PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER ___, 2018.

NEW ISSUE
BANK QUALIFIED
BOOK ENTRY ONLY

S&P Rating: A+
See "RATING" herein

In the opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel to the County, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the ***"Code"****), (1) the Interest Portion of Basic Rent paid by the County under the Lease (as described in this Official Statement) and distributed to the Owners of the Series 2018 Certificates (including any original issue discount properly allocable to an Owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the Interest Portion of Basic Rent paid by the County under the Lease and distributed to the Owners of the Series 2018 Certificates is exempt from Missouri income taxation by the State of Missouri, and (3) the County's obligation to pay Basic Rent under the Lease has been designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. See* ***"TAX MATTERS"*** *in this Official Statement.*

$10,000,000*
CERTIFICATES OF PARTICIPATION
(FRANKLIN COUNTY, MISSOURI, LESSEE)
SERIES 2018

Evidencing a Proportionate Interest
in Basic Rent Payments to be Made by
FRANKLIN COUNTY, MISSOURI
Pursuant to an annually renewable Lease Purchase Agreement

Dated: Date of Delivery **Due: November 1, as shown on the inside cover**

Principal of the Series 2018 Certificates will be payable annually on November 1, in the years shown on the inside cover page, commencing on November 1, 2020. Interest on the Series 2018 Certificates is payable semiannually on each May 1 and November 1, commencing May 1, 2019. The Series 2018 Certificates will be issued in denominations of $5,000 principal amount, or integral multiples thereof.

The Series 2018 Certificates will be payable solely from Basic Rent Payments under the Lease and certain money held by The Bank of New York Mellon Trust Company, N.A., as trustee under the Declaration of Trust. See "**SECURITY FOR THE SERIES 2018 CERTIFICATES**" herein. The County has agreed to pay all Basic Rent due under the Lease for each fiscal year, but only if the County Commission annually appropriates sufficient money specifically designated to pay the Basic Rent coming due during each succeeding fiscal year. **The obligation to make payments will not create a general obligation or other indebtedness of the County within the meaning of any constitutional or statutory debt limitation or restriction. The delivery of the Series 2018 Certificates will not obligate the County to levy any form of taxation therefor or to make any appropriation for their payment in any year subsequent to a year in which the Lease is in effect.**

The Series 2018 Certificates are subject to prepayment prior to their stated payment dates under certain conditions. See **"THE SERIES 2018 CERTIFICATES - Prepayment Provisions"** herein.

The Series 2018 Certificates are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel to the County, and certain other conditions. Certain legal matters relating to this Official Statement will also be passed upon by Gilmore Bell, P.C., St. Louis, Missouri. Certain legal matters will be passed upon for the County by Lewis Rice LLC, Washington, Missouri. WM Financial Strategies has served as municipal advisor to the County on this transaction. It is expected that the Series 2018 Certificates will be available for delivery through the facilities of DTC in New York, New York, on or about November 14, 2018.

[*Underwriter Logo*]

The date of this Official Statement is __________, 2018.

* Preliminary; subject to change.

$10,000,000*
CERTIFICATES OF PARTICIPATION
(FRANKLIN COUNTY, MISSOURI, LESSEE)
SERIES 2018

MATURITY SCHEDULE*
BASE CUSIP: 352875

Payment Date (November 1)	Principal Amount	Interest Rate	Price	CUSIP
2020	$410,000			
2021	420,000			
2022	430,000			
2023	425,000			
2024	450,000			
2025	460,000			
2026	470,000			
2027	485,000			
2028	500,000			
2029	515,000			
2030	530,000			
2031	545,000			
2032	560,000			
2033	580,000			
2034	600,000			
2035	620,000			
2036	645,000			
2037	665,000			
2038	690,000			

* Preliminary; subject to change.

FRANKLIN COUNTY, MISSOURI

400 East Locust Street
Union, Missouri 63084
(636) 583-6359

COUNTY OFFICIALS

County Commissioners
Tim Brinker, *Presiding Commissioner*
Todd Boland, *First District Commissioner*
Dave Hinson, *Second District Commissioner*

Other County Officials
Debbie Door, *Clerk of the County Commission*
Tom Copeland, *Assessor*
Tambra Vemmer, *Auditor*
Linda Emmons, *Collector*
Robert E. Parks, *Prosecuting Attorney*
Jennifer L. Metcalf, *Recorder*
Steven M. Pelton, *Sheriff*
Debbie Aholt, *Treasurer*
Mary Jo Straatmann, *Public Administrator*

COUNTY COUNSELORS

Lewis Rice LLC
Washington, Missouri

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
St. Louis, Missouri

SPECIAL TAX AND DISCLOSURE COUNSEL

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

UNDERWRITER

[*Underwriter*]
__________, __________

MUNICIPAL ADVISOR

WM Financial Strategies
St. Louis, Missouri

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2018 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE DECLARATION OF TRUST BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriter to give any information or to make any representation with respect to the Series 2018 Certificates offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2018 Certificates offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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

This Preliminary Official Statement is in a form deemed final by the County 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).

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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

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OFFICIAL STATEMENT

$10,000,000*
CERTIFICATES OF PARTICIPATION
(FRANKLIN COUNTY, MISSOURI, LESSEE)
SERIES 2018

Evidencing a Proportionate Interest
in Basic Rent Payments to be Made by the
FRANKLIN COUNTY, MISSOURI
Pursuant to an annually renewable Lease Purchase Agreement

INTRODUCTION

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

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information in connection with the offering and sale of Certificates of Participation (Franklin County, Missouri, Lessee), Series 2018, in the aggregate principal amount of $10,000,000* (the **"Series 2018 Certificates"**). The Series 2018 Certificates represent undivided, proportionate interests in Basic Rent to be paid by Franklin County, Missouri (the **"County"**) pursuant to an annually renewable Lease Purchase Agreement dated as of September 1, 2012 (the **"Original Lease"**), as supplemented by the First Supplemental Lease Purchase Agreement dated as of November 1, 2018 (the **"First Supplemental Lease"** and, together with the Original Lease, the **"Lease"**) between The Bank of New York Mellon Trust Company, N.A. (the **"Trustee"**), as trustee and lessor, and the County, as lessee. The Trustee has agreed to execute and deliver the Series 2018 Certificates pursuant to a Declaration of Trust dated as of September 1, 2012 (the **"Original Declaration of Trust"**), as supplemented by the First Declaration of Trust dated as of November 1, 2018 (the **"First Supplemental Declaration of Trust"** and, together with the Original Declaration of Trust, the **"Declaration of Trust"**). The Basic Rent Payments constitute rent for the Leased Property (hereafter defined) pursuant to the Lease.

The County

The County is a first-class county and political subdivision of the State of Missouri. It is located in east-central Missouri, approximately 50 miles southwest of St. Louis, Missouri. The estimated current population of the County is 103,330. See **"APPENDIX A – GENERAL AND ECONOMIC INFORMATION CONCERNING THE COUNTY"** attached hereto.

Plan of Financing

Proceeds from the sale of the Series 2018 Certificates will be used to (1) pay the costs of the first phase of additions and renovations to the existing County public safety facility, including the additions of a new jail and a new 911 communications center and renovations to the existing facility for expanded Sheriff operations (the **"2018 Project"**) and (2) pay certain costs in connection with the execution and delivery of the Series 2018 Certificates. For more information regarding the 2018 Project, see the caption "**PLAN OF FINANCING**."

* Preliminary; subject to change.

Pursuant to a Base Lease dated as of September 1, 2012 (the **"Original Base Lease"**), as amended and supplemented by a First Supplemental Base Lease dated as of November 1, 2018 (the **"First Supplemental Base Lease"** and, together with the Original Base Lease, the **"Base Lease"**), the County is leasing to the Trustee certain real property located within the County, together with the County's Government Center, Courthouse, Judicial Center, Sheriff's Offices and Adult Detention Center and any other improvements now or hereafter located thereon (collectively, the **"Leased Property"**). See the caption "**PLAN OF FINANCING - The Leased Property**.**"** Under the Original Lease, the Trustee leased its interest in the Leased Property to the County for an initial term ending December 31, 2012, subject to the County's option to extend the term of the Original Lease for twenty (20) consecutive one-year renewal terms commencing January 1, 2013, and a final renewal term commencing January 1, 2031 and ending April 2, 2032 (each a **"Renewal Term"** and collectively, the **"Renewal Terms"**). Each Renewal Term is subject to annual appropriation by the County Commission. Pursuant to the terms of the First Supplemental Lease, the Original Lease is amended and supplemented to change the amount of Basic Rent (defined herein) payable thereunder and change the final Renewal Term to end on November 2, 2038. Each Renewal Term is subject to annual appropriation by the County Commission.

Pursuant to the Original Declaration of Trust, the Trustee has delivered Refunding Certificates of Participation (Franklin County, Missouri, Lessee), Series 2012 (the **"Series 2012 Certificates"**) in the original principal amount of $5,145,000 to provide funds to (1) currently refund all of the outstanding Certificates of Participation (Franklin County, Missouri, Lessee), Series 2005, (2) advance refund all of the outstanding Certificates of Participation (Franklin County, Missouri, Lessee), Series 2007, (3) advance refund all of the outstanding Certificates of Participation (Franklin County, Missouri, Lessee), Series 2008, and (4) pay certain costs in connection with the execution and delivery of the Series 2012 Certificates. **The Series 2018 Certificates are being issued on a parity with the Series 2012 Certificates.**

The Series 2018 Certificates are payable solely from Basic Rent to be paid by the County under the Lease and to the extent received by the Trustee.

Pursuant to the Declaration of Trust, a portion of each Basic Rent Payment will be used to pay interest distributable with respect to the Series 2018 Certificates, and a portion of each Basic Rent Payment will be used to pay principal distributable with respect to the Series 2018 Certificates.

See the caption **"PLAN OF FINANCING"** herein.

Limited Obligations

Under the Lease, the County has agreed to pay rental payments (the **"Basic Rent"**), consisting of a principal portion (the **"Principal Portion"**) and an interest portion (the **"Interest Portion"**), but only if and to the extent that the County Commission annually appropriates sufficient money to pay the Basic Rent coming due during each succeeding Renewal Term. The Series 2018 Certificates and the Series 2012 Certificates represent undivided, proportionate interests in the Basic Rent.

Although payment of the principal of and interest on the Series 2018 Certificates may be made, subject to annual appropriation, from any funds of the County legally available for such purpose, the County intends to annually budget and appropriate revenues from a new one-half of one percent (1/2 of 1%) county-wide sales tax for law enforcement and emergency dispatch services (the **"Proposition P Sales Tax"**) described in ***Appendix A*** hereto. **SUCH REVENUES ARE NOT PLEDGED AS SECURITY FOR THE PAYMENT OF THE CERTIFICATES AND THERE CAN BE NO ASSURANCE THAT THE COUNTY WILL APPROPRIATE FUNDS FOR PAYMENT OF THE CERTIFICATES**. Neither the Proposition P Sales Tax nor any other funds or revenues of the County are, or can be, pledged to the payment of the Series 2018 Certificates. The Lease does not require or limit the County to use proceeds of the Proposition P Sales Tax to pay Basic Rent.

None of the Series 2018 Certificates, the Series 2012 Certificates, the Lease or any payments required under the Lease will constitute a mandatory payment obligation of the County in any year beyond the year during which the County is a lessee under the Lease, or constitute or give rise to a general obligation or other indebtedness of the County. The County is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease is in effect, and there can be no assurance that the County will appropriate funds to make Basic Rent Payments or renew the Lease after any Renewal Term. The County may terminate its obligations under the Lease on an annual basis. The County will have the option to purchase the Trustee's interest in the Leased Property at the times and upon the conditions described under **"SUMMARY OF THE LEASE - Purchase Option"** in ***Appendix C*** hereto.

None of the Series 2018 Certificates, the Series 2012 Certificates or the Lease will constitute a debt or liability of the County or of the State of Missouri (the **"State"**) or any political subdivision thereof, nor will they constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The execution and delivery of the Lease will not obligate the County to levy any form of taxation for the payments required thereunder or to make any appropriation for such payments in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

Risk Factors

Payment of the Principal Portions and Interest Portions represented by the Series 2018 Certificates is subject to certain risks. See the section captioned **"RISK FACTORS AND INVESTMENT CONSIDERATIONS"** herein.

Additional Parity Obligations

Additional Certificates may be delivered under and be equally and ratably secured by the Declaration of Trust on a parity with the Series 2018 Certificates, the Series 2012 Certificates and any other Additional Certificates Outstanding, at any time and from time to time so long as no Event of Default or Event of Nonappropriation exists, upon compliance with the conditions provided in the Declaration of Trust. The County intends to issue approximately $15 million of Additional Certificates in 2019 to pay the remaining costs of the 2018 Project. See **"PLAN OF FINANCING"** herein and **"SUMMARY OF THE DECLARATION OF TRUST - Additional Certificates"** in ***Appendix C*** hereto.

Continuing Disclosure Information

The County has covenanted in a Continuing Disclosure Agreement to disclose certain financial information, operating data and notices of material events in compliance with Rule 15c2-12 (the **"Rule"**) promulgated by the Securities and Exchange Commission. A summary of the Continuing Disclosure Agreement is included in ***Appendix C*** to this Official Statement.

The County believes it has complied during the past five years with its prior undertakings under the Rule, except for the following:

- The County's operating data for the fiscal year ended December 31, 2014 was filed 31 days late.
- The County's audited financial statements and operating data for the fiscal year ended December 31, 2015 were filed one day late.
- The County's audited financial statements and operating data for the fiscal year ended December 31, 2016 were filed one day late.
- The County did not file notice of the late filings described above on a timely basis.

Definitions and Descriptions; Inspection of Documents

All capitalized terms used in this Official Statement not defined in the text hereof are defined under **"DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF LEGAL DOCUMENTS"** set forth in ***Appendix C*** to this Official Statement. Brief descriptions of the Series 2018 Certificates, the Base Lease, the Lease, the Declaration of Trust and certain other matters are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Base Lease, the Lease and the Declaration of Trust are qualified in their entirety by reference to such documents, drafts of which may be viewed prior to the delivery of the Series 2018 Certificates at the office of the Underwriter, [*Underwriter*], __________, __________, __________. Copies of the final executed documents may be viewed after the delivery of the Series 2018 Certificates at the office of the Trustee, The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, 100 South 4^{th} Street, Suite 550, St. Louis, Missouri 63102, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request. All references to the Series 2018 Certificates are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Base Lease, the Lease and the Declaration of Trust.

THE SERIES 2018 CERTIFICATES

Description

The Series 2018 Certificates will be dated as of the date of original delivery thereof. The Principal Portion of Basic Rent represented by each Series 2018 Certificate will bear interest at specified rates as set forth on the inside cover page hereof. The Interest Portion of Basic Rent represented by the Series 2018 Certificates will be payable semiannually on May 1 and November 1 of each year, beginning on May 1, 2019 (the **"Payment Dates"**). The Principal Portion of Basic Rent represented by the Series 2018 Certificates is payable annually on November 1 of each year in the principal amounts set forth on the inside cover page of this Official Statement.

The Interest Portion represented by the Series 2018 Certificates is payable by (a) check or draft mailed by the Trustee to the address of such Owners shown on the registration books for the Series 2018 Certificates (the **"Register"**), or (b) electronic transfer to such Owner upon written notice given to the Trustee by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name of the bank (which shall be in the continental United States), the bank's ABA routing number and the account name and number to which such Owner wishes to have such transfer directed, and an acknowledgement that an electronic transfer fee is payable. The Principal Portion of Basic Rent and prepayment premium, if any, represented by the Series 2018 Certificates is payable (whether at maturity or upon prepayment or acceleration) by check or draft to the Owners of such Series 2018 Certificates upon presentation and surrender of such Series 2018 Certificates at the designated corporate trust office of the Trustee.

