

New Issue

S&P Deposit Program Rating: AA+
S&P Underlying Rating: AA
See "BOND RATINGS" herein

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

\$18,400,000

**ORCHARD FARM R-V SCHOOL DISTRICT
(ST. CHARLES COUNTY, MISSOURI)
GENERAL OBLIGATION BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM), SERIES 2018**

Dated: Date of original issuance

Due: March 1, as shown below

The Bonds will be issued as fully-registered bonds, as herein described, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "APPENDIX B - BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on March 1 and September 1, beginning on March 1, 2019. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by BOKF, N.A., St. Louis, Missouri, as paying agent and bond registrar (the "Paying Agent"), directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri and a resolution expected to be adopted by the Board of Education of the District on June 19, 2018. The Bonds will constitute valid and legally binding general obligations of the District payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the District.

MATURITY SCHEDULE*

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>
2023	\$335,000	%	%	2031	\$ 695,000	%	%
2024	355,000			2032	725,000		
2025	425,000			2033	740,000		
2026	455,000			2034	765,000		
2027	490,000			2035	2,715,000		
2028	515,000			2036	2,810,000		
2029	775,000			2037	2,910,000		
2030	670,000			2038	3,020,000		

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to receipt of an approving opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about July 2, 2018.

This Official Statement is dated _____, 2018.

* Subject to change as provided in the Notice of Bond Sale under the caption "Adjustment of Principal."

This Preliminary Official Statement and the information contained herein is subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman, or other person has been authorized by the District, the Municipal Advisor, or the Underwriter to give any information or to make any representations, 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 the District, the Municipal Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been furnished by the District and from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Municipal Advisor or the Underwriter. This Official Statement is not to be construed as a contract or agreement between the District or the Underwriter and the purchasers or owner of any of the Bonds. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

This Official Statement is in a form deemed final by the District for purposes of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended, except for certain information to be omitted pursuant to Rule 15c2-12(B)(1).

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**ORCHARD FARM R-V SCHOOL DISTRICT
(ST. CHARLES COUNTY, MISSOURI)**

BOARD OF EDUCATION

Nancy Goeke, President

Darren Grunwaldt, Vice President

Nathan Dunkmann, Treasurer

Sarah Vacek, Secretary

Andrew Stegmann

Kenny Biermann

Steven Stopke

SUPERINTENDENT

Dr. Thomas Muzzey

CHIEF FINANCIAL OFFICER

Kurt E. Kaup

BOND COUNSEL

Gilmore & Bell, P.C.
St. Louis, Missouri

MUNICIPAL ADVISOR

WM Financial Strategies
St. Louis, Missouri

SUMMARY STATEMENT

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

Issuer:	Orchard Farm R-V School District (St. Charles County, Missouri).
Issue:	The Bonds consist of \$18,400,000 General Obligation Bonds (Missouri Direct Deposit Program), Series 2018.
Dated Date:	The Bonds will be dated as of the date of original issuance.
Interest Due:	Interest on the Bonds will be payable semiannually on March 1 and September 1, beginning March 1, 2019.
Principal Due:	Principal will be due on March 1 in each of the years and in the amounts shown on the cover page of this Official Statement.
Redemption:	The Bonds or portions thereof maturing on and after March 1, 2027 are subject to redemption and payment prior to maturity at the option of the District on March 1, 2026, and thereafter, in whole or in part on any date at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.
Authorization:	The Bonds were authorized at an election held on April 3, 2018 by a vote of 1,091 in favor of to 163 against the issuance of bonds for the purpose of acquiring, constructing, renovating, repairing, improving, furnishing and equipping new and existing school sites, buildings and related facilities in the District, including expansion of the Early Learning Center and Orchard Farm Middle School, HVAC and bathroom renovations and land acquisition.
Security:	The Bonds will constitute valid and legally binding general obligations of the District payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the District.
Ratings:	S&P Global Ratings, a division of S&P Global Inc. (the "Rating Agency"), has assigned a municipal bond rating of "AA+" to the Bonds based upon the District's participation in the Missouri Direct Deposit Program, and has assigned a municipal bond rating of "AA" to the Bonds based on the underlying credit of the District.
Tax Treatment:	Interest on the Bonds is exempt from income taxation by the State of Missouri and is excludable from gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS" herein.
Paying Agent:	BOKF, N.A., St. Louis, Missouri.
Delivery:	The Bonds are expected to be delivered on or about July 2, 2018.

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**OFFICIAL STATEMENT
OF
ORCHARD FARM R-V SCHOOL DISTRICT
(ST. CHARLES COUNTY, MISSOURI)
Relating to
\$18,400,000
GENERAL OBLIGATION BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM), SERIES 2018**

INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, is provided by Orchard Farm R-V School District (the “District”) to furnish information in connection with its issuance of \$18,400,000 principal amount of General Obligation Bonds (Missouri Direct Deposit Program), Series 2018 (the “Bonds”).

The Bonds were authorized at an election held on April 3, 2018 by a vote of 1,091 in favor of to 163 against the issuance of bonds for the purpose of acquiring, constructing, renovating, repairing, improving, furnishing and equipping new and existing school sites, buildings and related facilities in the District, including expansion of the Early Learning Center and Orchard Farm Middle School, HVAC and bathroom renovations and land acquisition (the “Project”). The use of Bond proceeds is described in greater detail herein under the caption “THE PROJECT.”

The Bonds are general obligations of the District, and the full faith, credit and resources of the District have been irrevocably pledged to the payment of the principal of and interest on the Bonds. The principal of and interest on the Bonds are payable from ad valorem taxes which may be levied, without limitation as to rate or amount on all taxable, tangible property within the District. The District may pay for the principal of and interest on the Bonds, in any year, with surplus money legally available for such purpose.

Upon the issuance of the Bonds the District will enter into an agreement with the Office of the Treasurer of the State of Missouri (the “Treasurer’s Office”), the Department of Elementary and Secondary Education of the State of Missouri (“DESE”), the Health and Educational Facilities Authority of the State of Missouri (the “Authority”) and a Missouri bank as direct deposit trustee (the “Deposit Trustee”) (the “Deposit Agreement”). Under the Deposit Agreement, the District will pledge certain amounts comprising State Aid to the payment of the Bonds. For additional information relating to the Deposit Agreement see the caption “THE BONDS - Security for the Bonds.”

Brief descriptions of the Bonds, the Project and the District are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bond Resolution and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Bond Resolution.

THE BONDS

Authority

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Article VI, Section 26 of the Missouri Constitution and Section 164.121 of the Revised Statutes of Missouri, as amended (the “Missouri Revised Statutes”), and a resolution expected to be adopted by the Board of Education of the District on June 19, 2018 (the “Bond Resolution”).

Security for the Bonds

The Bonds are general obligations of the District, and the full faith, credit and resources of the District have been irrevocably pledged to the payment of the principal of and interest on the Bonds. The principal of and interest on the Bonds are payable from ad valorem taxes that may be levied, without limitation as to rate or amount on all taxable, tangible property within the District. Said levy shall be in addition to and exclusive of all other taxes authorized to be levied by the District.

Pursuant to Section 360.111 of the Revised Statutes of Missouri and related statutes (the "Deposit Law"), the State of Missouri (the "State") and the District may agree to transfer to the Deposit Trustee, a portion of the District's State aid, including Proposition C sales taxes, payments and distributions normally used for operational purposes ("State Aid") in order to provide for payment of debt service on the Bonds. On the date of issuance of the Bonds, the District will enter into a Deposit Agreement with the Treasurer's Office, DESE, the Authority and the Deposit Trustee. The Deposit Agreement will provide that State Aid will be deposited with the Deposit Trustee during each of the months beginning August 2018 through December 2018 to provide for the payment of one-fifth (1/5) of the debt service due on March 1, 2019 and during each of the months March through December of each bond year thereafter, one-tenth (1/10) of the debt service will be deposited with the Deposit Trustee. Amounts of State Aid to the District in excess of the one-tenth (1/10) monthly deposit will not be deposited with the Deposit Trustee but will be transferred directly to the District as has historically been the case with all State Aid.

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

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

Description

The Bonds will be issued as fully-registered bonds and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See the caption "APPENDIX B - BOOK-ENTRY ONLY SYSTEM."

The Bonds are dated as of the date of issuance and will mature on March 1 in each of the years and in the amounts shown on the cover page of this Official Statement. Interest on the Bonds will be payable beginning on March 1, 2019 and semiannually thereafter on March 1 and September 1 to the owner of such Bond as shown on the Bond Register kept by the Paying Agent at the close of business on the Record Date (the 15th day (whether or not a Business Day) of the calendar month next preceding the interest payment date).

The Bonds will be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by the Paying Agent directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described in “APPENDIX B – BOOK-ENTRY ONLY SYSTEM.”

Redemption

The Bonds or portions thereof maturing on and after March 1, 2027 are subject to redemption and payment prior to maturity at the option of the District on March 1, 2026 and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. When less than all of the outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of maturity as shall be determined by the District, and Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or such other equitable manner as the Paying Agent may determine.

In the event the District elects to exercise its option to redeem Bonds pursuant to the Bond Resolution, written notice shall be given by first class mail to the State Auditor of Missouri and the registered owners of the Bonds to be redeemed at least 30 days but not more than 60 days prior to the redemption date.

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

THE DISTRICT

General

The District is located in east central Missouri approximately 30 miles west of the City of St. Louis. The District covers approximately 124 square miles in the northern portion of St. Charles County (the “County”). The District is within the St. Louis Metropolitan Statistical Area (“MSA”).

The majority of the District covers an unincorporated portion of St. Charles County known as “Orchard Farm.” A portion of the District overlaps the City of St. Charles. All of the City of Portage Des Sioux (2010 population of 328) and the town of West Alton (2010 population of 522) are within the District. The District estimates that approximately 80% of its area is rural and the balance is comprised of commercial and suburban areas.

The Missouri Census Data Center estimated the District's 2000 population at 8,330 and its 2010 population at 10,607. The District's 2017 enrollment for resident students K-12 was 1,994 including 135 preschool students.

The District is governed by a seven-member Board of Education (the "Board") and administered by the Superintendent. The District operates schools with grades Pre-K through 12. The District operates under the oversight of DESE. The District is accredited by DESE and has been recognized for the past four years as a distinguished performing school, DESE's highest form of recognition.

The District operates on a fiscal year commencing July 1 of each year and ending on June 30 of the following calendar year (the "Fiscal Year").

Board of Education and Administration

The Board is composed of seven members elected at large. Pursuant to state statutes, Board members serve three year terms. Subsequent to each election, the Board elects a president, vice president, secretary and treasurer. While the president and vice president are required to be members of the Board, the secretary and treasurer are not required to be members of the Board.

The Board has the responsibility of determining the policy of the District within the legal framework established by the Missouri Revised Statutes. The Board makes all final decisions concerning employment, termination of services, expenditures of funds, contracts, establishment of new programs, student fees, tax levies and construction of facilities.

The chief executive officer is the Superintendent of the District, who is selected by the Board. The day-to-day affairs of the District are managed by the Superintendent under the direction of the Board. In addition to day-to-day management, the Superintendent's responsibilities include, among others, making policy recommendations to the Board, recommending all additions or changes in personnel and personnel policies, and directing school construction or new programs.

Employees

Full-time teachers of the District can be members of the Missouri State Teachers Association. The District does not have any written agreement with the Missouri State Teachers Association.

Approximately 72.99% of the District's teachers hold advanced degrees and approximately 53.64% are tenured. The following table sets forth the District's staffing for each of the Fiscal Years 2013 through 2017:

<u>Staff⁽¹⁾</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administrators	8	8	8	9	9
Teachers/Classroom Support	142	144	149	197	190
Support Staff	<u>104</u>	<u>118</u>	<u>108</u>	<u>132</u>	<u>179</u>
Total	<u>254</u>	<u>270</u>	<u>265</u>	<u>338</u>	<u>378</u>

- (1) Administrators include the superintendent, principals, area directors, etc. Teachers/Classroom Support includes teachers/librarians, counselors and teacher aids. Support Staff includes maintenance, custodial, food service, secretaries, clerks, nurses, etc.

