerk’s and Jackson County Clerk’s assessed valuation notices to the City.

⁽¹⁾ Large increase in assessed valuation is due to reassessment.

Property Tax Levies and Collections

Tax Collection Procedure: Property taxes are levied and collected for the City by the County, for which the County receives a collection fee of 2.5% of the gross tax collections made.

The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City’s debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than October 1 for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues

the tax statements on or about November 1. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time.

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

Tax Abatement and Tax Increment Financing

Under Missouri law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be “blighted.” The Land Clearance for Redevelopment Authority Law authorizes ten-year tax abatement pursuant to Sections 99.700 to 99.715, RSMo (the “**LCRA Law**”). In lieu of ten-year tax abatement, a redeveloper that is an urban redevelopment corporation formed pursuant to Chapter 353, RSMo (“**Chapter 353**”) may seek real property tax abatement for a total period of 25 years. Additionally, the Industrial Development Law, Chapter 100, RSMo (“**Chapter 100**”), authorizes real and personal property tax abatement for corporations for projects for industrial development. Currently, there is a tax abatement project located within the City. See *Note 12* to the City’s audited financial statements for fiscal year ended March 31, 2023, attached as *Appendix B* to this Official Statement for additional details regarding tax abatement projects located within the City.

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

Payment in Lieu of Taxes - PILOT Payments

Pursuant to a lease arrangement and related agreements entered into under Chapter 100 of the Revised Statutes of Missouri, the City receives payments in lieu of taxes (PILOTs) from Dogwood Energy, LLC relating to the Dogwood Energy Center, which is a natural gas combined cycle power generating plant located in the City.

The City received a scheduled PILOT payment of \$201,366 in the fiscal year ended March 31, 2024. During the fiscal year ended March 31, 2025, the City received a lump sum PILOT payment from Dogwood Energy, LLC in the amount of \$604,098 which covers all remaining PILOTs required to be paid by Dogwood Energy, LLC, through June 30, 2027.

Tax Rates

Debt Service Property Tax Levy. The City’s debt service property tax levy for the fiscal year ended March 31, 2025 (levied during the calendar year ended December 31, 2024), was \$0.5934 per \$100 of assessed valuation. Once indebtedness has been approved by the voters and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Other Property Tax Levies. Other than the debt service property tax levy, the City’s other property tax levies for the fiscal year ended March 31, 2025, which consisted of the City’s general fund property tax levy, the street fund property tax levy, the health fund property tax levy and the parks and recreation fund property tax levy (collectively, the “**operating tax levies**”), totaled \$0.5729 per \$100 of assessed valuation (levied by the City during the calendar year ended December 31, 2024). Any property taxes levied by the City for operations, such as the City’s operating tax levies, cannot exceed the “*tax rate ceiling*” for each such operating

tax levy for the current year without voter approval. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate (as adjusted pursuant to the provisions of the Hancock Amendment and SB 711, more fully explained below). The tax levy for debt service on the City’s general obligation bonds, such as the Bonds, is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City’s general fund property tax levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

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

In 2008, through the enactment of Senate Bill 711 (“**SB 711**”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a city’s *actual* operating tax levy if its current operating tax levy was less than its current operating tax levy *ceiling*, due to the city’s voluntary rollback from the maximum authorized operating tax levy. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a city’s *actual* operating tax levy, regardless of whether the operating tax levy is at the city’s operating tax levy *ceiling*. This further reduction is sometimes referred to as an “**SB 711 rollback**.” In non-reassessment years (even-numbered years), the operating tax levy may be increased to the city’s tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action. The City’s debt service fund property tax levy for general obligation bonds is exempt from the SB 711 rollback calculations.

The following table shows the City’s tax levies (per \$100 of assessed valuation) for each of the last five fiscal years ended March 31, 2021 through March 31, 2025:

Tax Year Ended December 31	Fiscal Year Ended March 31	General Fund	Street Fund	Parks and Recreation Fund	Health Fund	Debt Service Fund	Total Levy
2024	2025	\$0.3229	\$0.1210	\$0.0645	\$0.0645	\$0.5934	\$1.1663
2023	2024	0.3201	0.1199	0.0639	0.0639	0.5667	1.1345
2022	2023	0.3349	0.1255	0.0669	0.0669	0.5934	1.1876
2021	2022	0.3349	0.1255	0.0669	0.0669	0.5934	1.1876
2020	2021	0.3387	0.1269	0.0677	0.0677	0.5934	1.1944

Source: For the City’s fiscal years ended March 31, 2021 through 2025, the Missouri State Auditor Property Tax Rate Reports for calendar years 2020 through 2024.

Tax Collection Record

The following table sets forth tax collection information for the City for the fiscal years ended March 31, 2020, through 2024:

Tax Year Ended December 31	Fiscal Year Ended March 31	Total Levy (per \$100 of Assessed Value)	Assessed Valuation⁽¹⁾	Total Taxes Levied⁽²⁾	Current and Delinquent Taxes Collected⁽³⁾	
					Amount	%
2023	2024	\$1.1345	\$161,604,895	\$1,833,408	\$1,929,900	105.26%
2022	2023	1.1876	139,576,510	1,657,611	1,812,429	109.34
2021	2022	1.1876	135,666,730	1,611,178	1,732,591	107.54
2020	2021	1.1944	129,436,000	1,545,984	1,679,728	108.65
2019	2020	1.1944	127,032,557	1,517,277	1,575,019	103.81

Source: City's audited financial statements for fiscal years ended March 31, 2020, through March 31, 2024.

(1) The assessed valuation used is the assessed valuation of the City as adjusted through December 31 of the calendar year prior to the fiscal year shown.

(2) Total Taxes Levied is calculated by dividing assessed valuation by 100 and multiplying by the Total Levy.

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

* * *

APPENDIX B

**AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR
FOR THE FISCAL YEAR ENDED MARCH 31, 2024**

(THIS PAGE LEFT BLANK INTENTIONALLY)

CITY OF PLEASANT HILL, MISSOURI

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED MARCH 31, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**CITY OF PLEASANT HILL, MISSOURI
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2024**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	14
STATEMENT OF ACTIVITIES	16
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	17
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	19
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	21
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	23
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	24
STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUND	26
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUND	27
NOTES TO FINANCIAL STATEMENTS	28
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	59
BUDGETARY COMPARISON SCHEDULE – TRANSPORTATION FUND	60

**CITY OF PLEASANT HILL, MISSOURI
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2024**

BUDGETARY COMPARISON SCHEDULE – PARK FUND	61
SCHEDULE OF EMPLOYER’S PENSION CONTRIBUTIONS	62
SCHEDULE OF EMPLOYER’S SHARE OF NET PENSION LIABILITY (ASSET)	63
SCHEDULE OF CHANGES IN THE CITY’S OTHER POSTEMPLOYMENT BENEFITS AND RELATED RATIOS	64
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	65
OTHER SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	74
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	75
SCHEDULE OF LONG-TERM DEBT MATURITIES	76
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND (UNAUDITED)	77
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND (UNAUDITED)	78



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Pleasant Hill, Missouri
Pleasant Hill, Missouri

Report on the Audit of the Financial Statements

Opinions

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 Pleasant Hill, Missouri (the City), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill, as of March 31, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the *Audit of the Financial Statements* section of our report. We are required to be independent of the City of Pleasant Hill, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matters

As discussed in Note 1 to the financial statements, effective April 1, 2023, the City of Pleasant Hill adopted new accounting guidance for subscription-based information technology agreements (SBITAs). There was no material impact on the entity's net position or fund balance as a result of the adoption of the standard. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, the City restated beginning fund balance in the general, transportation, park, capital projects, and other governmental funds and beginning net positions for governmental and business type activities to correct error in previously issued financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pleasant Hill, Missouri's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Pleasant Hill, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pleasant Hill, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of employer's pension contributions and share of net pension liability, and the schedule of changes in the city's other postemployment benefits and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pleasant Hill, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of long-term debt maturities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and the schedule of long-term debt maturities 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 combining and individual nonmajor fund financial statements and the schedule of long-term debt maturities are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

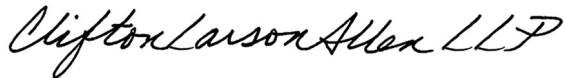
Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules for the debt service fund and capital projects fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Honorable Mayor and City Council Members
City of Pleasant Hill, Missouri

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2024, on our consideration of the City of Pleasant Hill, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 City of Pleasant Hill, Missouri's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Kansas City, Missouri
September 6, 2024

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PLEASANT HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

This section of the City of Pleasant Hill, Missouri's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on March 31, 2024. The management's discussion and analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2024) and the prior year (2023) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 include the following:

- The assets and deferred outflows of resources of the City of Pleasant Hill, Missouri, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28,686,998 of this amount, \$8,948,318 represents unrestricted net position and may be used to fund ongoing obligations.
- Total net position increased by \$3,277,731 which represents an increase of 13.02% over the prior year. Total long-term debt for the City of Pleasant Hill, Missouri, increased during the current fiscal year by \$820,340.
- As of the close of the 2024 fiscal year, the City of Pleasant Hill, Missouri's combined governmental fund balances totaled \$7,167,605. This is an increase from the previous fiscal year by \$1,108,132 after accounting for the prior period adjustment. Revenues for the year and unassigned balances from prior years of the City were sufficient to pay current debt obligations, capital outlay, and current operating expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Pleasant Hill, Missouri's basic financial statements. The City of Pleasant Hill, Missouri'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 required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City of Pleasant Hill, Missouri's assets, deferred outflows of resources liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time and in consideration of other factors from the notes to the financial statements, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Pleasant Hill, Missouri, is improving or deteriorating.

**CITY OF PLEASANT HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City of Pleasant Hill, Missouri, 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 Pleasant Hill, Missouri, include general government, public safety (police), transportation, codes, and recreation, among other departments. Business-type activities of the City of Pleasant Hill, Missouri, include trash, water, and sewer operations.

The government-wide financial statements can be found beginning on page 14 of this report.

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 Pleasant Hill, Missouri, 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 Pleasant Hill, Missouri, can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in 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 fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Pleasant Hill, Missouri, adopts an annual appropriated budget for its General Fund and other funds. The budgetary schedules for the general fund and major special revenue funds are included in the required supplementary section following the notes to the financial statements beginning on page 59.

**CITY OF PLEASANT HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

Proprietary Funds

The City of Pleasant Hill, Missouri, uses the Enterprise Fund to account for its combined water, sewer, and trash operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found beginning on page 21 of this report.

Fiduciary Funds

The City of Pleasant Hill, Missouri uses a custodial fund to account for its Show Me Court municipal bond account. Custodial Funds are used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Pleasant Hill, Missouri, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,686,988 at the close of the fiscal year. The largest portion of the City of Pleasant Hill's net position, 56.9%, reflects its investment in capital assets (land, buildings, machinery, equipment, infrastructure), less any outstanding debt and other liabilities used to acquire those assets.

The City of Pleasant Hill, Missouri, uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Pleasant Hill, Missouri'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.

**CITY OF PLEASANT HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**City of Pleasant Hill, Missouri
Statement of Net Position
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and Other Assets	\$ 7,645	\$ 7,857	\$ 3,694	\$ 1,241	\$ 11,339	\$ 9,098
Capital Assets	15,237	15,187	6,184	5,867	21,421	21,054
Right-to-Use Assets	41	57	-	-	41	57
Other Noncurrent Assets	1,250	2,169	43	153	1,293	2,322
Total Assets	24,173	25,270	9,921	7,261	34,094	32,531
Deferred Outflows of Resources	991	348	119	35	1,110	383
LIABILITIES						
Other Liabilities	1,542	2,870	880	984	2,422	3,854
Long-Term Liabilities	1,469	2,373	2,436	696	3,905	3,069
Total Liabilities	3,011	5,243	3,316	1,680	6,327	6,923
Deferred Inflows of Resources	176	727	14	277	190	1,004
NET POSITION						
Net Investment in						
Capital Assets	12,954	12,012	3,360	4,761	16,314	16,773
Restricted	3,142	3,794	283	378	3,425	4,172
Unrestricted	5,882	3,842	3,066	388	8,948	4,230
Total Net Position	\$ 21,978	\$ 19,648	\$ 6,709	\$ 5,527	\$ 28,687	\$ 25,175

**CITY OF PLEASANT HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**City of Pleasant Hill, Missouri
Statement of Changes in Net Position
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues:						
Charges for Services	\$ 758	\$ 778	\$ 5,354	\$ 4,685	\$ 6,112	\$ 5,463
Operating Grants and Contributions	1,563	585	-	-	1,563	585
Capital Grants and Contributions	86	5	-	-	86	5
General Revenues:						
Sales Tax	2,470	2,495	-	-	2,470	2,495
Property Tax	1,930	1,812	-	-	1,930	1,812
Other Taxes	508	487	-	-	508	487
PILOT Payments	201	201	-	-	201	201
Franchise Fees	959	1,008	-	-	959	1,008
Other Revenues	656	221	-	-	656	221
Total Revenues	9,131	7,592	5,354	4,685	14,485	12,277
EXPENSES						
Administration	2,271	1,684	-	-	2,271	1,684
Police	1,487	1,190	-	-	1,487	1,190
Codes	141	78	-	-	141	78
Transportation	999	779	-	-	999	779
Recreation	932	848	-	-	932	848
Other Governmental Activities	264	149	-	-	264	149
Governmental Debt Interest and Bond Issuance Costs	80	87	-	-	80	87
ARPA	193	155	-	-	193	155
Trash	-	-	638	617	638	617
Water	-	-	1,971	1,588	1,971	1,588
Sewer	-	-	2,230	2,056	2,230	2,056
Total Expenses	6,367	4,970	4,839	4,261	11,206	9,231
TRANSFERS	(551)	292	551	(292)	-	-
CHANGE IN NET POSITION	2,213	2,914	1,066	132	3,279	3,046
BEGINNING NET POSITION	19,648	16,734	5,527	4,809	25,175	21,543
RESTATEMENT	117	-	116	-	233	-
ENDING NET POSITION	<u>\$ 21,978</u>	<u>\$ 19,648</u>	<u>\$ 6,709</u>	<u>\$ 4,941</u>	<u>\$ 28,687</u>	<u>\$ 24,589</u>

**CITY OF PLEASANT HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities increased the City of Pleasant Hill, Missouri's net position by \$2,211,479 from current year activity and increased in business-type activities by \$1,066,252 from current year activity, therefore, leading to a total current-year increase of \$3,277,731 in total net position.

Governmental Activities

Total charges for services decreased by a total of approximately \$20,451. Total grants and contributions increased by a total of approximately \$977,910. Tax revenues had a slight increase in all categories.

Expenses in the governmental activities increased from the prior year with a total increase of approximately \$1,396,784.

Business-Type Activities

Total charges for services increased by a total of \$668,852. Total expenses increased approximately \$578,461.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The General Fund is the chief operating fund of the City of Pleasant Hill, Missouri. At the end of the current fiscal year, unassigned fund balance of the General Fund represented 94.32% of the General Fund \$3,551,863 fund balance. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total fund balance represents 94% of the total General Fund expenditures of \$3,603,343.

The total fund balance in the City of Pleasant Hill, Missouri's General Fund increased by \$679,299 for the current fiscal year as total revenues and other financial sources exceeded total expenditures and other financial uses.

The Transportation Fund has a total fund balance of \$1,428,424. The net increase of \$245,993 was primarily due to an increase in tax revenues.

The Park Fund has a total fund balance of \$163,928. The net increase of \$10,396 was due to the increase in tax revenues.

The Debt Service Fund has a total fund balance of \$587,180, which is an increase of \$173,605 from the prior year.

The Capital Projects Fund has a total fund balance of \$224,994. The net decrease of \$87,097 was due to the on-going capital projects at the City.

**CITY OF PLEASANT HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The ARPA Fund has a total fund balance of \$0. This is due to revenue being recognized when expenditures are used.

The other nonmajor funds have a combined fund balance of \$1,376,969, which is a decrease of \$31,372 from the prior year.

Proprietary Fund

The City of Pleasant Hill, Missouri's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the proprietary fund at the end of the year amounted to \$3,067,356. This is up from the previous year's amount of \$387,855. Total net position in this fund increased by \$1,066,252 from current year operations. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Pleasant Hill, Missouri's business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Pleasant Hill, Missouri's investment in capital assets for its governmental and business-type activities as of the end of the fiscal year was \$21,420,434 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and system improvements, machinery and equipment, park facilities, and roadway infrastructures.

The table listed below represents an approximate increase of \$1,423,000 from the previous year. This increase is attributable to fewer new capital projects at the City in the current year.

Additional information on the City's capital assets can be found in Note 6 of this report.

**City of Pleasant Hill, Missouri
Capital Assets
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,055	1,055	\$ 285	285	\$ 1,340	1,340
Construction in Progress	125	70	864	-	989	70
Equipment	2,635	2,527	409	457	3,044	2,984
Buildings and Land Improvements	9,197	9,197	-	-	9,197	9,197
Water and Sewer System	-	-	19,570	19,511	19,570	19,511
Infrastructure	12,577	12,018	-	-	12,577	12,018
Accumulated Depreciation	(10,351)	(9,679)	(14,943)	(14,386)	(25,294)	(24,065)
Total	<u>\$ 15,238</u>	<u>\$ 15,188</u>	<u>\$ 6,185</u>	<u>\$ 5,867</u>	<u>\$ 21,423</u>	<u>\$ 21,055</u>

**CITY OF PLEASANT HILL, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

**City of Pleasant Hill, Missouri
Outstanding Debt
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Finance Purchases	\$ 21	\$ 42	\$ -	\$ -	\$ 21	\$ 42
Lease Liabilities, Net	42	57	-	-	42	57
General Obligation Bonds	740	1,470	-	-	740	1,470
Revenue Bonds	-	-	755	1,090	755	1,090
2023 Sewer Bonds	-	-	2,000	-	2,000	-
Notes Payable	20	20	43	57	63	77
Certificates of Participation	1,480	1,600	-	-	1,480	1,600
Total	<u>\$ 2,303</u>	<u>\$ 3,189</u>	<u>\$ 2,798</u>	<u>\$ 1,147</u>	<u>\$ 5,102</u>	<u>\$ 4,336</u>

At the end of the current fiscal year, the City of Pleasant Hill, Missouri, had total long-term debt outstanding of \$5,081,624.

Additional information on the City's long-term debt can be found in Note 7 of this report.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND RATES

General Fund revenues for fiscal year 2025 are projected to total \$3,768,548. This represents a 5.70% decrease from the prior year revenue estimates. All fund total revenues excluding transfers is a 13.70% decrease over the prior year revenue estimates. The decrease is partially due to proceeds we received for the 2023 Water/Sewer Revenue bond in fiscal year 2024. An 8.4% growth in property tax is anticipated for this fiscal year, due to it being a reassessment year. Sales tax is projected to be 1% increase from fiscal year 2024. New residential construction is expected to continue, albeit not at the same rate as in past years due to the diminishing availability of platted but undeveloped lots. Residential construction has a positive impact on the Water/Sewer Fund, General Fund, and Excise Tax Fund, which receive fees from each new home construction. Many other revenue sources will remain the same over the prior year's budget.

General Fund budgeted expenditures are projected to total \$3,985,299 compared to \$3,437,554 budgeted in fiscal year 2024. The numbers above include transfers to other funds. This represents a 15.9% increase from the prior year beginning budget. The transfers out to other funds are projected to total \$95,000 as compared to a fiscal year 2024 expense projection of \$57,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Pleasant Hill, Missouri's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Pleasant Hill, Missouri, 203 Paul Street, Pleasant Hill, Missouri 64080.

CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF NET POSITION
MARCH 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,781,480	\$ 1,026,925	\$ 5,808,405
Receivables:			
Taxes	507,112	-	507,112
Unbilled Revenue	-	148,823	148,823
Receivables, Net	-	503,432	503,432
Internal Balances	313,642	(313,642)	-
Due from Other Governments	90,769	-	90,769
Prepaid Items	119,337	88,802	208,139
Restricted Assets:			
Cash and Cash Equivalents	1,619,005	2,239,499	3,858,504
Taxes Receivable	214,205	-	214,205
Capital Assets:			
Land	1,054,546	284,836	1,339,382
Construction in Progress	124,589	863,767	988,356
Equipment	2,634,482	408,602	3,043,084
Buildings and Land Improvements	9,197,196	-	9,197,196
Water and Sewer System	-	19,570,085	19,570,085
Infrastructure	12,577,276	-	12,577,276
Accumulated Depreciation	(10,351,494)	(14,943,451)	(25,294,945)
Right-to-Use Asset, Net of Accumulated Amortization	40,721	-	40,721
Net Pension Asset	1,249,798	43,127	1,292,925
Total Assets	<u>24,172,664</u>	<u>9,920,805</u>	<u>34,093,469</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources to be Recognized in Future Pension Expense	926,300	118,290	1,044,590
Resources to be Recognized in Future OPEB Expense	64,950	800	65,750
Total Deferred Outflows of Resources	<u>991,250</u>	<u>119,090</u>	<u>1,110,340</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 25,163,914</u>	 <u>\$ 10,039,895</u>	 <u>\$ 35,203,809</u>

See accompanying Notes to Financial Statements.

CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF NET POSITION (CONTINUED)
MARCH 31, 2024

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 151,972	\$ 218,170	\$ 370,142
Accrued Expenses	67,163	7,316	74,479
Accrued Interest Payable	28,359	7,418	35,777
Customer Deposits	1,400	239,499	240,899
Unearned Revenue	257,412	-	257,412
Lease Liability - Short-Term	10,313	-	10,313
Current Portion of Long-Term Debt	1,024,943	407,651	1,432,594
Total Current Liabilities	<u>1,541,562</u>	<u>880,054</u>	<u>2,421,616</u>
LONG-TERM LIABILITIES			
Total OPEB Liability	53,457	397	53,854
Lease Liability - Long-Term	31,556	-	31,556
Long-Term Debt, Net of Current Maturities	1,383,987	2,435,402	3,819,389
Total Long-Term Liabilities	<u>1,469,000</u>	<u>2,435,799</u>	<u>3,904,799</u>
Total Liabilities	3,010,562	3,315,853	6,326,415
DEFERRED INFLOWS OF RESOURCES			
Resources to be Recognized in Future OPEB Expense	96,401	1,408	97,809
Resources to be Recognized in Future Pension Expense	68,992	12,585	81,577
Deferred Gain on Refunding	11,020	-	11,020
Total Deferred Inflows of Resources	<u>176,413</u>	<u>13,993</u>	<u>190,406</u>
Total Liabilities and Deferred Inflows of Resources	3,186,975	3,329,846	6,516,821
NET POSITION			
Net Investment in Capital Assets	12,954,057	3,360,067	16,314,124
Restricted for:			
Court Bonds	611	-	611
Debt Service	558,821	-	558,821
Capital Projects	1,332,690	-	1,332,690
Customer Deposits	-	239,499	239,499
Net Pension Asset	1,249,798	43,127	1,292,925
Unrestricted	5,880,962	3,067,356	8,948,318
Total Net Position	<u>21,976,939</u>	<u>6,710,049</u>	<u>28,686,988</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 25,163,914</u>	<u>\$ 10,039,895</u>	<u>\$ 35,203,809</u>

See accompanying Notes to Financial Statements.

**CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2024**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
Administration	\$ 2,270,537	\$ 139,546	\$ 1,331,611	\$ -	\$ (799,380)	\$ -	\$ (799,380)
Police	1,486,238	147,066	12,078	-	(1,327,094)	-	(1,327,094)
Transportation	999,090	3,425	216,721	-	(778,944)	-	(778,944)
Codes	140,830	1,243	125	-	(139,462)	-	(139,462)
Recreation	932,446	252,713	-	85,805	(593,928)	-	(593,928)
Special Events	263,862	213,749	2,287	-	(47,826)	-	(47,826)
Debt Interest and Agent Fees	80,433	-	-	-	(80,433)	-	(80,433)
ARPA	193,234	-	-	-	(193,234)	-	(193,234)
Total Governmental Activities	<u>6,366,670</u>	<u>757,742</u>	<u>1,562,822</u>	<u>85,805</u>	<u>(3,960,301)</u>	<u>-</u>	<u>(3,960,301)</u>
Business-Type Activities:							
Trash	637,791	778,492	-	-	-	140,701	140,701
Water	1,971,393	2,162,300	-	-	-	190,907	190,907
Sewer	2,230,118	2,413,281	-	-	-	183,163	183,163
Total Business-Type Activities	<u>4,839,302</u>	<u>5,354,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>514,771</u>	<u>514,771</u>
Total Primary Government	<u>\$ 11,205,972</u>	<u>\$ 6,111,815</u>	<u>\$ 1,562,822</u>	<u>\$ 85,805</u>	<u>(3,960,301)</u>	<u>514,771</u>	<u>(3,445,530)</u>
GENERAL REVENUES AND TRANSFERS							
Taxes:							
Sales Tax					2,469,744	-	2,469,744
Property Tax					1,929,900	-	1,929,900
Fuel and Vehicle Tax					448,463	-	448,463
Other Tax					59,099	-	59,099
PILOT Payments					201,366	-	201,366
Franchise Fees					959,007	-	959,007
Interest and Investment Earnings					478,141	-	478,141
Insurance Rebates					70,083	-	70,083
Miscellaneous					107,458	-	107,458
Transfers In (Out)					(551,481)	551,481	-
Total General Revenues and Transfers					<u>6,171,780</u>	<u>551,481</u>	<u>6,723,261</u>
CHANGE IN NET POSITION					2,211,479	1,066,252	3,277,731
Net Position - Beginning of Year					19,648,151	5,527,154	25,175,305
Prior Period Adjustment					117,309	116,643	233,952
Net Position - Beginning of Year, as Restated					<u>19,765,460</u>	<u>5,643,797</u>	<u>25,409,257</u>
NET POSITION - END OF YEAR					<u>\$ 21,976,939</u>	<u>\$ 6,710,049</u>	<u>\$ 28,686,988</u>

See accompanying Notes to Financial Statements.

**CITY OF PLEASANT HILL, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2024**

	General Fund	Transportation Fund	Park Fund	ARPA Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS								
Cash and Cash Equivalents	\$ 2,800,812	\$ 1,245,911	\$ 167,411	\$ 280,056	\$ -	\$ -	\$ 287,290	\$ 4,781,480
Taxes Receivable	345,310	142,944	2,151	-	-	-	16,707	507,112
Due from Other Funds	344,417	-	-	-	-	-	-	344,417
Prepaid Items	60,713	46,407	10,084	-	-	-	2,133	119,337
Restricted Taxes Receivable	-	-	-	-	10,300	-	203,906	214,206
Restricted Grant Receivable	-	-	-	-	-	90,769	-	90,769
Restricted Cash and Cash Equivalents	611	-	-	-	576,880	165,000	876,514	1,619,005
Total Assets	<u>\$ 3,551,863</u>	<u>\$ 1,435,262</u>	<u>\$ 179,646</u>	<u>\$ 280,056</u>	<u>\$ 587,180</u>	<u>\$ 255,769</u>	<u>\$ 1,386,550</u>	<u>\$ 7,676,326</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Account Payable	\$ 108,096	\$ 5,567	\$ 7,952	\$ 22,644	\$ -	\$ -	\$ 9,112	\$ 153,371
Due to Other Funds	-	-	-	-	-	30,775	-	30,775
Unearned Revenue	-	-	-	257,412	-	-	-	257,412
Accrued Expenses	57,657	1,271	7,766	-	-	-	469	67,163
Total Liabilities	<u>165,753</u>	<u>6,838</u>	<u>15,718</u>	<u>280,056</u>	<u>-</u>	<u>30,775</u>	<u>9,581</u>	<u>508,721</u>
FUND BALANCES								
Nonspendable	60,713	46,407	10,084	-	-	-	2,133	119,337
Restricted	611	-	-	-	587,180	255,769	1,076,921	1,920,481
Assigned	131,124	1,382,017	153,844	-	-	-	297,915	1,964,900
Unassigned	3,193,662	-	-	-	-	(30,775)	-	3,162,887
Total Fund Balances	<u>3,386,110</u>	<u>1,428,424</u>	<u>163,928</u>	<u>-</u>	<u>587,180</u>	<u>224,994</u>	<u>1,376,969</u>	<u>7,167,605</u>
Total Liabilities and Fund Balances	<u>\$ 3,551,863</u>	<u>\$ 1,435,262</u>	<u>\$ 179,646</u>	<u>\$ 280,056</u>	<u>\$ 587,180</u>	<u>\$ 255,769</u>	<u>\$ 1,386,550</u>	<u>\$ 7,676,326</u>

See accompanying Notes to Financial Statements.

**CITY OF PLEASANT HILL, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2024**

Total Fund Balance - Total Governmental Funds	\$ 7,167,605
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,236,595
Right-to-Use Assets, net of accumulated amortization, used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.	40,721
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,312,239)
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(28,359)
Deferred Inflow of resources, related to the deferred gain on refunding, does not apply to the current period and, therefore, are not reported in the fund level financial statements.	(11,021)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund level financial statements.	(138,561)
The effects of GASB 75 to record the net postemployment benefit obligation and related deferred outflows of resources are not reflected in the fund financial statements.	
Total OPEB Liability	(53,457)
Deferred Outflows of Resources to be Recognized in Future OPEB Expense	64,950
Deferred Inflow of Resources to be Recognized in Future OPEB Expense	(96,401)
The effects of GASB 68 to record the net pension asset/liability and related deferred outflows of resources are not reflected in the fund financial statements.	
Net Pension Asset	1,249,798
Deferred Outflows of Resources to be Recognized in Future Pension Expense	926,300
Deferred Inflows of Resources to be Recognized in Future Pension Expense	(68,992)
Net Position of Governmental Activities	<u><u>\$ 21,976,939</u></u>

See accompanying Notes to Financial Statements.

CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2024

	General Fund	Transportation Fund	Park Fund	ARPA Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
REVENUES								
Sales Tax	\$ 939,662	\$ 423,931	\$ -	\$ -	\$ -	\$ -	\$ 1,106,151	\$ 2,469,744
Property Tax	545,947	204,031	108,318	-	962,865	-	108,739	1,929,900
Fuel and Vehicle Tax	-	448,463	-	-	-	-	-	448,463
Other Tax	17,511	7,463	-	-	-	-	34,125	59,099
PILOT Payments	201,366	-	-	-	-	-	-	201,366
Franchise Fees	959,007	-	-	-	-	-	-	959,007
License and Permits	125,696	-	9,294	-	-	-	1,243	136,233
Charges for Services	-	-	243,419	-	-	-	211,346	454,765
Intergovernmental Revenue	5,290	215,749	-	-	-	85,805	-	306,844
Fines and Court Costs	162,111	-	-	-	-	-	-	162,111
Insurance Rebates and Proceeds	70,083	-	-	-	-	-	-	70,083
Grants and Donations	62,923	5,225	0	1,233,485	-	-	4,815	1,306,448
Interest	478,141	-	-	-	-	-	-	478,141
Other	134,256	3,425	3,706	-	-	-	1	141,388
Total Revenues	3,701,993	1,308,287	364,737	1,233,485	962,865	85,805	1,466,420	9,123,592
EXPENDITURES								
Current:								
Administration	2,074,325	-	-	369,718	-	-	1	2,444,044
Police	1,511,672	-	-	-	-	-	-	1,511,672
Transportation	-	692,413	-	-	-	-	-	692,413
Codes	-	-	-	-	-	-	146,189	146,189
Recreation	-	-	710,626	-	-	-	3,118	713,744
Special Events	-	-	-	-	-	-	263,859	263,859
Capital Outlay	-	497,941	14,680	-	-	172,902	162,717	848,240
Debt Principal	17,346	-	-	-	850,000	-	20,392	887,738
Debt Interest and Agent Fees	-	-	-	-	71,360	-	2,028	73,388
Total Expenditures	3,603,343	1,190,354	725,306	369,718	921,360	172,902	598,304	7,581,287
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	98,650	117,933	(360,569)	863,767	41,505	(87,097)	868,116	1,542,305
OTHER FINANCING SOURCES (USES)								
Transfers In	686,407	175,700	385,600	-	168,000	-	57,200	1,472,907
Transfers Out	(105,758)	(47,640)	(14,635)	(863,767)	(35,900)	-	(956,688)	(2,024,388)
Total Other Financial Sources (Uses)	580,649	128,060	370,965	(863,767)	132,100	-	(899,488)	(551,481)
NET CHANGE IN FUND BALANCES	679,299	245,993	10,396	-	173,605	(87,097)	(31,372)	990,824
Fund Balance - Beginning of Year	2,632,946	1,171,775	144,530	-	413,575	298,168	1,398,478	6,059,472
Prior Period Adjustment	73,865	10,656	9,002	-	-	13,923	9,863	117,309
Total Beginning Fund Balance, As Restated	2,706,811	1,182,431	153,532	-	413,575	312,091	1,408,341	6,176,781
FUND BALANCE - END OF YEAR	<u>\$ 3,386,110</u>	<u>\$ 1,428,424</u>	<u>\$ 163,928</u>	<u>\$ -</u>	<u>\$ 587,180</u>	<u>\$ 224,994</u>	<u>\$ 1,376,969</u>	<u>\$ 7,167,605</u>

See accompanying Notes to Financial Statements.

CITY OF PLEASANT HILL, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 990,824
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense	
Capital Asset Additions	762,464
Capital Asset Adjustments	(2,401)
Current Year Depreciation	(712,256)
Current Year Amortization	(15,931)
The issuance of long-term debt (e.g., bonds, loans, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also governmental funds report the effect of issuance premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of Premium	2,069
Principal Payments	850,000
Financed Purchases	20,392
Lease Payments	17,346
Direct Financing	20,000
Current year net change in deferred gain on refunding	1,102
Accrued interest on long-term debt is not reflected in the fund financial statements, but recognized as an expenditure when paid.	(12,816)
Compensated absences in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(3,476)
Current year net change in other postemployment benefits (OPEB) obligation	20,545
Current year net change in other postemployment benefits (OPEB) deferred outflow	6,868
Current year net change in other postemployment benefits (OPEB) deferred inflow	(27,667)
Current year net change in deferred pension outflows	636,264
Current year net change in net pension asset/liability	(919,193)
Current year net change in deferred pension inflows	<u>577,345</u>
Change in Net Position of Governmental Activities	<u><u>\$ 2,211,479</u></u>

See accompanying Notes to Financial Statements.

CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2024

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,026,925
Prepaid Items	88,802
Receivables, Net of Allowance for Doubtful Accounts:	
Unbilled Revenue	148,823
Accounts	503,432
Total Current Assets	<u>1,767,982</u>

RESTRICTED ASSETS

Cash and Cash Equivalents	2,239,499
---------------------------	-----------

NONCURRENT ASSETS

Capital Assets:	
Land	284,836
Construction in Progress	863,767
Equipment	408,602
Water and Sewer System	19,570,085
Total	<u>21,127,290</u>
Less: Accumulated Depreciation	<u>(14,943,451)</u>
Total Capital Assets, Net	6,183,839
Net Pension Asset	43,127
Total Noncurrent Assets	<u>6,226,966</u>

Total Assets	10,234,447
--------------	------------

DEFERRED OUTFLOWS OF RESOURCES

Resources to be Recognized in Future Pension Expense	118,290
Resources to be Recognized in Future OPEB Expense	800
Total Deferred Outflows of Resources	<u>119,090</u>

Total Assets and Deferred Outflows of Resources	<u>\$ 10,353,537</u>
---	----------------------

See accompanying Notes to Financial Statements.

**CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
MARCH 31, 2024**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 218,170
Due to Other Funds	313,642
Accrued Expenses	7,316
Accrued Interest Payable	7,418
Customer Deposits	239,499
Current Portion of Long-Term Debt	407,651
Total Current Liabilities	<u>1,193,696</u>

NONCURRENT LIABILITIES

Net OPEB Liability	397
Long-Term Debt, Net of Current Portion	2,435,402
Total Noncurrent Liabilities	<u>2,435,799</u>

Total Liabilities	3,629,495
-------------------	-----------

DEFERRED INFLOWS OF RESOURCES

Resources to be Recognized in OPEB Expense	1,408
Resources to be Recognized in Future Pension Expense	12,585
Total Deferred Inflows of Resources	<u>13,993</u>

Total Liabilities and Deferred Inflows of Resources	<u>3,643,488</u>
---	------------------

NET POSITION

Net Investment in Capital Assets	3,360,067
Restricted for:	
Customer Deposits	239,499
Pension Asset	43,127
Unrestricted	3,067,356
Total Net Position	<u><u>\$ 6,710,049</u></u>

CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2024

OPERATING REVENUES

User Charges - Water	\$ 2,083,261
User Charges - Sewer	2,413,281
User Charges - Trash	778,492
Penalties	53,559
Miscellaneous	25,480
Total Operating Revenues	<u>5,354,073</u>

OPERATING EXPENSES

MBC Customer Fees	1,767,550
Water Pumping Expenses	850,965
Trash Collection Fees	639,159
Salaries	257,663
Payroll Taxes	18,796
Health and Life Insurance	41,872
Pension Expense	2,907
Supplies and Materials	39,747
Repairs and Maintenance	301,880
Insurance	22,015
Utilities	2,404
Professional Services	108,054
Depreciation and Amortization	582,263
Bad Debts	29,631
Other Expenses	102,347
Total Operating Expenses	<u>4,767,253</u>

OPERATING INCOME

586,820

NONOPERATING REVENUES (EXPENSES)

Transfers In	864,667
Transfers Out	(313,186)
Interest Expense	(72,049)
Total Nonoperating Revenues (Expenses)	<u>479,432</u>

CHANGE IN NET POSITION

1,066,252

Net Position - Beginning of Year	5,527,154
Prior Period Adjustment	116,643
Total Beginning Net Position, As Restated	<u>5,643,797</u>

NET POSITION - END OF YEAR

\$ 6,710,049

See accompanying Notes to Financial Statements.

**CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 5,276,610
Cash Payments for Materials and Services	(3,940,444)
Cash Payments to Personnel	<u>(371,569)</u>
Net Cash Provided by Operating Activities	964,597

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers from Other Funds	864,667
Transfers to Other Funds	<u>(313,186)</u>
Net Cash Provided by Noncapital Financing Activities	551,481

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash Paid for Acquisition and Construction of Capital Assets	(782,841)
Cash Received from New Long-Term Debt	2,059,671
Cash Paid for Interest on Long-Term Debt	(72,049)
Cash Paid for Principal Payments on Long-Term Debt	<u>(348,780)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>856,001</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

2,372,079

Cash and Cash Equivalents - Beginning of Year

894,345

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 3,266,424

See accompanying Notes to Financial Statements.

**CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2024**

ALLOCATION OF CASH AND CASH EQUIVALENTS

Unrestricted	\$ 1,026,925
Restricted	2,239,499
Total Allocation of Cash and Cash Equivalents	<u>\$ 3,266,424</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 586,820
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	582,263
Increase in Accounts Receivable	(90,969)
Increase in Prepaid Items	(74,008)
Decrease in Inventory	77,198
Increase in Net Pension Asset/Liability	109,470
Increase in Deferred Outflows Related to Net Pension Asset	(88,212)
Increase in Deferred Inflows Related to Net Pension Asset	(68,653)
Increase in Net OPEB Liability	(2,636)
Increase in Deferred Outflows Related to Net OPEB Liability	3,934
Increase in Deferred Inflows Related to Net OPEB Liability	(4,234)
Decrease in Accounts Payable	(93,765)
Decrease in Accrued Interest	(394)
Increase in Meter Deposits	13,900
Non-Cash Long-Term Additions	13,883
Total Adjustments	<u>377,777</u>
Net Cash Provided by Operating Activities	<u>\$ 964,597</u>

See accompanying Notes to Financial Statements.

**CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED MARCH 31, 2024**

	<u>Show Me</u>
ASSETS	
Cash and Cash Equivalents	\$ 18,816
LIABILITIES	
Accounts Payable	<u>18,816</u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

CITY OF PLEASANT HILL, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
MARCH 31, 2024

ADDITIONS	
Municipal Bond Revenue	\$ 35,902
DEDUCTIONS	
Municipal Bond Expense	<u>35,902</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	-
Fiduciary Net Position - Beginning of Year	<u>-</u>
FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Pleasant Hill, Missouri (the City) is a Special Charter City that operates under Missouri State Statutes and is governed by an elected city council and an elected mayor. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America 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 City of Pleasant Hill, Missouri provides a range of municipal services, including general government administration, police service, recreation, street maintenance, and contracts for waterworks and sewerage.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*; as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. For financial reporting purposes, the City includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the City.