Book-Entry Only System

The Depository Trust Company (**"DTC"**), New York, New York, will act as securities depository for the Series 2018 Certificates. The Series 2018 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2018 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2018 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2018 Certificate (**"Beneficial Owner"**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Certificates, except in the event that use of the book-entry system for the Series 2018 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2018 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2018 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Series 2018 Certificate documents. For example, Beneficial Owners of Series 2018 Certificates may wish to ascertain that the nominee holding the Series 2018 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2018 Certificates within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2018 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds, distributions, and dividend payments on the Series 2018 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018 Certificates at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Direct Participants holding a majority position in the Series 2018 Certificates 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.

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

Prepayment Provisions

Optional Prepayment. The Series 2018 Certificates with stated payment dates of November 1, 20___ and thereafter are subject to prepayment on November 1, 20___ and thereafter at any time, (1) in whole, if the County exercises its option to purchase the Trustee's interest in the Leased Property and deposits an amount sufficient to effect such purchase pursuant to the Lease on the applicable optional Prepayment Date, or (2) in part, if the County prepays Basic Rent pursuant to the Lease. Any prepayment of the Series 2018 Certificates pursuant to this paragraph will be at the Prepayment Price of 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued thereon to the optional Prepayment Date.

Extraordinary Optional Prepayment. The Series 2018 Certificates will be subject to optional prepayment, as a whole, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the County or any entity controlled by or otherwise affiliated with the County) of, or loss of title to, substantially all of the Leased Property, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the

United States, the Base Lease or the Lease becomes unenforceable, and the County purchases the Trustee's interest in the Leased Property pursuant to the Lease. See **"SUMMARY OF THE LEASE - Damage, Destruction and Condemnation"** in ***Appendix C*** hereto.

Mandatory Prepayment. The Series 2018 Certificates with a stated maturity date of November 1, 20___ (the **"Term Certificates"**) are subject to mandatory prepayment pursuant to the mandatory prepayment requirements of the First Supplemental Declaration of Trust at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2018 Certificates being prepaid plus the Interest Portion of Basic Rent accrued to the Prepayment Date, as follows:

Term Certificates Maturing November 1, 20___

Prepayment Date (November 1)	**Principal Portion**
20___	$
20___+	

____
+Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the County may: (1) deliver to the Trustee for cancellation Term Certificates in any aggregate principal amount desired, (2) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Term Certificates from any Owner thereof, whereupon the Trustee shall expend such funds for such purpose to such extent as may be practical, or (3) receive a credit with respect to the mandatory prepayment obligation of the Trustee pursuant to the Declaration of Trust for any Term Certificates of the same series and payment date which prior to such date have been purchased or prepaid (other than through the operation of the requirements of the Declaration of Trust regarding mandatory prepayment) and cancelled by the Trustee and not theretofore applied as a credit against any prepayment obligation pursuant the terms of the Declaration of Trust. Each Term Certificate so delivered or previously purchased or prepaid shall be credited at 100% of the principal amount thereof on the obligation of the Trustee to prepay Term Certificates of the same series and payment date on such prepayment date, and any excess of such amount shall be credited on future mandatory prepayment obligations for Term Certificates of the same series and payment date in chronological order, and the principal amount of Certificates of the same series and payment date to be prepaid by operation of the requirements of the Declaration of Trust shall be accordingly reduced. If the County intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the County will, on or before the 45th day next preceding each mandatory prepayment date, furnish the Trustee a certificate signed by an Authorized Representative indicating to what extent the provisions of said clauses (1), (2), and (3) are to be complied with in respect to such mandatory prepayment.

Partial Prepayment of Certificates. Upon surrender of any Series 2018 Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the County, a new Certificate or Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Series 2018 Certificate surrendered.

Notice of Prepayment. Unless otherwise provided in the Declaration of Trust, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 30 days prior to the Prepayment Date, to the County and the Owner of each Series 2018 Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (1) the Prepayment Date, (2) the place of prepayment, (3) the Prepayment Price, (4) if less than all, the identification of the Series 2018 Certificates to be prepaid, and (5) if a Series 2018 Certificate is being prepaid in part, the portion thereof being prepaid. Such notice will also state that the Interest Portion of the Basic Rent represented by the Series 2018 Certificates designated for prepayment will cease to accrue from and after such Prepayment

Date and that on said date the Prepayment Price will become due and payable on each of said Series 2018 Certificates. The failure of the Owner of any Series 2018 Certificate to be so prepaid to receive notice of prepayment mailed as herein provided or any defect therein will not affect or invalidate the validity of any proceedings for the prepayment of such Series 2018 Certificate.

The Trustee is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards will not affect or invalidate the prepayment of any Series 2018 Certificate to be prepaid.

The Trustee, as long as a book-entry system is used for the Series 2018 Certificates, will send notices of prepayment only to the Securities Depository, as the Owner of the Series 2018 Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any participant or any nominee to notify any Beneficial Owner of the Series 2018 Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series 2018 Certificates called for prepayment.

Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and upon funds for payment of the Prepayment Price of such Series 2018 Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Series 2018 Certificates (or portions thereof) so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Series 2018 Certificates so called for prepayment will cease to accrue, said Series 2018 Certificates (or portions thereof) will cease to be entitled to any benefit or security under the Declaration of Trust and the Owners of such Series 2018 Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price. All Series 2018 Certificates prepaid pursuant to the provisions of the Declaration of Trust will be cancelled upon surrender thereof and destroyed by the Trustee.

PLAN OF FINANCING

The 2018 Project

The County intends to use the proceeds from the sale of the Series 2018 Certificates to pay a portion of the costs of additions and renovations to the existing County public safety facility, including the additions of a new jail and a new 911 communications center and renovations to the existing facility for expanded Sheriff operations.

The County has engaged Navigate Building Solutions of St. Louis, Missouri, as construction manager for the 2018 Project. The County has engaged FGM Architects of St. Louis, Missouri, as architect for the 2018 Project. The County will solicit construction bids in the spring of 2019 and expects to award contracts for the 2018 Project in May 2019. Based on preliminary estimates, the total cost of the 2018 Project is expected to be $30 million. The County expects to issue Additional Certificates on a parity with the Series 2018 Certificates in the estimated amount of $17,000,000 in 2019 and use cash on hand, in the estimated amount of $3,000,000, to pay the remaining costs of the 2018 Project. The par amount of the Additional Certificates will be adjusted based on the construction bids received.

Construction of the new jail and new 911 communications center is expected to begin in June 2019 and continue through July 2020. The renovations for the expanded Sheriff operations are expected to begin in August 2020 and continue through December 2020.

Sources and Uses of Funds

The following table itemizes the estimated sources of funds and the expected uses of such funds, in connection with the plan of financing:

Sources of Funds:	
Principal Amount of the Series 2018 Certificates	$
Plus: Net Original Issue Premium	
Total	$
Uses of Funds:	
2018 Project Costs	$
Costs of Delivery (including Underwriter's Discount)	
Total	$

LEASED PROPERTY

The Leased Property consists of the following tracts of land owned by the County upon which the following facilities are situated:

Government Center. The Government Center is a three-story building with approximately 44,260 square feet and houses offices for the County Commission, the County Clerk, the County Assessor, the County Auditor, the County Collector and other departments of the County. The Government Center has an insured value of $9,157,874 excluding contents.

Judicial Center. The Judicial Center is a three-story facility with approximately 40,587 square feet and includes five courtrooms with offices for courtroom staff and the circuit clerk's office. The Judicial Center has an insured value of $9,670,973 excluding contents.

Courthouse. The Courthouse is a three-story facility, including basement, with approximately 24,300 square feet situated on a 200 foot x 200 foot parcel of land. The Courthouse has an insured value of $11,869,930 excluding contents.

Sheriff's Office and Adult Detention Center. The Sheriff's Office and Adult Detention Center sits on a 24.02-acre site. The Sheriff's Office and Adult Detention Center is a one-story building with approximately 46,540 square feet, which includes a jail with a maximum capacity of 130 prisoners and the emergency operations department of the County. The Sheriff's Office and Adult Detention Center has an insured value of $14,076,835 excluding contents.

SECURITY FOR THE SERIES 2018 CERTIFICATES

Limited Obligations; Sources of Payment

Each Series 2018 Certificate and each Series 2012 Certificate evidences the undivided, proportionate interest of the Owner thereof in the right to receive Basic Rent to be made by the County under the Lease. The Series 2018 Certificates and the Series 2012 Certificates are payable solely out of the Basic Rent Payments and other money and investments held by the Trustee under the Declaration of Trust.

The County's obligation to make Basic Rent Payments and other payments under the Lease is subject to annual appropriation by the County Commission and will not constitute a debt or liability of the County or of the State or any political subdivision thereof. Neither the Lease nor the Series 2018 Certificates will constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The execution and delivery of the Lease and the Series 2018 Certificates will not obligate the County to levy any form of taxation therefor or to make any appropriation for their payment in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

Under the terms of the Lease, if the County elects to renew the Lease at the end of any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its general revenues derived from property and sale taxes and other sources, which appropriation must be sufficient to make the Basic Rent Payments coming due during the ensuing fiscal year. To provide for the timely payment of Basic Rent, the County will pay to the Trustee for deposit in the Lease Revenue Fund not less than five Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date (but only if the County elects to renew the Lease for each Renewal Term). **There can be no assurance that the County Commission will appropriate funds for Basic Rent Payments or renew the Lease for any subsequent Renewal Term. The County is not legally required to budget or appropriate money for any subsequent fiscal year beyond the current fiscal year.**

Proposition P Sales Tax Revenues

The Proposition P Sales Tax was approved at an election held on April 3, 2018, by a vote of 10,216 to 4,439. It is the County's intent to pay the Basic Rent Payments due under the Lease from revenues derived from the Proposition P Sales Tax. The revenues from the Proposition P Sales Tax are not pledged or otherwise obligated to be used for the payment of the Basic Rent Payments due under the Lease.

Base Lease

The County will, pursuant to the Base Lease, lease all its interest in the Leased Property to the Trustee, as lessee. The Base Lease is for a term ending April 1, 2052 (which is approximately 13.5 years after the latest scheduled maturity date of the Series 2018 Certificates), unless sooner terminated if the County makes all payments required by the Lease. If an Event of Default or Event of Nonappropriation occurs under the Declaration of Trust or the Lease, the Trustee has the right to possess and use the Leased Property for the remainder of the term of the Base Lease, and has the right to sublease or assign its interests under the Base Lease upon such terms as it deems prudent.

The proceeds from any assignment of the Base Lease and the Trustee's rights thereunder or any sublease of the Leased Property are required to be paid to the Trustee and applied in accordance with the Declaration of Trust. **Owners of the Series 2018 Certificates are cautioned, however, that the nature of the Leased Property may impair the Trustee's ability to assign its interest in the Base Lease or to sublease the Leased Property upon the occurrence of an Event of Default or Event of Nonappropriation or to obtain an amount therefor that would be sufficient to pay the Principal Portions and the Interest Portions represented by all Certificates then Outstanding.** See the caption **"RISK FACTORS AND INVESTMENT CONSIDERATIONS - Expiration or Termination of the Lease"** herein.

Maintenance and Insurance of the Leased Property

The County has agreed in the Lease, at its own expense, to (1) keep the Leased Property in a safe condition, (2) with respect to the Leased Property, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (3) keep the Leased Property in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the County will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Property the maintenance, repair, replacement or renewal of which becomes uneconomical to the County because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The County will not permit or suffer others to commit a nuisance in or about the Leased Property or itself commit a nuisance in connection with its use or occupancy of the Leased Property. The County will pay all costs and expenses of operation of the Leased Property.

The Leased Property is required to be insured to the extent described in ***Appendix C*** hereto under **"SUMMARY OF THE LEASE - Insurance."** All Net Proceeds from policies of insurance or condemnation awards will be applied to the prompt replacement, repair, restoration or modifications of the Leased Property, unless the County has exercised its option to purchase the Trustee's interest in the Leased Property pursuant to the Lease.

If the County determines that the repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the County, then, in lieu of making such replacement, repair, restoration, modification or improvement and if permitted by law, the County will promptly purchase the Trustee's interest in the Leased Property pursuant to the Lease. The Net Proceeds will be applied by the County to the purchase of the Leased Property. Any balance of the Net Proceeds remaining after purchasing the Leased Property will belong to the County.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement of the Leased Property and the County has not elected to purchase the Trustee's interest in the Leased Property pursuant to the Lease, the County will complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and the County will not be entitled to any reimbursement therefor from the Trustee nor will the County be entitled to any diminution of Basic Rent.

Additional Parity Obligations

Additional Certificates may be issued under and be equally and ratably secured by the Declaration of Trust on a parity with the Series 2018 Certificates, the Series 2012 Certificates and any other Additional Certificates Outstanding, at any time and from time to time while no Event of Default or Event of Nonappropriation has occurred and is continuing under the Declaration of Trust upon compliance with the conditions provided in the Declaration of Trust. See **"SUMMARY OF THE DECLARATION OF TRUST - Additional Certificates"** in ***Appendix C*** hereto.

Pursuant to the Declaration of Trust, Additional Certificates may be issued to provide funds to pay the costs of (a) repairing, replacing or restoring the Leased Property, (b) improving, upgrading or modifying the Leased Property, (c) acquiring additional real property to be included in the Leased Property or the acquisition, purchase, construction or equipping of additions to or expansions or remodeling or modification of the Leased Property and (d) refunding any or all of the Certificates.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The purchase of the Series 2018 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2018 Certificates should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain risk factors relating to the Series 2018 Certificates are described below.

Limited Obligations

Each Series 2018 Certificate and each Series 2012 Certificate evidences the undivided, proportionate interest of the Owner thereof in the right to receive Basic Rent to be paid by the County under the Lease. The Series 2018 Certificates and the Series 2012 Certificates are payable solely from Basic Rent and other money and investments held by the Trustee under the Declaration of Trust. The Basic Rent Payments constitute currently budgeted expenditures of the County, payable only if the County Commission appropriates sufficient money to extend the term of the Lease for each successive fiscal year. The Initial Term of the Lease commenced as of the date of the initial delivery of the Series 2012 Certificates and expired on December 31, 2012. The County has renewed the Lease for one-year terms every year thereafter, with a current Renewal Term expiring on December 31, 2018. The Lease is thereafter subject to successive one-year Renewal Terms commencing on January 1 of each year, with a final renewal term commencing January 1, 2038 and ending November 2, 2038. Each Renewal Term is subject to annual appropriation by the County Commission.

The County Commission has declared its current intention and expectation that the Lease will be renewed annually until the County exercises its option to acquire the Trustee's interest in the Leased Property. However, such a declaration may not be construed as contractually obligating or otherwise binding the County. Accordingly, the likelihood that the County will renew the Lease for all Renewal Terms and continue to pay the Basic Rent thereunder to enable the Trustee to timely pay the Principal Portions and Interest Portions of Basic Rent represented by the Series 2018 Certificates is dependent upon certain factors which are beyond the control of the Owners, including (1) the County's continuing need for the Leased Property, (2) the demographic conditions within the County, (3) the County's ability to generate sufficient property taxes, sales taxes and charges and revenues from other sources to pay its obligations under the Lease and all other obligations and (4) the value of the Leased Property if the Trustee's interest therein is relet or sold in a foreclosure or other liquidation proceeding instituted by the Trustee upon the termination of the Lease as a result of an Event of Default or Event of Nonappropriation.