Pension Funds

The District participates in the Public School Retirement System of Missouri and the Public Education Employees Retirement System of Missouri (the “Systems”) which are multi-employer cost-sharing public retirement plans created by and operating under Chapter 169 of the Missouri Revised Statutes. Statutory authority for the Systems is found in the Missouri Revised Statutes 169.010 through 169.140 and 169.600 through 169.710.

Membership in and contributions to the Public School Retirement System of Missouri (the “Certificated System”) are mandatory for all full-time employees of the public schools of Missouri who are certificated by DESE, except employees of the school districts of Kansas City and St. Louis. The Certificated System provides a monthly defined service retirement benefit with full benefits at age 60 or with 30 years of service at any age, and actuarially reduced benefits with 25 years of service. The Certificated System also provides disability and death benefits, as well as a right of withdrawal of contributions upon termination of covered employment. Vesting is established after five years of service. The benefit calculations are set forth in the law and in publications of the Certificated System.

Membership in and contributions to the Public Education Employees Retirement System of Missouri (“PEERS”) are mandatory for substantially all public school employees who work more than 20 hours per week on a regular basis and who are not members of the Certificated System. Retirement benefits are based on years of service and salary. Members are eligible for retirement at age 60, if 60 or more months of creditable service have been established, or with 30 years of service at any age. Vesting is established after five years of service. The benefit calculations are set forth in the law and publications of PEERS.

Employers are required to withhold contributions from the employee’s salary at the rate set by each System’s Board of Trustees within statutory limits. The employer must then match those funds and remit the total funds to the applicable System.

Additional information regarding the Pension Funds, including funding during the 2017 Fiscal Year and employee contribution rates, is included in Note 7 and page A-27 of the financial statements for the 2017 Fiscal Year included as APPENDIX A to this Official Statement.

Facilities

The District operates two elementary schools, a middle school, a senior high school and an early childhood preschool. The following table contains descriptive information regarding the schools operated by the District:

<u>School</u>	<u>Grades Served</u>	<u>Student Capacity</u>	Fiscal Year 2017	
			<u>Student Enrollment</u>	<u>Year Constructed</u>
Orchard Farm Elementary	K-5	700	503	1960
Discovery Elementary	K-2	525	395	2010
Orchard Farm Middle	6-8	500	416	1962
Orchard Farm Senior High	9-12	600	553	1969
Orchard Farm Preschool	Pre-K	140	138	2016

Enrollment

The following table sets forth the District's enrollment, excluding preschool, for the Fiscal Years 2013 through 2017:

<u>Fiscal Year</u>	<u>Enrollment</u>
2013	1,521
2014	1,627
2015	1,725
2016	1,781
2017	1,859

Students Per Teacher

The following table sets forth the number of students per classroom teacher in the District for the Fiscal Years 2013 through 2017 compared to the average for the State:

<u>Fiscal Year</u>	<u>District's Students Per Classroom Teacher</u>	<u>Missouri's Students Per Classroom Teacher</u>
2013	19	18
2014	19	18
2015	20	17
2016	19	17
2017	20	17

Source: Missouri Department of Elementary and Secondary Education.

Cost Per Pupil

The following table sets forth the District's instructional expenditures per pupil for the Fiscal Years 2013 through 2017:

<u>Fiscal Year</u>	<u>Cost</u>	<u>% Change</u>
2013	\$11,102	—
2014	11,331	2.06%
2015	11,603	2.40
2016	11,310	(2.53)
2017	12,092	6.91

Source: District's records.

Academic Achievement

The District estimates that for the 2017 Fiscal Year, approximately 92.62% of its senior class graduated and that after graduation approximately 75.6% met the college and career readiness measure as defined by DESE.

Economic and Demographic Data

Transportation

The District is traversed by Highway 370 and Highway 94 that connects to Interstate 70 approximately 10 miles from the District. Highway 370 serves as an outerbelt from Interstate 70 in the City of St. Peters to Interstate 270 in St. Louis County.

Regularly scheduled air passenger and freight service is available at St. Louis Lambert International Airport located approximately 20 miles from the District. Commercial air service is available at two private airports within the County and at a public airport operated by the County.

The Missouri River is situated along the District's northern boundaries. Numerous barge lines serve the area.

The District is served by two railroads: the Norfolk Southern and the Burlington Northern Santa Fe. More than ten common-carriers have terminals in the City of St. Charles.

Economy and Economic Development

The majority of the District covers a rural unincorporated area of the County. A portion of the District overlaps the City of St. Charles. All of the City of Portage Des Sioux and the town of West Alton are within the District. The majority of the District is prime agricultural farmland.

The City of St. Charles is an attractive suburban residential community with a diverse economic base including a mixture of industrial enterprises, commercial enterprises, support services and an established tourist industry.

The City of St. Charles has been actively promoting light industrial development. The majority of land within the City of St. Charles that can be developed for light industry and warehousing is within the corporate limits of the District. In order to stimulate industrial development, the City of St. Charles established two tax increment financing areas within the District. While tax increment financing is in effect, the District will not receive any significant new taxes attributable to development within these areas. In the long-term, and assuming the proposed developments occur, the tax base of the District will be significantly expanded. For additional information regarding the tax increment financing areas, see the caption "FINANCIAL MATTERS – Tax Increment Financing."

Within the District is the development known as "New Town at St. Charles," a planned mixed use development encompassing approximately 638 acres. New Town at St. Charles is ultimately expected to include 5,700 residences, including single family attached and detached housing, cottages, townhomes, senior housing and apartments, and mixed-use buildings, shops and offices.

Flood Plain

Approximately 93 square miles (75%) of the land area in the District is in a flood plain that have occasionally been flooded.

Employment

Based on the 2012-2016 American Community Survey, the total civilian labor force of the District was 6,430 and 369 people were unemployed. This represented a 5.7% unemployment rate.

Major Employers

The following table sets forth information regarding major employers within the City of St. Charles.

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Ameristar St. Charles	Casino	1,600
SSM Health St. Joseph Hospital	Hospital	1,308
St. Charles County	County Government	1,261
The Boeing Company	Aircraft Manufacturing and Defense Contractor	1,170
School District of the City of St. Charles	Education	852
Lindenwood University	Higher Education	711
AT&T Missouri	Telecommunications	600
Client Services Inc.	Accounts Receivable Services	530
City of St. Charles	City Government	495
Central States Coca Cola	Distributor	491

Source: City of St. Charles 2016 Comprehensive Annual Financial Report.

Housing

The following table sets forth certain statistics relating to housing for the District and, for comparative purposes, the County, the State and the St. Louis MSA:

	<u>Median Value of Owner Occupied Housing</u>	<u>% Built from 2000 or Later</u>	<u>% Built Before 1940</u>
The District	\$177,600	40.0%	3.6%
Other Entities:			
St. Charles County	192,900	29.4	3.0
St. Louis MSA	159,500	13.9	16.7
State of Missouri	141,200	16.2	14.1

Source: U.S. Census Bureau, 2012-2016 American Community Survey, 5-Year Estimate.

Income

The following table sets forth certain statistics relating to income for the District and, for comparative purposes, the County, the State and the St. Louis MSA:

	<u>Per Capita Income</u>	<u>Median Family Income</u>	<u>% People Below Poverty Level</u>
The District	\$32,290	\$82,873	11.2%
Other Entities:			
St. Charles County	34,021	88,629	6.1
St. Louis MSA	31,332	72,868	12.7
State of Missouri	27,044	62,285	15.3

Source: U.S. Bureau of Census, 2012-2016 American Community Survey, 5 Year estimates.

Community Services

Utilities

Stormwater drainage and sewage collection and disposal within the District are provided by the Duckett Creek Sewer District and, within the City of St. Charles, by the City of St. Charles. Electric service is provided by Ameren Missouri and gas is provided by St. Charles Gas Co. Water is provided by Missouri Cities Water Company, a public utility, and, within the City of St. Charles, by the City of St. Charles.

Communications and Media

Telecommunication services are provided by AT&T, Century Telephone, Inc. and TDS. There are three radio stations in the County. Residents of the District also receive all St. Louis radio stations and television channels. There are two newspapers circulated in the District: The St. Charles Journal and The St. Charles Post-Dispatch (in conjunction with the St. Louis Post-Dispatch). In addition, there are one triweekly, four weekly and one bimonthly newspapers published in the County. Cable television is provided by AT&T Broadband Services, Inc.

The St. Charles City-County Library District, a special service district governed by a Board of Trustees and operated with a separate tax levy, has library facilities located throughout St. Charles County including the City. The Library District has over 800,000 books, 60,000 audios, 53,000 videos and DVDs, and 200 on-line electronic resources.

Recreation Activities

The District's residents enjoy the cultural and recreational opportunities available from the entire metropolitan St. Louis Area as well as several recreational attractions within and near the District's boundaries.

Within the City of St. Charles are 23 parks. Three parks have aquatic centers, which are state of the art swimming pool areas with waterslides, children's water playgrounds (with sprays, fountains and slides) and lap pools. Other facilities at the parks are available for hiking, picnicking, softball, baseball, volleyball, football, horse shoes, soccer, tennis, and archery. One park includes a ramp for boating access to the Missouri River and several parks have floral displays.

Also within the City of St. Charles are several historic districts with many historic buildings, antique shops and home-style restaurants. South Main Street is the largest designated historical site in the State. Another historical area is the Frenchtown Neighborhood which features a number of 1850-1900 era buildings including over 100 homes, antique shops and an antique mall. Along the riverfront of the Missouri river is a riverboat casino that encompasses 130,000 square feet.

Other attractions within the City of St. Charles include the Katy Trail State Park (a hiking and biking trail along the route of the Missouri-Kansas-Texas Railroad which ceased operation in 1986), the first state capitol, the Lewis & Clark Museum & Center, and the Family Arena, a 192,855 square foot, single concourse arena, with seating for over 9,000 people.

Residents also enjoy the many attractions located throughout the St. Louis Metropolitan area that are within an easy commuting distance including the St. Louis Zoological Park, the Missouri Botanical Gardens, Six Flags Over Mid-America, the St. Louis Symphony and professional sports teams.

Medical

SSM St. Joseph Health Center (the “Health Center”) is located within the City of St. Charles. Services at the 352-bed hospital include open heart surgery, cardiac catheterizations, trauma and emergency services, sleep medicine, obstetrics, surgical services, oncology, vascular surgery, orthopedics, and gastroenterology.

Higher Education

Higher education is provided by St. Charles Community College (the “Community College”), located approximately 16 miles southwest from the District, by Lindenwood University, located in the City of St. Charles approximately 5 miles south from the District, and by the numerous institutions of higher education located in the St. Louis metropolitan area including Saint Louis University, Washington University and the University of Missouri-St. Louis.

Established in 1986, the Community College is one of only two public institutions of higher education to be established in Missouri since 1968. The Community College provides a combination of two year vocational programs appropriate to the needs of County business and industry, the first two years of basic college courses, and adult education programs which allow County residents to improve job skills and which retrain displaced workers and homemakers.

Lindenwood University, a private four-year liberal arts institution, offers Baccalaureate Degrees in subject areas including natural science and physics, social science, humanities, business administration, education, and Graduate Degrees in business administration, and education. Continuing adult education at Lindenwood University includes not-for-credit courses, workshops and seminars.

Public Safety

Police protection is provided by the City of St. Charles police department and by the St. Charles County Sheriff’s Department in unincorporated areas.

Fire protection within the District is provided by the City of St. Charles fire department and by the Orchard Farm Fire Protection District.

FINANCIAL MATTERS

Accounting and Reporting Practices

The accounts of the District are organized on the basis of funds and account groups. All funds are accounted for using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, revenues are recognized when received and expenses are recognized when cash is disbursed.

Pursuant to state statutes, the District is required to maintain funds or account groups according to the purpose for which they are spent and the means by which spending activities are to be controlled. These funds are described below:

General (Incidental) Fund: Accounts for transactions relating to the general operation of the District which are not provided for in other funds.

Special Revenue (Teachers') Fund: Accounts for transactions relating to salaries and associated benefits of the District's certificated personnel included in administration and instruction.

Debt Service Fund: Accounts for the repayment of bonded indebtedness and the related interest and trustee's fees.

Capital Projects Fund: Accounts for the proceeds of long term debt, taxes, and other revenues designated for acquisition or construction or major capital assets.