Government-Wide Financial Statements

The statement of net position and statement of activities report information on the City as a whole. They include all funds of the City. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts 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 receipts. The City does not allocate indirect costs.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds, which should have a specific community focus.

The funds of the City are described below:

Governmental Fund Types

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

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Transportation Fund

The transportation fund is used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for the specified purpose of expanding and maintaining the local infrastructure.

Park Fund

The park fund is used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for the specified purpose of expanding and maintaining the local parks and other community areas.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs other than bonds payable from the operations of the enterprise funds.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

ARPA Fund

The ARPA fund consists of funding received under the American Rescue Plan Act of 2021. As of March 31, 2024, these funds are considered unearned revenue.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Proprietary Fund Type

The proprietary fund is used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income.

The water, trash, and sewer fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing water, trash, and sewer services on a continuing basis be financed or recovered primarily through user charges in which the periodic determination of net income or loss is deemed appropriate.

Fiduciary Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds. The City's Show Me fund was established after the Statewide Court Automation Fund was created in the Missouri treasury under a statewide mandate passed in September of 2021. All moneys collected by the City pursuant to section 488.027, as well as gifts, contributions, devises, bequests, and grants received relating to automation of judicial record keeping, and moneys received by the judicial system for the dissemination of information and sales of publications developed relating to automation of judicial record keeping, shall be credited to the fund.

Measurement Focus and Basis of Accounting

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

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues' availability period is generally considered to be one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and accrual basis. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to customers for sales and services. Operating expenses for the proprietary fund 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.

Cash and Investments

Cash consists of amounts in demand deposits, savings accounts, and money market accounts. The City considers all highly liquid investments maturing within three months to be cash equivalents. Cash balances are held in certificates of deposit as determined appropriate by management.

The City is authorized to invest in U.S. Treasury obligations, U.S. government agency securities and instruments of government-sponsored corporations, certificates of deposit at commercial banks and S & L associations and repurchase agreements. Investments are reported at fair value.

Prepays and Inventories

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. Prepaid expenses are accounted for using the consumption method.

Inventories, consisting of materials and supplies, are valued at lower of cost or market. Cost is determined using estimated replacement cost basis which approximates actual cost.

Receivables

The City of Pleasant Hill, Missouri recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided for possible uncollectible accounts.

Restricted Assets

Certain proceeds of special revenue funds and from the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

The City reports increases and decreases in net position that relate to future periods as deferred outflows/inflows of resources in a separate section of the government-wide and proprietary fund statements of net position. The City has several calculations related to its pension and OPEB plans that qualify for reporting in these categories.

Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. Under GASB Statement No. 34, small cities have the option to capitalize infrastructure purchased in previous years. The City of Pleasant Hill, Missouri has chosen not to capitalize existing infrastructure but will capitalize any future infrastructure that it acquires. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the City) are defined as assets with an individual cost of more than \$5,000 and an estimated useful life greater than one year. Donated fixed assets are valued at their estimated acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5 to 30 Years
Buildings and Land Improvements	7 to 50 Years
Infrastructure	10 to 50 Years
Water and Sewer System	10 to 50 Years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Leases

For lease contracts for which the City is the lessor, the City determines if an arrangement is a lease at inception. Leases in excess of 12 months are included in lease receivables and deferred inflows of resources in the statement of net position when the City is the lessor, and as right-to-use assets and lease liabilities when the City is the lessee.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Lessor

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the least term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required, and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

Lessee

Right-to-use assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Right-to-use assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the least term and certain direct costs. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the City will exercise that option.

The City accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to eliminate the price of such components, the City treats the components as a single lease unit.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All full-time employees and part-time employees working more than 1,040 hours per year shall be allowed annual vacation leave with pay. Vacation leave shall be granted on the basis of the employee's continuous employment tenure and whether the employee is classified as full-time or part-time. Employees are allowed to carry over accrued vacation time to the following calendar year. Employees are encouraged to make every attempt to utilize any leftover accrued vacation time in the following calendar year. However, there is not a maximum limit that an employee can carry over.

All full-time employees may accumulate sick leave up to a maximum of 480 hours. Upon retirement or termination in good standing, an employee may convert unused sick leave to vacation leave at the rate of eight hours sick leave to one-hour vacation leave.

In addition, employees can accumulate compensatory time off based on different factors. The maximum compensatory time can accumulate up to 30 hours and is payable upon termination from employment.

Unused vacation, sick, and compensatory pay as of March 31, 2024, is accrued as a liability for the proprietary fund and also on the government-wide statement of net position.

Long-Term Debt

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds and payments of debt as other financing sources and uses of the current period. Issuance costs are reported as expenditures.

Fund Equity

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net Investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net assets with constraints placed on the use either by external groups — such as creditors, granters, contributors, or laws and regulations of other governments — or through constitutional provision or enabling legislation. It is the City's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

Unrestricted net position does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), granters, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the council delegating this responsibility to the City administrator through the budgetary process.

Unassigned

This classification includes the residual fund balance for the general fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interfund Transactions

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets. Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

Adoption of New Accounting Standards

In May, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The City adopted the requirements of the guidance effective April 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard had no impact on the City of Pleasant Hill.

Subsequent Events

In fiscal year 2025, the City has an issuance of General Obligation Bonds, Series 2024 for the amount of \$16,000,000 that was dated June 12, 2024.

Prior Period Adjustment

In prior year, accounts payable in the governmental activities, business-type activities, major fund and the aggregate remaining funds was overstated due to not reversing out prior year accruals. The following increases to fund balance/net position correct this prior year overstatement of liabilities.

	Governmental Activities	Business-Type Activities and Enterprise Fund	General Fund	Transportation Fund	Park Fund	Capital Project Fund	Aggregate Remaining Fund
Fund Balance/Net Position, March 31, 2023	\$ 19,648,151	\$ 5,527,154	\$ 2,632,946	\$ 1,171,775	\$ 144,530	\$ 298,168	\$ 1,398,478
Correct Prior Year Payables and Fund Balance	117,309	116,643	73,865	10,656	9,002	13,923	9,863
Fund Balance/Net Position, March 31, 2023 as Restated	<u>\$ 19,765,460</u>	<u>\$ 5,643,797</u>	<u>\$ 2,706,811</u>	<u>\$ 1,182,431</u>	<u>\$ 153,532</u>	<u>\$ 312,091</u>	<u>\$ 1,408,341</u>

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2 RESTRICTED ASSETS

The revenue bond ordinance authorizing the revenue bond issue established certain deposit requirements for bond and interest sinking funds, reserve funds, and depreciation and replacement funds. At March 31, 2024, the required deposits had been met.

The proprietary fund's restricted assets are stated at cost and are composed of the following at March 31, 2024:

	Business-Type Activities
Meter Deposits	\$ 239,499
Net Pension Asset	43,127
	<u>\$ 282,626</u>

The governmental fund's restricted assets are stated at cost and are composed of the following at March 31, 2024:

	Governmental Activities
Court Bonds	\$ 611
Debt Service	587,180
Capital Projects	255,769
Non-Major Funds	1,080,420
Total	<u>\$ 1,923,980</u>

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 3 CASH AND INVESTMENTS

The City may purchase any investments allowed by the state treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (b) repurchase agreements maturing and becoming payable within 90 days secured by the U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

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

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and all cash and investments with an original maturity of three months or less. As of March 31, 2024, the City held \$9,659,073 at various banking institutions and had a book balance of \$9,510,582.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

Custodial Credit Risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City's policy is to collateralize bank deposits with securities held by the financial institution's agent and in the City's name. As of March 31, 2024, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of joint safekeeping receipts.

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer.

Fair Value Measurements – In determining fair value, the City uses various valuation approaches within GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. The City does not currently hold investments; therefore, the above measurement does not apply for the year ended March 31, 2024.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 4 RECEIVABLES

Taxes receivable include sales, property, and franchise taxes.

Accounts receivable in the proprietary fund reflect customer accounts receivable which have been billed by year-end and also for unbilled revenue for services rendered prior to year-end but billed in the next fiscal year.

As of March 31, 2024, the City had recorded an allowance for doubtful accounts totaling \$200,051.

NOTE 5 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The City has a member representative on MPR (formerly MARCIT), a nonprofit corporation consisting of governmental entities, incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation.

The City participates in medical, dental, property, casualty, general liability, and workers' compensation insurance coverages. MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury STRIPS, U.S. governmental agency obligations, and collateralized mortgage obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during the year; and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment. MPR was not in a deficit situation during the past year. MPR's financial statements are presented in its Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2024 was as follows:

<u>Governmental Activities</u>	April 1, 2023	Increases	Decreases	Balance March 31, 2024
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 69,917	\$ 54,672	\$ -	\$ 124,589
Land	1,055,046	-	500	1,054,546
Total Capital Assets, Not Being Depreciated	1,124,963	54,672	500	1,179,135
Capital Assets, Being Depreciated:				
Equipment	2,525,593	148,774	39,885	2,634,482
Building and Land Improvements	9,197,196	-	-	9,197,196
Infrastructure	12,018,258	559,018	-	12,577,276
Total Capital Assets, Being Depreciated	23,741,047	707,792	39,885	24,408,954
Less: Accumulated Depreciation for:				
Equipment	1,994,616	72,187	39,885	2,026,918
Building and Land Improvements	4,512,628	279,745	-	4,792,373
Infrastructure	3,171,879	360,324	-	3,532,203
Total Accumulated Depreciation	9,679,123	712,256	39,885	10,351,494
Governmental Activities, Capital Assets, Net	<u>\$ 15,186,887</u>	<u>\$ 50,208</u>	<u>\$ 500</u>	<u>\$ 15,236,595</u>
Intangible Right-to-Use Assets:				
Leased Equipment	\$ 104,114	\$ -	\$ 50,724	\$ 53,390
Less: Accumulated Amortization	47,461	15,931	50,723	12,669
Net intangible Right-to-Use Assets	<u>\$ 56,653</u>	<u>\$ (15,931)</u>	<u>\$ 101,447</u>	<u>\$ 40,721</u>

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 6 CAPITAL ASSETS (CONTINUED)

<u>Business-Type Activities</u>	Balance April 1, 2023	Increases	Decreases	Balance March 31, 2024
Capital Assets, Not Being Depreciated:				
Land	\$ 284,836	\$ -	\$ -	\$ 284,836
Construction in Progress	-	863,767	-	863,767
Capital Assets, Being Depreciated:				
Equipment	457,297	-	48,695	408,602
Water and Sewer System	19,510,658	84,412	24,985	19,570,085
Total Capital Assets, Being Depreciated	19,967,955	84,412	73,680	19,978,687
Less: Accumulated Depreciation for:				
Building and Equipment	241,697	16,155	-	257,852
Water and Sewer System	14,144,475	566,109	24,985	14,685,599
Total Accumulated Depreciation	14,386,172	582,264	24,985	14,943,451
Business-Type Activities, Capital Assets, Net	<u>\$ 5,866,619</u>	<u>\$ (497,852)</u>	<u>\$ 98,665</u>	<u>\$ 6,183,839</u>

The following table summarizes the depreciation by function for the year ended March 31, 2024:

	Governmental Activities	Business-Type Activities
Administration	\$ 76,511	\$ -
Police	73,114	-
Recreation	375,096	-
Transportation	187,535	-
Water	-	263,729
Sewer	-	318,535
Total	<u>\$ 712,256</u>	<u>\$ 582,264</u>

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 7 LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended March 31, 2024 consisted of the following:

<u>Governmental Activities</u>	April 1, 2023	Additions	Retirements	Balance March 31, 2024	Due in One Year
Financed Purchase - Wheel Loader	\$ 23,720	\$ -	\$ 11,579	\$ 12,141	\$ 12,142
Financed Purchase - Track Loader	10,965	-	5,353	5,612	5,612
Financed Purchase- Skid Steer	7,089	-	3,460	3,629	3,629
2015 G.O. Refunding Bonds	1,470,000	-	730,000	740,000	740,000
2019 Certificates of Participation	1,600,000	-	120,000	1,480,000	125,000
2019 Premium on COP Issue	31,056	-	2,069	28,987	-
Direct Financing	20,000	-	20,000	-	-
Lease Liability	57,316	-	15,447	41,869	10,312
Compensated Absences	135,085	3,476	-	138,561	138,561
Total	<u>\$ 3,355,231</u>	<u>\$ 3,476</u>	<u>\$ 907,908</u>	<u>\$ 2,450,799</u>	<u>\$ 1,035,256</u>

Lease Liabilities

In 2023, the City entered into a 60 month lease for the use of a copier. The lease agreement requires monthly payments of \$980, with a 4% interest rate.

At March 31, 2024, the City had \$53,390 of assets under leases with related accumulated amortization of \$12,669.

Compensated Absences

Compensated absences are payable upon separation from employment which could occur at any time and are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

General:

Administration	\$ 40,144
Police	52,079
Dispatch	5,406
Community Development	8,082
Buildings	4,094
Court	3,027
Codes	4,570
Recreation	4,067
Transportation	17,092
Total	<u>\$ 138,561</u>

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

GO Refunding Bonds

On December 9, 2015, the City issued General Obligation Refunding Bonds in the original amount of \$6,455,000.

The bonds require annual principal payments and semi-annual interest payments at a rate of 1.95% until maturity in 2025.

\$ 740,000

Financed Purchases

On October 14, 2019, the City refinanced a lease-purchase agreement with Bell Bank in the amount of \$68,066 for the purchase of a wheel loader. The agreement requires six annual payments of \$12,730 starting October 14, 2019, including interest at 4.75%.

12,142

On October 14, 2019, the City refinanced a lease-purchase agreement with Bell Bank in the amount of \$31,467 for the purchase of a compact track loader. The agreement requires six annual payments of \$5,885 starting October 14, 2019, including interest at 4.75%.

5,612

On October 14, 2019, the City refinanced a lease-purchase agreement with Bell Bank in the amount of \$20,343 for the purchase of a skid steer loader. The agreement requires six annual payments of \$3,805 starting October 14, 2019, including interest at 4.75%.

3,629

Certificates of Participation

On September 23, 2019, the City issued Refunding Certificates of Participation in the amount of \$2,055,000 for the purpose of refunding the original certificates of participation used for pool improvements. The certificates require annual payments of principal and interest at 3.0%

1,480,000

Total

\$ 2,241,383

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Business-Type Activities

Changes in the debt for the year ended March 31, 2024 consisted of the following:

<u>Business-Type Activities</u>	Balance April 1, 2023	Additions	Retirements	Balance March 31, 2024	Due in One Year
2015 Refunding Revenue Bonds	\$ 1,090,000	\$ -	\$ 335,000	\$ 755,000	\$ 345,000
Revenue Bonds - Discount	(41,640)	-	(13,880)	(27,760)	-
Direct Financing	57,153	-	13,780	43,373	43,373
2023 Water Sewer Bond	-	2,000,000	-	2,000,000	-
2023 Water Sewer Bond Premium	-	53,159	-	53,159	-
Compensated Absences	12,765	6,513	-	19,278	19,278
Total	<u>\$ 1,118,278</u>	<u>\$ 2,059,672</u>	<u>\$ 334,900</u>	<u>\$ 2,843,050</u>	<u>\$ 407,651</u>

Compensated Absences

Compensated absences are payable upon separation from employment which could occur at any time and are, therefore, considered payable within one year and are liquidated by the department responsible for generating the liability. The liability is allocated to each department as follows:

Water	\$ 17,838
Sewer	1,440
Total	<u>\$ 19,278</u>

Revenue Bonds

On December 9, 2015, the City issued Revenue Refunding Bonds in the original amount of \$3,445,000. The bonds require annual principal payments and semiannual interest payments at a rate of 2.15% until maturity in 2025.

\$ 755,000

Notes Payable

During June 2018, the City entered into a note payable agreement with the local school district for \$92,794 to reimburse the district for overpayment on their water billing. Payments on the note will come as a credit to the districts water account in the amount of each years current water charges. Credit on the districts account will continue until June 2023 when the remaining balance of the note becomes due.

\$ 43,373

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Water & Sewer Bonds

On June 28, 2023, the City issued Waterworks & Sewerage System Revenue Bonds in the original amount of \$2,000,000. The bonds require annual principal and interest payments at a rate of 5% until maturity in 2044.

\$ 2,000,000

Maturity Table

Aggregate annual principal payments and debt service requirements are as follows:

Year Ending March 31,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2025	\$ 896,694	\$ 59,440	\$ 388,373	\$ 16,233	\$ 1,360,740
2026	130,732	39,878	410,000	8,815	589,425
2027	136,170	35,765	75,000	1,875	248,810
2028	139,655	31,495	75,000	1,875	248,025
2029	135,000	29,375	80,000	2,000	246,375
2030 - 2034	845,000	33,825	460,000	9,200	1,348,025
2035 - 2039	-	-	575,000	11,500	586,500
2040 - 2044	-	-	735,000	14,700	749,700
Total	<u>\$ 2,283,251</u>	<u>\$ 229,778</u>	<u>\$ 2,798,373</u>	<u>\$ 66,198</u>	<u>\$ 5,377,600</u>

NOTE 8 INTERFUND TRANSACTIONS

Transfers Out	Transfers In						Total
	General	Transportation	Park	Debt Service	Nonmajor Funds	Proprietary	
General	\$ 41,358	\$ 700	\$ 5,600	\$ -	\$ 57,200	\$ 900	\$ 105,758
Transportation	47,640	-	-	-	-	-	47,640
Park	14,635	-	-	-	-	-	14,635
Debt Service	35,900	-	-	-	-	-	35,900
ARPA	-	-	-	-	-	863,767	863,767
Nonmajor Funds	233,688	175,000	380,000	168,000	-	-	956,688
Proprietary	313,186	-	-	-	-	-	313,186
Total	<u>\$ 686,407</u>	<u>\$ 175,700</u>	<u>\$ 385,600</u>	<u>\$ 168,000</u>	<u>\$ 57,200</u>	<u>\$ 864,667</u>	<u>\$ 2,337,574</u>

Transfers are used to move ARPA money where revenues are being spent, debt service for principal payments, operations programs to fund applicable programs, capital expenditures, and to reimburse operation costs.

NOTE 9 RETIREMENT PLAN

Plan Description

The City of Pleasant Hill, Missouri contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiemployer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. LAGERS was established in 1967 and is administered in accordance with RSMo 70.600-70.755. LAGERS serves approximately 668 local participating employers. These participating employers include 806 political subdivisions of the state during the plan year ended June 30, 2023.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 9 RETIREMENT PLAN (CONTINUED)

Responsibility for the operation and administration of the plan is vested in the LAGERS board of trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system, and one trustee is appointed by the governor. The regular term of office for members of the LAGERS board of trustees is four years. Members of the LAGERS board of trustees serve without compensation with respect to their duties but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

Plan Description (Continued)

For the City's year ended March 31, 2024, the net pension liability is based on an actuarial valuation performed as of February 29, 2023, and a measurement date of June 30, 2023.

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 five years of credited service. Employees who retire on or after age 60 (55 for police and fire) with five 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 five years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

Benefit terms provide for annual postretirement 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.

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 contribute 0% of their gross pay to the pension plan. Employer contribution rates are 19.4% (General), 8.0% (Police), and 17.1% (Fire) of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2023.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The pension liability for the June 30, 2023 measurement date was determined using the following actuarial assumptions applied to the measurement:

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	Multiple Bases from 8 to 15 Years – General Multiple Bases from 8 to 15 Years – Police Multiple Bases from 8 to 15 Years – Fire
Asset Valuation Method	Five-Year Smoothed Market; 20% Corridor
Inflation	2.75% Wage Inflation; 2.25% Price Inflation
Salary Increases	2.75% to 6.75% (6.55% for Police, 7.15% for Fire) Including Wage Inflation
Investment Rate of Return	7.00%, 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, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PUBNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PUBG-2010 Employee Mortality Table for males and females of General groups and 75% of the PUBS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other Information	None.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Target Allocation

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	39.00 %	4.16 %
Fixed Income	28.00	0.89
Real Assets	33.00	2.09

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting single discount rate is 7.00% for General, 7.00% for Police and 7.00% for Fire.