The County's obligations under the Lease do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Series 2018 Certificates are payable from annual appropriations. While the present County Commission has approved the delivery of the Series 2018 Certificates, subsequent members of the County Commission may elect not to budget and appropriate moneys to pay Basic Rent under the Lease even if sufficient revenues are available therefor.

Expiration or Termination of the Lease

The Initial Term of the Lease expired on December 31, 2012. The Lease will expire by its terms on December 31 during each year until December 31, 2037, with a final Renewal Term commencing January 1, 2038 and ending November 2, 2038, unless the County in its sole discretion exercises the option provided in the Lease to extend its term for each next succeeding Renewal Term. If in any year the County does not extend the term of the Lease, the County's obligation to make payments will terminate at the end of the then current Renewal Term. Upon (1) the expiration of any Renewal Term during which an Event of Nonappropriation occurs (which is not waived by the Trustee as provided in the Lease) or (2) a default under the Lease and an election by the Trustee to terminate the County's possessory interest under the Lease, the County's right of possession and use of the Leased Property under the Lease will expire or be terminated, as appropriate. See **"SUMMARY OF THE LEASE - Events of Default"** and **"- Remedies on Default"** in ***Appendix C*** hereto.

If the County's right of possession and use of the Leased Property under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, (1) the County's obligation to make payments thereunder will continue through the Renewal Term then in effect, but not thereafter; (2) the Principal Portion of Basic Rent that has been appropriated but is then unpaid by the County for the County's then current fiscal year may be declared immediately due and payable; and (3) the Series 2018 Certificates, the Series 2012 Certificates and any Additional Certificates will be payable from, among other sources, such money as may be available by way of recovery from the County of the Basic Rent Payments that are due through the Renewal Term then in effect. If the Lease expires at the end of a Renewal Term without any extension for the next succeeding Renewal Term or if an event occurs as described above pursuant to which the Trustee terminates the County's right of possession of the Leased Property under the Lease, the Trustee may recover possession of the Leased Property and assign the Base Lease and its rights thereunder or sublease the Leased Property pursuant to its rights under the Base Lease. The net proceeds of any assignment of the Base Lease or sublease of the Trustee's interest in the Leased Property, together with certain other money then held by the Trustee under the Declaration of Trust, are required to be used to pay the Series 2018 Certificates, the Series 2012 Certificates and any Additional Certificates to the extent of such money.

Due to the nature of the Leased Property, no assurance can be given that the Trustee could assign the Base Lease and its rights thereunder or sublease the Leased Property for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Portions and Interest Portions of Basic Rent then due with respect to the Series 2018 Certificates. Furthermore, no assurance can be given that the amount, if any, realized upon any assignment or sublease of the Trustee's interest in the Leased Property will be available to provide for the payment of the Series 2018 Certificates on a timely basis.

Delays in Exercising Remedies

A termination of the Lease will give the Trustee the right to possession and use of the Leased Property, and the right to assign the Base Lease and its rights thereunder or to sublease the Leased Property, all in accordance with the provisions of the Base Lease, the Lease and the Declaration of Trust. However, the enforceability of the Lease and the Declaration of Trust is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

Any delays in the ability of the Trustee to obtain possession of the Leased Property will, of necessity, result in delays in any payment of Principal Portions and Interest Portions of Basic Rent represented by the Series 2018 Certificates.

Enforceability of Remedies

The enforceability of the Lease and the Declaration of Trust is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State of Missouri or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution. There can be no assurance that (1) a court, in the exercise of judicial discretion, would enforce the remedies afforded by the Lease in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Portions and the Interest Portions of Basic Rent represented by the Series 2018 Certificates, the Series 2012 Certificates and any Additional Certificates.

No Reserve Fund

The County has not established a reserve fund to secure the payment of the Principal Portions and Interest Portions of the Basic Rent represented by the Series 2018 Certificates. There is no assurance that the County will have funds available for the timely payment of the Principal Portions and Interest Portions of the Basic Rent.

Construction Risks

Weather, labor disputes, availability of materials and supplies, casualty damages, unanticipated subsoil conditions, unanticipated construction difficulties and other "force majeure" occurrences or events or financial failure or failure to perform by a contractor, subcontractor or supplier may affect the timely construction and renovation of the 2018 Project.

Destruction of the Leased Property

The Lease requires the Leased Property to be insured as described in **"SUMMARY OF THE LEASE - Insurance"** in ***Appendix C*** hereto. If the Leased Property is damaged or destroyed, the County is nevertheless required to continue to make Basic Rent Payments under the Lease, subject to the exercise of its option to extend the term of the Lease for each next succeeding Renewal Term and to apply Net Proceeds from insurance and certain other sources to repair, restore, modify, improve or replace the affected portion of the Leased Property. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement and the County has not elected to purchase the Trustee's interest in the Leased Property, the County will complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds.

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

Special Use Facility; Limited Term

Although the Trustee has the right under the Declaration of Trust and the Lease to take possession and relet the Leased Property for the remaining term of the Base Lease upon the occurrence of an Event of Default or an Event of Nonappropriation, no assurance can be made that the Leased Property as a whole could generate sufficient revenues to pay the Principal Portion and Interest Portion of Basic Rent represented by the Series 2018 Certificates, the Series 2012 Certificates and any Additional Certificates upon the exercise of such remedy by the Trustee. The Base Lease extends only to April 1, 2052. There can be no assurance, upon the occurrence of an Event of Default or an Event of Nonappropriation, that the then remaining term of the Base Lease would permit the Trustee to relet the Leased Property for sufficient revenues to pay the Principal Portion and Interest Portion of Basic Rent represented by the Series 2018 Certificates, the Series 2012 Certificates and any Additional Certificates upon the exercise of such remedy by the Trustee.

Amendment of the Declaration of Trust, Lease and Base Lease

Certain amendments to the Declaration of Trust, the Lease and the Base Lease may be made with consent of the Owners of not less than a majority in principal amount of the Certificates (including the Series 2012 Certificates, the Series 2018 Certificates and any Additional Certificates that may be hereafter delivered) then Outstanding affected by such amendments. Such amendments may adversely affect the security of the Owners of the Series 2018 Certificates.

Taxability

The Series 2018 Certificates are not subject to prepayment nor are the interest rates on the Series 2018 Certificates subject to adjustment in the event of a determination by the Internal Revenue Service (the **"Service"**) or a court of competent jurisdiction that the Interest Portion of Basic Rent paid or to be paid on any Series 2018 Certificate is or was includible in the gross income of the Certificate Owner for federal income tax purposes. *Under such circumstances, Owners of Series 2018 Certificates would continue to hold their Series 2018 Certificates, receiving the Principal Portion and Interest Portion of Basic Rent as and when due, but would be required to include the Interest Portion of Basic Rent in gross income for federal and Missouri income tax purposes.* See **"TAX MATTERS"** herein.

Effect on Tax-Exemption of Termination of the Lease

Special Tax Counsel is not rendering an opinion with respect to the tax-exempt status of the Interest Portion of Basic Rent distributable to the Owners of the Series 2018 Certificates subsequent to the termination of the Lease for any reason (including an Event of Default or an Event of Nonappropriation under the Lease). If the Lease is terminated while the Series 2018 Certificates are Outstanding, there is no assurance that payments made to Series 2018 Certificate Owners after such termination with respect to interest will be excluded from gross income of the Owners thereof for federal or Missouri income tax purposes. See **"TAX MATTERS"** herein.

Risk of Audit

The Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2018 Certificates. Owners of the Series 2018 Certificates are advised that, if an audit of the Series 2018 Certificates were commenced, in accordance with its current published procedures, the Service is likely to treat the County as the taxpayer, and the Owners of the Series 2018 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2018 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Prepayment

Any person who purchases a Series 2018 Certificate at a price in excess of its principal amount or who holds such Series 2018 Certificate trading at a price in excess of par should consider the fact that the Series 2018 Certificates are subject to prepayment prior to maturity at the prepayment prices described herein in the event such Series 2018 Certificates are prepaid prior to maturity. See **"THE SERIES 2018 CERTIFICATES - Prepayment Provisions"** herein.

Secondary Markets and Prices

The Series 2018 Certificates are not readily liquid, and no person should invest in the Series 2018 Certificates with funds such person may need to convert readily into cash. Owners of the Series 2018 Certificates should be prepared to hold their Series 2018 Certificates to the stated maturity date. The Underwriter will not be obligated to repurchase any of the Series 2018 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2018 Certificates. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2018 Certificates as no assurance can be given that the initial offering price for the Series 2018 Certificates will continue for any period of time.

Investment Ratings

The lowering or withdrawal of the investment rating initially assigned to the Series 2018 Certificates could adversely affect the market price for and the marketability of the Series 2018 Certificates.

Dilution of Security for the Series 2018 Certificates

The Declaration of Trust permits the issuance of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2018 Certificates and the Series 2012 Certificates. See **"SECURITY FOR THE SERIES 2018 CERTIFICATES - Additional Parity Obligations."** The issuance of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2018 Certificates and the Series 2012 Certificates may dilute the security for the Series 2018 Certificates and the Series 2012 Certificates by increasing debt service obligations under the Declaration of Trust without a concomitant increase in the security for the Series 2018 Certificates and the Series 2012 Certificates.

[*No Title Policy

The County has obtained an informational title commitment from a title insurance company (the "**Title Report**") showing the liens and encumbrances on the Leased Property. The County believes none of the encumbrances would adversely affect the marketability of the Leased Property if the Trustee were to recover possession of the Leased Property under the Lease and Declaration of Trust. The County will not obtain a title insurance policy with respect to the Leased Property in connection with the issuance of the Series 2018 Certificates. There could be liens or encumbrances not shown on the Title Report that would adversely affect the marketability of the Leased Property following the Trustee's recovery of possession of the Leased Property under the Lease and Declaration of Trust, and no title insurance company would have liability thereon. A title policy with respect to the Leased Property was obtained in connection with the issuance of the Series 2012 Certificates.***]**

Other Factors

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

1. *Changes in Administration*. Future changes in key management personnel could affect the capability of the management of the County.

2. *Future Economic Conditions*. Adverse economic conditions or changes in demographics in the County, including increased unemployment and inability to control expenses in periods of inflation, could adversely impact the County's financial condition.

3. *Insurance Claims*. Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the County's financial performance.

4. *Environmental Hazards*. The County has covenanted in the Lease to comply with all applicable environmental laws. No environmental studies have been performed with respect to the Leased Property. The County is not aware of any environmental condition of the Leased Property that requires any present remedial action. The discovery of such a condition may adversely affect the County's willingness to renew the Lease after the expiration of any Renewal Term.

THE COUNTY

The County is a first-class county and political subdivision of the State of Missouri. It is located in east-central Missouri, approximately 50 miles southwest of St. Louis, Missouri. The estimated current population of the County is 103,330. For more information on the County, see ***Appendix A*** hereto.

THE TRUSTEE

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

The Series 2018 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Declaration of Trust, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Declaration of Trust or the Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either express or implied in the Series 2018 Certificates, the Declaration of Trust or the Lease, all such liability, if any, being expressly waived by the Owners of the Series 2018 Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Series 2018 Certificates. Insofar as the County is concerned, the Trustee and the Owner of any Series 2018 Certificate and any person claiming by, through or under the Trustee or the Owner of any Series 2018 Certificate may look solely to the Trust Estate described in the Declaration of Trust for payment of the interests evidenced by the Series 2018 Certificates.

As security for the compensation, expenses, disbursements and indemnification to which it is entitled upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee will have a first lien with right of payment prior to payment on account of any Principal Portion or Interest Portion of Basic Rent with respect to the Series 2018 Certificates for such compensation, expenses, disbursements and indemnification.

RATING

S&P Global Ratings, a division of S&P Global Inc. (the **"Rating Agency"**), has assigned the Series 2018 Certificates a rating of "A+." Any explanation of the significance of such rating may only be obtained from the Rating Agency. Certain information and materials not included in this Official Statement were furnished to the Rating Agency concerning the Series 2018 Certificates. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that the rating mentioned above will remain for any given period of time or that such rating might not be lowered or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Neither the Underwriter nor the County (except as provided in the Continuing Disclosure Agreement) has undertaken any responsibility to bring to the attention of the Owners of the Series 2018 Certificates any proposed revision or withdrawal of a rating on the Series 2018 Certificates. Any such downward change in or withdrawal of such rating might have an adverse effect on the market price for and marketability of the Series 2018 Certificates.

FINANCIAL STATEMENTS

The County's audited financial statements for the fiscal year ended December 31, 2017 are set forth in ***Appendix B*** hereto.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, delivery and sale of the Series 2018 Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel. Gilmore & Bell, P.C., will also pass upon certain matters relating to this Official Statement. Certain legal matters will be passed upon for the County by Lewis Rice LLC.

The various legal opinions to be delivered concurrently with the delivery of the Series 2018 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2018 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2018 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2018 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2018 Certificates.

Opinion of Special Tax Counsel

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel to the County, under the law existing as of the delivery date of the Series 2018 Certificates:

Federal and Missouri Tax Exemption. The Interest Portion of Basic Rent paid by the County and distributed to the Owners of the Series 2018 Certificates (including any original issue discount properly allocable to an Owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Portion of Basic Rent received with respect to the Series 2018 Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The County's obligation to pay Basic Rent under the Lease has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

Special Tax Counsel's opinions are provided as of the date of the initial delivery of the Series 2018 Certificates, subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2018 Certificates in order that the Interest Portion of Basic Rent be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion of Basic Rent represented by the Series 2018 Certificates in gross income for federal and Missouri income tax purposes retroactive to the date of delivery of the Series 2018 Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2018 Certificates 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 prepayment price at maturity of a Series 2018 Certificate over its issue price. The issue price of a Series 2018 Certificate is generally the first price at which a substantial amount of the Series 2018 Certificates 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 Series 2018 Certificate during any accrual period generally equals (1) the issue price of that Series 2018 Certificate, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2018 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2018 Certificate during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2018 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2018 Certificate over its stated redemption price at maturity. The issue price of a Series 2018 Certificate is generally the first price at which a substantial amount of the Series 2018 Certificates 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 Series 2018 Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2018 Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2018 Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of certificate premium.

Sale, Exchange or Retirement of Series 2018 Certificates. Upon the sale, exchange or retirement (including prepayment) of a Series 2018 Certificate, an owner of the Series 2018 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2018 Certificate (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2018 Certificate. To the extent a Series 2018 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2018 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2018 Certificates, and to the proceeds paid on the sale of the Series 2018 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2018 Certificates should be aware that ownership of the Series 2018 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2018 Certificates. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2018 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2018 Certificates, including the possible application of state, local, foreign and other tax laws.

ABSENCE OF LITIGATION

There is not now pending or, to the County's knowledge, threatened any litigation (a) seeking to restrain or enjoin the issuance and delivery of the Series 2018 Certificates, (b) challenging the proceedings or authority under which the Series 2018 Certificates are to be issued, (c) materially affecting the security for the Series 2018 Certificates, (d) challenging or threatening the County's powers to enter into or carry out the transactions contemplated by the Declaration of Trust, the Lease, the Base Lease and this Official Statement, or (e) which would otherwise materially adversely affect the County's financial condition or its ability to make Basic Rent Payments to be paid on the Series 2018 Certificates.

MUNICIPAL ADVISOR

WM Financial Strategies, St. Louis, Missouri (the **"Municipal Advisor"**), is a registered Municipal Advisor with the Securities and Exchange Commission and the MSRB. The Municipal Advisor is employed by the County to render certain professional services, including advising the County on a plan of financing. 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

[*Underwriter*] (the **"Underwriter"**) has agreed, subject to certain conditions, to purchase the Series 2018 Certificates at a price of $__________ (which equals the principal amount of the Series 2018 Certificates, plus a net original issue premium of $__________ and less an underwriter's discount of $__________). The Series 2018 Certificates may be offered and sold to certain dealers and others at prices lower than the initial public offering price, and such initial offering price may be changed from time to time. The Underwriter is purchasing the Series 2018 Certificates for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Series 2018 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, determines.