The Board annually engages an independent certified public accountant for the purpose of performing an annual audit of the books of account, financial records and transactions of the District.

Budget Process

The budget is prepared by the Superintendent. The budget is based upon goals established by the Board and information provided by each of the schools' principals. The procedures used in establishing the budget are set forth below:

1. In accordance with Chapter 67 of the Missouri Revised Statutes, the District adopts a budget for each fund.
2. Prior to July, the administration submits to the Board a proposed budget for the Fiscal Year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board.
5. Subsequent to its formal approval of the budget, the Board has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Investments

The District's investment policies are governed by state statutes. Missouri state statutes authorize the District to deposit funds in open accounts, U.S. Treasury securities, U.S. agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper. The District generally invests in demand deposits, savings accounts, repurchase agreements, certificates of deposit, obligations of the United States Treasury, obligations of certain agencies and instrumentalities of the United States.

FINANCIAL MATTERS

Summary of Funds

In accordance with established accounting procedures for governmental units, the District records its financial transactions under various funds. The following tables indicate the District's audited receipts, disbursements and changes in fund balance for the Fiscal Years 2013 through 2017 for the General (Incidental) Fund and the Special Revenue (Teachers') Fund:

GENERAL FUND SUMMARY OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (Modified Cash Basis of Accounting)⁽¹⁾

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Local ⁽¹⁾	\$7,046,399	\$7,041,912	\$6,806,374	\$6,824,438	\$6,681,618
County	109,472	142,128	148,523	134,542	141,732
State	289,706	237,549	382,682	384,913	396,212
Federal	261,140	274,878	340,085	310,079	367,443
Other	—	—	55,211	42,200	72,280
Total Revenues	<u>7,706,717</u>	<u>7,696,467</u>	<u>7,732,875</u>	<u>7,696,172</u>	<u>7,659,285</u>
EXPENDITURES	<u>6,439,543</u>	<u>7,013,786</u>	<u>7,197,293</u>	<u>7,514,918</u>	<u>8,777,457</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID PRIOR TO TRANSFERS	1,297,173	648,786	535,581	181,254	(1,118,173)
OTHER FINANCING SOURCES (USES) ⁽²⁾	<u>—</u>	<u>5,135</u>	<u>(1,058,373)</u>	<u>(1,727,566)</u>	<u>(874,782)</u>
REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES	1,297,173	653,921	(522,792)	(1,546,312)	(1,992,955)
FUND BALANCE, BEGINNING	<u>11,124,330</u>	<u>12,391,503</u>	<u>13,045,424</u>	<u>12,522,632</u>	<u>10,976,320</u>
FUND BALANCE, ENDING	<u>\$12,391,503</u>	<u>\$13,045,424</u>	<u>\$12,522,632</u>	<u>\$10,976,320</u>	<u>\$ 8,983,365</u>

(1) Due to rounding, some of the numbers may not match the numbers in the audited financial statements included in APPENDIX A to this Official Statement.

(2) For the 2015 Fiscal Year, this line item includes \$345,887 transferred to the Teachers Fund and \$735,134 transferred to the Capital Projects Fund, for the 2016 Fiscal Year includes \$882,504 transferred to the Teachers Fund and \$856,880 transferred to the Capital Projects Fund and for the 2017 Fiscal Year includes \$880,000 transferred to the Capital Projects Fund.

Source: Audited Financial Statements of the District.

TEACHERS FUND
SUMMARY OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE
(Modified Cash Basis of Accounting)

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Local	\$ 7,175,179	\$ 7,012,903	\$ 7,214,073	\$ 7,597,630	\$ 7,966,715
County	143,980	142,157	177,126	167,739	187,330
State	3,149,430	3,719,826	4,294,965	4,375,281	5,861,118
Federal	626,123	511,443	561,791	463,545	978,803
Other	<u>65,554</u>	<u>94,993</u>	<u>136,561</u>	<u>108,601</u>	<u>100,659</u>
Total Receipts	<u>11,160,266</u>	<u>11,481,322</u>	<u>12,384,516</u>	<u>12,712,796</u>	<u>15,094,625</u>
EXPENDITURES	<u>10,906,675</u>	<u>11,656,376</u>	<u>12,808,946</u>	<u>13,595,299</u>	<u>14,655,988</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES					
PAID PRIOR TO TRANSFERS	253,597	(175,054)	(424,430)	(882,504)	438,637
TRANSFERS IN	52,095	0	345,887	882,504	0
FUND BALANCE, BEGINNING	<u>0</u>	<u>253,597</u>	<u>78,543</u>	<u>0</u>	<u>0</u>
FUND BALANCE, ENDING	<u>\$ 253,597</u>	<u>\$ 78,543</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 438,637</u>

Source: Audited Financial Statements of the District.

2018 Projected Results

For the 2018 Fiscal Year, the District estimates that the General Fund ending balance will be slightly higher than the ending fund balance of \$8,983,365 for the 2017 Fiscal Year. The District budgeted and, following General Fund transfers, will have an ending fund balance of \$0 for the Teachers Fund.

Revenue Sources

The District derives its revenues from a variety of sources. The following table sets forth the revenues for the 2017 Fiscal Year, other than revenues attributable to the Debt Service Fund and bond proceeds:

<u>Source</u>	<u>Revenues</u>	<u>% of Total Revenues</u>
Local:		
Property Taxes	\$11,117,693	48.85%
Proposition C – Sales Taxes	1,659,578	7.29
Earnings on Investment	130,572	0.57
Food Service	292,572	1.29
Student Activities	764,200	3.36
Community Services	532,689	2.34
Other	151,029	0.66
Total Local	<u>14,648,333</u>	<u>64.36</u>
County	329,062	1.45
State	6,257,330	27.49
Federal	1,346,246	5.92
Other	178,156	0.78
Total	<u>\$22,759,127</u>	<u>100.00%</u>

Source: DESE's "Annual Secretary of the Board Report, Fiscal Year 2016-2017."

The following is a description of some of the largest sources of revenue.

Property Taxes

During the 2017 Fiscal Year property taxes represented approximately 48.85% of the District's total revenues, other than for the Debt Service Fund. Property taxes are levied against the following classifications of property: real property, personal property, and railroads and utilities. A description of taxation procedures is included under the caption "TAXATION."

State Funds

The following table sets forth the District's State Aid for the past three Fiscal Years:

	<u>Fiscal Year Ended June 30</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
State Formula	\$3,104,304	\$3,303,620	\$4,544,995
Other	<u>1,600,751</u>	<u>1,503,036</u>	<u>1,754,995</u>
	<u>\$4,705,055</u>	<u>\$4,806,656</u>	<u>\$6,299,990</u>

Source: DESE's Annual Secretary of the Board Reports for Fiscal Years 2015 through 2017.

Additional information regarding State Funds is set forth in the subcaption below "State Funds and Missouri School Finance Law."

State Funds and Missouri School Finance Law

State Formula

The primary source of state revenue is provided under a formula enacted under Sections 163.011 through 163.071, of the Missouri Revised Statutes, as amended. In its 2005 regular session, the Missouri General Assembly approved significant changes to the formula by adoption of Senate Bill 287 ("SB 287"), which became effective July 1, 2006 (other than certain changes to special education policies, which became effective August 28, 2005). SB 287 is intended to transition the State away from a prior local tax rate based formula, to a formula that is primarily student-needs based. The new formula is being phased in over a seven-year period, starting with the 2006-07 fiscal year.

Beginning with the 2006-07 school year, the basic formula for distribution of state aid to Missouri school districts is calculated pursuant to a formula that is primarily affected by a district's weighted average daily attendance ("ADA"). Weighted ADA, under the new formula, is based upon regular term ADA plus summer school ADA, with additional weight assigned for students who qualify for free and reduced lunch, receive special education services, or possess limited English language proficiency. The amount of a school district's basic state aid is determined under the new formula by multiplying a school district's weighted ADA (presently \$1,610.7037) by the "state adequacy target," which is an amount calculated by DESE every two years as the minimum amount of funds a school district needs in order to educate each student, and then reducing that figure by the school district's "local effort," further described in the next paragraph.

For the 2007-08 fiscal year, the "local effort" figure utilized in a school district's state aid calculation was the amount of locally generated revenue that the district would have received in the 2004-05 fiscal year if its operating levy was set at \$3.43. The \$3.43 amount is called the "performance levy." Beginning with the 2007-08 fiscal year, a school district's "local effort" amount is frozen at the 2006-2007 fiscal year amount, except for adjustments due to increased locally collected fines or decreased assessed valuation in the district. Future growth in assessed valuation and operating levy increases above \$3.43 result in additional local revenue to the district, without affecting state aid payments. Similarly, a district's inability or failure to impose an operating levy of at least \$3.43 results in lower amounts of local revenue, but will not impact future state aid payments.

A "hold harmless" provision in SB 287 provides that no school district will receive less state aid, calculated on a per weighted ADA basis than it received in the 2005-2006 fiscal year; however the State has distributed a smaller amount to all hold harmless districts when the total State Aid has been reduced. To receive increases of state aid above this level requires that the total of a district's local property tax levies in its Incidental and Teachers' Funds must be at least \$2.75 per \$100 assessed valuation. Levy reductions required as a result of a "Hancock rollback" will not affect a district's eligibility for state aid increases.

In addition to state aid distributed pursuant to the basic formula described above, SB 287 provides for distribution of certain categorical sources of state aid to school districts. These include (1) a percentage of allowable transportation costs, (2) the vocational education entitlement, and (3) educational and screening program entitlements. SB 267 also provides for a separate distribution of that portion of the State's gambling revenues, which state law requires to be distributed to school districts on the basis of average daily attendance (versus weighted ADA, which applies to the basic formula distribution). These categorical sources of state aid and gambling revenue distributions had historically been included in the basic formula state aid.

Mandatory Deposit and Expenditures of Certain Amounts in the Teachers' Fund

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

In addition to these mandatory deposits, school districts are also required to spend for certificated staff compensation and tuition expenditures each year the amounts described in clauses (1) and (2) of the preceding paragraph. Beginning in the 2007-08 fiscal year, school districts were further required to spend for certificated staff compensation and tuition expenditures each year, per the second preceding year's weighted ADA, as much as was spent in the previous year from local and county tax revenues deposited in the Teachers' Fund, plus the amount of any transfers from the Incidental Fund to the Teachers' Fund that are calculated to be local and county tax sources. This amount is to be determined by dividing local and county tax sources in the Incidental Fund by total revenue in the Incidental Fund.

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

The formula also provides that certificated staff compensation now includes the costs of public school retirement and Medicare for those staff members. Commencing with the 2006-07 fiscal year, such costs are paid from the Teachers' Fund rather than the Incidental Fund.

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

Limited Sources of Funds for Capital Expenditures

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

Capital Projects Fund Levy

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

Transfers from Incidental Fund to Capital Projects Fund

In addition to money generated from the Capital Projects Fund levy, each school district may transfer money from the Incidental Fund to the Capital Projects Fund under the following limited circumstances:

- (1) The amount to be expended for transportation equipment that is considered an allowable cost under the state board of education rules for transportation reimbursements during the current year;
- (2) Current year obligations for lease-purchase obligations entered into prior to January 1, 1997;
- (3) The amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district, provided that the contract specified that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized; and
- (4) To satisfy current year capital project expenditures, an amount not to exceed the greater of:
 - a. \$162,326; or
 - b. The product of seven percent (7%) of the state adequacy target times the district's weighted ADA.

Transfers from Incidental Fund to Debt Service Fund and/or Capital Projects Fund

If a school district is not using the seven percent (7%) or the \$162,326 transfer (as discussed above) and is not making payments on lease purchases pursuant to Section 177.088 of the Missouri Revised Statutes, then the school district may transfer from the Incidental Fund to the Debt Service and/or the Capital Projects Fund the greater of:

- (1) The State Aid received in the 2005-2006 school year as a result of no more than eighteen (18) cents of the sum of the debt service and capital projects levy used in the foundation formula and placed in the Capital Projects or Debt Service fund; or
- (2) Five percent (5%) of the state adequacy target times the district's weighted ADA.