Pension Liability (Asset) Sensitivity

The following table presents the net pension (asset) liability for the City's proportionate share of the net pension (asset) liability as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the pension plan's net pension (asset) liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1.00% Decrease	Current Trend Assumption	1.00% Increase
General Division	\$ 1,025,926	\$ (232,004)	\$ 9,107,284
Police Division	(152,748)	(909,394)	(1,529,052)
Fire Division	(110,137)	(151,528)	(184,992)
Total	<u>\$ 763,041</u>	<u>\$ (1,292,926)</u>	<u>\$ 7,393,240</u>

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 9 RETIREMENT PLAN (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2022	\$ 13,175,529	\$ 15,497,118	\$ (2,321,589)
Changes for the Year:			
Service Cost	238,710	-	238,710
Interest	900,154	-	900,154
Difference Between Expected and Actual Experience	857,979	-	857,979
Changes in Assumptions	-	-	-
Contributions - Employer	-	324,939	(324,939)
Net Investment Income	-	545,873	(545,873)
Benefit Payments, Including Refunds	(881,946)	(881,946)	-
Administrative Expense	-	(16,894)	(16,894)
Other Changes	-	114,261	(114,261)
Net Changes	<u>1,114,897</u>	<u>86,233</u>	<u>1,028,664</u>
Balances at June 30, 2023	<u>\$ 14,290,426</u>	<u>\$ 15,583,351</u>	<u>\$ (1,292,925)</u>

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	39
Inactive Employees Entitled to But Not Yet Receiving Benefits	55
Active Employees	36
Total	<u>130</u>

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

For the year ended March 31, 2024, the employer recognized pension expense of (\$8,187).

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	\$ 621,841	\$ (52,625)
Changes in Assumptions	-	(28,952)
Excess (Deficit) Investment Returns	169,132	-
Contributions Subsequent to the Measurement Date	253,618	-
Total	<u>\$ 1,044,591</u>	<u>\$ (81,577)</u>

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) for the year ended March 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2024	\$ 175,749
2025	65,238
2026	363,787
2027	104,622
Total	<u>\$ 709,396</u>

Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2023. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from Missouri Local Area Government Employee Retirement System (LAGERS), PO Box 1665, Jefferson City, MO 65102.

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City provides for retiree health insurance coverage to qualifying former employees through Midwest Public Risk (MPR), a public-entity risk pool. Under GASB provisions, MPR functions as an agent multiple-employer plan.

Therefore, a separate valuation is required for each entity member offering retiree coverage that follows accrual accounting.

Retirees and their spouses may obtain Medical coverage until Medicare eligibility by paying required premium rates. Upon retiree death or attainment of age 65, spouses may continue Cobra coverage for up to three years. The required premium rates are based to some degree on combined active and retiree experience, so retirees are not charged the full age-based projected cost.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefits Provided

The program of MPR offers various group medical plans. Medical and Dental coverage are structured through self-insured arrangements, with stop-loss coverage for Medical. The plan renewal year runs from July 1 to June 30.

Upon payment of required contributions, participants may continue retiree Medical coverage until becoming eligible for Medicare, which is currently age 65. Spousal coverage may continue under Cobra for up to three years upon retiree death or retiree attainment of age 65. A participant may not enroll in retiree coverage after once declining coverage.

In order to continue coverage under the above provisions, an electing former employee must achieve the following criteria:

- Not be eligible for Medicare; and
- Apply for Retiree coverage within 31 days of termination; and
- Have worked as a qualifying continuous “full-time” employee; and
- Attained at least 10 years of continuous service, among MPR entity members, immediately preceding the date of termination.

The premium contribution rates for retiree coverage utilized as the starting basis for the valuation are those that apply for the plan renewal year starting July 1, 2023.

Coverage	Retiree	Spouses of Covered Retirees	Spouses of Noncovered Retirees (1)
CF \$1,500	\$ 928.00	\$ 1,227.00	\$ 652.80
INO 1 - Buy Up	1,447.00	1,969.00	1,017.96
INO 2 - Base	1,293.00	1,764.00	909.84
OAP \$750	1,351.00	1,752.00	950.64

(1) Cobra rate applies when a retiree participant dies, or turns age 65.

Funding Policy

Health insurance claims and administrative costs of the pool are paid from the MPR Health & Dental Fund (the Fund). It has been determined the Fund does not qualify as an “OPEB plan” for GASB Statement No. 75 reporting purposes. Thus, assets of the Fund cannot be reported as an offset to GASB Statement No. 75 liabilities.

The average of the S&P Municipal Bond 20-Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 3.92% (beginning-of-year measurement) and 4.10% (end-of-year measurement).

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Membership

Membership in the OPEB was comprised of the following at March 31, 2024:

Accounting Fund	Number of Employees	Number of Retirees / Spouses
General	29	0
Enterprise	3	0
Special Revenue - Parks	3	0
Special Revenue - Streets	4	0
Retiree	0	0
Total	39	0

Total OPEB Liability

The City's total OPEB liability of \$53,854 was measured as of March 31, 2024 and was determined by an actuarial valuation as of July 1, 2023.

OPEB Liability as a Percentage of Payroll

Total OPEB Liability	\$ 77,035
Payroll*	2,025,273
Percent of Payroll	3.80%

**Annualized pay as of July 1, 2019 of active employees*

The net OPEB liability in the March 31, 2024 measurement was determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions

- A. Discount Rate – 4.10% per annum
- B. Measurement Period – March 31, 2024
- C. Valuation Date – July 1, 2023

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

D1. Medical/Rx Cost Trend

Year	Trend
2023-24	7.50%
2024-25	7.25%
2025-26	7.00%
2026-27	6.75%
2027-28	6.50%
2028-29	6.25%
2029-30	6.00%
2030-31	5.75%

D2. Stop-Loss Premiums – 4 percentage points above claim cost trend

D3. Admin Fees – 2.5% per year

E. Dental Benefit – Not Valued – The level of age-subsidy is not assumed to be material

F. Age Adjusted Costs – The estimated age-adjusted cost for retiree insurance coverage during the next 12 months from the valuation date is shown in the “Cost Analysis by Age” section.

G. Salary Scale Per Employee – 3.0% per year

H. Future Retiree Enrollment – Participation in coverage for future eligible retirees is assumed to differ based on age at retirement. Rates consider MPR plan experience and other plans in the region with similar cost-sharing provisions.

Age at Retirement	Enrollment
Less than 55	10%
55 to 59	15%
60 to 63.5	25%
63.5 to 64	0%

I. Medical Plan Elections – Based on a weighting of current plan elections, the average is valued for future retiring employees.

J. Future Spousal Participation – Twenty percent (20%) of future participating retirees are assumed to have a covered spouse. This is based on multiple years of MPR retiree experience. Actual spouse elections were valued for current retirees.

K. Spouse Age Difference – Males are assumed to be 3 years older than their female spouses for future retirees. Actual spouse age was valued for spouses of current retirees.

L. Medicare Eligibility Age – Age 65.

M. Timing of Claim Payments – Mid-year.

N. Non-Spouse Dependents – Deemed immaterial to the liability results and not valued.

O. Duration of Coverage – Retirees are assumed to elect coverage to Medicare eligibility. When the retiree is covered, spousal coverage is assumed to apply to the earlier of retiree aged 65 or spouse age 65. Upon retiree death or attainment of age 65, spouses are assumed to elect COBRA coverage for up to 3 years not to exceed spouse aged 65.

P. Healthy Life Mortality – Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables using Scale MP-2021 Full Generational Improvement.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Q. Disabled Life Mortality – Society of Actuaries Pub-2010 Public Retirement Plans Disabled Retirees Headcount-Weighted Mortality Tables using Scale MP-2021 Full Generational Improvement.

R. Retirement Due Disability – Assumed disability rates are based on rates used for the LAGERS pension actuarial valuation. Assumed annual rates of disablement are shown below for selected ages:

Age	Police	General	
		Male	Female
30	.0011	0.0010	0.0003
40	.0022	0.0018	0.0009
45	.0034	0.0025	0.0015
50	.0053	0.0037	0.0022
55	.0088	0.0057	0.0032
60	N/A	0.0086	0.0045

S. Retirement Age – Assumed rates are based on those used for the LAGERS pension actuarial valuation. Retirement rates project the annual probability of retiring for eligible employees. For “Rule of 80” rates to apply, age plus years of service must be greater than or equal to 80, and the employer must elect the “Rule of 80” option.

	Age(s)	General Members	
		Men	Women
Rule of 80	50-51	0.20	0.15
	52-61	0.15	0.15
	62-63	0.25	0.15
	64	0.25	0.20
	65-66	0.30	0.25
	67-69	0.20	0.25
	70+	1.00	1.00

	Age(s)	General Members	
		Men	Women
No Rule of 80	55-59	0.03	0.03
	60-61	0.10	0.10
	62	0.25	0.15
	63-64	0.20	0.15
	65	0.25	0.25
	66	0.25	0.30

	Age(s)	Police
Rule of 80	50-51	0.25
	52-53	0.15
	54	0.15
	55-60	0.15
	51	0.25
	62	0.20
	63-64	0.20
	65+	1.00

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

No Rule of 80	<u>Age(s)</u>	<u>Police</u>
	50-51	0.025
	52-53	0.03
	54	0.04
	55-61	0.11
	62	0.22
	63-64	0.18
	65+	1.00

T. Turnover Incidence – Assumed turnover rates are based on rates used for the LAGERS pension actuarial valuation. Turnover rates are not applied when retirement eligibility is achieved. Illustrations of annual rates of turnover are shown below at sample ages and levels of service:

Police

<u>Age</u>	<u>Years of Service</u>				
	<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>
All Ages	.18	.17	.16	0.14	0.13

<u>Age</u>	<u>Rate</u>
25	0.108
30	0.085
35	0.063
40	0.046
50	0.021

General

<u>Gender</u>	<u>Age</u>	<u>Years of Service</u>				
		<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>
Male	All Ages	0.2	0.18	0.16	0.13	0.12
Female	All Ages	0.23	0.21	0.18	0.15	0.13

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.088	0.124
30	0.071	0.102
35	0.056	0.078
40	0.041	0.058
45	0.031	0.044
50	0.024	0.035

CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in Net OPEB Liability

	2024
Total OPEB Liability - Beginning of Year	\$ 77,035
1. Service Cost	6,286
2. Interest Cost	3,266
3. Changes in Benefit Terms	-
4. Differences Between Actual and Expected Experience	(7,537)
5. Changes in Assumptions and Inputs	(25,196)
Net Changes (1+2+3+4+5-6)	(23,181)
Total OPEB Liability - End of Year	\$ 53,854

Sensitivity Analysis

Changes in the discount rate:

	1.00% Decrease 3.10	Current Single Discount Rate Assumption 4.10	1.00% Increase 5.10
Total OPEB Liability	\$ 60,268	\$ 53,854	\$ 18,201

Changes in health care cost trend rate:

	1.00% Decrease	Current Trend Assumption	1.00% Increase
General Division	\$ 1,025,926	\$ (232,004)	\$ 9,107,284

Postemployment Benefits Expense and Deferred Outflows of Resources Related to Postemployment Benefits

The accumulated amount of deferred outflows and inflows of resources as of March 31, 2024 are shown below:

Category	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 47,157	\$ 55,216
Changes in Assumptions	8,625	42,902
Total	\$ 55,782	\$ 98,118

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Postemployment Benefits Expense and Deferred Outflows of Resources Related to Postemployment Benefits (Continued)

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as an expense (income) item in OPEB expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2025	\$ (1,954)
2026	(1,954)
2027	(1,954)
2028	(1,954)
2029	(1,954)
2030 & Thereafter	(32,566)
Total	<u><u>\$ (42,336)</u></u>

For the year ended March 31, 2024, the employer recognized other postemployment benefits expense of \$6,286.

NOTE 11 PROPERTY TAXES

The City's property tax is levied each November on the assessed value as of the prior January 1 for all property located in the City. Assessed valuations are established by the Cass County assessor. The county collects the property tax and remits it to the City monthly.

The assessed value of the tangible property located in the City for the purpose of local taxation for the budget year ended March 31, 2024 was \$160,854,765.

The City is permitted by Missouri State Statutes to levy taxes up to \$1.00 of assessed valuation for general governmental services other than payment of principal and interest on long-term debt, up to \$0.20 for recreation, and in unlimited amounts for the payment of principal and interest on long-term debt. The City's property tax levies for the year ended March 31, 2024, per \$100 assessed valuation, were as follows:

General	\$ 0.3201
Street	0.1199
Health	0.0639
Recreation	0.0639
Debt Service	0.5667
Total	<u><u>\$ 1.1345</u></u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

**CITY OF PLEASANT HILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 12 TAX ABATEMENTS

The City has tax abatement agreements with one entity as of March 31, 2021:

Economic Development Incentive Policy. On May 14, 2012, the City of Pleasant Hill, Missouri entered into a Property Tax Abatement Agreement (the Plan) with a metal fabricator. The Plan was authorized by City Council Resolution and provides for the qualifying industrial development project in the Northeast Cass County Enhanced Enterprise Zone to receive up to 60% property tax abatement which is tied to job creation. The Plan relies on the abatement of the determined percentage of the revenue from taxes that are imposed by the City or other Taxing Districts, which are generated by the property valuations within the described area which would result from levies made from year to year until the agreement is terminated, which shall not be later than 10 calendar years beginning in 2012, provided however, that pursuant to Section 135.963.5, RSMo, this abatement shall terminate no later than 25 years from April 27, 2011, the date the Northeast Cass County Enhanced Enterprise Zone was designated by the Missouri Department of Economic Development.

For the year ended March 31, 2024, the City abated taxes as follows:

\$1,549 Real and Personal Property Taxes
50% Abated During the Fiscal Year

NOTE 13 COMPONENTS OF FUND BALANCE

At March 31, 2024, portions of the City's fund balance are not available for appropriation due to balances that cannot be spent (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General Fund	Transportation Fund	Park Fund	Debt Service Fund	Capital Projects Fund	ARPA Fund	Other Governmental Funds	Total
FUND BALANCES								
Nonspendable:								
Prepaid Items	\$ 60,713	\$ 46,407	\$ 10,084	\$ -	\$ -	\$ -	\$ 2,133	\$ 119,337
Restricted:								
Court Bond	611	-	-	-	-	-	-	611
Capital Improvement	-	-	-	-	255,769	-	1,076,921	1,332,690
Debt Service	-	-	-	587,180	-	-	-	587,180
Assigned:								
Equipment Replacement	5,366	-	-	-	-	-	-	5,366
Risk Management	125,758	-	-	-	-	-	-	125,758
Street Improvements	-	1,382,017	-	-	-	-	-	1,382,017
Park Improvements	-	-	153,844	-	-	-	-	153,844
Neighborhood Improvement District	-	-	-	-	-	-	7,299	7,299
Excise Tax	-	-	-	-	-	-	82,876	82,876
Public Health	-	-	-	-	-	-	143,154	143,154
Special Events	-	-	-	-	-	-	64,586	64,586
Unassigned	3,193,662	-	-	-	(30,775)	-	-	3,162,887
Total	<u>\$ 3,386,110</u>	<u>\$ 1,428,424</u>	<u>\$ 163,928</u>	<u>\$ 587,180</u>	<u>\$ 224,994</u>	<u>\$ -</u>	<u>\$ 1,376,969</u>	<u>\$ 7,167,605</u>

**CITY OF PLEASANT HILL, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2024**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales Tax	\$ 950,000	\$ 950,000	\$ 939,662	\$ (10,338)
Property Tax	510,500	510,500	545,947	35,447
Other Tax	21,600	21,600	17,511	(4,089)
PILOT Payments	201,366	201,366	201,366	-
Franchise Fees	959,000	959,000	959,007	7
License and Permits	70,725	70,725	125,696	54,971
Intergovernmental Revenue	5,300	5,300	5,290	(10)
Fines and Court Costs	111,500	111,500	162,111	50,611
Donations	58,200	58,200	62,923	4,723
Insurance Rebates and Proceeds	12,945	12,945	70,083	57,138
Interest	140,000	140,000	478,141	338,141
Other	68,500	71,500	134,256	62,756
Total Revenues	<u>3,109,636</u>	<u>3,112,636</u>	<u>3,701,993</u>	<u>589,357</u>
EXPENDITURES				
Administration	1,891,848	2,005,637	2,074,325	(68,688)
Police	1,677,955	1,677,955	1,511,672	166,283
Capital Outlay	43,300	43,300	-	43,300
Debt Principle	16,000	16,000	17,346	(1,346)
Total Expenditures	<u>3,629,103</u>	<u>3,742,892</u>	<u>3,603,343</u>	<u>139,549</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(519,467)	(630,256)	98,650	728,906
OTHER FINANCING SOURCES (USES)				
Transfers In	686,407	686,407	686,407	-
Transfers Out	(105,758)	(105,758)	(105,758)	-
Total Other Financing Sources (Uses)	<u>580,649</u>	<u>580,649</u>	<u>580,649</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 61,182</u>	<u>\$ (49,607)</u>	679,299	<u>\$ 728,906</u>
Fund Balance - Beginning of Year			<u>2,706,811</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,386,110</u>	

See accompanying Notes to Required Supplementary Information.

**CITY OF PLEASANT HILL, MISSOURI
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
YEAR ENDED MARCH 31, 2024**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales Tax	\$ 430,000	\$ 430,000	\$ 423,931	\$ (6,069)
Property Tax	192,500	192,500	204,031	11,531
Fuel and Vehicle Tax	383,000	383,000	448,463	65,463
Other Tax	9,500	9,500	7,463	(2,037)
Intergovernmental Revenue	170,000	170,000	215,749	45,749
Grants and Donations	56,500	56,500	5,225	(51,275)
Other	4,500	4,500	3,425	(1,075)
Total Revenues	<u>1,246,000</u>	<u>1,246,000</u>	<u>1,308,287</u>	<u>62,287</u>
EXPENDITURES				
Transportation	1,095,595	1,095,595	692,413	403,182
Capital Outlay	<u>800,000</u>	<u>800,000</u>	<u>497,941</u>	<u>302,059</u>
Total Expenditures	<u>1,895,595</u>	<u>1,895,595</u>	<u>1,190,354</u>	<u>705,241</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(649,595)	(649,595)	117,933	767,528
OTHER FINANCING SOURCES (USES)				
Transfers In	175,700	175,700	175,700	-
Transfers Out	<u>(47,640)</u>	<u>(47,640)</u>	<u>(47,640)</u>	-
Total Other Financing Sources (Uses)	<u>128,060</u>	<u>128,060</u>	<u>128,060</u>	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (521,535)</u>	<u>\$ (521,535)</u>	245,993	<u>\$ 767,528</u>
Fund Balance - Beginning of Year			<u>1,182,431</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,428,424</u>	

See accompanying Notes to Required Supplementary Information.

**CITY OF PLEASANT HILL, MISSOURI
BUDGETARY COMPARISON SCHEDULE
PARK FUND
YEAR ENDED MARCH 31, 2024**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Tax	\$ 102,300	\$ 102,300	\$ 108,318	\$ 6,018
Licenses and Permits	6,500	6,500	9,294	2,794
Charges for Services	259,660	259,660	243,419	(16,241)
Donations	-	-	-	-
Other	2,625	2,625	3,706	1,081
Total Revenues	<u>371,085</u>	<u>371,085</u>	<u>364,737</u>	<u>(6,348)</u>
EXPENDITURES				
Recreation	738,509	738,509	710,626	27,883
Capital Outlay	-	-	14,680	(14,680)
Total Expenditures	<u>738,509</u>	<u>738,509</u>	<u>725,306</u>	<u>13,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(367,424)	(367,424)	(360,569)	6,855
OTHER FINANCING SOURCES (USES)				
Transfers In	285,600	285,600	385,600	100,000
Transfers Out	(14,635)	(14,635)	(14,635)	-
Total Other Financing Sources (Uses)	<u>270,965</u>	<u>270,965</u>	<u>370,965</u>	<u>100,000</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (96,459)</u>	<u>\$ (96,459)</u>	10,396	<u>\$ 106,855</u>
Fund Balance - Beginning of Year			<u>153,532</u>	
FUND BALANCE - END OF YEAR			<u>\$ 163,928</u>	

See accompanying Notes to Required Supplementary Information.