MISCELLANEOUS

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

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the County and the Underwriter and the purchaser or Owners of any Series 2018 Certificates.

The form of this Official Statement and its distribution and use by the Underwriter have been approved by the County.

FRANKLIN COUNTY, MISSOURI

By: ______________________________________
Presiding Commissioner

APPENDIX A

GENERAL AND ECONOMIC INFORMATION REGARDING THE COUNTY

GILMORE & BELL, P.C.
DRAFT 3 - SEPTEMBER 21, 2018
<u>FOR DISCUSSION PURPOSES ONLY</u>

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GENERAL INFORMATION CONCERNING THE COUNTY

General

Franklin County (the **"County"**) is located in east-central Missouri, approximately 50 miles southwest of St. Louis, Missouri. The County is in the St. Louis Metropolitan Statistical Area (the **"St. Louis MSA"**). The County encompasses approximately 922 square miles and had a 2017 population of 103,330, according to the U.S. Census Bureau. The County seat is the City of Union, Missouri and there are 13 municipalities within the County. Due to the County's location in the St. Louis MSA, it is attractive to businesses that need affordable land and labor costs to establish or expand their operations. Retail, insurance, financial, educational, industrial and healthcare employers are located in the County's municipalities. Small farms and wineries also contribute to the economy in the County.

Type of Government

The County is a political subdivision of the State, organized as a first-class county. The County is governed by a County Commission consisting of a Presiding Commissioner and two Associate Commissioners. The Associate Commissioners each represent one-half of the County and are elected for four-year terms. The Presiding Commissioner is elected at-large for a four-year term. The County Commission's duties include determining the County tax rate, appropriating County funds, appointing board members and trustees for special service entities, accounting for County property and its upkeep, adopting the annual budget, appointing committees, hiring certain departmental directors and miscellaneous other duties not handled by other County officials. The current commissioners are as follows:

Name	Position	Year First Elected	Year Present Term Expires
Tim Brinker[(1)]	Presiding Commissioner	N/A	2018
Todd Boland [(1)]	First District Commissioner	N/A	2020
Dave Hinson	Second District Commissioner	2016	2020

(1) The former Presiding Commissioner resigned in July 2018 for health reasons. In August 2018, the Governor appointed Tim Brinker (who was the First District Commissioner) to serve as the Presiding Commissioner through the end of 2018. Mr. Brinker is running unopposed for Presiding Commissioner at the November 2018 election; if elected, he will serve a four-year term. In August 2018, the Governor appointed Todd Boland to fill Mr. Brinker's unexpired term as First District Commissioner. Mr. Boland will serve as First District Commissioner through the end of 2020.

Other elected officials of the County are: the County Clerk, who is responsible for keeping the records of the County Commission, payroll, elections and other general administrative functions; the County Collector of Revenue, who is responsible for billing and collecting taxes; the County Assessor, who is responsible for appraising and recording the value of real estate; the County Treasurer, who is responsible for recording receipts and disbursements; the Recorder of Deeds, who records deeds, maintains plats, UCC filings and military discharges and issues marriage licenses; the County Auditor, who is the County accounting officer; the County Sheriff, who is responsible for law enforcement and public safety; the Prosecuting Attorney, who is responsible for prosecuting all civil and criminal actions in the County; and the Public Administrator, who is the public guardian and conservator in the County.

Employees

The County currently has 325 full-time employees and approximately 22 part-time employees. Benefits provided to full-time employees include: health insurance and life insurance, a retirement plan (see the caption **"Pension Plans"** herein), paid vacation and sick leave. In 2007, the Missouri Supreme Court held that public employees have a constitutional right to collectively bargain under Missouri's Constitution. The County

Highway Department employees are covered by a collective bargaining agreement. The County has no record of any work stoppages or labor disputes.

Pension Plans

County Employee Retirement Fund

The County participates in the County Employees Retirement Fund (**"CERF"**), which is a cost sharing multi-employer defined benefit pension plan funded through various fees and employee contributions. CERF is administered by a governing board of directors. The CERF Annual Report for the fiscal year ended December 31, 2017 (the **"2017 CERF Annual Report"**) is available at www.mocerf.org. The information in the 2017 CERF Annual Report is not incorporated by reference into this Official Statement. The 2017 CERF Annual Report provides detailed information about CERF, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

CERF covers certain county elective or appointive officers or employees, including circuit court employees for first-class, non-charter counties not participating in the Missouri Local Government Employees Retirement System (hereinafter described) and excluding circuit clerks, deputy circuit clerks, county prosecuting attorneys and county sheriffs. Employees attaining the age of sixty-two years may retire with full benefits with eight or more years of credited service. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri State Legislature.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid the member's accumulated contributions.

Participating employees hired after February 25, 2002 are required to make contributions equal to 4% of gross compensation. Participating employees hired before February 25, 2002, are required to make contributions equal to 2% of gross compensation, but are not required to make contributions if the employee participates in the Missouri Local Government Employees Retirement System. The County has elected not to make all or a portion of the required contribution on behalf of the employees, and eligible employees contribute the required 4% to CERF. In addition to the employee contribution the County is statutorily required to collect and remit certain fees and penalties to CERF. For the years ended December 31, 2017 and 2016, the County collected and remitted to CERF employee contributions of $404,659 and $358,282, and County contributions of $641,444 and $624,081, respectively. As of December 31, 2017, the County had 576 CERF participants (active members, retirees, beneficiaries and inactive, nonretired members).

For additional information regarding CERF relating to the fiscal year ended December 31, 2017 see **"Note F – Employees' Pension Plan – State of Missouri County Employees' Retirement Fund (CERF)"** in **APPENDIX B**.

Missouri Local Government Employees Retirement System

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

LAGERS issues a publicly-available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 (the **"2017 LAGERS CAFR"**) is available at http://www.molagers.org/financial.html. The link to the 2017 LAGERS CAFR is provided for general background information only, and the information in the 2017 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2017 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

For information specific to the County's participation in LAGERS, including the County's past contributions, net pension liability and related sensitivities, and pension expense, see **"Note F– Employees' Pension Plan – Missouri Local Government Employees Retirement System (LAGERS)"** in **APPENDIX B**. For additional information regarding LAGERS, see the 2017 LAGERS CAFR.

Risk Management

The County manages risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, workers' compensation, property and liability by purchasing commercial insurance. The County is a member of the Missouri Public Entity Risk Management Fund (**"MOPERM"**), which is a public entity risk pool. The County pays an annual contribution to MOPERM for its insurance coverage and MOPERM is empowered to make special assessments to meet obligations. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. For more details see **"Note D – Commitments and Contingencies"** in **APPENDIX B.**

Public Safety

The County sheriff's department provides police protection to the County. The sheriff's department is comprised of 136 personnel, including 117 full-time sworn officers and 19 civilian full-time employees. In addition to police protection, the sheriff's department is responsible for court security, transporting prisoners and process serving. The following cities within the County have their own police departments: Union, Berger, Gerald, New Haven, Pacific, Saint Clair, Sullivan and Washington.

Fire protection and emergency medical services are provided by 10 fire districts and 7 ambulance districts. All the fire and ambulance districts are political subdivisions separate from the County and are supported by their own separate tax levies.

Transportation

U.S. Interstate 44 passes through the County and connects the County to St. Louis, Missouri to the northeast and Springfield, Missouri to the southwest.

The County is approximately 50 miles from St. Louis Lambert International Airport. In addition, Spirit of St. Louis Airport located in Chesterfield, Missouri, approximately 35 miles northeast of the County, is certified for carrier operations.

Educational Institutions and Facilities

Public elementary and secondary education is provided by 10 public school districts within the County, all of which are accredited by the Missouri Department of Elementary and Secondary Education (**"DESE"**). "Accredited" is the highest accreditation status given by DESE. There are also several private and parochial schools within the County.

East Central College (**"ECC"**) in Union, Missouri, is a community college that serves approximately 2,500 students each semester. ECC offers educational opportunities and program partnerships between ECC and local businesses and industries. ECC provides summer camps for young people, customized training, community seminars and programs that cover a variety of topics. Missouri Baptist University also offers coursework at its extension site in Union, Missouri

Other post-secondary educational facilities located in the surrounding area include Lindenwood University, St. Louis Community College, Maryville University, University of Missouri-St. Louis, Washington University, Saint Louis University and Webster University.

Medical and Health Facilities

The primary healthcare provider in the County is Mercy Hospital Washington, a 148-bed acute-care hospital and Level III Trauma Center. In addition to emergency care, the hospital provides surgery services, a childbirth center, home health care, patient rehabilitation, and eye care. In 2014, Mercy Hospital Washington acquired Patients First Health Care, a multi-specialty physician group offering primary care and specialty services at its office building in Washington, Missouri, and at clinics throughout the region.

Because of its close proximity to the St. Louis Metropolitan Area, residents of the County have access to numerous hospitals and two medical schools, Washington University School of Medicine and Saint Louis University Medical School, which are well-regarded for their medical schools and quality of research. In addition, numerous dentists, chiropractors and doctors provide medical services from offices and clinics located in the County.

Recreation and Tourism

The County is home to many outdoor attractions, including two state parks, Shaw Nature Reserve, Purina Farms, Meramec Caverns and many river access points for fishing or floating. Several cities within the County also maintain city parks, including Gerald, New Haven, Pacific, St. Clair, Sullivan, Union and Washington. Tourists can also take advantage of the many wineries, museums, art galleries and antique stores in the County.

Employment

The following table sets forth the total labor force, number of employed and unemployed workers in the County and, for comparative purposes, the unemployment rates for the County, the State of Missouri and the United States for the years 2014 through 2018:

	Franklin County Labor Force			**Unemployment Rates**		
Year	Employed	Unemployed	Total	Franklin County	State of Missouri	United States
2018[1]	50,999	1,581	52,580	3.0%	3.5%	4.2%
2017	50,386	1,891	52,277	3.6	3.8	4.4
2016	50,423	2,303	52,726	4.4	4.6	4.9
2015	49,878	2,662	52,540	5.1	5.0	5.3
2014	48,755	3,365	52,120	6.5	6.1	6.2

(1) Figures for the County are preliminary and for the month of May, not an annualized calculation. Figures for the State of Missouri and the United States are for the month of June, not an annualized calculation.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Housing

The median value of owner-occupied housing units in the County and the State of Missouri are estimated to be as follows based on the most recent multiyear estimate:

	Median Value	Built Since 2000	Built Before 1939
Franklin County	$152,700	19.61%	9.72%
State of Missouri	141,200	16.21	14.10

Source: United States Census Bureau, 2012-2016 Community Survey 5-Year Estimates.

Demographic Statistics

Population. According to the U.S. Census Bureau, the population patterns for the County and the State of Missouri have been as follows:

	Franklin County		State of Missouri	
Year	Population	Percentage Change	Population	Percentage Change
2016	102,063	0.6%	6,059,651	1.2%
2010	101,492	8.2	5,988,927	7.0
2000	93,807	16.4	5,595,211	9.3
1990	80,603	13.2	5,117,073	4.1
1980	71,233	N/A	4,916,686	N/A

Source: Missouri State Census Data Center; United States Census Bureau, Decennial Census; 2012-2016 American Community Survey 5-Year Estimates.

The following table sets forth the population by age categories for the County and the State of Missouri based on the most recent multiyear estimate:

Age	Franklin County	State of Missouri
Under 5 years	6,301	374,010
5-19 years	19,814	1,182,873
20-24 years	6,185	429,391
25-44 years	24,167	1,531,463
45-64 years	29,664	1,611,980
65 and over	15,932	929,934
Median Age	39.4	40.6

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

Other Statistics. The following table presents median family income for the County and the State of Missouri based on the most recent multiyear estimate:

	Median Family Income
Franklin County	$63,104
State of Missouri	62,285

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

The following table presents per capita personal income[(1)] for the County and the State of Missouri for the years 2012 through 2016, the latest year for which such information is available:

Year	Franklin County	State of Missouri
2016	$40,165	$42,926
2015	39,341	42,300
2014	37,447	41,107
2013	36,419	39,847
2012	35,905	39,851

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

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

FINANCIAL INFORMATION CONCERNING THE COUNTY

Accounting, Budgeting and Auditing Procedures

The County has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its comprehensive annual report each year since 1992. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The more significant accounting policies of the County are described below.

Basis of Accounting. The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resources measurement focus, all assets and liabilities associated with operations are reflected in the statement of net assets.

Fund Accounting. The accounts of the County are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the general purpose financial statements. The fund types and account groups used by the County are discussed below.

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

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

Road and Bridge Fund – The Road and Bridge Fund is a special revenue fund used to account for taxes and grant funds used for public works activities for the operations and maintenance of the County highways and bridges.

Law Enforcement Sales Tax Fund – The Law Enforcement Sales Tax Fund is a special revenue fund used to account for revenues used solely for providing law enforcement activities.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The County also reports the following major propriety fund:

Brush Creek Sewer District Fund – The Brush Creek Sewer District Fund is an enterprise fund that is a blended component unit of the County used to account for revenues and expenses of the Brush Creek Sewer District.

The County also reports the following major fiduciary fund type:

Agency Funds – The Agency Funds are used to account for assets held by the County as an agent for other County funds, individuals, private organizations, or other governments. The Agency Funds do not have a measurement focus, although they do have a basis of accounting.

Budget Policies. The County follows the following annual procedures in establishing the budgetary data reflected in the financial statements:

1. The County department heads prepare departmental revenue and expenditure projections on or before September 1.

2. The County Auditor reviews and revises the projections based upon budgeted revenue projections.

3. By November 15, the County Auditor submits a proposed budget to the County Commission.

4. A public hearing to obtain taxpayer comments on the budget is held by the County Commission during the month of December.

5. Prior to January 1, the budget is legally enacted. In an election year, the budget is legally enacted prior to January 31. Projected expenditures cannot exceed estimated revenues plus available balances at the beginning of the year.

6. Expenditures may not legally exceed appropriations at the department level.

7. Current year budget includes amendments. Budget amendments between funds or departments must be approved by the County Commission.

8. All annual appropriations lapse at fiscal year-end.

The General Fund

In accordance with established accounting procedures of governmental units, the County records its financial transactions under various funds. The largest is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited. The County's audited financial statements for the fiscal year ended December 31, 2017 are included in this Official Statement as **APPENDIX B**. Copies of prior fiscal years' audits and financial reports are on file with the County. The following table sets forth the receipts, disbursements and balances for the County's General Fund for the last three fiscal years:

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THE GENERAL FUND

	Fiscal Years Ended December 31		
	2015	**2016**	**2017**
REVENUES			
Taxes	$ 8,417,585	$ 8,684,810	$ 8,879,632
Licenses and permits	83,297	78,695	85,302
Charges for services	2,592,357	2,814,023	2,886,489
Intergovernmental	373,858	315,552	299,972
Investment income	37,557	45,673	92,197
Miscellaneous	393,867	450,783	373,065
Total Revenues Received	$11,898,521	$12,389,536	$12,616,657
EXPENDITURES			
Current:			
General government	$ 4,851,931	$ 5,396,006	$ 5,229,223
Public Safety	241,040	203,858	184,641
Judicial	2,307,529	2,333,737	2,438,544
Health and welfare	268,123	278,776	289,855
Education	194,047	194,792	184,586
Capital outlay	112,974	122,837	124,904
Debt Service:			
Principal	255,600	259,200	263,700
Interest	193,376	189,834	185,583
Total Expenditures	$ 8,424,620	$ 8,979,040	$ 8,901,036
RECEIPTS OVER (UNDER) EXPENDITURES	$ 3,473,901	$ 3,410,496	$ 3,715,621
OTHER FINANCING SOURCES (USES)			
Transfers in[1]	$ 527,226	$ 455,623	$ 366,253
Transfers out[2]	(4,130,000)	(3,532,060)	(4,688,203)
Total Other Financing Sources (Uses)	$ (3,602,774)	$ 3,076,437	$ (4,321,950)
NET CHANGES IN FUND BALANCES	$ (128,873)	$ 334,059	$ (606,329)
FUND BALANCES, JANUARY 1	$10,831,507	$10,702,634	$11,036,693
FUND BALANCES, DECEMBER 31	$10,702,634	$11,036,693	$10,430,634

[1] Consists primarily of surplus funds from the County's municipal court operations.
[2] Consists primarily of transfers to support the Sheriff's Department operations and 911 services.
Source: Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2015 through 2017.