Tax Increment Financing

The City of St. Charles established two Tax Increment Financing Areas within the boundaries of the District. Pursuant to the Real Property Tax Increment Allocation Redevelopment Act (the "Act"), cities and counties may implement Tax Increment Financing in order to induce the development of an area which has been lacking growth and development and to eliminate conditions which have caused an area to become a conservation or blighted area as such terms are defined in the Act. Tax Increment Financing provides a source of funds by which a city may pay for Redevelopment Project Costs (as defined by the Act) over a period not longer than twenty-three years from the date in which Tax Increment Financing was adopted.

Pursuant to the Act, a city designates Tax Increment Financing by adopting an ordinance approving a Redevelopment Plan (as defined in the Act) and designating a Redevelopment Area (as defined in the Act). The certified total assessed valuation of all real property within a Redevelopment Area, as determined by the Assessor immediately following passage of the ordinance designating the Redevelopment Area, is considered the initial equalized assessed valuation. All taxes collected by applying the tax rate of all taxing bodies having the power to tax real property in the Redevelopment Area upon any increase in the equalized assessed valuation over the initial equalized assessed valuation is deposited in a Special Allocation Fund for the Redevelopment Area. Such incremental taxes are referred to as "Payments in Lieu of Taxes." In addition, fifty percent (50%) of the total additional revenue from taxes which are imposed by a city or other taxing districts and which are generated by economic activities in the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area, in the calendar year prior to the adoption of tax increment financing, are deposited in the Special Allocation Fund. Monies in the Special Allocation Fund may be used for payment of Redevelopment Project Costs, for payment of principal and interest on obligations issued to finance Redevelopment Project Costs or designated as a surplus for distribution back to the taxing districts.

The following is a summary of the Tax Increment Financing Areas in the District:

Elm Point Redevelopment Area. In 1996, the City designated a redevelopment area encompassing approximately 280 acres of mostly vacant land to be developed as a light industrial park known as the "Elm Point Redevelopment Area." The Elm Point Redevelopment Area was determined to be a blighted area as a result of flooding, among certain other factors. Pursuant to a redevelopment agreement, the City authorized tax increment notes, that have now matured, that financed public improvements, including site elevation, utility placement, and other site preparation.

Another project within the Elm Point Redevelopment Area involves the removal of a lime detention basin which had previously been used in conjunction with the City's water treatment process. Pursuant to the redevelopment agreement, the City authorized up to \$8,000,000 of tax increment notes and has issued \$7,165,000 of the authorized notes. The final maturity of these notes is October 1, 2019.

The Elm Point Redevelopment Area had an initial valuation of \$109,610 and the 2017 incremental (increased) value was \$21,947,976. When the Elm Point Redevelopment Area is fully developed and occupied, the assessed valuation is projected to be in excess of \$30,000,000.

West 370 Redevelopment Area. The West 370 Redevelopment Area encompasses 435 acres. In addition, the West 370 Redevelopment Area includes portions of the rights-of-way of Highway 370, Elm Street, and relocated Huster Road. Including street and highway rights-of-way, the West 370 Redevelopment Area contains approximately 510 acres. The West 370 Redevelopment Area consists of agricultural land formerly owned by the Monsanto Company. The area, also known as Fountain Lakes Commerce Center, is a business park that is being developed for retail, commercial, and light industrial facilities. A small hotel has also been constructed in the West 370 Redevelopment Area. Portions of the site have been raised to one foot above the 100 year flood level, and construction on levees for further flood protection is underway. The City authorized up to \$15,000,000 of TIF notes to finance public improvements in connection with this project. The West 370 Redevelopment Area had an initial valuation of \$71,430 and the 2017 incremental value (increased value) was \$27,501,172. The City issued the TIF notes with a stated maturity of March 30, 2014 and on March 18, 2014 elected to extend the maturity date of a portion of the TIF notes to December 8, 2020.

Pursuant to the documents establishing the West 370 Redevelopment Area, the City of St. Charles distributes 15% of the incremental property taxes to the overlapping taxing districts based on the proportion of their tax rate to the total tax rate in the area, provided that the total amount distributed to all taxing districts in any year shall not exceed \$343,643.

TAXATION

Assessed Valuation

Assessment of real property pursuant to the Constitution of Missouri requires such property to be classified in subclasses consisting of agricultural, residential or commercial, permits different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the Constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value.

Personal property is generally assessed at 33-1/3% of book value; however subclasses of tangible personal property are assessed at different percentages. These percentages are as follows: ½% for grain and other agricultural crops in an unmanufactured condition, 12% for livestock, farm machinery and poultry, and 5% for historic motor vehicles.

The State tax commission is responsible for the assessment of the distributable property of railroads, railroad cars, rolling stock, street railroads, bridges, telegraph, telephone, electric power and light companies, electric transmission lines, pipeline companies, express companies and other similar public utility corporations, companies and firms, and of the aircraft of airline companies ("Distributable Property"). All other real property within the District is assessed by the County Assessor.

State statutes require the reassessment of all real properties every two years, in odd-numbered years.

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.

The following table indicates the equalized assessed valuation as deemed final for the District for the tax years 2013 through 2017:

<u>Tax Year</u>	<u>Assessed Valuation</u>
2013	\$266,647,999
2014	275,474,439
2015	284,683,015
2016	301,729,890
2017	318,755,165

Source: Office of the St. Charles County Registrar.

The following table sets forth the estimated market value of taxable property based on the 2017 assessed valuation and the assessment ratios described hereinbefore:

<u>Subclass</u>	<u>Assessed Valuation</u>	<u>Assessment Ratio</u>	<u>Estimated Market Value</u>
Residential Property	\$169,083,820	19.0%	\$ 889,914,842
Commercial Property	63,793,320	32.0	199,354,125
Agricultural Property	5,885,665	12.0	49,047,208
Personal Property	79,992,360	33.3	239,977,080
Total	<u>\$318,755,165</u>		<u>\$1,378,293,255</u>

Source: Assessed Valuations were provided by the office of the St. Charles County Registrar.

Tax Limitations and Rates

The Hancock Amendment

On November 4, 1980, Missouri voters approved an amendment to the Missouri Constitution to limit taxation and governmental spending. The amendment (popularly known as the “Hancock Amendment”) also limits the rate of increase and the total amount of taxes on property which may be imposed in any year without voter approval. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each political subdivision must be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value. The tax levy on the assessed valuation of new construction is exempt from this limitation.

The Hancock Amendment does not apply to taxes imposed for the payment of principal and interest on general obligation bonds.

Tax Rate Limitation

There is no limitation on taxes imposed for the payment of principal and interest on general obligation bonds. The tax rate for school purposes is subject to a “tax rate ceiling,” that is determined annually. The tax rate ceiling is the maximum tax rate that may be levied, unless a higher tax rate ceiling is approved by voters of the school district.

In each year, a school district must revise the tax levy to the extent necessary to produce from all taxable property, exclusive of new construction and improvements, substantially the same amount of tax revenue as was produced in the previous year, provided that beginning with the 1993 tax year no school district shall be required to revise its operating levy for school purposes below the rate required for the current year under subsection 2 of Section 163.021, of the Missouri Revised Statutes, as amended, if such tax rate does not exceed the highest tax rate in effect subsequent to the 1980 tax year or the most recent voter-approved rate. As provided in Section 22 of Article X of the Missouri Constitution, a political subdivision may also revise each levy to allow for inflationary assessment growth occurring within the political subdivision. The inflationary growth factor is limited to the actual assessment growth within the political subdivision, exclusive of new construction and improvements, but not to exceed the consumer price index or five percent, whichever is lower.

The tax rate ceiling may not be increased unless approved by a vote of the people. When voters approve an increase in the tax rate, the amount of the increase is added to the tax rate ceiling as calculated under the Missouri Revised Statutes, to the extent the total rate does not exceed any maximum rate prescribed by law.

A school district may levy a tax rate lower than its tax rate ceiling and may increase that lowered tax rate to a level not exceeding the tax rate ceiling without voter approval.

Under Missouri law, tax levies are “adjusted” annually to take into account proceeds received from a special state-wide one cent sales tax for school districts authorized in 1983 pursuant to the initiative process under Proposition C. Under Proposition C, a district determines the levy rate needed to produce required revenues to fund the budget. After making any other adjustments to the levy that are required by law, the District is required to reduce the total operating levy for school purposes in an amount which is generally sufficient to decrease the revenue it would have received by an amount equal to fifty percent of the previous fiscal year’s sales tax receipts. A school district is not required to reduce its total operating levy for school purposes below an amount which is equal to the highest amount specified in subsection 2 of Section 163.021, of the Missouri Revised Statutes, as amended, as

an eligibility requirement for state aid or increased state aid. (See the caption “FINANCIAL MATTERS - Revenue Sources - *State Funds*”). The adjusted tax rate is the rate at which taxes are levied. In the event that in the immediately preceding year the school district actually received more or less sales tax revenue than estimated, the school board must adjust its operating levy for the current year to reflect such increase or decrease. A school district may hold a referendum and, by a simple majority of district voters voting thereon, approve a proposal to forego all or part of the reduction in the total operating levy for school purposes attributable to sales taxes.

The District’s Tax Rates

The following table sets forth the District’s tax rates (per \$100 of assessed valuation) for each of the last five tax years:

<u>Fund</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General (Incidental)	\$2.1044	\$2.0949	\$2.0000	\$1.7959	\$2.4341
Special Revenue (Teachers’)	2.0000	2.0000	1.9856	1.9202	1.4000
Capital Projects (Building)	—	—	—	.200	—
Debt Service	<u>.7300</u>	<u>.7300</u>	<u>.7300</u>	<u>.7300</u>	<u>.7300</u>
Total	<u>\$4.8344</u>	<u>\$4.8249</u>	<u>\$4.7156</u>	<u>\$4.6461</u>	<u>\$4.5641</u>

Source: Office of the District’s Superintendent.

Tax Levies and Collection

Not later than September 30 of each year, the Board sets the rate of tax for the District and files the tax rate with the County by October 1. Taxes are levied at the District’s tax rate per \$100 of assessed valuation. The Missouri State Auditor is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

Taxes are levied on all taxable real and personal property owned as of January 1 in each year. Certain properties, such as those used for charitable, education, and religious purposes, are excluded from ad valorem taxes for both real and personal property.

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

Tax bills are generally mailed in November; however, the volume of assessment complaints required to be reviewed by the County Board of Equalization can affect the date on which bills are actually mailed.

Taxes for real and personal property are due by December 31 after which date they become delinquent and accrue a penalty of one percent per month. The County Collector and County Assessor collectively deduct a commission equal to 1.6% of the taxes collected for their services. After such collections and deductions of commission, taxes are distributed according to the taxing body’s pro-rata share.

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

The following table sets forth tax collection information for the District, excluding taxes for railroads and utilities, for the tax years 2013 through 2017:

Tax Year	Total Taxes Levied	Current Taxes		Current & Back Taxes	
		<u>Collected</u>	<u>Percent Collected</u>	<u>Collected</u>	<u>Percent Collected</u>
2013	\$11,844,515	\$11,685,233	98.66%	\$11,999,317	101.31%
2014	12,213,488	11,536,944	94.46	12,422,188	101.70
2015	13,716,564	13,260,391	96.67	13,817,579	100.74
2016	12,906,131	12,179,654	94.37	13,016,941	100.86
2017	13,646,582	12,862,484	94.25	13,692,358	100.34

Source: Office of the St. Charles County Collector.

Major Taxpayers

The following table sets forth information regarding the largest taxpayers that are located in the District, and not within a tax increment financing district, based on the 2017 assessed valuation of real and personal property following review by the Board of Equalization:

<u>Taxpayer⁽¹⁾</u>	<u>Business or Service</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation⁽²⁾</u>
Ameren (Union Electric)	Electric Utility	\$17,988,991	5.72%
Boeing	Aircraft Manufacturing	16,143,219	5.13
Helmsing Family LP	Manufacturing	4,762,705	1.51
SS&D Properties LLC	Office	4,426,917	1.41
Sysco Food Services of St. Louis, Inc.	Warehouse	4,297,276	1.37
FedEx Freight East Inc.	Warehouse	4,025,819	1.28
Sky High Land LLC	Manufacturing	2,930,632	0.93
Unnerstall LLC	Warehouse	2,814,963	0.89
NT Home Builders LLC	Developer	2,060,660	0.65
Scott Brothers Investment Corp	Apartments	1,483,313	0.47

(1) In addition to the foregoing, several of the largest taxpayers in the District are located in tax increment financing districts. The largest taxpayer in a tax increment financing district overlapping the District is Big Box Property Owner D LLC with a 2017 assessed valuation of \$9,433,910 and Johnston Coca Cola Bottling Group with a 2017 assessed valuation of \$5,680,926.