CITY OF PLEASANT HILL, MISSOURI
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED MARCH 31, 2024

Fiscal Year Ending	Actuarially Determined Contribution (a)	Contribution in Relation (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Employee Payroll (b/d)
2015	\$ 340,716	\$ 340,716	\$ -	\$ 1,858,610	18.33%
2016	311,560	311,560	-	1,906,488	16.34%
2017	283,060	283,060	-	1,806,154	15.67%
2018	290,997	289,872	1,125	1,830,586	15.83%
2019	359,678	326,520	33,158	1,987,132	16.43%
2020	352,013	311,417	40,596	1,841,208	16.91%
2021	366,399	330,378	36,021	1,885,154	17.53%
2022	389,200	356,627	32,572	2,014,601	17.70%
2023	328,458	328,458	-	2,017,969	16.28%
2024	337,344	337,344	-	2,146,371	15.72%

See accompanying Notes to Required Supplementary Information

CITY OF PLEASANT HILL, MISSOURI
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY (ASSET)
YEAR ENDED MARCH 31, 2024

Fiscal year ending June 30,

	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability (Asset)								
Service Cost	\$ 238,710	\$ 241,532	\$ 234,450	\$ 243,176	\$ 223,623	\$ 216,442	\$ 229,742	\$ 241,034
Interest on the Total Pension Liability (Asset)	900,154	878,181	904,822	884,042	803,661	736,707	694,887	648,732
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	857,979	51,055	(577,767)	(450,415)	473,280	357,332	(274,532)	83,076
Assumption Changes	-	-	-	-	-	-	184,124	42,709
Benefit Payments, Including Refunds	(881,946)	(829,871)	(383,863)	(387,847)	(414,629)	(367,205)	(372,239)	(280,669)
Net Change in Total Pension Liability (Asset)	1,114,897	340,897	177,642	288,956	1,085,935	943,276	461,982	734,882
Total Pension Liability (Asset) - Beginning	13,175,529	12,834,632	12,553,707	12,264,751	11,178,816	10,235,540	9,773,558	9,038,676
Total Pension Liability (Asset) - Ending	\$ 14,290,426	\$ 13,175,529	\$ 12,731,349	\$ 12,553,707	\$ 12,264,751	\$ 11,178,816	\$ 10,235,540	\$ 9,773,558
Plan Fiduciary Net Position								
Contributions - Employer	\$ 324,939	\$ 344,105	\$ 309,380	\$ 321,612	\$ 303,833	\$ 278,748	\$ 438,409	\$ 328,256
Contributions - Employee	-	-	-	-	-	-	-	-
Pension Plan Net Investment income	545,873	11,994	157,873	757,124	1,281,148	1,200,797	(31,659)	182,003
Benefit Payments, Including Refunds	(881,946)	(829,871)	(383,863)	(387,847)	(414,629)	(367,205)	(372,239)	(280,669)
Pension Plan Administrative Expense	(16,894)	(11,600)	(12,906)	(11,349)	(7,768)	(7,332)	(7,150)	(7,363)
Other	114,262	280,788	(67,055)	(168,726)	(13,127)	13,027	(112,672)	114,801
Net Change in Plan Fiduciary Net Position	86,234	(204,584)	3,429	510,814	1,149,457	1,118,035	(85,311)	337,028
Plan Fiduciary Net Position - Beginning	15,497,117	15,701,701	12,352,695	11,841,881	10,692,424	9,574,389	9,659,700	9,322,672
Plan Fiduciary Net Position - Ending	\$ 15,583,351	\$ 15,497,117	\$ 12,356,124	\$ 12,352,695	\$ 11,841,881	\$ 10,692,424	\$ 9,574,389	\$ 9,659,700
Employer Net Pension Liability (Asset)	\$ (1,292,925)	\$ (2,321,588)	\$ 375,225	\$ 201,012	\$ 422,870	\$ 486,392	\$ 661,151	\$ 113,858
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	109.05%	117.62%	97.05%	98.40%	96.55%	95.65%	93.54%	98.84%
Covered Payroll	\$ 2,080,449	\$ 1,865,718	\$ 1,739,823	\$ 1,972,029	\$ 1,984,833	\$ 1,763,715	\$ 1,790,414	\$ 1,891,456
Employer's Net Pension Liability (Asset) as a Percentage of Covered Payroll	-62.15%	-124.43%	21.57%	10.19%	21.31%	27.58%	36.93%	6.02%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying Notes to Required Supplementary Information

CITY OF PLEASANT HILL, MISSOURI
SCHEDULE OF CHANGES IN THE CITY'S OTHER POSTEMPLOYMENT BENEFITS AND RELATED RATIOS
YEAR ENDED MARCH 31, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability - Beginning of Year	\$ 77,035	\$ 66,944	\$ 113,304	\$ 80,899	\$ 79,742	\$ 68,310	\$ 60,145
1. Service Cost	6,286	6,589	9,353	6,831	5,250	4,729	4,403
2. Interest Cost	3,266	2,309	2,465	2,377	2,847	2,600	2,408
3. Changes in Benefit Terms	-	-	-	-	-	(35,037)	-
4. Differences Between Actual and Expected Experience	(7,537)	(12,604)	(16,968)	-	(19,320)	17,247	-
5. Changes in Assumptions and Inputs	(25,196)	13,797	(41,210)	23,197	12,380	21,893	1,354
Net Changes (1+2+3+4+5-6)	(23,181)	10,091	(46,360)	32,405	1,157	11,432	8,165
Total OPEB Liability - End of Year	<u>\$ 53,854</u>	<u>\$ 77,035</u>	<u>\$ 66,944</u>	<u>\$ 113,304</u>	<u>\$ 80,899</u>	<u>\$ 79,742</u>	<u>\$ 68,310</u>
OPEB Liability as a Percent of Payroll							
Total OPEB Liability	\$ 53,854	\$ 77,035	\$ 66,944	\$ 113,304	\$ 80,899	\$ 79,742	\$ 68,310
Covered Payroll at Valuation Date	\$ 2,096,890	\$ 2,025,273	\$ 2,025,273	\$ 1,734,468	\$ 1,734,468	\$ 1,801,573	\$ 1,801,573
Percent of Payroll	2.57%	3.80%	3.31%	6.53%	4.66%	4.43%	3.79%

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

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 1 BUDGETARY INFORMATION

Budgets for the City are prepared and adopted on the modified accrual basis of accounting which is the same as the fund financial statements, except for the ARPA fund. The City performs the following procedures in establishing the budget:

The budget committee submits to the City Council a proposed budget for the fiscal year commencing the following April 1.

Prior to April 1, the budget is legally enacted through vote.

Any revisions that alter the total expenditures of any fund must be approved by the City Council. The fund level constitutes the City's legal level of budgetary control. Reported budgeted amounts are as originally adopted and amended by resolution.

Appropriations lapse at fiscal year-end but may be re-appropriated in the following fiscal year.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS FUNDING STATUS

Since the City has not irrevocably deposited funds in a trust for future health benefits, the actuarial value of plan assets to pay the liability for postemployment benefits is zero.

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the LAGERS plan for the year ended June 30:

General Division

2023

- Remaining amortization period was changed from multiple bases from 9 to 15 years to multiple bases from 8 to 15 years.

2022

- Remaining amortization period was changed from multiple bases from 8 to 15 years to multiple bases from 9 to 15 years.

2021

- Remaining amortization period was changed from multiple bases from 9 to 15 years to multiple bases from 8 to 15 years.
- Inflation was changed from 3.25% wage inflation; 2.50% price inflation to 2.75% wage inflation; 2.25% price inflation.
- Salary Increases was changed from 3.25% to 6.55% including wage inflation to 2.75% to 6.75% including wage inflation.
- Investment Rate of Return was changed from 7.25%, net of investment expenses to 7.00%, net of investment expenses.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Division (Continued)

2021 (Continued)

- Mortality was changed from 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 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. The new mortality is the healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

2020

- Remaining amortization period was changed from multiple bases from 10 to 15 years to multiple bases from 9 to 15 years.

2019

- Remaining amortization period was changed from multiple bases from 11 to 15 years to multiple bases from 10 to 15 years.

2018

- Remaining amortization period was changed from multiple bases from 12 to 16 years to multiple bases from 11 to 15 years.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Division (Continued)

2017

- Amortization method was changed from a level percentage of payroll, closed, to 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 was changed from multiple bases from 13 to 17 years to multiple bases from 12 to 16 years.

2016

- Actuarial cost method was changed from entry age normal to entry age normal and modified terminal funding.
- Remaining amortization period was changed from multiple bases from 14 to 18 years to multiple bases from 13 to 17 years.
- Inflation was adjusted from 3.5% wage inflation; 3.0% price inflation to 3.25% wage inflation; 2.50% price inflation.
- Salary increases were changed from 3.5% to 6.8% including wage inflation to 3.25% to 6.55% including wage inflation.
- Mortality was changed from 105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement. The new mortality method used was the healthy retiree mortality tables, for postretirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for postretirement 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 postretirement 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.

Police Division

2023

- Remaining amortization period was changed from multiple bases from 9 to 15 years to multiple bases from 8 to 15 years.

2022

- Remaining amortization period was changed from multiple bases from 10 to 15 years to multiple bases from 9 to 15 years.

2021

- Remaining amortization period was changed from multiple bases from 11 to 15 years to multiple bases from 10 to 15 years.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Police Division (Continued)

2021 (Continued)

- Inflation was changed from 3.25% wage inflation; 2.50% price inflation to 2.75% wage inflation; 2.25% price inflation.
- Salary increases was changed from 3.25% to 6.55% including wage inflation to 2.75% to 6.55% including wage inflation.
- Investment rate of return was changed from 7.25%, net of investment expenses to 7.00%, net of investment expenses.
- Mortality was changed from 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. The new mortality was the healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

2020

- Remaining amortization period was changed from multiple bases from 12 to 15 years to multiple bases from 11 to 15 years.

2019

- Remaining amortization period was changed from multiple bases from 13 to 15 years to multiple bases from 12 to 15 years.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Police Division (Continued)

2018

- Remaining amortization period was changed from multiple bases from 14 to 16 years to multiple bases from 13 to 15 years.

2017

- Amortization method was changed from a level percentage of payroll, closed, to 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 was changed from multiple bases from 13 to 17 years to multiple bases from 14 to 16 years.

2016

- Actuarial cost method was changed from entry age normal to entry age normal and modified terminal funding.
- Remaining amortization period was changed from multiple bases from 14 to 18 years to multiple bases from 13 to 17 years.
- Inflation was adjusted from 3.5% wage inflation; 3.0% price inflation to 3.25% wage inflation; 2.50% price inflation.
- Salary increases were changed from 3.5% to 6.8% including wage inflation to 3.25% to 6.55% including wage inflation.
- Mortality was changed from 105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement. The new mortality method used was the healthy retiree mortality tables, for postretirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for postretirement 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 postretirement 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.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Fire Division

2023

- Remaining amortization period was changed from multiple bases from 9 to 15 years to multiple bases from 8 to 15 years.

2022

- Remaining amortization period was changed from multiple bases from 10 to 15 years to multiple bases from 9 to 15 years.

2021

- Remaining amortization period was changed from multiple bases from 11 to 15 years to multiple bases from 10 to 15 years.
- Inflation was changed from 3.25% wage inflation; 2.50% price inflation to 2.75% wage inflation; 2.25% price inflation.
- Salary increases was changed from 3.25% to 7.15% including wage inflation to 2.75% to 7.15% including wage inflation.
- Investment rate of return changed from 7.25%, net of investment expenses to 7.00%, net of investment expenses.
- Mortality was changed from 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. The new mortality is the healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

2020

- Remaining amortization period was changed from multiple bases from 12 to 15 years to multiple bases from 11 to 15 years.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Fire Division (Continued)

2019

- Remaining amortization period was changed from multiple bases from 13 to 15 years to multiple bases from 12 to 15 years.

2018

- Remaining amortization period was changed from multiple bases from 14 to 15 years to multiple bases from 13 to 15 years.

2017

- Amortization method was changed from a level percentage of payroll, closed, to 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 was changed from multiple bases from 13 to 15 years to multiple bases from 14 to 15 years.

2016

- Actuarial cost method was changed from entry age normal to entry age normal and modified terminal funding.
- Remaining amortization period was changed from multiple bases from 14 to 16 years to multiple bases from 13 to 15 years.
- Inflation was adjusted from 3.5% wage inflation; 3.0% price inflation to 3.25% wage inflation; 2.50% price inflation.
- Salary increases were changed from 3.5% to 8.6% including wage inflation to 3.25% to 7.15% including wage inflation.
- Mortality was changed from 105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement. The new mortality method used was the healthy retiree mortality tables, for postretirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for postretirement 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 postretirement 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.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

2024

- Discount rate was increased from 3.92% at the end of the prior period to 4.10% at the end of the current period.

2023

- Discount rate was increased from 3.14% at the end of the prior period to 3.92% at the end of the current period.
- Medical/Rx cost trends were updated from the prior year to reflect current period amounts.
- Stop Loss Premiums were changed from 4 percentage points above claim cost trend to 5 percentage points above claim cost trend.
- Age adjusted costs were updated from the prior year to reflect current period amounts.

2022

- Discount rate was increased from 2.01% at the end of the prior period to 3.14% at the end of the current period.
- Medical/Rx cost trends were updated from the prior year to reflect current period amounts.
- Age adjusted costs were updated from the prior year to reflect current period amounts.
- Healthy life mortality tables were updated to the *Society of Actuaries Pub-2010 Public Retirement Plans Headcount – weighted mortality Tables using ScaleMP-2021*.
- Disabled life mortality tables were updated to the *Society of Actuaries Pub-2010 Public Retirement Plans Disabled Retirees Headcount – weighted Mortality Tables using Scale MP-2021 Full Generational Improvement*.
- Retirement Age assumed rates were changed to those used for the LAGERS pension actuarial valuation (adopted 2021).

2021

- Discount rate was decreased from 2.71% at the end of the prior period to 2.01% at the end of the current period.
- Age adjusted costs were updated from the prior year to reflect current period amounts.
- Health life mortality tables were updated to the *Society of Actuaries Pub-2010 Public Retirement Plans Headcount – weighted mortality tables using scale MP-2020 full generational improvement*.
- Disabled life mortality tables were updated to the *Society of Actuaries Pub-2010 Public Retirement Plans Headcount Disabled Retirees – weighted mortality tables using scale MP-2020 full generational improvement*.
- Excise “Cadillac” tax on high-cost plans determined to be nonapplicable.

CITY OF PLEASANT HILL, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2024

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020

- Discount rate was decreased from 3.35% at the end of the prior period to 2.71% at the end of the current period.
- Medical/Rx cost trends were updated from the prior year to reflect current period amounts.
- Stop loss premiums of 4 percentage points above the claim cost trend were added.
- Admin fee of 2.5% per year were added.
- Age adjusted costs were updated from the prior year to reflect current period amounts.
- Salary scale per employee was adjusted from 3.0% per year to 2.0% per year.
- Future retiree enrollment was adjusted for current year trends.
- Healthy life mortality tables were updated to the *Society of Actuaries Pub-2010 Public Retirement Plans Headcount* – weighted mortality tables using scale MP-2019 full generational improvement.
- Disabled life mortality tables were updated to the *Society of Actuaries Pub-2010 Public Retirement Plans Headcount Disabled Retirees* – weighted mortality tables using scale MP-2019 full generational improvement.
- Turnover incidence was updated based on current trends.

2019

- Discount rate was decreased from 3.56% at the end of the prior period to 3.35% at the end of the current period.
- Age adjusted costs were updated from the prior year to reflect current period amounts.
- Salary scale per employee was added in the current year at 3.0%.
- Healthy life mortality was updated from Society of Actuaries RPH-2014 adjusted to 2006 total dataset headcount-weighted mortality with scale MP-2017 full generational improvement to Society of Actuaries RPH-2014 adjusted to 2006 total dataset headcount-weighted mortality with scale MP-2018 full generational improvement.
- Disabled life mortality was updated from Society of Actuaries RPH-2014 adjusted to 2006 disabled retiree headcount-weighted mortality with MP-2017 full generational improvement to Society of Actuaries RPH-2014 adjusted to 2006 disabled retiree headcount-weighted mortality with MP-2018 full generational improvement.
- The retirement due to disability assumed rates were updated based on current amounts.

**CITY OF PLEASANT HILL, MISSOURI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2024**

	N.I.D. Fund	Capital Improvement Sales Tax Fund	Pool Capital Improvement Sales Tax Fund	Excise Tax Fund	Park/ Stormwater Sales Tax Fund	Codes/ Public Health Fund	Special Events Fund	Total
ASSETS								
Unrestricted Assets:								
Cash and Cash Equivalents (Claim on Cash)	\$ -	\$ -	\$ -	\$ 82,876	\$ -	\$ 143,458	\$ 60,956	\$ 287,290
Prepaid Items	-	-	-	-	-	948	1,185	2,133
Taxes Receivable	10,556	-	-	-	-	2,151	4,000	16,707
Total Unrestricted Assets	10,556	-	-	82,876	-	146,557	66,141	306,130
Restricted Assets:								
Cash and Cash Equivalents	-	684,802	100,688	-	91,024	-	-	876,514
Taxes Receivable	-	87,867	38,680	-	77,359	-	-	203,906
Total Restricted Assets	-	772,669	139,368	-	168,383	-	-	1,080,420
Total Assets	\$ 10,556	\$ 772,669	\$ 139,368	\$ 82,876	\$ 168,383	\$ 146,557	\$ 66,141	\$ 1,386,550
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable	\$ 3,257	3,499	\$ -	\$ -	\$ -	\$ 1,986	\$ 370	\$ 9,112
Accrued Expenses	-	-	-	-	-	469	-	469
Total Liabilities	3,257	3,499	-	-	-	2,455	370	9,581
FUND BALANCE								
Nonspendable	-	-	-	-	-	948	1,185	2,133
Restricted	-	769,170	139,368	-	168,383	-	-	1,076,921
Assigned	7,299	-	-	82,876	-	143,154	64,586	297,915
Total Fund Balance	7,299	769,170	139,368	82,876	168,383	144,102	65,771	1,376,969
Total Liabilities and Fund Balance	\$ 10,556	\$ 772,669	\$ 139,368	\$ 82,876	\$ 168,383	\$ 146,557	\$ 66,141	\$ 1,386,550

CITY OF PLEASANT HILL, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2024

	N.I.D. Fund	Capital Improvement Sales Tax Fund	Pool Capital Improvement Sales Tax Fund	Excise Tax Fund	Park/ Stormwater Sales Tax Fund	Codes/ Public Health Fund	Special Events Fund	Total
REVENUES								
Taxes:								
Sales	\$ -	\$ 470,255	\$ 211,965	\$ -	\$ 423,931	\$ -	\$ -	\$ 1,106,151
Property	-	-	-	-	-	108,739	-	108,739
Other	-	-	-	34,125	-	-	-	34,125
Licenses and Permits	-	-	-	-	-	1,243	-	1,243
Charges for Services	-	-	-	-	-	-	211,346	211,346
Grants and Donations	-	-	-	-	-	125	4,690	4,815
Other	1	-	-	-	-	-	-	1
Total Revenues	1	470,255	211,965	34,125	423,931	110,107	216,036	1,466,420
EXPENDITURES								
Current:								
Administration	-	-	-	1	-	-	-	1
Codes	-	-	-	-	-	146,189	-	146,189
Recreation	-	-	-	-	-	3,118	-	3,118
Special Events	-	-	-	-	-	-	263,859	263,859
Capital Outlay	-	162,717	-	-	-	-	-	162,717
Debt Service:								
Debt Interest and Agent Fees	-	2,028	-	-	-	-	-	2,028
Principal	-	20,392	-	-	-	-	-	20,392
Total Expenditures	-	185,137	-	1	-	149,307	263,859	598,304
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1	285,118	211,965	34,124	423,931	(39,200)	(47,823)	868,116
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	57,200	-	57,200
Transfers Out	-	(290,012)	(176,500)	(31,386)	(442,000)	(4,140)	(12,650)	(956,688)
Total Other Financing Sources (Uses)	-	(290,012)	(176,500)	(31,386)	(442,000)	53,060	(12,650)	(899,488)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1	(4,894)	35,465	2,738	(18,069)	13,860	(60,473)	(31,372)
Fund Balance - Beginning of Year	7,298	765,564	103,903	80,138	186,452	128,915	126,208	1,398,478
Prior Period Adjustment	-	8,500	-	-	-	1,327	36	9,863
Fund Balance - Beginning of Year, As Restated	7,298	774,064	103,903	80,138	186,452	130,242	126,244	1,408,341
FUND BALANCE - END OF YEAR	\$ 7,299	\$ 769,170	\$ 139,368	\$ 82,876	\$ 168,383	\$ 144,102	\$ 65,771	\$ 1,376,969