Projected Operating Results

For the fiscal year ending December 31, 2018, the County budgeted expenditures exceeding revenues by approximately $2,551,000. Based on year to date financial results, the County expects expenditures to exceed revenues by only an estimated $870,000. This imbalance will result in a reduction in fund balance that is in part attributable to a non-recurring $575,000 capital expenditure.

Sources of Revenue

The County finances its general operations through taxes and other sources. The sources of revenue for the General Fund of the County for the fiscal years ended December 31, 2016 and 2017 are shown below:

	2016		2017	
Source	**Amount**	**Percent of Total**	**Amount**	**Percent of Total**
Sales Taxes	$6,115,738	49.4%	$6,232,812	49.4%
Charges for Services	2,814,023	22.7	2,886,489	22.9
Property Taxes	2,549,706	20.6	2,646,347	21.0
Miscellaneous	450,783	3.8	373,583	3.0
Licenses and Permits	78,695	0.6	85,302	0.7
Intergovernmental	315,552	2.5	299,972	2.4
Investment Income	45,673	0.4	92,197	0.6
Total	$12,389,536	100.0%	$12,616,657	100.0%

Source: County's Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2016 and December 31, 2017.

Sales Taxes

The County has four separate 0.50% county-wide sales taxes on retail sales. One is for general County operational purposes, one is for capital improvements (roads and bridges) (the **"Capital Improvement Sales Tax"**) and one is for law enforcement purposes. The fourth sales tax (known as the **"Proposition P Sales Tax"**) was approved by the voters in April 2018 and is the intended funding source for the Series 2018 Certificates. The County intends to use approximately half of the Proposition P Sales Tax proceeds for payment of the Series 2018 Certificates and half to compensate commissioned officers of the Franklin County Sheriff's Office and the municipal police departments within the County.

The following table shows the proceeds of the County's general sales tax, the law enforcement sales tax and the capital improvement sales tax, totaling 1.50% before the approval of Proposition P Sales Tax:

Year	General Sales Tax	Law Enforcement Sales Tax	Capital Improvement Sales Tax
2017	$6,232,812	$6,370,595	$6,388,642
2016	6,115,738	6,256,876	6,272,331
2015	5,918,254	6,051,860	6,065,999
2014	5,620,527	5,735,603	5,751,766
2013	5,211,620	5,292,330	5,321,451

Source: County's Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2013 through December 31, 2017.

Property Tax

The County's property tax is levied each year on the assessed value listed as of January 1 for all real and personal property located in the County. Property taxes attach as an enforceable lien on property as of

January 1. Taxes levied in October are due and payable prior to December 31. See the captions **"PROPERTY TAX INFORMATION – County Tax Rates"** and **"- Tax Collection Record"** herein.

DEBT STRUCTURE OF THE COUNTY

Debt Ratios and Related Information

Population (2017 estimate):	103,330
Assessed Valuation (2018):	$1,935,406,485
Estimated Actual Value (2018):	$8,385,884,212
Outstanding Direct General Obligation Debt:	$0
Overlapping General Obligation Debt[1]:	$137,985,934

(1) Because the County is comprised of over 40 taxing jurisdictions, the above table does not include per capita overlapping debt or overlapping debt ratios, because it would overstate the amounts for which a particular taxpayer within an individual municipality and/or school district within the County would be responsible. For further details see the caption **"DEBT STRUCTURE OF THE COUNTY – Overlapping General Obligation Indebtedness."**

Source: The County; U.S. Census Bureau Estimates.

General Obligation Indebtedness

The County has no currently outstanding general obligation indebtedness.

Article VI, Sections 26(b) and 26(c) of the Constitution of Missouri limit the net outstanding amount of authorized general obligation bonds for a county to 10% of the assessed valuation of the county. The legal debt margin of the County based upon the 2018 assessed valuation is calculated as follows:

Net Assessed Value (01/01/2018)	$1,935,406,485
Constitutional Debt Limit (10% of Assessed Valuation)	$ 193,540,649
Less Total General Obligation Indebtedness	0
Legal Debt Margin	$ 193,540,649

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Overlapping General Obligation Indebtedness

The following table sets forth the approximate overlapping general obligation indebtedness, as of October 1, 2018, of political subdivisions within the County, and the approximate percent attributable to the County. The County has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which are not readily ascertainable.

Taxing Jurisdiction	Outstanding General Obligation Indebtedness	Percent Applicable to County[1]	Amount Applicable to County
City of Pacific[2]	$ 2,740,000	97.81%	$ 2,679,994
Gasconade County R-1 School District	11,442,000	16.00	1,830,720
Gasconade County R-2 School District	10,790,000	28.00	3,021,200
Lonedell R-14 School District	1,812,939	100.00	1,812,939
Meramec Valley R-3 School District	33,320,000	91.76	30,574,432
New Haven School District	1,675,000	100.00	1,675,000
Spring Bluff R-15 School District	1,840,000	100.00	1,840,000
St. Clair R-13 School District	3,360,000	100.00	3,360,000
Strain-Japan R-16 School District	130,000	93.00	120,900
Sullivan School District	15,580,000	84.00	13,087,200
Union R-11 School District	25,140,000	100.00	25,140,000
Washington School District	40,615,000	85.00	34,522,750
East Central College	11,114,597	88.00	9,780,845
Boles Fire Protection District	4,815,000	100.00	4,815,000
Pacific Fire Protection District	1,270,000	83.71	1,063,117
Sullivan Fire Protection District	3,470,000	76.71	2,661,837
TOTALS	$169,114,536		$137,985,934

(1) This value is calculated based on the percentage of the political subdivision's 2017 assessed valuation of all taxable tangible property that lies within the County limits.
(2) Includes Neighborhood Improvement District Bonds.
Source: Comprehensive Annual Financial Report, for the Fiscal Year ended December 31, 2017; Missouri State Auditor and EMMA.

Lease Obligations of the County

In September 2012, the County approved delivery of Certificates of Participation, Series 2012, in the original principal amount of $39,230,000 (the **"Series 2012 Certificates"** and together with the Series 2018 Certificates, the **"Certificates"**). The Series 2012 Certificates represent the proportionate interests of the owners thereof right to receive basic rent payments to be made by the County, subject to annual appropriation, pursuant to a Lease Purchase Agreement dated as of September 1, 2012, entered into between The Bank of New York Mellon Trust Company, N.A., as lessor and trustee, and the County, as lessee (the **"Original Lease"**). The County uses the proceeds of the Capital Improvement Sales Tax for the basic rent payments of the Series 2012 Certificates. The annual Basic Rent requirements for the County's outstanding lease obligations (the Series 2012 Certificates) and the Series 2018 Certificates are as follows:

Fiscal Year Ending December 31	Series 2012 Certificates Principal Portion	Series 2012 Certificates Interest Portion	Series 2018 Certificates Principal Portion	Series 2018 Certificates Interest Portion	Total Lease Obligations
2018	$ 1,495,000.00	$ 977,347.50	$	$	$
2019	1,530,000.00	919,285.00			
2020	1,585,000.00	882,656.25			
2021	1,905,000.00	837,998.75			
2022	1,960,000.00	785,317.50			
2023	2,020,000.00	728,587.50			
2024	2,080,000.00	667,577.50			
2025	2,160,000.00	601,297.50			
2026	2,235,000.00	529,860.00			
2027	2,310,000.00	454,290.00			
2028	2,400,000.00	374,797.50			
2029	2,480,000.00	291,217.50			
2030	2,575,000.00	204,018.75			
2031	2,665,000.00	112,962.50			
2032	1,895,000.00	33,162.50			
2033	-	-			
2034	-	-			
2035	-	-			
2036	-	-			
2037	-	-			
2038	-	-			
Totals	$31,295,000.00	$8,400,376.25	$	$	$

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The following schedule shows the yearly Basic Rent payments required and the estimated revenue source allocation for the Certificates:

	The Certificates	Estimated Revenue Source Allocation	
Fiscal Year Ended December 31	**Total Rental Payments**	**Capital Improvement Sales Tax**	**Proposition P Sales Tax**
2018	$	$2,472,347.50	
2019		2,449,285.00	
2020		2,467,656.25	
2021		2,742,998.75	
2022		2,745,317.50	
2023		2,748,587.50	
2024		2,747,577.50	
2025		2,761,297.50	
2026		2,764,860.00	
2027		2,764,290.00	
2028		2,774,797.50	
2029		2,771,217.50	
2030		2,779,018.75	
2031		2,777,962.50	
2032		1,928,162.50	
2033		-	
2034		-	
2035		-	
2036		-	
2037		-	
2038		-	
Totals	$		

Other Obligations of the County

Obligations secured by annually appropriated funds do not constitute an indebtedness for purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from annually appropriated funds of a governmental body available therefor and neither taxes nor a specific source of revenues can be pledged to make payments on such obligations. Any increase in taxes required to generate sufficient funds with which to make payments on such obligations are subject to voter approval.

Revenue Bonds. In March 2007, Brush Creek Sewer District (**"Brush Creek"**) issued Sewerage System Revenue Bonds, Series A and B, in the original principal amount of $3,700,000. In March 2016, Brush Creek issued Sewerage System Revenue Bonds, Series C, in the original principal amount of $155,000. Those bonds are payable solely from revenues of the sewer system and are not an obligation of the County. Nevertheless, because the members of the County Commission also serve as Brush Creek's governing body, the Brush Creek bonds are shown as long-term debt in the County's financial statements.

Capital Leases. In 2015, the County entered into a lease agreement in the principal amount of $67,727 for vehicles for the Drug Enforcement Division. In 2016, the County entered into a lease agreement in the principal amount of $15,545 for vehicles for the Drug Enforcement Division. The following schedule shows the future minimum lease payments under the capital leases.

Fiscal Year Ending December 31	Lease Payments
2018	$24,456
2019	3,924

Future Debt

The County intends to issue approximately $17,000,000 of Additional Certificates on a parity with the Series 2018 Certificates and Series 2012 Certificates in 2019 after receiving construction bids to pay for the costs of the 2018 Project that are not funded with the proceeds of the Series 2018 Certificates. The County also expects to contribute approximately $3,000,000 from accumulated Proposition P Sales Tax proceeds toward construction of the 2018 Project.

History of Debt Payment

The County has never defaulted on any indebtedness.

PROPERTY TAX INFORMATION

Property Valuations

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

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

On January 1 in every odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

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

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Current Assessed Valuation. The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the County according to the assessment for January 1, 2018, following equalization by the Board of Equalization:

Category	**Assessed Valuation**	**Assessment Rate**	**Estimated Actual Valuation**
Real estate:			
Residential	$ 991,532,829	19%	$5,218,593,837
Commercial	347,691,016	32	1,086,534,425
Agricultural	51,307,010	12	427,558,417
Sub-Total	$1,390,530,855		$6,732,686,679
Personal property	$ 396,319,993	33-1/3[(1)]	$1,188,961,168
Railroad and Utility	148,555,637	32	464,236,366
TOTAL	$1,935,406,485		$8,385,884,212

(1) Assumes all personal property is assessed at 33-1/3%; because certain subclasses of tangible personal property are assessed at less than 33-1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See the caption **"PROPERTY TAX INFORMATION - Property Valuations - *Assessment Procedure*"** herein.

Source: The County.

History of Property Valuations. The total assessed valuation of all taxable tangible property situated in the County, including state and locally assessed railroad and utility property, according to the assessments of December 31 in the years 2013 through 2017 and 2018, following equalization by the Board of Equalization, has been as follows:

Year	**Assessed Valuation**	**% Change**
2018	$1,935,406,485	+1.02
2017	1,895,686,281	+1.04
2016	1,825,539,692	+1.03
2015	1,775,004,115	-2.11
2014	1,813,176,167	+1.02
2013	1,769,359,364	N/A

Source: Franklin County Assessor; County's Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2013 through December 31, 2017.

County Tax Rates

County tax rates per $100 assessed valuation for real and personal property for the last five years are set forth below.

	2017	**2016**	**2015**	**2014**	**2013**
General	$0.1258	$0.1258	$0.1243	$0.1467	$0.1483
Road and Bridge Fund	0.2156	0.2159	0.2145	0.2124	0.2124
TOTAL	$0.3414	$0.3417	$0.3388	$0.3591	$0.3607

Source: Franklin County, Missouri Comprehensive Annual Financial Reports for the Fiscal Year ended December 31, 2017.

Tax Collection Record

The following table sets forth information regarding property tax collections for the County for all taxing bodies during the last five years:

		Current Taxes		Delinquent Taxes	Total Taxes	
Levy Year	Total Taxes Levied	Amount	Percentage Collected	Amount	Amount	Percentage Collected[(1)]
2017	$2,120,733	$1,972,879	93.0%	$112,861	$2,085,739	98.3%
2016	2,008,371	1,866,526	92.9	111,449	1,977,974	98.5
2015	1,943,509	1,800,859	92.7	136,299	1,937,158	99.7
2014	2,318,889	2,140,731	92.3	143,846	2,284,577	98.5
2013	2,308,745	2,125,195	92.0	137,069	2,262,264	98.0

(1) Delinquent taxes are shown in the year payment is received.

Source: Franklin County Collector's Office.

Major Property Taxpayers

The ten largest property taxpayers in the County according to their 2017 assessed valuations are listed below:

	Name	Assessed Valuation	Percent of Total Assessed Value of the County[(1)]
1.	MO Natural Gas	$ 9,898,211	0.52%
2.	PC II Vertical LLC	8,072,912	0.43
3.	Lowes Home Centers, Inc.	4,807,914	0.25
4.	Wal-Mart Real Estate Business	4,544,000	0.24
5.	Bank of Washington	4,007,390	0.21
6.	Parker-Hannifin Corporation	3,516,092	0.18
7.	LSC Communication US LLC	3,164,260	0.17
8.	USR-DESCO Washington Crossing	2,953,477	0.16
9.	Crawford Electric Coop Inc	2,758,733	0.15
10.	Wal-Mart Real Estate Business	2,713,008	0.14
		$46,435,997	2.45%

(1) This value is calculated based on the ratio of the taxpayer's assessed valuation to the County's 2017 assessed valuation of $1,895,686,281.

Source: Franklin County, Missouri Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2017.