(2) Based on the District's assessed valuation following review by the Board of Equalization which was \$314,735,068.

Source: Office of the St. Charles County Assessor.

DEBT OF THE DISTRICT

General

Refunding bonds and obligations payable from annual appropriations do not require voter approval. Any general obligation bonds, other than refunding bonds, require voter approval for issuance. Pursuant to the Missouri Constitution the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes is four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections. A vote of two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition is required at all other elections.

Outstanding Debt

The following is a list of the outstanding general obligation bonds of the District following the issuance of the Bonds:

<u>Issue</u>	<u>Amount Outstanding</u>
General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2012	\$ 2,335,000
General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2013	85,000
General Obligation Bonds (Missouri Direct Deposit Program), Series 2014	8,700,000
General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2015	5,640,000
General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2016	8,285,000
General Obligation Bonds (Missouri Direct Deposit Program), Series 2018	<u>18,400,000</u>
Total	<u>\$43,445,000</u>

Legal Debt Limit and Debt Margin

The following table sets forth an estimate of the District's debt limit and debt margin:

2017 Assessed Value ⁽¹⁾	<u>\$318,755,165</u>
Debt Limit - 15% of Assessed Value	\$ 47,813,274
Less: General Obligation Bonds	<u>43,445,000</u>
Legal Debt Margin	<u>\$ 4,368,274</u>

(1) The assessed valuation excludes Distributable Property which can be used in calculating the District's debt limit. Accordingly, the District's legal debt margin is larger than the amount indicated above.

Direct and Overlapping Debt

The following table sets forth information relating to the direct and overlapping general obligation debt of the District:

	Outstanding Bonds ⁽¹⁾	Percent Applicable to The District	District's Direct and Overlapping Debt ⁽¹⁾
Orchard Farm R-V School District	\$43,445,000	100.00%	\$43,445,000
St. Charles Community College	20,545,000	3.75	770,438
St. Charles County Ambulance District	2,995,000	3.77	112,912
City of St. Charles	<u>14,015,000</u>	22.26 ⁽²⁾	<u>3,119,739</u>
Total	<u>\$81,000,000</u>		<u>\$47,448,089</u>

(1) Excludes lease obligations of overlapping taxing districts. The table also excludes Neighborhood Improvement District Bonds that are a general obligation of the issuer but are expected to be paid from special assessments. The principal amount of Neighborhood Improvement District Bonds is \$3,113,000 for the County and \$36,375,000 for the City of St. Charles.

(2) Estimate based on 2017 assessed valuations following review by the Board of Equalization. The ratio for the City of St. Charles treats 100% of the District as overlapping the City although small portions are within the City of Portage Des Sious, the City of West Alton and unincorporated areas.

Source: Bond amounts were derived from public records. Assessments were provided by the St. Charles County Registrar.

General Obligation Bonds Debt Service Requirements*

The following table sets forth the debt service requirements on the District's outstanding general obligation bonds as of the date of delivery of the Bonds:

Calendar Year	Outstanding Debt Service		The Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2018		\$ 352,490			\$ 352,490
2019	\$1,315,000	685,968		\$ 741,857	2,742,825
2020	1,350,000	647,278		637,395	2,634,673
2021	1,395,000	603,600		637,395	2,635,995
2022	1,435,000	561,900		637,395	2,634,295
2023	1,475,000	525,800	\$ 335,000	631,951	2,967,751
2024	1,510,000	487,088	355,000	620,739	2,972,827
2025	1,550,000	449,844	425,000	608,064	3,032,908
2026	1,585,000	414,163	455,000	593,764	3,047,927
2027	1,620,000	377,688	490,000	578,408	3,066,096
2028	1,655,000	341,344	515,000	562,076	3,073,420
2029	1,455,000	304,538	775,000	541,114	3,075,652
2030	1,630,000	253,750	670,000	517,633	3,071,383
2031	1,685,000	195,875	695,000	495,451	3,071,326
2032	1,735,000	143,491	725,000	472,376	3,075,867
2033	1,795,000	88,334	740,000	448,570	3,071,904
2034	1,855,000	30,144	765,000	423,158	3,073,302
2035	—	—	2,715,000	362,258	3,077,258
2036	—	—	2,810,000	264,868	3,074,868
2037	—	—	2,910,000	162,610	3,072,610
2038	—	—	<u>3,020,000</u>	<u>55,115</u>	<u>3,075,115</u>
Total	<u>\$25,045,000</u>	<u>\$6,463,295</u>	<u>\$18,400,000</u>	<u>\$9,992,197</u>	<u>\$59,900,492</u>

* Subject to change.

Debt Ratios and Related Information

2016 Population Estimate.....	11,836
Assessed Value, 2017.....	\$318,755,165
Estimated Market Value, 2017.....	\$1,378,293,255
Direct Bonded Debt	\$43,445,000
Direct and Overlapping Bonded Debt	\$47,448,089
Per Capita 2017 Assessed Valuation	\$26,931
Per Capita 2017 Estimated Market Value	\$116,449
Per Capita Direct Bonded Debt	\$3,671
Per Capita Combined Net Direct and Overlapping Debt	\$4,009
Direct Bonded Debt as a Percentage of 2017 Assessed Valuation	13.63%
Direct and Overlapping Bonded Debt as a Percentage of 2017 Assessed Valuation	14.90%
Direct Bonded Debt as a Percentage of 2017 Estimated Market Value	3.15%
Direct and Overlapping Bonded Debt as a Percentage of 2017 Estimated Market Value	3.44%

Future Debt

The District has no plans for the issuance of additional bonds.

THE PROJECT

Description

Proceeds from the Bonds will be used for numerous projects throughout the District including construction of an 8,000 square foot addition to the early learning center, renovations at two elementary schools, construction of a 13,000 square foot addition at the middle schools, renovations at the high school and acquisition of land for future growth.

The District's architect for the Project is Hoener Associates, Inc., St. Louis, Missouri. Construction has commenced and is expected to be substantially completed within two years.

Estimated Sources and Uses of Funds*

The estimated sources and uses of funds are set forth below.

Sources of Funds

Net Proceeds from the Bonds ⁽¹⁾	\$18,400,000
Interest During Construction ⁽²⁾	<u>184,000</u>
Total	<u>\$18,584,000</u>

Uses of Funds

Costs of the Project	\$18,536,875
Costs of Issuance	<u>47,125</u>
Total	<u>\$18,584,000</u>

- (1) Represents the principal amount of the Bonds, plus the estimated net original issue premium less the estimated underwriter's discount.
- (2) Based on an assumed rate of 1% and a 2-year construction period.

RATINGS

S&P Global Ratings, a division of S&P Global Inc. (the "Rating Agency"), has assigned a municipal bond rating of "AA+" to the Bonds based upon the District's participation in the Missouri Direct Deposit Program, and has assigned a municipal bond rating of "AA" to the Bonds based on the underlying credit of the District.

An explanation of the significance of the ratings may be obtained from the Rating Agency. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. A revision or withdrawal of either rating may adversely affect the market price of the Bonds.

There is no assurance that a rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if, in the judgment of the Rating Agency circumstances so warrant. Such lowering or withdrawal may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. The approving opinion of Bond Counsel will be furnished at the time the Bonds are paid for and delivered. Bond Counsel has participated only in the preparation of the cover page of this Official Statement and of those portions of this Official Statement captioned "THE BONDS," "CONTINUING DISCLOSURE UNDERTAKING - Description of Undertaking," "LEGAL MATTERS," and "TAX MATTERS." Bond Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-

* Subject to change.

exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

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

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

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

Bank Qualification. The Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

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

Other Tax Consequences

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

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized,

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

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

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

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

MUNICIPAL ADVISOR

WM Financial Strategies, St. Louis, Missouri, a registered Municipal Advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the "Municipal Advisor"), is employed by the District to render certain professional services, including advising the District on a plan of financing and assisting in preparing this Official Statement for the sale of the Bonds. The Municipal Advisor has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement and does not guaranty, warrant or represent the accuracy or completeness of the information contained in this Official Statement.

UNDERWRITING

_____ (the "Underwriter") has agreed to purchase the Bonds from the District at a price of \$ _____ (which takes into account an original issue premium of \$ _____ less an Underwriter's discount of \$ _____). The initial offering prices may be changed from time to time.

NO LITIGATION CERTIFICATE

The District represents that there is no controversy, suit or other proceeding of any kind pending or to its knowledge, threatened in any court (either state or federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceeding under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge of the moneys under the Bond Resolution, or (iv) the legal existence of the District or the title to office of the present officials of the District.

CERTIFICATION OF OFFICIAL STATEMENT

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

CONTINUING DISCLOSURE UNDERTAKING

Description of Undertaking

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the District has agreed to file the following with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”):

- (i) audited financial statements and annual financial information and operating data (the “Annual Report”) generally consistent with the information contained in this Official Statement under the captions “FINANCIAL MATTERS,” “TAXATION,” and “DEBT OF THE DISTRICT” (excluding “Debt Ratios and Related Information”). Such information shall be made available beginning on or prior to January 1, 2019 and on or prior to January 1 of each year thereafter.
- (ii) notice of the occurrence of any of the following events with respect to the Bonds, within 10 business days after the occurrence (an “Event”):
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) modifications to rights of bondholders, if material;
 - (4) bond calls, if material, and tender offers;
 - (5) defeasances;
 - (6) rating changes;
 - (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Forms 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the security;
 - (8) unscheduled draws on debt service reserves reflecting financial difficulties;

- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of credit or liquidity providers, or their failure to perform;
- (11) release, substitution or sale of property securing repayment of the Bonds, if material;
- (12) bankruptcy, insolvency, receivership or similar event of the District;
- (13) the consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the bond trustee, if material.

(iii) notice of a failure (of which the District has knowledge) to provide the required information on or before the date specified as described in (i) above.

Nothing in the Continuing Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of an Event, in addition to that which is required by the Continuing Disclosure Undertaking. If the District chooses to include any information in any Annual Report or notice of occurrence of an Event, in addition to that which is specifically required by the Continuing Disclosure Undertaking, the District shall have no obligation under the Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of an Event.

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

The District's obligations under the Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the District's obligations under the Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with the Continuing Disclosure Undertaking in the same manner as if it were the District, and the District shall have no further responsibility thereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the District shall give notice of such termination or substitution in the same manner as for an Event.

Prior Compliance

To the best of the District's knowledge and belief, the District has materially complied with each of its disclosure obligations for the past five years.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

ORCHARD FARM R-V SCHOOL DISTRICT

By: _____

President of the Board of Education

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**APPENDIX A
ORCHARD FARM R-V SCHOOL DISTRICT
(ST. CHARLES COUNTY, MISSOURI)
FINANCIAL STATEMENTS**

JUNE 30, 2017

The financial statements presented within this Appendix have been extracted from the District's annual financial statements for the year ended June 30, 2017. The financial statements reflect the cash basis of accounting which is a comprehensive method of accounting other than generally accepted accounting principles. The District's financial statements include certain supplemental information which is not included herein. Copies of the annual financial statements, in their entirety, are available from the District. Additionally, financial statements for prior years and the District's budget for the fiscal year ending June 30, 2018 may be obtained from the District.

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Mueller, Walla & Albertson, P.C.

Certified Public Accountants

9200 Watson Rd. Ste. G-105
Crestwood, MO 63126

(314) 842-8844
FAX (314) 842-2343

INDEPENDENT AUDITOR'S REPORT

Board of Education
Orchard Farm R-V School District
St. Charles, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Orchard Farm R-V School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents excluding the fiduciary net position and statement of changes in fiduciary net position which were unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in note 2; this included determining that the modified cash basis of accounting is an acceptable basis for the preparation of Financial Statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Orchard Farm R-V School District as of June 30, 2017, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Orchard Farm R-V School District's Basic financial statement excluding the statement of fiduciary net position and statement of changes in fiduciary net position as listed in the basic financial section of the table of contents. The Schedule of Employer Contributions PSRS and PEERS, the budget statements and schedules as listed in the "Supplementary Information" section of the table of contents and the Schedule of Selected statistics are presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was 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 schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

The Schedule of Employer Contributions PSRS and PEERS, the budget statements and schedules as listed in the "Supplementary Information" section of the table of contents, Schedule of Selected Statistics and the statement of fiduciary of net position and the

statement of changes in fiduciary net position as shown in the basic financial statement section of the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the Orchard Farm School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Orchard Farm School District's internal control over financial reporting and compliance.