CITY OF PLEASANT HILL, MISSOURI
SCHEDULE OF LONG-TERM DEBT MATURITIES
YEAR ENDED MARCH 31, 2024

Fiscal Year Ending March 31,		Refunding Certificates of Participation	Finance Purchase Skid Steer Loader	Finance Purchase Compact Loader	Finance Purchase Wheel Loader	2015 G.O. Refunding Bonds	2015 Revenue Refunding Bonds	School Note Payable	Lease Liabilities	2023 Water/Sewer Bond	Total
2025	Principal	\$ 125,000	\$ 3,629	\$ 5,612	\$ 12,142	\$ 740,000	\$ 345,000	\$ 43,373	\$ 10,312	\$ -	\$ 1,285,068
	Interest	42,525	176	272	589	14,430	16,233	-	1,448	-	75,673
	Total	167,525	3,805	5,884	12,731	754,430	361,233	43,373	11,760	-	1,360,741
2026	Principal	120,000	-	-	-	-	410,000	-	10,732	-	540,732
	Interest	38,850	-	-	-	-	8,815	-	1,028	-	48,693
	Total	158,850	-	-	-	-	418,815	-	11,760	-	589,425
2027	Principal	125,000	-	-	-	-	-	-	11,170	75,000	211,170
	Interest	35,175	-	-	-	-	-	-	590	1,875	37,640
	Total	160,175	-	-	-	-	-	-	11,760	76,875	248,810
2028	Principal	130,000	-	-	-	-	-	-	9,655	75,000	214,655
	Interest	31,350	-	-	-	-	-	-	145	1,875	33,370
	Total	161,350	-	-	-	-	-	-	9,800	76,875	248,025
2029	Principal	135,000	-	-	-	-	-	-	-	80,000	215,000
	Interest	27,375	-	-	-	-	-	-	-	2,000	29,375
	Total	162,375	-	-	-	-	-	-	-	82,000	244,375
2030 - 2034	Principal	845,000	-	-	-	-	-	-	-	460,000	1,305,000
	Interest	33,825	-	-	-	-	-	-	-	9,200	43,025
	Total	878,825	-	-	-	-	-	-	-	-	1,348,025
2035 - 2039	Principal	-	-	-	-	-	-	-	-	575,000	575,000
	Interest	-	-	-	-	-	-	-	-	11,500	11,500
	Total	-	-	-	-	-	-	-	-	-	586,500
2040-2044	Principal	-	-	-	-	-	-	-	-	735,000	735,000
	Interest	-	-	-	-	-	-	-	-	14,700	14,700
	Total	-	-	-	-	-	-	-	-	-	749,700
Total	Principal	1,480,000	3,629	5,612	12,142	740,000	755,000	43,373	41,869	2,000,000	5,081,625
	Interest	209,100	176	272	589	14,430	25,048	-	3,211	41,150	293,976
	Total	<u>\$ 1,689,100</u>	<u>\$ 3,805</u>	<u>\$ 5,884</u>	<u>\$ 12,731</u>	<u>\$ 754,430</u>	<u>\$ 780,048</u>	<u>\$ 43,373</u>	<u>\$ 45,080</u>	<u>\$ 2,041,150</u>	<u>\$ 5,375,601</u>

**CITY OF PLEASANT HILL, MISSOURI
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND (UNAUDITED)
YEAR ENDED MARCH 31, 2024**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Tax	\$ 897,500	\$ 853,300	\$ 962,865	\$ 109,565
EXPENDITURES				
Debt Principal	850,000	850,000	850,000	-
Debt Interest and Agent Fees	76,665	76,665	71,360	(5,305)
Total Expenditures	<u>926,665</u>	<u>926,665</u>	<u>921,360</u>	<u>(5,305)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,165)	(73,365)	41,505	114,870
OTHER FINANCING SOURCES (USES)				
Transfers In	168,000	168,000	168,000	-
Transfers Out	<u>(35,900)</u>	<u>(35,900)</u>	<u>(35,900)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>132,100</u>	<u>132,100</u>	<u>132,100</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 102,935</u>	<u>\$ 58,735</u>	173,605	<u>\$ 114,870</u>
Fund Balance - Beginning of Year			<u>413,575</u>	
FUND BALANCE - END OF YEAR			<u>\$ 587,180</u>	

**CITY OF PLEASANT HILL, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND (UNAUDITED)
YEAR ENDED MARCH 31, 2024**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 85,805	\$ 85,805	\$ 85,805	\$ -
Total Revenues	85,805	85,805	85,805	-
EXPENDITURES				
Capital Outlay	175,805	175,805	172,902	2,903
Total Expenditures	175,805	175,805	172,902	2,903
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (90,000)</u>	<u>\$ (90,000)</u>	(87,097)	<u>\$ 2,903</u>
Fund Balance - Beginning of Year			<u>312,091</u>	
FUND BALANCE - END OF YEAR			<u>\$ 224,994</u>	



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

APPENDIX C

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF DECLARATION OF TRUST AND LEASE PURCHASE AGREEMENT

(THIS PAGE LEFT BLANK INTENTIONALLY)

APPENDIX C

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF DECLARATION OF TRUST AND LEASE

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

“Additional Certificates” means any additional parity Certificates delivered pursuant to the Declaration of Trust.

“Authorized Representative” means the Mayor, the Mayor Pro-Tem, the City Administrator, the Finance Manager, the City Clerk or any other person designated as an Authorized Representative by the City Council, such designation being approved by the City Council of the City by a resolution or ordinance that is filed with the Trustee.

“Available Revenues” means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

“Basic Rent” means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

“Basic Rent Payment” means a payment of Basic Rent.

“Basic Rent Payment Date” means each June 1 and December 1 during the Lease Term, commencing on December 1, 2025.

“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 corporate trust office or designated payment office of the Trustee 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.

“Cede & Co.” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

“Certificate Payment” means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

“Certificate Purchase Agreement” means the Certificate Purchase Agreement among the City, the Trustee and the Underwriter, pursuant to which the Underwriter agrees to purchase the Series 2025 Certificates.

“Certificates” means the Series 2025 Certificates and any Additional Certificates delivered under the Declaration of Trust.

“City” means the City of Pleasant Hill, Missouri, a special charter city and political subdivision organized and existing under the laws of the State of Missouri, and any successors or assigns.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Completion Certificate” means the certificate of the City given in accordance with the Lease.

“Completion Date” means the date of completion of the acquisition and installation of the Project as that date shall be certified as provided in the Lease.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction (including fees of Special Counsel and fees of counsel to the Underwriter), fees of any rating agency, title insurance premiums and recording fees and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

“Costs of the Project” means all reasonable or necessary expenses related or incidental to the Project and the acquisition and installation of the Leased Equipment, legal and other special services and all other necessary and incidental expenses, including interest on the Certificates to the Completion Date and Costs of Issuance.

“Declaration of Trust” means the Declaration of Trust dated as of June 1, 2025, between the City and the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

“Directive” means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Trustee kept pursuant to the Declaration of Trust, or their lawful attorneys in fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

“Event of Default” means an Event of Default as described in the Declaration of Trust.

“Event of Lease Default” means an Event of Default under the Lease.

“Event of Nonappropriation” means an Event of Nonappropriation as described in the Lease.

“FAST Agent” means the Trustee when acting as agent for the Securities Depository in accordance with the rules established by the Securities Depository for Fast Automated Securities Transfers.

“Fiscal Year” means the fiscal year of the City, currently the twelve-month period beginning April 1 and ending on March 31.

“Funds” means, collectively, the Project Fund and the Lease Revenue Fund and any other funds created and held under the Declaration of Trust and all accounts therein.

“Government Obligations” means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates, and (c) obligations that are noncallable or for which the call date has been irrevocably determined having an investment rating in the same rating category as direct obligations of the United States of America or higher as provided by a nationally recognized rating service as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations

and that mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest as set forth in the Lease.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are permitted by law for investment of the moneys held in the Funds created and held under the Declaration of Trust:

- (a) Government Obligations;
- (b) negotiable certificates of deposit, demand deposits and other deposit arrangements, repurchase agreements, and investment agreements issued by banks or trust companies, including without limitation, the Trustee and its affiliates, continuously secured (to the extent not fully insured by the Federal Deposit Insurance Corporation), for the benefit of the Trustee by lodging with a bank or trust company (which may or may not be the bank or trust company issuing such negotiable certificates of deposit, repurchase agreement or investment agreement), as collateral security, Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit, demand deposits and other deposit arrangements; 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.

“Lease” means the Lease Purchase Agreement, dated as of June 1, 2025, between the Trustee, as lessor, and the City, as lessee, as amended and supplemented from time to time in accordance with its terms.

“Lease Revenue Fund” means the fund by that name established pursuant to the Lease.

“Lease Revenues” means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund established pursuant to the Declaration of Trust.

“Lease Term” means the Original Term and all Renewal Terms.

“Leased Equipment” means all equipment, personal property and materials, acquired and installed in connection with the Project, to the extent that the costs have been paid from proceeds of the Series 2025 Certificates as further described in the Lease, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys’ fees, incurred in the collection thereof.

“Notice by Mail” or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the registration books maintained pursuant to the Declaration of Trust.

“Original Term” means the period from the dated date of the Lease until the end of the Fiscal Year then in effect (March 31, 2026).

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (i) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (iii) Certificates whose payment or prepayment has been provided for in accordance with the Declaration of Trust, and (iv) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

“Owner” or **“Registered Owner”** of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar pursuant to the Declaration of Trust.

“Prepayment Date” means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates in accordance with the Declaration of Trust.

“Prepayment Price” means, with respect to any Certificate (or portion thereof) the Prepayment Price calculated in the Declaration of Trust and in the Certificates.

“Principal Portion” means the principal portion of the Basic Rent Payments as set forth in the Lease.

“Proceeds” means the aggregate moneys initially paid to the Trustee for a series of the Certificates.

“Project” means the acquisition and installation of new bleachers and other equipment at the City’s outdoor fairgrounds located 308 W. Commercial Street in the City.

“Project Agreements” means any agreement or agreements between the City and various parties providing for the Project and acquisition and installation of various portions of the Leased Equipment in connection with the Project.

“Project Fund” means the fund by that name established pursuant to the Declaration of Trust.

“Purchase Price” means the amount designated as such in the Lease that the City shall pay to the Trustee to purchase the Trustee’s interest in the Leased Equipment.

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

“Registrar” means the Trustee when acting in that capacity or its successor as Registrar.

“Renewal Term” means each renewal term of the Lease, each having a duration of one year and a term coextensive with then current Fiscal Year as provided in the Lease, except that the last possible Renewal Term shall end on June 2, 2045*.

“Rent” means, collectively, Basic Rent and Supplemental Rent.

“Rent Payment” means a payment of Rent.

“Replacement Certificates” means Certificates issued to the beneficial owners of the Certificates in accordance with the Declaration of Trust.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

* Preliminary, subject to change.

“Series 2025 Certificates” means the Certificates of Participation (City of Pleasant Hill, Missouri, Lessee), Series 2025, in the aggregate principal amount of \$490,000* evidencing a proportionate interest in Basic Rent Payments to be made by the City, as lessee, pursuant to this annually renewable Lease, executed and delivered pursuant to the Declaration of Trust.

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

“Supplemental Declaration of Trust” means any Declaration of Trust supplemental or amendatory to the Declaration of Trust entered into by the Trustee pursuant to the Declaration of Trust.

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

“Supplemental Rent” means all amounts due under the Lease, other than Basic Rent.

“Supplemental Rent Payment” means a payment of Supplemental Rent.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of June 18, 2025, entered into by the City and the Trustee in connection with the execution and delivery of the Series 2025 Certificates.

“Trust Estate” means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

“Trustee” means UMB Bank, N.A., Kansas City, Missouri, and its successor or successors and their respective assigns.

“Underwriter” means Central States Capital Markets, Prairie Village, Kansas, as the original purchaser of the Series 2025 Certificates.

* Preliminary, subject to change.

SUMMARY OF CERTAIN PROVISIONS OF THE DECLARATION OF TRUST

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

General Provisions

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series 2025 Certificates, provides the terms of the Series 2025 Certificates and provides for various Funds related to the Project and the Lease.

Trust Estate

Under the Declaration of Trust, the Trustee declares that it will hold all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Lease and all agreements and instruments contemplated thereby (except any compensation, indemnification or other amounts which may be due directly to the Trustee thereunder) (collectively, the “**Trust Estate**”), as trustee, upon the terms and trusts set forth under the Declaration of Trust for the equal and proportionate benefit, security and protection of all present and future Owners of the Certificates, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any of the other Certificates.

Authorization of Series 2025 Certificates

(a) There will be initially prepared, executed and delivered under the Declaration of Trust a series of Certificates in the aggregate principal amount of \$490,000*, which series of Certificates will be designated “Certificates of Participation (City of Pleasant Hill, Missouri, Lessee), Series 2025.” The Series 2025 Certificates shall be dated the date of original delivery thereof, and will be payable on the dates, in the principal amounts (subject to prepayment as described in the Declaration of Trust), and with the Interest Portions accruing at the rates set forth in the Declaration of Trust.

(b) Prior to or simultaneously with the execution of and delivery of the Series 2025 Certificates by the Trustee, the following documents will be filed with the Trustee:

(i) a copy of the ordinance passed by the City Council of the City authorizing the execution of the Lease and approving the execution and delivery of the Series 2025 Certificates under the Declaration of Trust;

(ii) copies of the Declaration of Trust, the Lease, the Certificate Purchase Agreement and the Tax Compliance Agreement;

(iii) an Opinion of Special Counsel as to the validity of the Series 2025 Certificates and the exemption from federal income taxation of the Interest Portion of Basic Rent Payments represented by the Series 2025 Certificates;

(iv) A request and authorization to the Trustee by the City to authenticate the Series 2025 Certificates and to deliver the Series 2025 Certificates to or upon the order of the Underwriter upon payment, for the account of the City, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name(s) of the Underwriter and the amount of such purchase price.

* Preliminary, subject to change.

(v) Such other certificates, statements, receipts, opinions and documents required by the Declaration of Trust or the Lease, or as the Trustee may reasonably require for the delivery of the Series 2025 Certificates.

When the documents specified above have been filed with the Trustee in accordance with the Declaration of Trust, and when the Series 2025 Certificates have been executed as required by the Declaration of Trust, the Trustee will deliver the Series 2025 Certificates to or upon the order of the Underwriter or will hold the Series 2025 Certificates as FAST Agent for the benefit of the Beneficial Owners, but only upon payment of the purchase price of the Series 2025 Certificates, being \$[] (representing the principal amount of the Series 2025 Certificates of \$490,000.00*, plus a[n] [net] original issue premium of \$[] and minus an underwriting discount of \$[]), as further specified in the Certificate Purchase Agreement. The Proceeds of the sale of the Series 2025 Certificates paid to the Trustee will be deposited and applied as provided in the Declaration of Trust.

Additional Certificates

(a) Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Series 2025 Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in the Declaration of Trust for the purposes set forth in the Lease.

(b) Before any Additional Certificates may be executed and delivered under the provisions of the Declaration of Trust, the City will:

(i) pass an ordinance authorizing a Supplemental Lease and authorizing the execution and delivery of such Additional Certificates, fixing the amount and terms thereof and describing the Certificates to be refunded, if any;

(ii) consent in writing to the Trustee's execution of a Supplemental Declaration of Trust for the purpose of executing and delivering such Additional Certificates; and

(iii) authorize the Trustee to enter into an amendment to the Lease with the City to provide for Basic Rent Payments at least sufficient to pay the Principal Portion, premium, if any, and Interest Portion of the Certificates then to be Outstanding (including the Additional Certificates to be executed and delivered) as the same become due, and for such other matters as are appropriate because of the execution and delivery of the Additional Certificates proposed to be delivered.

(c) Such Additional Certificates will have the same designation as the Series 2025 Certificates, except for an identifying series letter or date as provided in the Declaration of Trust. The Principal Portion and the Interest Portion of Basic Rent represented by such Additional Certificates will be payable on the dates, in the amounts and (with respect to such Interest Portion) at the rates as may be provided by the Supplemental Declaration of Trust authorizing such Additional Certificates. The payment schedules attached as exhibits to the Declaration of Trust and the Lease will be amended by such Supplemental Declaration of Trust and Supplemental Lease, respectively, to reflect separately the Principal Portion of Basic Rent allocable to each series of Certificates. Such Additional Certificates will be on a parity with and will be entitled to the same benefit and security of the Declaration of Trust as the Series 2025 Certificates and any other Additional Certificates.

* Preliminary, subject to change.

(d) The Additional Certificates will be executed substantially in the form and manner as provided in the Declaration of Trust, but prior to or simultaneously with the delivery of such Certificates by the Trustee, the following items will be filed with the Trustee:

(i) a copy of the ordinance passed by the City Council of the City authorizing such Supplemental Lease and authorizing the execution and delivery of the Additional Certificates, fixing the amount and terms thereof and describing the Certificates to be refunded, if any.

(ii) a copy of the executed Supplemental Declaration of Trust authorizing such Additional Certificates.

(iii) a copy of the executed Supplemental Lease.

(iv) an executed copy of any certificate purchase agreement relating to the Additional Certificates.

(v) an Opinion of Special Counsel to the effect that the execution and delivery of such Additional Certificates will not result in the Interest Portion of Basic Rent evidenced by any Certificates then Outstanding becoming includable in gross income of the Owners thereof for federal income tax purposes.

(vi) such other certificates, statements, receipts, opinions and documents required by the Declaration of Trust or the Lease or as the Trustee may reasonably require for the delivery of the Additional Certificates.

(e) When the documents mentioned above have been filed with the Trustee, and when such Additional Certificates have been executed and registered as required by the Declaration of Trust, the Trustee will deliver such Additional Certificates to or upon the order of the purchaser named in the certificate purchase agreement relating to such Additional Certificates, if any, or hold the Additional Certificates as FAST Agent for the benefit of the Beneficial Owners, but only upon payment of the purchase price of such Additional Certificates by the purchaser of such Additional Certificates. The Proceeds of Additional Certificates, including accrued interest, if any, paid to the Trustee will be deposited as provided in the Supplemental Declaration of Trust.

Prepayment Provisions with Respect to the Series 2025 Certificates

(a) *Optional Prepayment.* The Series 2025 Certificates with stated maturities of June 1, 2031, and thereafter shall be subject to optional prepayment, as a whole or in part, on June 1, 2030, or any date thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2025 Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Trustee's interest in the Leased Equipment or to partially prepay Basic Rent Payments pursuant to the terms of the Lease.

(b) *Mandatory Prepayment.* The Series 2025 Certificates with the stated maturity date of June 1, 2036, June 1, 2041, and June 1, 2045 (the “**Series 2025 Term Certificates**”), are subject to mandatory prepayment pursuant to the mandatory prepayment requirements of the Declaration of Trust at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2025 Term Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, as follows:

Series 2025 Term Certificates		Series 2025 Term Certificates	
<u>Maturing on June 1, 2036</u>		<u>Maturing on June 1, 2041</u>	
<u>Prepayment Date</u>		<u>Prepayment Date</u>	
<u>June 1</u>	<u>Principal Portion</u>	<u>June 1</u>	<u>Principal Portion</u>
2031	\$20,000	2037	\$25,000
2032	20,000	2038	25,000
2033	20,000	2039	30,000
2034	20,000	2040	30,000
2035	25,000	2041 ⁺	30,000
2036 ⁺	25,000		

Series 2025 Term Certificates	
<u>Maturing on June 1, 2045</u>	
<u>Prepayment Date</u>	
<u>June 1</u>	<u>Principal Portion</u>
2042	\$30,000
2043	35,000
2044	35,000
2045 ⁺	35,000

⁺Final Maturity.

(c) *Extraordinary Optional Prepayment.* The Series 2025 Certificates will be subject to optional prepayment, as a whole, but not in part, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Equipment, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, or the Lease becomes unenforceable, and the City purchases the Trustee’s interest in the Leased Equipment pursuant to the Lease.

Selection of Certificates for Prepayment; Notice to Trustee

If less than all of the Outstanding Certificates are called for optional prepayment, Certificates will be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date the Trustee will select the Certificates or any given portion thereof to be prepaid by lot or such in other equitable manner as the Trustee determines in principal amounts of \$5,000 or any integral multiple thereof. In case of any optional prepayment, at the election of the City, the City will, at least 45 days prior to the Prepayment Date (unless a shorter notice will be satisfactory to the Trustee), give written notice to the Trustee directing the Trustee to call Certificates for prepayment and give notice of prepayment and specifying the Prepayment Date, the series, the principal amount and maturities of Certificates to be called for prepayment, the applicable prepayment price and the provision or provisions of the Declaration of Trust pursuant to which such Certificates are to be called for prepayment.