* * *

APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2017

The financial statements presented within this Appendix have been extracted from the County's comprehensive annual financial report for the year ended December 31, 2017. The report includes supplemental information and the auditor's report which are not included herein. The financial statements of the County are prepared in conformance with generally accepted accounting principles. Copies of the Comprehensive Annual Financial Report, in its entirety, and the City's budget for the 2018 fiscal year are available from the County at https://www.franklinmo.org/auditor

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FRANKLIN COUNTY, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 27,735,847	94,302	27,830,149
Accounts receivable, net	3,638,115	125,379	3,763,494
Grants receivable	1,518,290	-	1,518,290
Property taxes receivable	459,009	-	459,009
Prepaid items	642,449	4,212	646,661
Restricted assets:			
Cash	176,955	206,978	383,933
Capital assets:			
Land and construction in progress	8,405,573	41,635	8,447,208
Other capital assets, net of accumulated depreciation	54,031,299	5,493,423	59,524,722
Total Assets	96,607,537	5,965,929	102,573,466
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	1,344,156	-	1,344,156
Deferred amounts related to pensions	8,160,268	-	8,160,268
Total Deferred Outflows Of Resources	9,504,424	-	9,504,424
LIABILITIES			
Accounts payable	983,302	33,755	1,017,057
Customer deposits	-	10,150	10,150
Wages payable	285,478	-	285,478
Due to other taxing districts	977,331	-	977,331
Accrued interest payable	254,549	10,883	265,432
Unearned revenue	83,601	-	83,601
Noncurrent liabilities:			
Due within one year	2,985,945	77,965	3,063,910
Due in more than one year	31,300,836	3,168,828	34,469,664
Due in more than one year - net pension liability	8,183,033	-	8,183,033
Total Liabilities	45,054,075	3,301,581	48,355,656
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,004,524	-	1,004,524
NET POSITION			
Net investment in capital assets	30,978,643	2,288,267	33,266,910
Restricted for:			
Debt service	21,112	206,978	228,090
Public safety	3,504,407	-	3,504,407
Community development	308,829	-	308,829
Unemployment benefits	155,843	-	155,843
Road and bridge	9,441,535	-	9,441,535
Inmate security	229,470	-	229,470
County officeholders' activities	1,987,469	-	1,987,469
Unrestricted	13,426,054	169,103	13,595,157
Total Net Position	$ 60,053,362	2,664,348	62,717,710

See notes to financial statements

FRANKLIN COUNTY, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants And Contributions	Net Revenues (Expenses) And Change In Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General government	$ 7,621,640	3,618,279	225,449	280,000	(3,497,912)	-	(3,497,912)
Public safety	15,056,170	1,472,674	840,477	24,457	(12,718,562)	-	(12,718,562)
Judicial	2,741,383	1,107,098	153,899	-	(1,480,386)	-	(1,480,386)
Highways and streets	10,147,653	-	2,699,876	1,723,051	(5,724,726)	-	(5,724,726)
Health and welfare	1,295,142	165,039	786,383	-	(343,720)	-	(343,720)
Education	184,586	-	-	-	(184,586)	-	(184,586)
Interest and fiscal charges	1,121,545	-	-	-	(1,121,545)	-	(1,121,545)
Total Governmental Activities	38,168,119	6,363,090	4,706,084	2,027,508	(25,071,437)	-	(25,071,437)
Business-type Activities							
Sewer	443,349	495,536	-	-	-	52,187	52,187
Total Primary Government	$ 38,611,468	6,858,626	4,706,084	2,027,508	(25,071,437)	52,187	(25,019,250)
General Revenues							
Taxes:							
Sales					18,992,048	-	18,992,048
Property					5,549,396	-	5,549,396
Franchise					810,097	-	810,097
Investment income					251,571	1,385	252,956
Miscellaneous					420,357	-	420,357
Transfers					50,000	(50,000)	-
Total General Revenues and Transfers					26,073,469	(48,615)	26,024,854
CHANGE IN NET POSITION					1,002,032	3,572	1,005,604
NET POSITION, JANUARY 1, AS RESTATED					59,051,330	2,660,776	61,712,106
NET POSITION, DECEMBER 31					$ 60,053,362	2,664,348	62,717,710

See notes to financial statements

	General	Road And Bridge	Law Enforcement Sales Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 9,223,799	8,450,521	1,631,414	3,934,557	4,495,556	27,735,847
Prepaid items	217,055	136,644	272,507	-	16,243	642,449
Accounts receivable	1,199,812	1,319,377	1,025,844	-	93,082	3,638,115
Grants receivable	82,238	1,145,037	240,345	-	50,670	1,518,290
Property taxes receivable	203,560	255,449	-	-	-	459,009
Restricted assets:						
Cash	19,012	1,351	-	749	155,843	176,955
Total Assets	$ 10,945,476	11,308,379	3,170,110	3,935,306	4,811,394	34,170,665
LIABILITIES						
Accounts payable	$ 208,817	613,353	106,947	-	54,185	983,302
Wages payable	77,373	47,931	114,219	-	45,955	285,478
Due to other taxing districts	-	977,331	-	-	-	977,331
Unearned revenue	83,601	-	-	-	-	83,601
Total Liabilities	369,791	1,638,615	221,166	-	100,140	2,329,712
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	145,321	210,223	-	-	-	355,544
FUND BALANCES						
Nonspendable	217,055	136,644	272,507	-	16,243	642,449
Restricted	19,012	9,322,897	2,676,437	749	4,044,527	16,063,622
Committed	2,973,258	-	-	3,934,557	650,484	7,558,299
Assigned	2,540,999	-	-	-	-	2,540,999
Unassigned	4,680,040	-	-	-	-	4,680,040
Total Fund Balances	10,430,364	9,459,541	2,948,944	3,935,306	4,711,254	31,485,409
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	$ 10,945,476	11,308,379	3,170,110	3,935,306	4,811,394	34,170,665

See notes to financial statements

FRANKLIN COUNTY, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total Fund Balances - Governmental Funds	$ 31,485,409
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is $170,801,671 and the accumulated depreciation is $108,364,799.	62,436,872
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	355,544
Certain obligations are not financial uses and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension liability	(8,183,033)
Deferred outflows related to pensions	8,160,268
Deferred inflows related to pensions	(1,004,524)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Compensated absences	(1,484,396)
Accrued interest expense	(254,549)
Certificates of participation	(32,775,000)
Capital lease	(27,385)
Unamortized bond deferred charges	1,344,156
Total Net Position Of Governmental Activities	$ 60,053,362

See notes to financial statements

FRANKLIN COUNTY, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Road And Bridge	Law Enforcement Sales Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 8,879,632	11,609,299	6,370,595	-	810,097	27,669,623
Licenses and permits	85,302	-	-	-	-	85,302
Charges for services	2,886,489	-	933,401	-	2,420,179	6,240,069
Intergovernmental	299,972	1,985,917	685,582	-	963,035	3,934,506
Investment income	92,197	84,437	15,152	33,382	26,403	251,571
Miscellaneous	373,065	175,558	90,425	280,000	3,481	922,529
Total Revenues	12,616,657	13,855,211	8,095,155	313,382	4,223,195	39,103,600
EXPENDITURES						
Current:						
General government	5,229,223	-	-	571	1,320,469	6,550,263
Public safety	184,641	-	10,377,488	-	2,179,681	12,741,810
Judicial	2,438,544	-	-	-	201,829	2,640,373
Highways and streets	-	6,817,192	-	-	-	6,817,192
Health and welfare	289,855	-	-	-	934,116	1,223,971
Education	184,586	-	-	-	-	184,586
Capital outlay	124,904	4,644,945	539,323	-	75,582	5,384,754
Debt service:						
Principal	263,700	842,503	33,523	380,900	-	1,520,626
Interest	185,583	577,566	2,415	268,064	-	1,033,628
Total Expenditures	8,901,036	12,882,206	10,952,749	649,535	4,711,677	38,097,203
REVENUES OVER (UNDER) EXPENDITURES	3,715,621	973,005	(2,857,594)	(336,153)	(488,482)	1,006,397
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	25,575	12,820	-	-	38,395
Transfers in	366,253	5,000	3,203,322	-	1,602,285	5,176,860
Transfers out	(4,688,203)	-	-	-	(438,657)	(5,126,860)
Total Other Financing Sources (Uses)	(4,321,950)	30,575	3,216,142	-	1,163,628	88,395
NET CHANGE IN FUND BALANCES	(606,329)	1,003,580	358,548	(336,153)	675,146	1,094,792
FUND BALANCES, JANUARY 1	11,036,693	8,455,961	2,590,396	4,271,459	4,036,108	30,390,617
FUND BALANCES, DECEMBER 31	$ 10,430,364	9,459,541	2,948,944	3,935,306	4,711,254	31,485,409

See notes to financial statements

FRANKLIN COUNTY, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change In Fund Balances - Governmental Funds		$ 1,094,792
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold ($5,278,024) exceed depreciation ($4,363,795) in the current period.		914,229
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(95,033)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		16,551
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. All the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of certificates of participation	1,465,000	
Amortization expense	(94,327)	
Repayment of capital lease	55,626	1,426,299
Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.		
Accrued compensated absence liability		(107,817)
Accrued interest payable		6,410
Pension expense		(2,253,399)
Change In Net Position Of Governmental Activities		$ 1,002,032

See notes to financial statements

FRANKLIN COUNTY, MISSOURI
STATEMENT OF NET POSITION - PROPRIETARY FUND
DECEMBER 31, 2017

	Business-type Activities - Enterprise Fund Brush Creek Sewer District
ASSETS	
Current Assets	
Cash and cash equivalents	$ 94,302
Prepaid items	4,212
Accounts receivable, net	125,379
Restricted assets:	
Cash	206,978
Total Current Assets	430,871
Noncurrent Assets	
Capital assets:	
Infrastructure, net of accumulated depreciation	5,493,423
Land	41,635
Total Noncurrent Assets	5,535,058
Total Assets	5,965,929
LIABILITIES	
Current Liabilities	
Accounts payable	33,755
Accrued interest payable	10,883
Customer deposits	10,150
Revenue bonds, current	77,965
Total Current Liabilities	132,753
Noncurrent Liabilities	
Revenue bonds	3,168,828
Total Liabilities	3,301,581
NET POSITION	
Net investment in capital assets	2,288,267
Restricted for debt service	206,978
Unrestricted	169,103
Total Net Position	$ 2,664,348

See notes to financial statements

FRANKLIN COUNTY, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Fund Brush Creek Sewer District
OPERATING REVENUE	
Charges for services	$ 495,536
OPERATING EXPENSES	
Other charges and services	174,592
Depreciation	133,062
Total Operating Expenses	307,654
OPERATING INCOME	187,882
NONOPERATING REVENUE (EXPENSE)	
Investment income	1,385
Interest expense	(135,695)
Total Nonoperating Revenue (Expense)	(134,310)
INCOME BEFORE TRANSFER	53,572
TRANSFER OUT	(50,000)
CHANGE IN NET POSITION	3,572
NET POSITION, JANUARY 1, AS RESTATED	2,660,776
NET POSITION, DECEMBER 31	$ 2,664,348

See notes to financial statements

FRANKLIN COUNTY, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Fund Brush Creek Sewer District
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash flows from operating activities:	
Receipts from customers and users	$ 517,203
Payments to suppliers	(204,480)
Net Cash Provided By Operating Activities	312,723
Cash flows provided by noncapital financing activities:	
Transfers out	(50,000)
Cash flows from capital and related financing activities:	
Interest expense	(137,476)
Repayment of bond principal	(80,608)
Net Cash Used In Capital And Related Financing Activities	(218,084)
Cash flows provided by investing activities:	
Investment income	1,385
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,024
CASH AND CASH EQUIVALENTS, JANUARY 1	255,256
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 301,280
ENDING CASH AND CASH EQUIVALENTS RECONCILIATION	
Cash and cash equivalents	$ 94,302
Cash - restricted	206,978
Total Ending Cash And Cash Equivalents Reconciliation	$ 301,280
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 187,882
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	133,062
Change in assets and liabilities:	
Decrease in accounts receivable	20,867
Increase in prepaids	(1,127)
Decrease in accounts payable	(28,761)
Increase in customer deposits	800
Net Cash Provided By Operating Activities	$ 312,723

See notes to financial statements

FRANKLIN COUNTY, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2017

	Agency Funds
ASSETS	
Cash	$ 79,422,969
Accounts receivable	7,616
Total Assets	$ 79,430,585
LIABILITIES	
Due to others	$ 4,278,672
Due to other taxing districts	75,151,913
Total Liabilities	$ 79,430,585

See notes to financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FRANKLIN COUNTY, MISSOURI (the County) is a first class county.

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

1. Reporting Entity

The financial statements of the County include the financial activities of the County and any component units, entities which are financially accountable to the County.

Blended Component Unit

The Brush Creek Sewer District (the Sewer District) serves citizens of the Sewer District and is governed by a Board of Trustees comprised of the County Commission. The rates for user charges and bond issuance authorizations are approved by the Sewer District Trustees. The primary government has operational responsibility for the Sewer District. The County is not legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The Sewer District is reported as an enterprise fund and does not issue separate financial statements.

2. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Also, the liability to other districts is not recorded until money is received.

Property taxes, intergovernmental revenues, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

Road and Bridge Fund -- The Road and Bridge Fund is a Special Revenue Fund used to account for taxes and grant funds used for public works activities for the operations and maintenance of the County highways and bridges.

Law Enforcement Sales Tax Fund -- The Law Enforcement Sales Tax Fund is a Special Revenue Fund used to account for revenues used solely for providing law enforcement services.

Capital Projects Fund -- The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following major proprietary funds:

Brush Creek Sewer District Fund -- The Brush Creek Sewer District Fund is an Enterprise Fund that is a blended component unit of the County used to account for revenues and expenses of the Brush Creek Sewer District.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the County reports the following fiduciary fund type:

Agency Funds -- Agency Funds are used to account for assets held by the County as an agent for other County funds, individuals, private organizations, or other governments. Agency Funds do not have a measurement focus, although they do have a basis of accounting. The Agency Funds include Treasurer, Collector, Sheriff, County Clerk, Prosecuting Attorney, Recorder of Deeds, Criminal Activity Forfeiture Act, Building Department, and Sheriff Commissary.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation.

The principal operating revenues of the Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Cash and Cash Equivalents

For purposes of the statements of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

5. Investments

Missouri state statutes authorize the County to invest in obligations or guaranteed obligations of the United States and its agencies, obligations of the State of Missouri and its agencies, bonds of any Missouri city having a population of not less than two thousand, bonds of any Missouri county, approved registered bonds of any Missouri school district or special road district, bonds

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Investments (Continued)

of any state, obligations of Federal banks, bonds of any political subdivision established under the provisions of Section 30, Article VI, of the Constitution of Missouri, and tax anticipation notes issued by any first class county.

Investments are stated at fair value.

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Also, the County does not capitalize software.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Buildings and other improvements	50
Machinery, equipment, and vehicles	5 - 10
Furniture and office equipment	5 - 10
Infrastructure	3 - 50

7. Restricted Assets

Certain resources set aside for unemployment benefits, economic development loans, and debt covenants are classified as restricted assets on the balance sheet because their use is limited by the state and loan agreement, respectively.