Mueller, Walla & Albertson, P.C.

Mueller, Walla & Albertson, P.C.
Saint Louis, Missouri
December 22, 2017

Orchard Farm R-V School District
Statement of Net Position-Modified Cash Basis
Year Ended June 30, 2017

	Governmental Activities	Total
Assets		
Cash and Cash Equivalent	\$ 13,587,241	\$ 13,587,241
Escrow Deposits	<u>806,558</u>	<u>806,558</u>
Total Assets	<u><u>\$ 14,393,799</u></u>	<u><u>\$ 14,393,799</u></u>
 Net Assets		
Resticted for:		
Debt Service	\$ 2,273,983	\$ 2,273,983
Unrestricted	<u>12,119,816</u>	<u>12,119,816</u>
Total Net Assets	<u><u>\$ 14,393,799</u></u>	<u><u>\$ 14,393,799</u></u>

See accompanying notes to the financial statements.

Orchard Farm R-V School District
Statement of Activities
Modified Cash Basis
Year Ended June 30, 2017

	Program Revenues				
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets
Government Activities					
Instruction	\$ (12,683,924)	\$ 100,659	\$ 1,631,593	\$ -	(10,951,672)
Student Charges	(826,358)	764,200	39,090	-	(23,068)
Support Services:					
Attendance	(743)	-	-	-	(743)
Guidance	(539,285)	-	-	-	(539,285)
Health, Psych, Speech and Audio	(560,416)	-	-	-	(560,416)
Improvement of Instruction	(380,554)	-	-	-	(380,554)
Professional Development	(51,937)	-	166,204	-	114,267
Media Services	(339,817)	-	-	-	(339,817)
Board of Education Services	(194,659)	-	-	-	(194,659)
Executive Administration	(391,018)	-	-	-	(391,018)
Building Level Administration	(1,492,115)	-	-	-	(1,492,115)
Business, Fiscal, Internal Service	(238,329)	-	-	-	(238,329)
Operation of Plant	(3,430,434)	-	143,173	-	(3,287,261)
Security Services	-	-	-	-	-
Pupil Transportation	(1,950,813)	72,280	249,780	-	(1,628,753)
Food Service	(717,301)	297,244	325,966	-	(94,091)
Central Office Support Service	(331,657)	-	-	-	(331,657)
Adult Education	-	-	-	-	-
Community Services	(930,140)	532,689	-	-	(397,451)
Facilities Acq & Construction	(1,786,912)	-	-	-	(1,786,912)
Principal	(1,240,000)	-	-	-	(1,240,000)
Interest	(799,556)	-	-	-	(799,556)
Other Fees	(2,835)	-	-	-	(2,835)
Total Governmental Activities	(28,888,801)	1,767,071	2,555,804	-	(24,565,926)
General Receipts					
Taxes:					
Property and other Taxes, Levied for General Purposes					5,435,368
Property and other Taxes, Levied for Special Revenue					7,471,146
Property and other Taxes Levied for Debt Service					2,209,376
Property and other Taxes Levied for Capital Projects					1,121,484
County Revenues					408,715
State Revenues					5,228,932
Other Revenues					145,913
Interest and Investment Earnings					-
Refunding Bond Proceeds					335,150
Insurance Proceeds					17,702
Sale of Other Property					910,887
Miscellaneous Revenue					-
Subtotal General Receipts					\$ 23,284,673
Increase (Decrease) in Net Assets					(1,281,252)
Net Assets Beginning of Year					15,675,052
Net Assets End of Year					\$ 14,393,799

See accompanying notes to the financial statements.

Orchard Farm R-V School District
Balance Sheet- Governmental Funds- Modified Cash Basis
Year ended June 30, 2017

	Governmental Funds				Totals June 30, 2017
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects (Building) Fund	
ASSETS					
Cash and Cash Equivalent Escrow Deposits	\$ 8,983,365	\$ 438,637	\$ 1,467,425	\$ 2,697,814	\$ 13,587,241
	-	-	806,558	-	806,558
TOTAL ASSETS	<u>\$ 8,983,365</u>	<u>\$ 438,637</u>	<u>\$ 2,273,983</u>	<u>\$ 2,697,814</u>	<u>\$ 14,393,799</u>
FUND BALANCE					
Fund balances:					
Restricted for:					
Debt Service	-	-	2,273,983	-	2,273,983
Capital Outlay	-	-	-	-	-
Committed for:					
Capital Outlay	-	-	-	2,697,814	2,697,814
Special Revenue (Teachers Fund)	-	438,637	-	-	438,637
Unassigned	8,983,365	-	-	-	8,983,365
FUND BALANCE	<u>\$ 8,983,365</u>	<u>\$ 438,637</u>	<u>\$ 2,273,983</u>	<u>\$ 2,697,814</u>	<u>\$ 14,393,799</u>

The accompanying notes are an integral part of this financial statement.

Orchard Farm R-V School District

Statement of Revenues Collected, Expenditures Paid, and Changes in Governmental Fund Balances-Modified Cash Basis
Year ended June 30, 2017

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects (Building) Fund	Totals June 30, 2017
REVENUE COLLECTED					
Local	\$ 6,681,618	\$ 7,966,715	\$ 2,220,396	\$ 2,014,906	\$ 18,883,635
County	141,732	187,330	61,872	17,782	408,715
State	396,212	5,861,118	-	42,660	6,299,990
Federal	367,443	978,803	-	143,173	1,489,419
Other	72,280	100,659	-	-	172,939
TOTAL REVENUES COLLECTED	\$ 7,659,285	\$ 15,094,625	\$ 2,282,267	\$ 2,218,520	\$ 27,254,697
EXPENDITURES PAID					
CURRENT					
Instruction	1,723,440	11,530,178	-	256,663	13,510,281
Support services	6,822,028	2,537,196	-	1,259,853	10,619,079
Adult Education	-	-	-	-	-
Community Services	231,989	588,613	-	109,538	930,140
CAPITAL OUTLAY	-	-	-	-	-
Facilities and Acquisitions	-	-	-	1,786,912	1,786,912
DEBT SERVICE	-	-	-	-	-
Principal	-	-	1,240,000	-	1,240,000
Interest	-	-	799,556	-	799,556
Other fees	-	-	2,835	-	2,835
TOTAL EXPENDITURES PAID	\$ 8,777,457	\$ 14,655,988	\$ 2,042,391	\$ 3,412,965	\$ 28,888,801
Revenue Collected over/(under) Expenditures Paid	\$ (1,118,173)	\$ 438,637	\$ 239,877	\$ (1,194,445)	\$ (1,634,104)
Other Financing Sources(Uses)					
Operating Transfers in(out)	(880,000)	-	-	880,000	-
Sale of Bond	-	-	-	-	-
Net Insurance Recovery	-	-	-	335,150	335,150
Sale of Other Property	5,218	-	-	12,484	17,702
TOTAL OTHER FINANCING	(874,782)	-	-	1,227,634	352,852
FUND BALANCE-					
Beginning of Year	10,976,320	-	2,034,106	2,664,625	15,675,052
FUND BALANCE End of Year	\$ 8,983,365	\$ 438,637	\$ 2,273,983	\$ 2,697,814	\$ 14,393,799

The accompanying notes are an integral part of this financial statement

Orchard Farm R-V School District
Statement of Fiduciary Net Position (Unaudited)
Modified Cash Basis
Year Ended June 30, 2017

	<u>Employee Benefit Trust Fund</u>
Assets	
Cash and Cash Equivalents	\$ 18,412
Total Assets	<u>\$ 18,412</u>
Net Position	
Held in Trust for Employee Flexible Spending Account	18,412
Total Net Position	<u>\$ 18,412</u>

See accompanying notes to the financial statements.

Orchard Farm R-V School District
Statement of Changes in Fiduciary Net Position (Unaudited)
Modified Cash Basis
Year Ended June 30, 2017

		<u>Employee Benefit Trust Fund</u>
Additions		
Earnings on Investments		126
Deductions		(33,634)
Deposits		<u>33,412</u>
Changes in Net Position		<u>(96)</u>
Net Position-	June 30, 2016	<u>18,508</u>
Net Position-	June 30, 2017	<u><u>18,412</u></u>

See accompanying notes to the financial statements.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT

Orchard Farm R-V School District (the District) was established in 1959 under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education) as described in RSMo Chapter 162.

Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in generally accepted accounting principles accepted in the United States of America. The basic criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the District's reporting entity.

Excluded from the reporting entity:

Public School Retirement System of Missouri, Public Education Employees Retirement System and Missouri United School Insurance Council (MUSIC). The participating school district's governing bodies have appointed these potential component units jointly. These are independent units that select management staff, set user charges, establish budgets and control all aspects of its daily activity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Orchard Farm R-V School District have been prepared on a basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Missouri, which is a comprehensive basis of accounting other than generally accepted accounting principles accepted in the United States of America. The Government Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the District, and exclude fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by external resource providers (for example, grant providers, constitutionally, or through enabling legislation (this is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers. Unrestricted balances are the residual fund balances after restrictions.

The Statement of Net Position: Presents the financial condition of the governmental activities of the School District at year-end.

The Statement of Activities: Presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

B. Fund Accounting

Fund Financial Statements: During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets and fund equity revenues and expenditures or expense as appropriate. District resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent.

Governmental Funds:

General (Incidental) Fund - Used to account for general activities of the District, including student activities, food services, and textbooks, which are not required to be accounted for in another fund.

Special Revenue (Teachers') Fund - Used to account for the financial resources from taxes, revenues restricted by the State and local tax levy and other sources for the payment of teacher salaries and certain employee benefits that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Fund - Used to account for the accumulation of resources that are restricted, committed or assigned for, and the payment of principal, interest and fiscal charges on general long-term debt.

Capital Projects (Building) Fund - Used to account for and report financial resources from long term debt, taxes and other resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Fund- The fiduciary funds category consists of four fund types. Of the four fund types the school utilized the following:

Pension and Other Employee Benefit Trust Fund: Used to report resources required to be held in trust for the members or beneficiaries. The District's employee benefit plans are for an employee flexible spending plan.

ORCHARD FARM R-V SCHOOL DISTRICT"
Notes to the Financial Statements
June 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Funds: (Continued)

The Board of Education has the authority to set aside funds for a specific purpose. Commitments are authorized by formal Board resolution. The passage of a resolution must take place prior to June 30 of the applicable fiscal year. If the actual amount of the commitment is not available by June 30, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available.

Assignments are authorized by fund placement in the special revenue, capital projects and debt service funds in the original, adopted and later revised budget. Upon adoption of a budget where fund balance is used as a source to balance the budget, the superintendent shall record the amount as assigned fund balance. The Board delegates the authority to assign amounts for specific purposes(s) to the superintendent.

Fund Balance Categories

- Nonspendable Fund Balance: amounts that are not in spendable form or are required to be maintained intact.
- Restricted Fund Balance: amounts constrained to specific purposes by their providers (such as granters, bondholders, and higher levels of government), through constitutional provisions or enabling legislation.
- Committed Fund Balance: amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the restraint.
- Assigned Fund Balance: amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Education or by an official body to which the Board of Education delegates authority.
- Unassigned Fund Balance: amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second and unassigned funds last.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Funds: (Continued)

The undesignated fund balance in the operating funds will be maintained at a level sufficient to provide the resources required to meet operating cost needs, to allow for unforeseen needs of an emergency nature, and to permit orderly adjustment to changes resulting from fluctuations of revenue sources. The District will strive to maintain a minimum undesignated balance in its operating funds equal to a range of 5-10 percent of its prior year operating expenditures.

If fund balances are ever projected to decline below the 5 percent floor, administration will develop a plan to replenish the fund balance above the minimum level.