Partial Prepayment of Certificates

Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered.

Notice of Prepayment

(a) Unless otherwise provided in the Declaration of Trust, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 20 days prior to the Prepayment Date, to the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (i) the Prepayment Date, (ii) the place of prepayment, (iii) the Prepayment Price, (iv) that the proposed prepayment is conditioned upon there being on deposit in the applicable fund or account on the Prepayment Date sufficient money to pay the full Prepayment Price of the Certificates to be prepaid, (v) if less than all, the identification of the Certificates to be prepaid, and (vi) if a Certificate is being prepaid in part, the portion thereof being prepaid. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as provided in the Declaration of Trust or any defect in said notice will not affect or invalidate the validity of any proceedings for the prepayment of such Certificate.

(b) Such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to Prepayment Date in an amount sufficient to pay the Prepayment Price on the Prepayment Date. If the notice is conditional and either the Trustee receives written notice from the City that moneys sufficient to pay the Prepayment Price will not be on deposit on the Prepayment Date, or such moneys are not received on the Prepayment Date, then such notice shall be of no force and effect, the Trustee shall not prepay the Certificates and the Trustee shall give notice, in the same manner in which the notice of prepayment was given, that such moneys were not or will not be so received and that such Certificates will not be prepaid.

(c) The Trustee is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards will not affect or invalidate the prepayment of any Certificate to be prepaid.

(d) The Trustee, as long as a book-entry system is used for the Certificates, will send notices of prepayment only to the Securities Depository, as the Owner of the Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any participant or any nominee to notify any Beneficial Owner of the Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Certificates called for prepayment.

Effect of Prepayment

(a) Notice of prepayment having been duly given as aforesaid, and upon funds for payment of the Prepayment Price of such Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Certificates (or portions thereof) so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Certificates so called for prepayment will cease to accrue, said Certificates (or portions thereof) will cease to be entitled to any benefit or security under the Declaration of Trust and the Owners of such Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price.

(b) All Certificates prepaid pursuant to the provisions of the Declaration of Trust will be cancelled upon surrender thereof and destroyed by the Trustee pursuant to the Declaration of Trust.

Establishment of Funds

- (a) There are established with the Trustee under the Declaration of Trust the following funds:
 - (i) Project Fund; and
 - (ii) Lease Revenue Fund.

(b) All funds established pursuant to the Declaration of Trust shall be held by the Trustee in trust for the benefit of the Certificate Owners. The money in all of the funds shall be held in trust and applied as provided in the Declaration of Trust.

Application of Lease Revenues

- (a) Lease Revenues shall be deposited, as received pursuant to the Lease, as follows:
 - (i) The Basic Rent shall be deposited to the Lease Revenue Fund.
 - (ii) Optional and mandatory prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Lease Revenue Fund.
 - (iii) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.
- (c) Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

The Project Fund

- (a) Moneys in the Project Fund will be used to pay for Costs of the Project (including Costs of Issuance). Payment will be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative, which requisition certificate will contain the statements, representations and certificates set forth in the form thereof attached as an exhibit to the Lease and will be otherwise substantially in such form.
- (b) In making disbursements from the Project Fund, the Trustee will be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative without inquiry or investigation. It is understood that the Trustee will not make any inspections of the Project, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the Project. The approval of each requisition certificate by the Authorized Representative will constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Project Fund have been completed. The Trustee will make disbursements from the Project Fund for which any such request is made as soon as practical after the receipt of a properly executed certificate. The Trustee shall be fully protected in making the disbursements contained in the requisition certificates provided to it and shall have no duty or obligation to confirm that such requested disbursements constitute Costs of the Project or Costs of Issuance.
- (c) The Completion Date of the Project and the payment of all Costs of the Project (other than Costs of the Project for which sufficient amounts are retained in the Project Fund) will be evidenced by the filing with the Trustee of the Completion Certificate pursuant to the Lease. As soon as practicable following the receipt by the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than Costs of the Project for which the Trustee has been authorized to retain in the Project Fund) will be transferred and deposited without further authorization as provided in the Lease.

(d) In the event of the acceleration of all of the Certificates pursuant to the Declaration of Trust, any moneys then remaining in the Project Fund will be transferred and deposited to the credit of the Lease Revenue Fund and will be used to pay Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to the Declaration of Trust).

Repayment to the City from the Lease Revenue Fund

After payment in full of all Basic Rent Payments through the maximum Lease Term and all Supplemental Rent due, if any, or the earlier purchase of the Trustee's interest in the Leased Equipment pursuant to the Lease, all amounts remaining in the Lease Revenue Fund will be paid to the City.

Payments Due on Days Other than Business Days

In any case where the date of maturity of Principal Portions of Basic Rent Payments, premium, if any, or Interest Portions of Basic Rent Payments represented by the Certificates or the date fixed for prepayment of any Certificates is not a Business Day, then payment of Principal Portions of Basic Rent Payments, premium, if any, or Interest Portions of Basic Rent Payments represented by the Certificates need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for prepayment, and no interest will accrue for the period after such date.

Separate Accounting for Funds Allocable to each Series of Certificates

The Trustee shall maintain separate accounts for funds and securities attributable to each series of Certificates in the Lease Revenue Fund, the Project Fund and any other fund or account held by the Trustee under the Declaration of Trust so that the calculations for each series of Certificates can be made separately for such series. Any transfer of funds or securities or earnings thereon from one fund or account to another shall be made to the appropriate account or subaccount of the same series of Certificates to which such funds or securities are attributed. If, at any time, a payment is made to any such fund that is less than the amount due and payable to such fund, the amount payable shall be credited *pro rata* to each such separate account within such fund, based on the amount owed to each such account.

Moneys to be Held in Trust

All moneys deposited with or paid to the Trustee for account of the Lease Revenue Fund or the Project Fund under the Declaration of Trust shall be held by the Trustee in trust and shall be applied only in accordance with the Declaration of Trust and the Lease and until used or applied as provided therein, shall constitute part of the Trust Estate and shall not be subject to any lien other than the lien of the Declaration of Trust. The Trustee shall not be under any liability for interest on any moneys received under the Declaration of Trust except such as may be agreed upon in writing.

Investment of Moneys

(a) Moneys held in all Funds under the Declaration of Trust shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized Representative of the City, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be

needed. In the absence of such instructions, the Trustee is directed to invest moneys in accordance with the standing written instruction provided to it by the City on the date of original delivery of the Series 2025 Certificates (or if not provided by the City, the Trustee shall hold moneys uninvested). The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees and cash sweep account fees, which may be deducted from income earned on investments, provided that any such fees will not exceed the interest income on the investment.

(b) The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund under the Declaration of Trust whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund, and any loss resulting from such Investment Securities shall be charged to such Fund.

(c) For purposes of determining the amount in any Fund or account, the value of any investments will be computed at the market value thereof, exclusive of accrued interest. The Trustee shall promptly prepare a report of such annual valuations and deliver copies of such report to the City.

(d) The Trustee may, in making or disposing of any investment permitted by the Declaration of Trust, deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Amendments Permitted

(a) The Declaration of Trust, the Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement thereto which the parties thereto may enter into when the written consent of the Trustee and the City, if not a party hereto or thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall:

(i) extend the stated maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto without the consent of the Owner of each Certificate so affected;

(ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or permit the creation of any lien on the moneys in any Fund held thereunder or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in any Fund held thereunder; or

(iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding. Promptly after the execution by the Trustee of any amendment pursuant to paragraph (a) above, the Trustee shall give Notice by Mail, setting forth in general terms the substance of such amendment to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to the Declaration of Trust. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

(b) Notwithstanding paragraph (a) above in the Declaration of Trust, the Declaration of Trust or the Lease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may

also be modified or amended from time to time and at any time by an agreement which the parties hereto or thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the security for the Certificates;

(ii) to add to the covenants and agreements of the City in the Lease; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the security for the Certificates;

(iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust or the Lease, or in regard to matters or questions arising under the Declaration of Trust or the Lease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City or the Trustee and which shall not, in any such case materially adversely affect the security for the Certificates;

(iv) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification thereof under the Trust Declaration of Trust Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the security for the Certificates;

(v) if applicable, to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation with respect to any tax-exempt Certificates Outstanding;

(vi) to provide for the execution and delivery of Additional Certificates; or

(vii) to make any other change which does not have a materially adverse effect on the security for the Certificate Owners.

(c) The Trustee may, but shall not be obligated to, enter into any Supplemental Declaration of Trust or Supplemental Lease which affects the Trustee's own rights, duties or immunities under the Declaration of Trust or the Lease or otherwise.

Defaults

The occurrence of any of the following events, subject to the provisions of the Declaration of Trust, is hereby defined as an "Event of Default":

(a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or

(b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the prepayment date set therefor in accordance with the terms of the Declaration of Trust; or

(c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

Other Remedies Upon an Event of Default

(a) Upon the occurrence of an Event of Lease Default, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Leased Equipment and apply the net proceeds thereof in accordance with the Declaration of Trust and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

(b) No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or existing at law or in equity or by statute.

(c) No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(d) No waiver of any default under the Declaration of Trust whether by the Trustee or by the Certificate Owners shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

Rights of Certificate Owners

(a) If an Event of Default or Event of Nonappropriation shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners; provided that such Directive will not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided further that the Trustee will have the right to decline to follow any such Directive if the Trustee in good faith determines that the proceedings so directed would involve it in personal liability.

(b) Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings under the Declaration of Trust; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

Discharge of Declaration of Trust

(a) When (i) the obligations of the City under the Lease shall have been satisfied in connection with the exercise by the City of its option to purchase the Leased Equipment in accordance with the Lease by

the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and, (ii) the City has delivered to the Trustee (A) an Opinion of Special Counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and (B) if the deposit of moneys and Government Obligations is more than 90 days prior to the scheduled payment on the Certificates, (1) an Opinion of Special Counsel to the effect that the payment of such Certificates will not adversely affect the exclusion from gross income for purposes of federal income taxation of the Interest Portion of Basic Rent Payments represented by the Certificates and (2) an accountant's certificate verifying the sufficiency of moneys or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion represented by the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates, and (iii) the City has deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust will cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as set forth in the Declaration of Trust; provided, however, that all provisions thereof relating to the compensation or indemnification of the Trustee will survive the satisfaction and discharge of the Declaration of Trust.

(b) After all amounts owing to the Certificate Owners have been paid under the Declaration of Trust and under the Lease, the Trustee shall turn over to the City any surplus in the Lease Revenue Fund and all balances remaining in any other funds other than moneys and Government Obligations held for the payment of the Certificates at maturity or on prepayment, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the benefit of the Certificate Owners and shall be applied by the Trustee to the payment, when due, of the Principal Portions and any premium and Interest Portions of Basic Rent represented by the Certificates.

Duties, Immunities and Liabilities of the Trustee

(a) The Trustee will, prior to an Event of Default or Event of Nonappropriation, and after the curing of all Events of Default or Events of Nonappropriation that may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee will have no implied duties. The permissive right or power to take any action may not be construed as a duty to take action under any circumstances, and the Trustee will not be liable except in the event of its negligence or willful misconduct. The Trustee will, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may be removed upon at any time by (1) a Directive or (2) so long as no Event of Default or Event of Nonappropriation has occurred or condition exists that with the giving of notice or the passage of time or both would constitute an Event of Default, an instrument in writing delivered to the Trustee and signed by the City. The Trustee will give written notice of any removal pursuant to the Declaration of Trust to the City. The Trustee will resign at any time the Trustee ceases to be eligible in accordance with Declaration of Trust, or becomes incapable of acting, or is adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the property or affairs of the Trustee for the purpose of rehabilitation, conservation or liquidation, and thereupon a successor Trustee will be appointed by either (A) a Directive, or (B) so long as no Event of Default or Event of Nonappropriation has occurred or condition exists that with the giving of notice or the passage of time or both would constitute an Event of Default, the City.

(c) The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Registrar pursuant to the Declaration of Trust. Upon receiving such notice of resignation, a

successor Trustee will be appointed by a Directive. If no successor Trustee is promptly appointed by a Directive, the City shall appoint a temporary successor Trustee to serve as successor Trustee until such time as a permanent successor Trustee is appointed by a Directive or in accordance with the Declaration of Trust.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and has accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning or removed Trustee or any Certificate Owner (on behalf of himself and all other Certificate Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Declaration of Trust will signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee held by it as security for the Certificates, including its interest in the Lease, with like effect as if originally named Trustee therein and the duties and obligations of the predecessor Trustee under the Declaration of Trust will thereafter cease and terminate; but, nevertheless at the request of the City or the request of the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be requested for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Declaration of Trust and will pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions therein set forth. Upon request of the predecessor or the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Declaration of Trust, such successor Trustee will cause Notice by Mail to all Owners of such acceptance.

(e) Any Trustee appointed under the provisions of the Declaration of Trust in succession to the Trustee will be a state or national trust company, association or bank having the powers of a trust company and being duly authorized to execute trust powers in the State, in good standing in the State, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision and examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Declaration of Trust the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee will cease to be eligible in accordance with the provisions of the Declaration of Trust, the Trustee will resign immediately in the manner and with the effect specified in the Declaration of Trust.

(f) Notwithstanding anything elsewhere in the Declaration of Trust or the Lease contained, before taking any action under the Declaration of Trust (except with respect to acceleration of the Certificates and payment of the Certificates upon such acceleration or any payments of the Certificates when due), the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable fees, costs and expenses (including, without limitation, attorneys' fees and expenses) to which it may be put and to protect it against all liability that it may incur in or by reason of such action, including without limitation liability in connection with environmental contamination, and the cleanup thereof, except liability that is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(g) The Trustee may elect not to proceed in accordance with a Directive without incurring any liability to the Certificate Owners if in the opinion of the Trustee such direction may result in environmental or other liability to the Trustee, in its individual capacity, for which the Trustee has not received indemnity from the Certificate Owners, and the Trustee may rely upon an Opinion of Counsel addressed to the

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

The following is a summary of certain provisions of the Lease. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Lease for a full recital of the provisions thereof.

Lease Term

The Original Term of the Lease shall terminate the last day of the current Fiscal Year (March 31, 2026). The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one-year, provided that the final Renewal Term shall not extend beyond June 2, 2045*. At the end of the Original Term and at the end of each Renewal Term, unless the City has terminated the Lease pursuant to the terms thereof and for no other reason, the City shall be deemed to have exercised its option to continue the Lease for the next Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the City

The City reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The City further covenants that its responsible financial officer shall do all things lawfully within such officer's power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend the Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by the then-current City Council of the City.

Nonappropriation

The City is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease shall be deemed terminated at the end of the Original Term or the then-current Renewal Term. An Event of Nonappropriation shall be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the Original Term or the then-current Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If the Lease is terminated in accordance with the Lease, the City agrees that it will peaceably transfer and surrender possession of the Leased Equipment to the Trustee.

Enjoyment of Leased Equipment

(a) The Trustee shall provide the City during the Lease Term with quiet use and enjoyment of the Leased Equipment, and the City shall during the Lease Term peaceably and quietly have, hold and enjoy the Leased Equipment, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The City shall have the right to use the Leased Equipment for any governmental or proprietary purpose of the City, subject to the limitations contained in the Lease.

* Preliminary, subject to change.

(b) Notwithstanding any other provision in the Lease, the Trustee shall have no responsibility to cause the Leased Equipment to be acquired or installed or to maintain or repair the Leased Equipment. The City shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Leased Equipment, as to the manner and use or the condition of the Leased Equipment. The City shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The City shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the City to comply with the provisions of the Lease. Notwithstanding any provision contained in the Lease, however, the City shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the City may refrain from complying therewith, if the City furnishes, on request, to the Trustee, at the City's expense, indemnity satisfactory to the Trustee.

Basic Rent

(a) The City shall promptly pay all Basic Rent, subject to the Lease, in lawful money of the United States of America to the Trustee on each Basic Rent Payment Date in such amounts as are described in the Lease. A portion of each Basic Rent Payment is paid as, and represents payment of, interest as set forth in the Lease (said interest to be attributable to the various Principal Portions in accordance with the per annum rates set forth in the Lease).

(b) To provide for the timely payment of Basic Rent, the City shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five (5) Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

(c) The City has or will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term, and such funds will not be expended for other purposes.

Supplemental Rent

The City shall pay as Supplemental Rent, subject to the provisions of the Lease summarized under the captions titled "Nonappropriation" and "Rent Payments to Constitute a Current Expense and Limited Obligation of the City" in this *Appendix C*:

- (a) all Impositions (as defined in the Lease);
- (b) all amounts required under the Lease and all other payments of whatever nature which the City has agreed to pay or assume under the Lease;
- (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease by the Trustee;
- (d) all fees and charges of the Trustee as further provided in the Lease; and
- (e) any payments required to be made pursuant to the Tax Compliance Agreement.

Amounts required to be paid under the Lease shall be paid directly to the person or entity owed.

Rent Payments to Constitute a Current Expense and Limited Obligation of the City

NOTWITHSTANDING ANY OTHER PROVISION UNDER THE LEASE, THE TRUSTEE AND THE CITY UNDERSTAND AND INTEND THAT THE OBLIGATION OF THE CITY TO PAY RENT UNDER THE LEASE BE LIMITED TO PAYMENT FROM AVAILABLE REVENUES AND SHALL CONSTITUTE A CURRENT EXPENSE OF THE CITY AND SHALL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF THE CITY IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, NOR SHALL ANYTHING CONTAINED IN THE LEASE CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS OR MONEYS OF THE CITY, AND ALL PROVISIONS OF THE LEASE SHALL BE CONSTRUED SO AS TO GIVE EFFECT TO SUCH INTENT.

Advances

In the event the City shall fail to either maintain the insurance required by the Lease or keep the Leased Equipment in good repair, the Trustee may, but shall be under no obligation to, purchase the required insurance and pay the cost of the premiums therefor and maintain and repair the Leased Equipment and pay the cost thereof. All amounts so advanced by the Trustee shall constitute Supplemental Rent for the Original Term or then current Renewal Term, and the City covenants and agrees to pay such amounts so advanced by the Trustee with interest thereon from the due date until paid at the Trustee's current prime rate plus 2% per annum or the maximum amount permitted by law, whichever is less. In accordance with Section 427.120 of the Revised Statutes of Missouri, unless the City provides evidence of the insurance coverage required by the Lease, the Trustee may purchase insurance at the City's expense to protect the Trustee's interests under the Lease. This insurance may, but need not, protect the City's interests. The coverage that the Trustee may purchase may not pay any claim that the City may make or any claim that may be made against the City in connection with the Leased Equipment. The City may later cancel any insurance purchased by the Trustee, but only after providing a certification signed by an Authorized Representative that the City has obtained insurance as required by the Lease. If the Trustee purchases insurance for the Leased Equipment, the City will be responsible for the costs of that insurance, including the insurance premium, interest and any other charges the Trustee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance will be added as Supplemental Rent. The costs of the insurance may be more than the cost of insurance the City may be able to obtain on its own.

Credit against Basic Rent Payment Obligation

The City shall receive credit against its obligation to pay the Interest Portion or Principal Portion of Basic Rent to the extent moneys are on deposit in the Lease Revenue Fund and are available to pay the Interest Portion or the Principal Portion of Basic Rent represented by the Certificates.

Net Lease; Rent Payments to be Unconditional

(a) THE LEASE IS INTENDED TO BE NET, NET, NET TO THE TRUSTEE, SUBJECT TO THE LEASE, AND THE OBLIGATIONS OF THE CITY TO MAKE PAYMENT OF THE RENT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED THEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SETOFF OR DEFENSE, FOR ANY REASON, INCLUDING ANY FAILURE OF THE LEASED EQUIPMENT TO BE ACQUIRED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE LEASED EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

(b) Nothing in the Lease shall be construed as a waiver by the City of any rights or claims the City may have against the Trustee under the Lease or otherwise, but any recovery upon such rights and claims shall be from the Trustee separately, it being the intent of the Lease that the City shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under the Lease, including its obligation to pay Basic Rent and Supplemental Rent. The City may, however, at its own cost and expense and in its own name or in the name of the Trustee, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its right of possession, occupancy and use under the Lease, and in such event the Trustee hereby agrees, subject to receipt by the Trustee of satisfactory indemnity in accordance with the Declaration of Trust, to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the Trustee in any such action or proceeding if the City shall so request.