8. Compensated Absences

The County allows employees to accumulate personal leave and catastrophic illness within certain limitations. Upon separation of employment due to resignation, death, or termination, employees who are not in an introductory status will be paid for unused personal leave time that has been earned and accrued. In no event shall an employee be paid for more days than the total of the maximum number of days which an employee may carry over plus the number of days which the employee has earned but not used since the employee's most recent anniversary date. Employees may not carry over personal leave days from one year to the next in excess of the combined total of fifteen (15) plus the earned and accrued but unused personal leave days which the employee has earned and accrued in the anniversary year preceding the employee's most recent

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Compensated Absences (Continued)

anniversary date. Personal leave days in excess of the above total not taken within thirty (30) days after the employees' most recent anniversary date shall either be banked for catastrophic illness purposes up to the maximum allowable or donated to the Shared Leave Program. Any days not so banked or donated shall be forfeited. Under the Shared Leave Program, employees do not earn or accrue time; therefore, benefits will not be paid upon separation of employment due to resignation, death, or termination. An employee shall under no circumstances be entitled to accrue more than 180 days in an employee's Catastrophic Illness Bank. Unused catastrophic illness leave benefits will not be paid to the employee while they are employed or upon termination of employment unless those employees were employed prior to January 1, 2000 and who have been with the County for at least ten (10) years. They may be entitled to payment as agreed upon in the "Employee Status Audits" performed from January 1 through September 28, 2005 and Commission Order 05-344 dated September 29, 2005. This buyout provision shall not apply to members of the Union which represent employees within the Highway Department and shall not apply to employees of the Sheriff's Department who elected pay pursuant to settlement of an employee's lawsuit.

The entire compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the General Fund and Special Revenue Funds - Law Enforcement Sales Tax, Assessment, and Road and Bridge only if they have matured, for example, as a result of employee resignations and retirements.

9. Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties.

The County bills and collects its own property taxes and also taxes for most other local governments within the County. Collections for other governments and remittance of them to those governments are accounted for in various Agency Funds.

Property tax revenue is recognized to the extent it is collected within 60 days after year-end in the fund financial statements. Property taxes not collected within 60 days of year-end are deferred for fund financial statements but are recognized as revenue in the government-wide financial statements.

10. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are recorded as expenditures when consumed rather than purchased. Prepaid items are equally offset by a nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Allowance for Doubtful Accounts

Accounts receivable for the Brush Creek Sewer District are net of an allowance for uncollectibles of $28,000.

12. Interfund Transactions

In the fund financial statements, the County has the following types of transactions among funds:

Transfers -- Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category in the government-wide statement of net position. The first item is a deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is a deferred outflows related to the pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. The first item arises under the modified accrual basis of accounting noted as unavailable revenues. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available. The second items is deferred inflows related to the pension on the government-wide financial statements.

14. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance Policies (Continued)

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action (Commission order) of the County Commission, the highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the government removes those constraints by taking the same type of action.

Assigned -- The portion of fund balance that the County intends to use for a specific purpose as determined by the applicable County officials to which the County Commission has designated authority. Intent can be expressed by the Commission in the form of a motion. Action by the Commission must occur prior to year-end.

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

When an expenditure is incurred in governmental funds which may be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classification - committed, assigned, and then unassigned fund balances.

The County sets aside a portion of its fund balance for emergency situations. This is in accordance with Missouri Revised Statutes Chapter 50, Section 50.540. The County Commission administers this amount not less than three percent of the total estimated General fund balance. This appropriation is to be used for unforeseen emergencies.

The fund balance details by classification are listed below:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance Policies (Continued)

	December 31, 2017				
	General	Road And Bridge	Law Enforcement Sales Tax	Capital Projects	Nonmajor Governmental Funds
Nonspendable					
Prepaids	$ 217,055	136,644	272,507	-	16,243
Restricted for					
Law enforcement sales tax	-	-	2,676,437	-	-
Debt service	19,012	1,351	-	749	-
County-wide 911	-	-	-	-	1,379,159
Road and bridge	-	9,321,546	-	-	-
Unemployment benefits	-	-	-	-	155,843
Sheriff civil fees					37,888
Inmate security	-	-	-	-	229,470
Community development	-	-	-	-	308,829
County officeholders' activities	-	-	-	-	1,933,338
Committed to					
Health fund	-	-	-	-	650,484
Jail facility	-	-	-	1,401,843	-
Office building	-	-	-	2,532,714	-
Emergency	2,973,258	-	-	-	-
Assigned to					
Subsequent year's budget	2,540,999	-	-	-	-
Unassigned	4,680,040	-	-	-	-
Total Fund Balances	$ 10,430,364	9,459,541	2,948,944	3,935,306	4,711,254

15. Grant Revenue

Resources received by the County from other governments are accounted for within applicable funds based on the purpose and requirements of each grant. Revenues are recognized on an accounting basis consistent with the fund's measurement objective.

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred are recorded as deferred revenue or amounts receivable from the grantor.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

17. Pensions

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

NOTE B - CASH AND INVESTMENTS

1. Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be returned or the County will not be able to recover collateral securities in the possession of an outside party.

The County's bank deposits are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270 with the County or trustee institutions. The value of the securities must amount to the total of the County's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2017, the County's bank balances were entirely secured or collateralized with securities held by the County or its agent in the County's name.

2. Investments

As of December 31, 2017, the County had $3 in money market funds, which have no maturity and are not rated.

Investments Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County minimizes credit risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the County will do business, and diversifying the portfolio so that potential losses on individual securities will be minimized.

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The County minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County does not have a written investment policy covering concentration of credit risk.

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

NOTE C - LONG-TERM DEBT

The following is a summary of the changes in the County's long-term debt:

	For The Year Ended December 31, 2017				Amounts
	Balance December 31 2016	Additions	Deletions	Balance December 31 2017	Due Within One Year
Governmental Activities					
Certificates of participation	$ 34,240,000	-	1,465,000	32,775,000	1,495,000
Capital lease	83,011	-	55,626	27,385	23,508
Compensated absences payable	1,376,579	1,129,926	1,022,109	1,484,396	1,467,437
Total Governmental Activities Long-term Liabilities	$ 35,699,590	1,129,926	2,542,735	34,286,781	2,985,945
Business-type Activities					
Revenue bonds payable	$ 3,327,401	-	80,608	3,246,793	77,965

NOTE C - LONG-TERM DEBT (Continued)

Revenue Bonds

In March 2007, the County issued $3,700,000 Sewerage System Revenue Bonds, Series A and Series B to pay off the short-term construction loan payable. The interest rate is 4.125% and the maturity date is March 1, 2042.

In March 2016, the County issued $155,000 Sewerage System Revenue Bonds, Series C to pay for sewer improvements. The interest rate is 3.125% and the maturity date is February 1, 2052.

Certificates of Participation

In September 2012, the County issued $39,230,000 of Certificates of Participation (Series 2012) to refund the Series 2005, 2007 and 2008 Certificates of Participation. The Series 2012 bonds bear interest ranging from 0.7% to 3.5% and are due April 1, 2032.

For The Years Ending December 31	Governmental Activities Certificates Of Participation Principal	Interest	Total
2018	$ 1,495,000	1,003,248	2,498,248
2019	1,530,000	971,085	2,501,085
2020	1,585,000	934,456	2,519,456
2021	1,905,000	889,799	2,794,799
2022	1,960,000	837,118	2,797,118
2023 - 2027	10,805,000	3,240,613	14,045,613
2028 - 2032	13,495,000	1,249,259	14,744,259
Total	$ 32,775,000	9,125,578	41,900,578

NOTE C - LONG-TERM DEBT (Continued)

For The Years Ending December 31	Business-type Activities Revenue Bonds Principal	Interest	Total
2018	$ 77,965	136,619	214,584
2019	81,156	133,428	214,584
2020	84,478	130,106	214,584
2021	87,936	126,648	214,584
2022	91,536	123,048	214,584
2023 - 2027	517,064	555,856	1,072,920
2028 - 2032	631,982	440,938	1,072,920
2033 - 2037	772,489	300,431	1,072,920
2038 - 2042	848,101	128,626	976,727
2043 - 2047	28,755	7,980	36,735
2048 - 2052	25,331	3,197	28,528
Total	$ 3,246,793	2,086,877	5,333,670

Capital Lease

During 2015 the County entered into a lease agreement totaling $67,727 for vehicles for the Drug Enforcement Division. The interest rate is 5.45% and the maturity date is January 25, 2019.

During 2016 the County entered into a lease agreement totaling $15,545 for vehicles for the Drug Enforcement Division. The interest rate is 6.15% and the maturity date is May 23, 2019.

A schedule of future minimum lease payments under the capital lease and present value of the net minimum lease payments are as follows:

For The Years Ending December 31	Vehicles
2018	$ 24,456
2019	3,924
Total Minimum Lease Payments	28,380
Less - Amount representing interest	995
Present Value Of Future Minimum Lease Payments	$ 27,385

NOTE C - LONG-TERM DEBT (Continued)

The assets acquired through the capital leases are as follows:

	December 31 2017
Vehicles	$ 85,322
Less - Accumulated depreciation	44,966
Total	$ 40,357

Long-term Debt Liquidations

Compensated absences are generally liquidated by the General Fund. Certificates of participation will be liquidated by the General, Road and Bridge, and Capital Projects Funds.

NOTE D - COMMITMENTS AND CONTINGENCIES

The County is a member of the Missouri Public Entity Risk Management Fund (MOPERM), which is a public entity risk pool for general liability, law enforcement liability, public official's errors and omission, and automobile liability. The County's insurance coverage with MOPERM for each category of risk is in the amount of $2 million per occurrence. The County pays an annual contribution to MOPERM for its insurance coverage. Should the contributions received not produce sufficient funds to meet obligations, MOPERM is empowered to make special assessments. Members of MOPERM are jointly and severally liable for all claims against MOPERM. Settled claims have not exceeded the County's commercial coverages in any of the past three fiscal years.

It is the opinion of the County Commission that the outcome of various claims and legal actions presently pending against the County will not have a material effect on the financial statements.

At December 31, 2017, the County had commitments for the following projects:

	Approximate Amount Still Outstanding
Highway and street construction	$ 2,199,725
Equipment, supplies and software	686,543
Professional services	377,593
Total	$ 3,263,861

NOTE E - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended December 31, 2017			
	Balance December 31 2016	Increases	Decreases	Balance December 31 2017
Governmental Activities				
Capital assets not being depreciated:				
Land and right of ways	$ 3,301,380	-	-	3,301,380
Construction in progress	1,651,993	3,452,200	-	5,104,193
Total Capital Assets Not Being Depreciated	4,953,373	3,452,200	-	8,405,573
Capital assets being depreciated:				
Buildings and other improvements	30,511,970	10,490	-	30,522,460
Machinery, equipment, and vehicles	14,095,889	1,569,927	1,528,570	14,137,246
Furniture and office equipment	5,067,954	126,820	242,813	4,951,961
Infrastructure	112,665,844	118,587	-	112,784,431
Total Capital Assets Being Depreciated	162,341,657	1,825,824	1,771,383	162,396,098
Less - Accumulated depreciation for:				
Buildings and other improvements	9,954,230	616,625	-	10,570,855
Machinery, equipment, and vehicles	11,342,241	1,016,911	1,433,537	10,925,615
Furniture and office equipment	4,234,327	287,746	242,813	4,279,260
Infrastructure	80,146,556	2,442,513	-	82,589,069
Total Accumulated Depreciation	105,677,354	4,363,795	1,676,350	108,364,799
Total Capital Assets Being Depreciated, Net	56,664,303	(2,537,971)	95,033	54,031,299
Governmental Activities Capital Assets, Net	$ 61,617,676	914,229	95,033	62,436,872
Business-type Activities				
Capital assets not being depreciated:				
Land	$ 41,635	-	-	41,635
Capital assets being depreciated:				
Infrastructure	6,722,870	-	-	6,722,870
Less - Accumulated depreciation for:				
Infrastructure	1,096,385	133,062	-	1,229,447
Total Capital Assets Being Depreciated, Net	5,626,485	(133,062)	-	5,493,423
Business-type Activities Capital Assets, Net	$ 5,668,120	(133,062)	-	5,535,058

The beginning balances for the governmental activities capital assets were restated by a cost of $5,939,054 and accumulated depreciation by $4,623,450 to conform to the new capitalization threshold.

NOTE E - CAPITAL ASSETS (Continued)

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

		For The Year Ended December 31 2017
Governmental Activities		
General government	$	570,568
Public safety		741,977
Judicial		35,231
Health and welfare		3,626
Highways and streets		3,012,393
Total	$	4,363,795
Business-type Activities		
Sewer facility	$	133,062

NOTE F - EMPLOYEES' PENSION PLAN

1. State of Missouri County Employees' Retirement Fund (CERF)

Plan Description

The County's defined benefit pension plan provides certain retirement and death benefits to its members. The County participates in State of Missouri County Employees' Retirement Fund (CERF). CERF is a mandatory cost-sharing multiple employer retirement system for each county in the State of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government.

CERF was established by an act of the Missouri General Assembly effective August 28, 1994 and administered in accordance with RSMo, 50.1000 - 50.1300. As such, it is CERF's responsibility to administer the law in accordance expressed intent of the General Assembly. The plan as amended through November 1, 2010 is in a form acceptable under the Internal Revenue Code. The responsibility for the operations and administration of CERF is vested in the CERF Board of Directors consisting of eleven members. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system.

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

1. State of Missouri County Employees' Retirement Fund (CERF) (Continued)

CERF issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the CERF website at www.mocerf.org.

Benefits Provided

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost of living adjustments, not to exceed 1%, are provided for eligible retirees of survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature.

Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Eligible employees of the employer contribute 4% to the pension plan. The employer did not elect to make all or a portion of the required 4% contribution on behalf of the employee.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations,
- Twenty dollars on each merchants and manufacturers license issued,
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded,

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

1. State of Missouri County Employees' Retirement Fund (CERF) (Continued)

- Three sevenths of the fee on delinquent property taxes, and
- Interest earned on investment of the above collections prior to remittance to CERF

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information can be found in the notes to the financial statements of CERF's Annual Financial Report.

During 2017, the County collected and remitted to CERF, employee contributions of $404,659 and statutory charges of $641,444.

Pension Liability

At December 31, 2017, the County had a liability of $6,957,521 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of December 31, 2016, and determined by an actuarial valuation as of that date. The County's proportionate share of the total net pension liability was based on the ratio of its actual contributions of $627,380 paid to CERF for the year ended December 31, 2016, relative to the actual contributions of $20,290,594 from all participating employers. At December 31, 2016, the County' proportionate share was 3.09197%, which decreased by 0.06417% from the percentage used to allocate the liability as of December 31, 2015. The net pension liability is generally liquidated by the General Fund.

There were no changes in benefit terms during the CERF plan year ended December 31, 2016, that affected the measurement of total pension liability.

Actuarial Assumptions

The total pension liability as of December 31, 2016, was based on the most recent actuarial valuation as of December 31, 2015, projected forward to December 31, 2016, using the following actuarial assumptions.

- Measurement date - December 31, 2016
- Valuation date - December 31, 2015
- Actuarial cost method - Entry age normal
- Investment rate of return - 7.5%
- Inflation - 2.5%
- Compensation increases - 2.5% plus merit
- Mortality rates - RP 2000 combined mortality projected to 2022 using scale BB
- Fiduciary net position - CERF issues a publicly available financial report that can be obtained at www.mocerf.org

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

1. State of Missouri County Employees' Retirement Fund (CERF) (Continued)

The following actuarial assumption and method was changed for the actuarial valuation used for the reporting period: a) mortality rates were changed from the RP-2000 Combined Mortality projected to 2010 using Scale AA to the RP-2000 Combined Mortality projected to 2022 using Scale BB, as indicated above.

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target allocation as of 2016 is summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. This method eliminates the effects created by cash flows.