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

C. Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. The modification to the cash basis relates to the presentation of investments. This basis recognizes assets, net position/fund equity, receipts and disbursements when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of modified cash basis of accounting, certain assets and their related revenue (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Measurement Focus

Government Wide Financial Statements: The government-wide financial statements are reported using the current financial resources measurement focus or the economic resources measurement focus is used as appropriate and the modified cash basis of accounting.

Fund Financial Statements: The governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Pooled Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments that is managed by the District Treasurer. Temporary investments of the pooled accounts are carried at cost, which approximates market. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

F. Property & Equipment

Capital assets are recorded as expenditures in the General (Incidental) Fund and the Capital Projects (Building) Fund at the time the expenditures are paid. No depreciation is provided for property and equipment.

G. Inventory

Inventory is deemed to be immaterial. Supplies are charged to expenditures when purchased.

H. Compensated Absences

Vacation time, personal leave, and sick leave are considered an expenditure in the year paid. Unused personal leave and sick leave rollover into the next year as sick leave and may accumulate up to 140 days. The district pays for unused accumulated sick leave for vested employees upon termination. The district pays for unused accumulated vacation time upon termination. As of the fiscal year ending June 30, 2017 the District has \$50,249 in outstanding sick leave.

I. Teachers' Salaries

The salary payment schedule for certain teachers of the District for the 2016-17 school year requires the payment of their salaries over a 12-month period. Consequently, the July and August 2017 payroll checks are included in the financial statements as an expenditure in the month of June.

J. Post Employment Benefits

The District does not offer any Post Employment Benefits.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

M. Transfers

Transfers are used to move revenues from the fund that statute or budget requires expending them and moving unrestricted revenue collected in the general fund to finance programs in other funds.

N. Subsequent Events

The District evaluated subsequent events for potential required disclosure through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

NOTE 3: CASH AND INVESTMENTS

The District maintains a cash and temporary cash investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Each fund type's portion of this pool is displayed on the balance sheet governmental funds-cash basis as "Cash and Cash Equivalents" under each fund's caption. Cash Equivalents represent all investments which are short term, highly liquid, and readily convertible to a specified cash value. These investments generally have original maturities of three months or less.

Custodial Credit Risk: Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2017, the carrying amount of the District's deposits was \$13,587,241 and the bank balance was \$15,254,257.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 3: CASH AND INVESTMENTS (Continued)

The District funds were fully insured by federal depository insurance or secured with collateral held by the school districts or its agent in the school districts name.

The District has an account held in the District's name but is a trust fund for an employee flexible spending account. The value of the account as of June 30, 2017 was \$18,412. This was covered by Federal depository insurance or collateral held by the school district or its agent in the school districts name.

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

	TYPE	RATING	MATURITY	CARRYING VALUES	FAIR MARKET VALUE
Deposits					
	Demand Deposits	<i>NIA</i>	<i>NIA</i>	\$13,587,241	\$13,587,241
	Total Demand Deposits			<u>\$13,587,241</u>	<u>\$13,587,241</u>

Reconciliation To Statement of Net Position

Cash and Cash Equivalents	\$ 13,587,241
Escrow Deposits (MOHEFA) (See Note 6)	<u>806,558</u>
Total Current Assets on Statement of Net Position	<u>\$ 14,393,799</u>

NOTE 4: TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. All unpaid taxes become delinquent January 1 of the following year. The county collects the property tax and remits them to the District on a monthly basis.

The District also receives sales tax collected by the state and remitted based on eligible pupils. The District is required to reduce its property tax by one-half the amount of sales tax estimated to be received in the subsequent calendar year.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 4: TAXES (Continued)

The assessed valuation of the tangible taxable property for the calendar years 2016 and 2015 for purposes of local taxation was \$301,727,890 and \$284,683,015 respectively.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2016 and 2015 for purposes of local taxation was:

	2016		2015	
	Unadjusted	Adjusted	Unadjusted	Adjusted
General (Incidental) Fund	1.9057	1.7959	2.1062	2.0000
Special Revenue (Teachers') Fund	2.0299	1.9202	2.0919	1.9856
Debt Service Fund	0.7300	0.7300	0.7300	0.7300
Capital Projects (Building) Fund	0.2000	0.2000	0.0000	0.0000
	<u>4.8656</u>	<u>4.6461</u>	<u>4.9281</u>	<u>4.7156</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2017, aggregated approximately 99.15% of the current assessment computed on the basis of the adjusted levy as shown above.

NOTE 5: TAX ABATEMENTS

The District is not subject to tax abatements for St. Charles County.

NOTE 6: COMMITMENTS

BOND PAYABLE

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

<u>Bonds Payable</u>	
Balance at July 1, 2016	\$ 27,560,000
Plus- bond issue	-
Less - payments/defeasance	<u>(1,240,000)</u>
Balance at June 30, 2017	<u>\$ 26,230,000</u>

Bonds payable at June 30, 2017 consist of:

\$9,405,000 General Obligation Refunding Bonds, Series 2016- due in varying annual principal through March 1, 2029. Interest rates vary from 2.00% to 4.0%. \$8,855,000

\$6,200,000 General Obligation Refunding Bonds, Series 2015- due in varying annual principal through March 1, 2027. Interest rates vary from 2.00% to 2.50%. 5,825,000

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 6: COMMITMENTS (Continued)

BOND PAYABLE (Continued)

\$8,900,000 General Obligation Bonds, Series 2014- due in varying annual principal through March 1, 2034. Interest rates vary from 0.20% to 3.30%.

8,700,000

\$1,490,000 General Obligation Refunding Bond, Series 2013- due in varying annual principal through March 2019. Interest rates at 2%

380,000

\$3,475,000 General Obligation Refunding Bond, Series 2012- due in varying annual principal through March 2023. Interest rates from 1.00% to 2.00%

2,560,000

Total bonds payable

\$26,320,000

Debt Service requirements for the following years ended are:

<u>June 30,</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,275,000	\$ 741,318	\$ 2,016,318
2019	1,315,000	704,980	2,019,980
2020	1,350,000	666,955	2,016,955
2021	1,395,000	627,600	2,022,600
2022	1,435,000	579,600	2,014,600
2023-2027	7,740,000	2,346,700	10,086,700
2028-2032	8,160,000	1,360,788	9,520,788
2033-2036	3,650,000	176,668	3,826,668
	<u>\$26,320,000</u>	<u>\$ 7,204,609</u>	<u>\$33,524,609</u>

The District participated in the program created by Senate Bill 301 administered by the Missouri Health and Educational Facilities Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the debt service requirements of the District's outstanding bonds. This is direct deposit money paid directly to the trustee. The trustee then invests in a pool of funds that are given to an investment agent. The agent only buys government treasury notes or government agency type funds. The funds cannot be used by the District. The funds are released by the trustee to pay on the behalf of the District the district bond obligations directly.

During the fiscal year ending June 30, 2016 the District issued \$9,405,000 General Obligation Refunding Bonds, Series 2016 for the purpose of refunding \$2,370,000 principal amount of the District's outstanding General Obligation Refunding Bonds, Series 2007A and to advance refund \$7,580,000 principal amount of the District's outstanding General Obligation Bonds, Series 2009.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 6: COMMITMENTS (Continued)

BOND PAYABLE (Continued)

During the fiscal year ending June 30, 2015 the District issued \$6,200,000 General Obligation Refunding Bonds, Series 2015 along with certain other funds of the District to advance refund \$6,310,000 principal amount of the District's outstanding General Obligation Bonds, Series 2007B.

During the fiscal year ending June 30, 2014 the District issued \$8,900,000 General Obligation Bonds, Series 2014 for the purpose of acquiring, constructing, renovating, repairing, improving, furnishing, and equipping new and existing school sites, buildings and related facilities in the District, including construction of additional classrooms at Discovery Elementary School and the construction of a new early childhood center.

During the fiscal year ending June 30, 2013 the District issued \$1,490,000 General Obligation Refunding Bonds, Series 2013, together with funds of the District, for the purpose of refunding \$1,780,000 principal amount of the District's outstanding General Obligation Refunding Bonds, Series 2005.

During the fiscal year ending June 30, 2012 the District issued \$3,475,000 of General Obligation Refunding Bonds, Series 2012. The purpose of the bond, together with certain other funds of the District, will be used to refund \$4,060,000 principal amount of the District outstanding General Obligation Bonds, Series 2003, which comprise that portion of the Series 2003 Bonds that are subject to redemption on March 1, 2013.

Total amount of interest paid on bond debt for fiscal year ending June 30, 2017 was \$799,556.

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15% of the assessed valuation of the district (including state-assessed railroad and utilities).

The legal debt margin of the District as of June 30, 2017 was:

Constitutional debt limit	\$45,259,184
Long-term debt	(26,320,000)
Amount available in Debt Service Fund	<u>2,273,983</u>
Legal Debt Margin	<u>\$21,213,167</u>

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 6: COMMITMENTS (Continued)

CAPITAL LEASES

The District has a lease purchase agreement to purchase copiers for \$82,156. The agreement signed in June 2015 is for sixty payments of \$1,535 and has an interest rate of 4.59%. Total interest over the life of the lease will be \$9,944. Total principal and interest paid for the year ending June 30, 2017 was \$15,663 and \$2,757 respectively.

The District entered into a lease purchase agreement to purchase a copier. The agreement signed in June 2015 is for sixty payments of \$248 and has an interest rate of 8.95%. Total interest over the life of the lease will be \$1,564. Total principal and interest paid for the year ending June 30, 2017 was \$1,763 and \$717 respectively.

Total future annual lease payments, assuming renewal, consist of the following:

Fiscal Year Ending:	Principal	Interest	Total
2018	\$ 18,776	\$ 2,620	\$ 21,396
2019	17,416	2,739	20,155
2020	17,970	450	18,420
Total Lease Payment	\$ 54,162	\$ 5,809	\$ 59,971

NOTE 7: RETIREMENT PLANS

Public School Retirement System of Missouri (PSRS)

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 7: RETIREMENT PLANS (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available

for members with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are 3 years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

Cost-of-Living Adjustments ("COLA"). The PSRS Board has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increases greater than 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2017. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 7: RETIREMENT PLANS (Continued)

The district's contributions to PSRS were \$1,578,542 for the year ended June 30, 2017. For detail of prior years contributions see schedule of employee contributions PSRS and PEERS in the required supplemental information.

The District reports its financial activity on the modified cash basis of accounting, therefore the District has not recorded a net pension liability (and related expenses), or deferred outflows and inflows of resources related to pensions in the accompanying financial statements. If the District reported on the accrual basis of accounting, the District would have recorded a net pension liability of \$16,071,801, total pension expense related to the liability of \$2,260,937, deferred outflows of resources of \$7,867,888 and deferred inflows of resources of \$3,358,875 for the year ended June 30, 2017 for PSRS as provided for in the PSRS audit report for the year ended June 30, 2016.

Public Education Employees Retirement System of Missouri (PEERS)

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61 % benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 7: RETIREMENT PLANS (Continued)

Public Education Employees Retirement System of Missouri (PEERS) (Continued)

years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

Cost-of-Living Adjustments (COLA). The PEERS Board has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increases greater than 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions: PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2017. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The district's contributions to PEERS were \$352,772 for the year ended June 30, 2017. For detail of prior years contributions see schedule of employee contributions PSRS and PEERS in the required supplemental information.

The District reports its financial activity on the modified cash basis of accounting, therefore the District has not recorded a net pension liability (and related expenses), or deferred outflows and inflows of resources related to pensions in the accompanying financial statements. If the District reported on the accrual basis of accounting, the District would have recorded a net pension liability of \$2,105,328, total pension expense related to the liability of \$451,150, deferred outflows of resources of \$1,056,203 and deferred inflows of resources of \$408,758 for the year ended June 30, 2017 for PEERS as provided for in the PEERS audit report for the year ended June 30, 2016.

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 8: GENERAL AND CASUALTY INSURANCE - PUBLIC ENTITY RISK POOL

The District is a member of the Missouri School Insurance Council (MUSIC), a protected self-insurance program of approximately 400 Missouri Public School districts. The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of a self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

NOTE 9: INTERFUND TRANSFERS

The District transferred from the General Fund \$880,000 to the Capital Projects Fund in the amounts of \$880,000. The transfers were made in the amount of \$150,000 for transportation costs and \$730,000 for the WADA transfer.