Compensation of the Trustee

The City shall, from time to time, upon the written request of the Trustee, (a) pay to the Trustee reasonable compensation for its services as agreed to by the City and the Trustee from time to time (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and (b) reimburse the Trustee for all reasonable advances and expenditures, including but not limited to, advances to and reasonable fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by it in the exercise and performance of its powers and duties under the Lease and under the Declaration of Trust. Compensation under this Section (except that the initial fee is to be included in Costs of Issuance) is to be paid as Supplemental Rent as set forth in the Lease. The Trustee will have a first lien against the Trust Estate for its reasonable costs, fees, expenses and advancements under the Lease or under the Declaration of Trust. In the event that it shall become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee, it shall not be entitled to compensation for reimbursement therefor.

Increased Basic Rent

Notwithstanding any other provision of the Lease, the Trustee and the City may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the City on any Basic Rent Payment Date to provide funds to pay the costs of (a) completing the Project, (b) improving, upgrading or modifying the Leased Equipment, (c) acquiring additional equipment or personal property to be included in the Leased Equipment, and (d) refunding any or all of the Certificates. Each such Supplemental Lease will include an amended Exhibit A reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

Acquisition and Installation of the Project

(a) The City represents, warrants, covenants and agrees as follows:

(i) It has entered into or will enter into one or more Project Agreements providing for the completion of the Project, including the acquisition and installation of the Leased Equipment, in accordance with the plans and specifications therefor;

(ii) It will cause the Project, including the acquisition and installation of the Leased Equipment, to be completed with all reasonable dispatch in accordance with the applicable provisions of the Lease;

(iii) All contracts entered into or to be entered into by the City relating to such work shall be in accordance with all applicable requirements of the laws of the State and shall have any performance bonds required by the laws of the State;

(iv) It has obtained or shall obtain all necessary or required permits, licenses, consents and approvals that are material for the purchase, installation, operation and maintenance of the Leased Equipment and shall comply with all lawful requirements of any governmental body regarding the use or condition of the Leased Equipment, whether existing or later enacted or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other change to the Leased Equipment and irrespective of the cost of so complying;

(v) It will pay all fees, costs and expenses incurred in completing the Project or, to the extent there are moneys in the Project Fund available therefor, will request the Trustee to make such payments from the Project Fund in the manner provided in the Lease and provided in the Declaration of Trust; and

(vi) It will ask, demand, sue for and use its best efforts to recover and receive such sums of money, debts or other demand to which it may be entitled under any contract, order, receipt, guaranty, warranty, writing or instruction in connection with the acquisition and installation of the Leased Equipment, and it will use its best efforts, to the extent economically reasonable, to enforce the provisions of any contract, agreement, obligation, bond or other security in connection therewith, and any such amounts received in connection with the foregoing, after deduction of expenses incurred in recovering such amounts, shall be paid to the Trustee for deposit in the Project Fund if the Completion Date has not occurred or for deposit in the Lease Revenue Fund if the Completion Date has occurred.

(b) If the Project or any portion thereof is delayed or fails to occur for any reason, there shall be no diminution in or postponement of the payments to be made by the City under the Lease.

(c) The Trustee is not the agent or representative of the City, and the City is not the agent of the Trustee, and the Lease shall not be construed to make the Trustee liable to materialmen, contractors, subcontractors, craftsmen, laborers or others for goods or services delivered by them in connection with the Project or for debts or claims accruing to the aforesaid parties against the City. The Lease shall not create any contractual relation either expressed or implied between the Trustee and any materialmen, contractors, subcontractors, craftsmen, laborers or any other person supplying any work, labor or materials in connection with the Project. Notwithstanding anything in the Lease or in the Declaration of Trust to the contrary, during the Lease Term, the Trustee shall not be deemed to exercise control over or be an operator or owner of the Leased Equipment and shall not be responsible or liable for the operation, use and maintenance of the Leased Equipment.

Payment for Costs of the Project

(a) In compliance with the Declaration of Trust, costs and expenses of every nature incurred in connection with the Project that qualify as Costs of the Project, including Costs of Issuance, will be paid by the Trustee from the Project Fund upon receipt by the Trustee of a completed requisition certificate of the City signed by the Authorized Representative of the City containing the statements, representations and certifications set forth in the form of such requisition certificate attached to the Lease.

(b) In making disbursements for Costs of the Project, the Trustee shall be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative of the City without inquiry or investigation. It is understood that the Trustee shall *not* make any inspections of the Leased Equipment nor any improvements thereon, make any provision to obtain completion bonds, mechanic's or

materialmen's lien releases or otherwise supervise any phase of the acquisition or installation of the Leased Equipment. The approval of each requisition certificate by the Authorized Representative of the City shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Project Fund have been completed.

Completion Date; Excess Funds

The Completion Date for the Project shall be evidenced to the Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the City (the "**Completion Certificate**") stating (a) the date on which the Project and acquisition and installation of the Leased was substantially completed, (b) that all Leased Equipment and other materials, personal property and equipment necessary for the Project have been acquired and installed, (c) that the Leased Equipment acquired and installed in connection with the Project has been acquired and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Costs of the Project described in accordance with clause (e) below, all Costs of the Project, which is the subject of the Completion Certificate, have been paid and (e) the amounts, if any, to be retained in the Project Fund for the payment of Costs of the Project, if any, not yet due or Costs of the Project whose liability the City is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the City that then exist or may subsequently come into being against third parties. Any amounts remaining in the account within the Project Fund for the Project which is the subject of the Completion Certificate, that are not needed to pay any remaining Costs of the Project shall be transferred to the Lease Revenue Fund.

Warranties

The Trustee hereby assigns to the City for and during the Lease Term, all of its interest in all warranties, guarantees or other contract rights against any architect, contractor, subcontractor or supplier, expressed or implied, issued on or applicable to the Project or Leased Equipment, and the Trustee hereby authorizes the City to obtain the customary services furnished in connection with such warranties, guarantees or other contract rights at the City's expense. The City's sole remedy for the breach of such warranties, guarantees or other contract rights shall be against any architect, contractor, subcontractor or supplier, and not against the Trustee, nor shall such matter have any effect whatsoever on the rights of the Trustee with respect to the Lease, including the right to receive full and timely Basic Rent Payments and Supplemental Rent Payments. The City expressly acknowledges that the Trustee does not make nor has it made any representation or warranty whatsoever as to the existence or availability of such warranties, guarantees or other contract rights of the manufacturer or supplier of any portion of the Project or the Leased Equipment.

Disclaimer of Warranties

THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED EQUIPMENT OR ANY PART THEREOF, OR WARRANTY WITH RESPECT THERETO. IN NO EVENT SHALL THE TRUSTEE BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THE LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY'S USE OF THE LEASED EQUIPMENT OR ANY PART THEREOF.

Deficiency of Project Fund

If the Project Fund shall be insufficient to pay fully all Costs of the Project and to complete fully the acquisition, construction and installation of the Leased Equipment lien free, the City shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials

and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the City shall save the Trustee whole and harmless from any obligation to pay such deficiency.

Impositions

The City shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Leased Equipment, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Leased Equipment (all of the foregoing being referred to in the Lease as “**Impositions**”).

Contest of Impositions

The City may, in its own name or in the Trustee’s name, contest the validity or amount of any Imposition that the City is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least 10 days before the contested Imposition becomes delinquent. The City may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom provided the City provides the Trustee with either (a) an Opinion of Counsel, to the effect that by nonpayment of any such items the interest of the Trustee in the Leased Equipment will not be endangered or the Leased Equipment or any part thereof will not be subject to loss or forfeiture or (b) a written certification of the City that by nonpayment of any such items the interest of the Trustee in the Leased Equipment will not be endangered or the Leased Equipment or any part thereof will not be subject to loss or forfeiture. If the City is unable to provide either the above-described Opinion of Counsel or written certification, the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss that may result from nonpayment in form reasonably satisfactory to the Trustee. The Trustee agrees to cooperate with the City in connection with any and all administrative or judicial proceedings related to Impositions. To the extent permitted by law, and without waiver of the City’s sovereign immunity, the City will hold the Trustee whole and harmless from any costs and expenses the Trustee may incur with respect to any Imposition.

Insurance

(a) The City shall, during the Lease Term, cause the Leased Equipment to be kept continuously insured against such risks customarily insured against for property such as the Leased Equipment. In addition, the City shall maintain the following policies of insurance:

(i) Insurance insuring the Leased Equipment against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the replacement value of the Leased Equipment, and issued by such insurance company or companies authorized to do business in the State as may be selected by the City. The policy or policies of such insurance will name the City and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance will be applied as provided in the Lease.

(ii) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the City and the Trustee are named as

insureds, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri (subject to reasonable loss deductible clauses);

(iii) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State; and

(iv) Performance and labor and material payment bonds with respect to each of the Project Agreements in the full amount of each of the respective Project Agreements from surety companies qualified to do business in this State.

(b) On or prior to the expiration dates of the expiring policies, originals or copies of the policies required by the Lease or certificates evidencing such insurance shall be delivered by the City to the Trustee. The City shall use reasonable efforts to ensure that all policies of such insurance, and all renewals thereof, shall contain a provision that the issuer thereof will provide prompt written notice to the Trustee of any cancellation, or termination and nonrenewal, of such insurance.

(c) Nothing in the Lease shall be construed as preventing the City from satisfying the insurance requirements therein set forth by using blanket policies of insurance provided each and all of the requirements and specifications of the Lease respecting insurance are complied with.

Maintenance and Modification of Leased Equipment by the City

(a) The City will at its own expense (i) keep the Leased Equipment in a safe condition, (ii) with respect to the Leased Equipment, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (iii) keep the Leased Equipment in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Equipment, the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City shall not permit or suffer others to commit a nuisance in or about the Leased Equipment or itself commit a nuisance in connection with its use or occupancy of the Leased Equipment. The City will pay all costs and expenses of operation of the Leased Equipment.

(b) The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Equipment that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Equipment. All additions, modifications or improvements made by the City pursuant to the authority of the Lease shall (i) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (ii) when commenced, be pursued to completion with due diligence and (iii) when completed, be deemed a part of the Leased Equipment.

(c) During the Lease Term, the Leased Equipment will be used by the City only for the purpose of performing governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

Tax Covenants

The City ratifies and confirms all of its covenants, representations and warranties contained in the Tax Compliance Agreement, as though set forth in full in the Lease. The City will, in addition, adopt such other

resolutions and ordinances and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the Interest Portion of the Basic Rent will remain excluded from federal gross income, to the extent any such actions can be taken by the City. Notwithstanding anything to the contrary contained in the Lease, the Tax Compliance Agreement may be amended or replaced if, in the opinion of Special Counsel, such amendments will not adversely affect the exclusion from gross income for federal income tax purposes of the Interest Portion of the Basic Rent.

Damage, Destruction and Condemnation

(a) The City shall bear the risk of loss with respect to the Leased Equipment during the Lease Term. If (i) the Leased Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (ii) title to, or the temporary use of, the Leased Equipment or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority (other than the City), the City will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Equipment, unless the City shall have exercised its option to purchase the Trustee's interest in the Leased Equipment by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease.

(b) If the City determines that the repair, restoration, modification or improvement of the Leased Equipment is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the City shall promptly purchase the Trustee's interest in the Leased Equipment pursuant to the Lease by paying the Purchase Price and such Net Proceeds shall be applied by the City to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the City.

Insufficiency of Net Proceeds

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in the Lease and the City has not elected to purchase the Trustee's interest in the Leased Equipment pursuant to the Lease, the City shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the City shall make any payments pursuant to the Lease, the City shall not be entitled to any reimbursement therefor from the Trustee nor shall the City be entitled to any diminution of Rent.

Option to Purchase the Trustee's Interest in the Leased Equipment

The City shall have the option to purchase the Trustee's interest in the Leased Equipment, upon giving written notice to the Trustee at least 45 days before the date of purchase, at the following times and on the following terms:

(a) On or after the date when all Outstanding Certificates are subject to optional prepayment by the City, upon payment in full of Rent Payments then due under the Lease plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term plus Interest Portions of Basic Rent accrued to the Prepayment Date.

(b) Upon deposit of moneys or Government Obligations or both with the Trustee in accordance with the Declaration of Trust in the amount necessary to provide for the Basic Rent

Payments until and on the Prepayment Date, and the Purchase Price calculated as described in (a) above on the Certificates to such Prepayment Date.

(c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Equipment, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, or the Lease becomes unenforceable, on the date the City specifies as the Prepayment Date in the City's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due under the Lease plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

Partial Prepayment

(a) On or after the date any Outstanding Certificates are subject to optional prepayment by the City, the City may prepay the Basic Rent Payments in part, upon giving written notice to the Trustee at least 45 days before the Prepayment Date (unless the Trustee consents to a shorter notice period), at the Prepayment Price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Prepayment Date.

(b) The Principal Portion of Basic Rent prepaid pursuant to the provisions of the Lease shall be in integral multiples of \$5,000 and shall be credited in the order of maturity as directed by the City. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion as shown in the Lease.

Assignment and Subleasing by the City

Except as expressly provided in the Lease, none of the City's right, title and interest in, to and under the Lease and in the Leased Equipment may be assigned or encumbered by the City for any reason; except that the City may sublease any one or more parts of the Leased Equipment if the City obtains and provides to the Trustee an Opinion of Special Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Leased Equipment shall be subject to the Lease and the rights of the Trustee in, to and under the Lease and the Leased Equipment.

Events of Default Defined

Any of the following shall constitute an **"Event of Default"** under the Lease:

(a) Failure by the City to make any deposits required by the Lease to pay Basic Rent in the Lease Revenue Fund at the time specified in the Lease;

(b) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for 60 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in paragraphs (i) or (ii) above, for a period of 60 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected

within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the City in or pursuant to the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(e) Any provision of the Lease shall at any time for any reason cease to be valid and binding on the City, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the City or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the City or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

Remedies on Default

Whenever any Event of Default exists, the Trustee shall have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the City, the Trustee may declare all Rent payable by the City under the Lease to the end of the Original Term or the then-current Renewal Term to be due;

(b) Upon notice that the Trustee has elected to terminate the Lease, the City shall, at its sole expense, uninstall the Leased Equipment and deliver it to the location specified by the Trustee, and the Trustee may thereafter sell the Leased Equipment or lease the Leased Equipment or, for the account of the City, sublease the Leased Equipment continuing to hold the City liable for the difference between (i) the Basic Rent Payments payable by the City under the Lease for the Original Term or the then-current Renewal Term, as the case may be, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, storing, reconditioning, and selling or leasing or subleasing the Leased Equipment and all reasonable brokerage, auctioneers and attorneys' fees);

(c) The Trustee may terminate any rights the City may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Leased Equipment and under the Lease.

No Remedy Exclusive

No remedy in the Lease conferred upon or reserved to the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease now or thereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in the Lease, it shall not be necessary to give any notice other than such notice as may be required in the Lease. In the event the Trustee exercises any of the remedies provided in the Lease, the City grants the Trustee the right of access to the Leased Equipment to make arrangements to sell or lease the Leased Equipment as provided in the Lease.

Title to Leased Equipment

Title to the Leased Equipment shall vest in the City subject to Trustee's rights under the Lease; provided that title thereto shall thereafter immediately and without any action by the City vest in Trustee and the City shall immediately surrender possession thereof to the Trustee upon (a) any termination of the Lease without the City exercising its option to purchase pursuant to the Lease or (b) the occurrence of an Event of Default. It is the intent of the parties hereto that any transfer of title to the Trustee pursuant to the Lease shall occur automatically without the necessity of any deed, bill of sale, certificate of title or other instrument of conveyance. Nevertheless, the City shall execute and deliver any such instruments as the Trustee may request to evidence such transfer.

Personal Property and Security Interest

(a) The Trustee and the City agree that the Leased Equipment is and will remain personal property. The Leased Equipment will not be deemed to be affixed to or a part of the real estate on or under which it may be situated, notwithstanding that the Leased Equipment or any part thereof may be or hereafter become in any manner physically affixed to, buried in or otherwise attached to such real estate or any building thereon. The City will, at the City's expense, furnish a waiver of any interest in the Leased Equipment from any party having an interest in any such real estate or building.

(b) To secure the payment of all of the City's obligations under the Lease, to the extent permitted by law, the Trustee retains a security interest in the Leased Equipment and in all additions, attachments, accessions thereto, substitutions therefor and on any proceeds therefrom. The City shall execute all additional documents, including financing statements, affidavits, notices and similar instruments that are necessary or appropriate to establish and maintain such security interest. The City will provide to the Trustee copies of any financing statements it files or causes to be filed in connection with any security interest granted under the Lease. The City hereby authorizes the filing of any financing statements or continuation statements required under the Uniform Commercial Code in connection with any security interest granted under the Lease.

* * *

(THIS PAGE LEFT BLANK INTENTIONALLY)

APPENDIX D

FORM OF OPINION OF SPECIAL COUNSEL

June 18, 2025

City of Pleasant Hill, Missouri

UMB Bank, N.A., as Trustee

Kansas City, Missouri

Central States Capital Markets

Prairie Village, Kansas

Re: \$490,000* Certificates of Participation (City of Pleasant Hill, Missouri, Lessee), Series 2025 (the **“Series 2025 Certificates”**), evidencing proportionate interests of the owners thereof in Basic Rent Payments to be made by the City of Pleasant Hill, Missouri

To the Addressees:

We have acted as Special Counsel to the City of Pleasant Hill, Missouri (the **“City”**), in connection with a transaction involving the above-referenced Series 2025 Certificates, evidencing proportionate interests of the owners thereof in Basic Rent Payments to be made by the City under a Lease Purchase Agreement dated as of June 1, 2025, between UMB Bank, N.A., a national banking association, as lessor and trustee (the **“Trustee”**), and the City, as lessee (the **“Lease”**). *Capitalized terms used herein and not otherwise defined herein will have the meanings assigned to such terms in the Lease.*

We have examined (a) the Lease, (b) the Declaration of Trust dated as of June 1, 2025, made and delivered by the Trustee (the **“Declaration of Trust”**), (c) certifications of officers and officials of the City and others and (d) the form of the Series 2025 Certificates. In addition, we have reviewed and considered the Internal Revenue Code of 1986, as amended (the **“Code”**), and the applicable regulations thereunder promulgated by the United States Treasury Department.

In rendering the opinions set forth herein, we have assumed without undertaking to verify the same by independent investigation, (a) as to questions of fact, the accuracy of all representations of the Trustee and the City set forth in the Lease, the Declaration of Trust and all certificates of officials of the Trustee, the City and others examined by us, and (b) the conformity to original documents of all documents submitted to us as copies and the authenticity of such original documents and all documents submitted to us as originals.

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

1. The Declaration of Trust has been approved by the City, and the Lease has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding agreement of the City, enforceable in accordance with its terms, except that the Lease is enforceable only during each fiscal year for which sufficient funds have been appropriated.

2. The Series 2025 Certificates have been duly authorized, executed and delivered in accordance with the Declaration of Trust, are entitled to the benefits and security of the Declaration of Trust and evidence interests in the right to receive Basic Rent Payments under the Lease, which right to receive Basic Rent Payments is enforceable in accordance with the terms of the Series 2025 Certificates, the Declaration of Trust and the Lease.

* Preliminary, subject to change.

3. The Interest Portion of each Basic Rent Payment represented by the Series 2025 Certificates (including any original issue discount property allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of Missouri, and (iii) is not an item of tax preference for purposes of federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the execution and delivery of the Lease and the Series 2025 Certificates in order that the Interest Portions of Basic Rent Payments represented by the Series 2025 Certificates be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such Interest Portions of Basic Rent Payments in gross income for federal and Missouri income tax purposes retroactive to the date of execution and delivery of the Lease and the Series 2025 Certificates. The City's obligation to pay Basic Rent Payments under the Lease is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code.

We express no opinion regarding (a) other federal or Missouri tax consequences arising with respect to the Basic Rent or the Series 2025 Certificates, (b) the treatment for federal or Missouri income tax purposes of any money received by registered owners of the Series 2025 Certificates following an Event of Nonappropriation or an Event of Default, other than Basic Rent Payments made by the City pursuant to the Lease, (c) the title to or the description of the property subject to the Lease or (d) the accuracy, completeness or sufficiency of any offering material related to the Series 2025 Certificates.

The rights of the owners of the Series 2025 Certificates and the enforceability of the Series 2025 Certificates, the Declaration of Trust and the Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,