		Long-term Arithmetic Basis	
Asset Class	Target Allocation	Expected Real Rate Of Return	Weighted Expected Real Return
U.S. large cap equity	25.00%	6.10%	1.53%
Core plus	21.00	2.90	0.61
Non-U.S. equity	15.00	6.19	0.93
Long/short equity	10.00	6.46	0.65
U.S. small cap equity	10.00	6.62	0.66
Absolute return	9.00	4.01	0.36
Core real estate	5.00	5.48	0.27
Private equity	5.00	7.16	0.36
Total	100.00%		5.37
Inflation			2.50
Long-term Expected Geometric Return			7.87%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current statutory rates and that contributions from employers will be made based on the plan's revenue sources (various fees and penalties paid by the counties). Such revenue was assumed to increase at the rate of 1% per year. This increase assumption has been used by the plan in prior funding status projections. Historically, revenue increase has averaged more than 1% per year. Based on the assumptions, the Plan's fiduciary net position was projected to be

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

1. State of Missouri County Employees' Retirement Fund (CERF) (Continued)

available to make projected future benefit payments of current plan members. The projections covered an 80-year period into the future. The long-term expected rate of return on the Plan's investments was applied to projected benefit payments.

Discount Rate Sensitivity

The sensitivity of the net pension liability to changes in the discount rate is presented below. The net pension liability calculated using the discount rate of 7.5% is presented as well as what the net pension liability would be using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Proportionate share of the net pension liability	$ 9,726,090	6,957,521	4,660,603

For the year ended December 31, 2016, the County recognized pension expenses of $886,317. At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between:		
Expected and actual experience	$ 171,021	365,453
Projected and actual earnings on investments	1,056,391	167,591
Changes of assumptions	1,357,635	-
Contributions subsequent to the measurement date*	641,044	-
Total	$ 3,226,091	533,044

*Deferred outflows of resources related to pensions totaling $641,044 resulting from County contributions subsequent to the measurement date through December 31, 2017 will be recognized as a reduction of the net pension liability in the year ending December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the County's fiscal year following CERF's fiscal year as follows:

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

1. State of Missouri County Employees' Retirement Fund (CERF) (Continued)

For The Years Ending December 31	
2018	$ 667,524
2019	667,524
2020	582,594
2021	134,361
Total	$ 2,052,003

Payable to the Pension Plan

At December 31, 2017, the County had a payable of $142,035 for the outstanding amount of contributions and statutory charges to the pension plan required for the year then ended.

2. Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

The County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS' website at www.molagers.org.

Benefits Provided

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

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

2. Missouri Local Government Employees Retirement System (LAGERS) (Continued)

	2017 Valuation
Benefit multiplier	2% for life
Final average salary	3 Years
Member contributions	- %

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

Employees Covered by Benefit Terms

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	239
Inactive employees entitled to but not yet receiving benefits	105
Active employees	300
Total	644

Contributions

The County is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the County do not contribute to the pension plan. The County contribution rates are 16.6% (General) and 14.5% (Police) of annual covered payroll.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

2. Missouri Local Government Employees Retirement System (LAGERS) (Continued)

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

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

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

Asset Class	Target Allocation	Long-term Expected Real Rate Of Return
Equity	43.00%	5.29%
Fixed income	26.00	2.93
Real assets	21.00	3.31
Strategic assets	10.00	5.73

Discount Rate

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

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

2. Missouri Local Government Employees Retirement System (LAGERS) (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2016	$ 67,987,255	63,941,991	4,045,264
Changes for the year			
Service cost	1,642,991	-	1,642,991
Interest	4,887,550	-	4,887,550
Difference between expected and actual experience	285,470	-	285,470
Contributions - employer	-	2,146,296	(2,146,296)
Net investment income	-	7,664,431	(7,664,431)
Benefit payments, including refunds	(2,808,939)	(2,808,939)	-
Administrative expense	-	(51,158)	51,158
Other changes	-	(123,806)	123,806
Net Changes	4,007,072	6,826,824	(2,819,752)
Balances at June 30, 2017	$ 71,994,327	70,768,815	1,225,512

The net pension liability is generally liquidated by the General, Road and Bridge, and Law Enforcement Sales Tax Funds.

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Net pension liability (asset)	$ 11,869,229	1,225,512	(7,480,672)

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

For the year ended December 31, 2017, the employer recognized pension expense of $3,534,457. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

NOTE F - EMPLOYEES' PENSION PLAN (Continued)

2. Missouri Local Government Employees Retirement System (LAGERS) (Continued)

	Outflows	Inflows	Net Outflows
Differences in experience	$ 802,016	(471,480)	330,536
Assumption changes	1,260,997	-	1,260,997
Excess (deficit) investment returns	1,783,534	-	1,783,534
Contributions subsequent to the measurement date*	1,087,630	-	1,087,630
Total	$ 4,934,177	(471,480)	4,462,697

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2018.

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

For The Plan Years Ending June 30	
2018	$ 1,434,874
2019	1,631,928
2020	816,563
2021	(517,526)
2022	9,228
Total	$ 3,375,067

NOTE G - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with GASB Statement No. 32, *Deferred Compensation Plans*, the County does not report the assets and associated liabilities within their financial statements as the deferred compensation plan is now a trust fund whose assets are not held by the County in a fiduciary capacity.

NOTE H - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

Transfers In	Transfers Out	For The Year Ended December 31 2017
General Fund	Nonmajor Fund - Election Services	$ 4,200
General Fund	Nonmajor Fund - PA Bad Check	8,000
General Fund	Nonmajor Fund - Municipal Court	354,053
Law Enforcement Sales Tax Fund	General Fund	3,178,322
Road and Bridge Fund	General Fund	5,000
Law Enforcement Sales Tax Fund	Nonmajor Fund - Municipal Court	25,000
Nonmajor Fund - Countywide 911 System	General Fund	1,400,000
Nonmajor Fund - Community Development	Enterprise Fund - Brush Creek Sewer District	50,000
Nonmajor Fund - Election services	Nonmajor Fund - Hava	47,404
Nonmajor Fund - Family Access	General Fund	20,000
Nonmajor Fund - Assessment	General Fund	84,881
Total		$ 5,176,860

Interfund transfers were used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE I - RESTRICTED NET POSITION

The government-wide statement of net position reports $15,855,643 of restricted net position, of which $15,627,553 is restricted by enabling legislation.

NOTE J - RELATED PARTY

The spouse of the Presiding Commissioner is a partner in an accounting firm which provides services to the County. Fees totaling $21,000 were paid to the firm during 2017 and no amounts were payable at December 31, 2017.

NOTE K - RESTATEMENT OF NET POSITION

	Governmental Activities	Business-type Activities
Net position/fund balances, December 31, 2016, as previously reported	$ 60,366,934	2,676,756
Restated for:		
Capital assets	(1,315,604)	-
Accounts payable	-	(15,980)
Net Position/Fund Balances, December 31, 2017, As Restated	$ 59,051,330	2,660,776

NOTE L - NEW PRONOUNCEMENTS

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

- GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, will require the County to record UAAL on the government-wide statement of net postion. UAAL equals the difference between the total OPEB liability and the value of assets set aside to pay OPEB benefits.

This Statement is effective for financial statements for periods beginning after June 15, 2017.

The effects on the County's financial statements as a result of the adoption of this new pronouncement is unknown.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 18, 2018, the date which the financial statements were available for issue.

FRANKLIN COUNTY, MISSOURI

REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	$ 8,678,676	8,678,676	8,879,632	200,956
Licenses and permits	80,955	80,955	85,302	4,347
Charges for services	2,622,685	2,622,685	2,886,489	263,804
Intergovernmental	293,590	293,590	299,972	6,382
Investment income	48,610	48,610	92,197	43,587
Miscellaneous	556,050	556,050	373,065	(182,985)
Total Revenues	12,280,566	12,280,566	12,616,657	336,091
EXPENDITURES				
General government:				
County commission	312,169	312,169	310,988	(1,181)
County clerk	466,760	494,114	482,145	(11,969)
County treasurer	136,405	136,405	132,629	(3,776)
County auditor	175,181	175,181	161,615	(13,566)
County collector	654,246	654,246	551,540	(102,706)
County counselor	207,258	207,258	207,451	193
Purchasing	140,756	140,756	120,952	(19,804)
Memberships	47,500	47,500	45,684	(1,816)
Maintenance	673,895	673,895	629,128	(44,767)
Employee benefits	350,000	350,000	331,254	(18,746)
Recorder	523,942	523,942	500,122	(23,820)
Miscellaneous	245,703	245,703	217,104	(28,599)
Registration and elections	602,486	602,486	384,370	(218,116)
Building permits and inspections	496,673	496,673	469,391	(27,282)
Planning and zoning department	232,333	232,333	221,511	(10,822)
Information technology	454,659	745,509	520,896	(224,613)
Economic development	15,275	15,275	815	(14,460)
Capital improvements	449,300	449,300	449,283	(17)
Total General Government	6,184,541	6,502,745	5,736,878	(765,867)
Public safety:				
Emergency management	280,545	280,545	184,641	(95,904)
Judicial:				
Circuit court - Division I and II	151,400	151,400	53,735	(97,665)
Court reporter - Division I and II	4,160	4,160	3,353	(807)
Drug court	3,500	3,500	1,767	(1,733)
Circuit clerk	82,650	82,650	49,754	(32,896)
Prosecuting attorney	1,680,938	1,681,588	1,590,328	(91,260)

(Continued)

FRANKLIN COUNTY, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)				
Judicial (Continued):				
Juvenile office	485,328	485,328	373,611	(111,717)
Public administrator	177,869	177,869	169,175	(8,694)
Juvenile detention center	82,000	82,000	12,716	(69,284)
Youth services	50,534	50,534	19,625	(30,909)
Child support	184,662	184,662	176,491	(8,171)
Total Judicial	2,903,041	2,903,691	2,450,555	(453,136)
Health and welfare:				
Medical examiner	288,056	288,056	288,055	(1)
Indigent care	12,000	12,000	1,800	(10,200)
Total Health And Welfare	300,056	300,056	289,855	(10,201)
Education:				
Extension office	178,751	178,751	167,586	(11,165)
Soil conservation	17,000	17,000	17,000	-
Total Education	195,751	195,751	184,586	(11,165)
Contingency	3,026,878	2,878,228	54,521	(2,823,707)
Total Expenditures	12,890,812	13,061,016	8,901,036	(4,159,980)
REVENUES OVER (UNDER) EXPENDITURES	(610,246)	(780,450)	3,715,621	4,496,071
OTHER FINANCING SOURCES (USES)				
Transfers in	366,253	366,253	366,253	-
Transfers out	(4,713,203)	(4,713,203)	(4,688,203)	(25,000)
Total Other Financing Sources (Uses)	(4,346,950)	(4,346,950)	(4,321,950)	25,000
NET CHANGE IN FUND BALANCE	$ (4,957,196)	(5,127,400)	(606,329)	4,521,071
FUND BALANCE, JANUARY 1			11,036,693	
FUND BALANCE, DECEMBER 31			$ 10,430,364	

Budgets

Annual appropriated budgets are adopted for all governmental funds. Encumbrances are considered for reappropriation in the ensuing year's budget.

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

a. The County department heads prepare departmental revenue and expenditure projections on or before September 1.
b. The County Auditor reviews and revises the projections based upon budgeted revenue projections.
c. By November 15, the County Auditor submits a proposed budget to the County Commission.
d. A public hearing to obtain taxpayer comments on the budget is held by the County Commission usually during the month of December.
e. Prior to January 10, the budget is legally enacted. In an election year, the budget is legally enacted prior to January 31. Projected expenditures cannot exceed estimated revenues plus available balances at the beginning of the year.
f. Expenditures may not legally exceed appropriations at the fund level.
g. Current year budget includes amendments. Budget amendments between funds or departments must be approved by the County Commission.
h. All annual appropriations lapse at fiscal year-end.
i. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that the other financing source and related capital outlay of capital leases in the year the County enters into the agreement are not budgeted. According to County Budget Law RSMo Sections 50.525 to 50.641.

FRANKLIN COUNTY, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS - CERF
LAST THREE FISCAL YEARS

	For The Years Ended December 31		
	2017	2016	2015
Statutorily required contribution	$ 627,380	630,235	635,054
Actual employee contributions	627,380	630,235	635,054
Contribution Deficiency	$ -	-	-
Covered Employee Payroll	$ 14,244,396	13,484,940	13,200,312
Contributions as a Percentage of Covered Employee Payroll	4.40 %	4.67	4.81

Note: Information is not available for fiscal years prior to 2015.

REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS - CERF
FOR THE YEARS ENDED DECEMBER 31

Fiscal Year	Proportion Of The Net Pension Liability	Proportionate Share Of The Net Pension Liability (a)	Actual Covered Employee Payroll (b)	Net Pension Liability As A Percentage Of Covered Payroll (a/b)	Fiduciary Net Position As A Percentage Of Total Pension Liability
2017	3.09197 %	$ 6,957,521	$ 14,244,396	48.84 %	66.70 %
2016	3.15614	6,102,569	13,484,940	45.25	69.11
2015	3.21030	3,746,448	13,200,312	28.38	78.83

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is January 1 prior to the end of the fiscal year.

	For The Years Ended December 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined pension contribution	$ 2,211,646	1,977,763	2,116,254	2,017,515	1,940,836	2,104,891	2,024,168	2,039,244	1,510,589	1,557,302
Contributions in relation to the actuarially determined contribution	2,168,204	1,977,763	2,116,258	2,017,518	1,867,559	1,836,220	1,701,325	1,585,248	1,510,588	1,557,302
Contribution Deficiency (Excess)	$ 43,442	-	(4)	(3)	73,277	268,671	322,843	453,996	1	-
Covered Employee Payroll	$ 13,748,440	13,395,761	12,978,663	11,647,499	11,058,927	11,557,443	11,427,930	11,416,449	11,714,060	11,433,357
Contributions as a Percentage of Covered Employee Payroll	15.77 %	14.76	16.31	17.32	16.89	15.89	14.89	13.89	12.90	13.62

Notes to schedule:

Valuation date:
Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining amortization period	Multiple bases from 12 to 15 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55%; including wage inflation
Investment rate of return	7.25%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:
There were no benefit changes during the year.

FRANKLIN COUNTY, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - LAGERS
FOR THE YEARS ENDED DECEMBER 31

	2017	2016	2015
Total Pension Liability			
Service cost	$ 1,642,991	1,531,730	1,487,438
Interest on the total pension liability	4,887,550	4,434,063	4,255,713
Difference between expected and actual experience	285,470	560,023	(973,447)
Changes of assumptions	-	2,246,059	-
Benefit payments, including refunds	(2,808,939)	(2,342,295)	(2,321,022)
Net Change In Total Pension Liability	4,007,072	6,429,580	2,448,682
Total Pension Liability Beginning	67,987,255	61,557,675	59,108,993
Total Pension Liability Ending (a)	$ 71,994,327	67,987,255	61,557,675
Plan Fiduciary Net Position			
Contributions - employer	$ 2,146,296	2,018,282	2,020,250
Net investment income	7,664,431	(152,428)	1,244,341
Benefit payments, including refunds	(2,808,939)	(2,342,295)	(2,321,022)
Administrative expense	(51,158)	(49,375)	(53,126)
Other changes	(123,806)	(75,951)	160,519
Net Change In Plan Fiduciary Net Position	6,826,824	(601,767)	1,050,962
Plan Fiduciary Net Position Beginning	63,941,991	64,543,758	63,492,796
Plan Fiduciary Net Position Ending (b)	$ 70,768,815	63,941,991	64,543,758
Net Pension Liability (Asset) Ending (a)-(b)	$ 1,225,512	4,045,264	(2,986,083)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.30 %	94.05	104.85
Covered Employee Payroll (for February 28/29 Actuarial Valuation)	$ 13,252,889	12,799,146	11,764,968
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	9.25 %	31.61	(25.38)

Notes:

Information is not available for fiscal years prior to 2015.

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

APPENDIX C

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF LEGAL DOCUMENTS