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2017 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 11: CONTINGENCIES

The school district participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Various claims and lawsuits are possible against the District. In the opinion of the District management, the potential loss on all claims and lawsuits will not be significant to the District's financial statements.

ORCHARD FARM R-V SCHOOL DISTRICT
Schedule of Employer Contributions PSRS and PEERS
June 30, 2017

Schedule of Employer Contributions PSRS

Year Ended*	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of covered Payroll
6/30/2013	\$1,194,891	\$1,194,891	\$ -	\$8,330,028	14.34%
6/30/2014	\$1,237,161	\$1,237,161	\$ -	\$8,623,900	14.35%
6/30/2015	\$1,387,203	\$1,387,203	\$ -	\$9,652,910	14.37%
6/30/2016	\$1,446,582	\$1,446,582	\$ -	\$10,075,433	14.36%
6/30/2017	\$1,578,542	\$1,578,542	\$ -	\$10,685,049	14.77%

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

Schedule of Employer Contributions PEERS

Year Ended*	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of covered Payroll
6/30/2013	\$217,486	\$217,486	\$ -	\$3,170,344	6.86%
6/30/2014	\$241,302	\$241,302	\$ -	\$3,517,517	6.86%
6/30/2015	\$257,369	\$257,369	\$ -	\$3,751,731	6.86%
6/30/2016	\$277,974	\$277,974	\$ -	\$4,052,105	6.86%
6/30/2017	\$352,772	\$352,772	\$ -	\$5,142,446	6.86%

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

Orchard Farm R-V School District
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance
Original Budget, Final Budget and Actual- Modified Cash Basis- General Fund
Year Ended June 30, 2017

	General (Incidental) Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUE COLLECTED				
Local	\$ 7,074,930	\$ 6,517,415	\$ 6,681,618	\$ 164,203
County	144,085	141,732	141,732	(0)
State	308,751	414,846	396,212	(18,634)
Federal	330,272	370,198	367,443	(2,755)
Other	50,000	70,793	72,280	1,487
TOTAL REVENUES COLLECTED	<u>\$ 7,908,038</u>	<u>\$ 7,514,984</u>	<u>\$ 7,659,285</u>	<u>\$ 144,301</u>
EXPENDITURES PAID				
Regular Instruction	558,184	479,818	434,990	44,828
Special Programs	145,593	252,301	451,006	(198,705)
Vocational Instruction	45,250	29,800	28,040	1,760
Student Activities	675,227	694,170	809,404	(115,234)
Adult Vocational Programs	-	-	-	-
Payments to Other Districts	-	-	-	-
Pupil Services	370,197	392,798	374,398	18,400
Staff Services	154,258	168,873	151,328	17,545
General Administration	397,102	367,873	342,118	25,755
Building Level Administration	482,921	477,829	545,504	(67,675)
Bldgs/Food Service/Fiscal/Transportation	5,331,646	5,374,560	5,408,681	(34,121)
Community Service	163,391	267,150	231,989	35,161
Facilities and Acquisitions	-	-	-	-
Debt Services	-	-	-	-
Fees Bond Indebtedness	5,000	100	-	100
TOTAL EXPENDITURES PAID	<u>\$ 8,328,769</u>	<u>\$ 8,505,272</u>	<u>\$ 8,777,457</u>	<u>\$ (272,185)</u>
REVENUES COLLECTED OVER(UNDER)				
EXPENDITURES PAID	(420,731)	(990,288)	(1,118,173)	
OTHER FINANCING SOURCES(USES):				
Operating Transfers in(out)	(1,670,942)	(880,000)	(880,000)	
Sale of Bonds	-	-	-	
Sale of Other Property	2,630	5,299	5,218	
Net Insurance Recovery	-	-	-	
REVENUES COLLECTED AND OTHER SOURCES				
OVER(UNDER) EXPENDITURES PAID	<u>\$ (2,089,043)</u>	<u>\$ (1,864,989)</u>	<u>\$ (1,992,955)</u>	
FUND BALANCE - Beginning of Year	10,976,320	10,976,320	10,976,320	
FUND BALANCE - End of Year	<u>\$ 8,887,277</u>	<u>\$ 9,111,331</u>	<u>\$ 8,983,365</u>	

The accompanying notes are an integral part of this financial statement

Orchard Farm R-V School District
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance
Original Budget, Final Budget and Actual- Modified Cash Basis- Special Revenue Fund
Year Ended June 30, 2017

	Special Revenue (Teachers) Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUE COLLECTED				
Local	\$ 7,684,154	\$ 7,966,846	\$ 7,966,715	\$ (131)
County	176,655	187,330	187,330	0
State	4,831,887	5,844,364	5,861,118	16,754
Federal	627,507	948,329	978,803	30,474
Other	78,939	96,417	100,659	4,242
TOTAL REVENUES COLLECTED	<u>\$ 13,399,142</u>	<u>\$ 15,043,286</u>	<u>\$ 15,094,625</u>	<u>\$ 51,339</u>
EXPENDITURES PAID				
Regular Instruction	7,891,847	7,942,175	7,986,751	(44,576)
Special Programs	2,708,943	2,968,936	3,158,332	(189,396)
Vocational Instruction	286,763	293,932	298,078	(4,146)
Student Activities	-	-	-	-
Adult Vocational Programs	-	-	-	-
Payments to Other Districts	141,647	113,780	87,018	26,762
Pupil Services	819,443	741,848	726,045	15,803
Staff Services	608,369	612,497	620,980	(8,483)
General Administration	252,184	252,184	243,560	8,624
Building Level Administration	947,657	947,657	946,611	1,046
Bldgs/Food Service/Fiscal/Transportation	-	-	-	-
Community Service	560,688	675,870	588,613	87,257
Facilities and Acquisitions	-	-	-	-
Debt Services	-	-	-	-
Fees Bond Indebtedness	-	-	-	-
TOTAL EXPENDITURES PAID	<u>\$ 14,217,541</u>	<u>\$ 14,548,879</u>	<u>\$ 14,655,988</u>	<u>\$ (107,109)</u>
REVENUES COLLECTED OVER(UNDER) EXPENDITURES PAID	(818,399)	494,407	438,637	
OTHER FINANCING SOURCES(USES):				
Operating Transfers in(out)	818,399	-	-	
Sale of Property	-	-	-	
REVENUES COLLECTED AND OTHER SOURCES OVER(UNDER) EXPENDITURES PAID	<u>\$ -</u>	<u>\$ 494,407</u>	<u>\$ 438,637</u>	
FUND BALANCE - Beginning of Year	-	-	-	
FUND BALANCE - End of Year	<u>\$ -</u>	<u>\$ 494,407</u>	<u>\$ 438,637</u>	

The accompanying notes are an integral part of this financial statement

Orchard Farm R-V School District
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance
Original Budget, Final Budget and Actual- Modified Cash Basis- Debt Service Fund
Year Ended June 30, 2017

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUE COLLECTED				
Local	\$ 2,217,538	\$ 2,216,862	\$ 2,220,396	\$ 3,534
County	61,044	61,872	61,872	(0)
State	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES COLLECTED	<u>\$ 2,278,582</u>	<u>\$ 2,278,734</u>	<u>\$ 2,282,267</u>	<u>\$ 3,532</u>
EXPENDITURES PAID				
Regular Instruction	-	-	-	-
Special Programs	-	-	-	-
Vocational Instruction	-	-	-	-
Student Activities	-	-	-	-
Adult Vocational Programs	-	-	-	-
Payments to Other Districts	-	-	-	-
Pupil Services	-	-	-	-
Staff Services	-	-	-	-
General Administration	-	-	-	-
Building Level Administration	-	-	-	-
Bldgs/Food Service/Fiscal/Transportation	-	-	-	-
Community Service	-	-	-	-
Facilities and Acquisitions	-	-	-	-
Debt Services	2,039,556	2,039,556	2,039,556	-
Fees Bond Indebtedness	5,000	5,000	2,835	2,166
TOTAL EXPENDITURES PAID	<u>\$ 2,044,556</u>	<u>\$ 2,044,556</u>	<u>\$ 2,042,391</u>	<u>\$ 2,166</u>
REVENUES COLLECTED OVER(UNDER) EXPENDITURES PAID	234,026	234,178	239,877	
OTHER FINANCING SOURCES(USES):				
Operating Transfers in(out)	-	-	-	
Sale of Refunding Bond	-	-	-	
REVENUES COLLECTED AND OTHER SOURCES OVER(UNDER) EXPENDITURES PAID	<u>\$ 234,026</u>	<u>\$ 234,178</u>	<u>\$ 239,877</u>	
FUND BALANCE - Beginning of Year	2,034,106	2,034,106	2,034,106	
FUND BALANCE - End of Year	<u>\$ 2,268,132</u>	<u>\$ 2,268,284</u>	<u>\$ 2,273,983</u>	

The accompanying notes are an integral part of this financial statement

Orchard Farm R-V School District
Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balance
Original Budget, Final Budget and Actual-Modified Cash Basis-Capital Projects Fund
Year Ended June 30, 2017

	Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUE COLLECTED				
Local	\$ 1,356,165	\$ 2,016,103	\$ 2,014,906	\$ (1,197)
County	-	17,782	17,782	(0)
State	-	41,880	42,660	780
Federal	111	143,173	143,173	(0)
Other	-	-	-	-
TOTAL REVENUES COLLECTED	<u>\$ 1,356,276</u>	<u>\$ 2,218,938</u>	<u>\$ 2,218,520</u>	<u>\$ (418)</u>
EXPENDITURES PAID				
Regular Instruction	197,500	170,117	170,647	(530)
Special Programs	7,300	15,440	20,782	(5,342)
Vocational Instruction	100,000	48,280	48,280	(0)
Student Activities	10,000	16,954	16,954	0
Adult Vocational Programs	-	-	-	-
Payments to Other Districts	-	-	-	-
Pupil Services	1,000	1,200	-	1,200
Staff Services	-	-	-	-
General Administration	5,000	-	-	-
Building Level Administration	-	-	-	-
Bldgs/Food Service/Fiscal/Transportation	1,064,500	1,399,547	1,259,853	139,694
Community Service	120,000	109,538	109,538	0
Facilities and Acquisitions	1,624,893	1,733,110	1,786,912	(53,802)
Debt Services	-	-	-	-
Fees Bond Indebtedness	-	-	-	-
TOTAL EXPENDITURES PAID	<u>\$ 3,130,193</u>	<u>\$ 3,494,186</u>	<u>\$ 3,412,965</u>	<u>\$ 81,221</u>
REVENUES COLLECTED OVER(UNDER) EXPENDITURES PAID	(1,773,917)	(1,275,248)	(1,194,445)	
OTHER FINANCING SOURCES(USES):				
Operating Transfers in(out)	852,543	880,000	880,000	
Sale of Bond	-	-	-	
Insurance Recovery	-	317,787	335,150	
Sale of Property	3,485	12,876	12,484	
REVENUES COLLECTED AND OTHER SOURCES OVER(UNDER) EXPENDITURES PAID	<u>\$ (917,889)</u>	<u>\$ (64,585)</u>	<u>\$ 33,189</u>	
FUND BALANCE - Beginning of Year	2,664,625	2,664,625	2,664,625	
FUND BALANCE - End of Year	<u>\$ 1,746,736</u>	<u>\$ 2,600,040</u>	<u>\$ 2,697,814</u>	

The accompanying notes are an integral part of this financial statement

ORCHARD FARM R-V SCHOOL DISTRICT
Notes to Budgetary Comparison Schedules
June 30, 2017

- 1) In accordance with Chapter 67, RSMo, the district adopts a budget for each fund.
- 2) Prior to July the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all district funds. Budgeted disbursements cannot exceed beginning available monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education the budget document is available for public inspection.
- 4) Prior to July 1, the budget was legally enacted by vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education.
- 6) Budgets for district funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. The actual results of operation are presented in the statement of revenues collected, expenditures paid, and changes in fund balances - original budget, final budget and actual-modified modified cash basis- all government fund types in accordance with the budget basis to provide a meaningful comparison of actual results with the budget.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

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

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The District (defined in this section as the “Issuer”) takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

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

2. 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.

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

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

5. 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.

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

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

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

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

10. The Direct Participants holding a majority position in the Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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