

City of Waynesville, Missouri

Basic Financial Statements
Year Ended December 31, 2021

KPM
CPAS & ADVISORS

Table of Contents

Independent Auditors' Report	4
Management's Discussion and Analysis	8
Basic Financial Statements	
Statement of Net Position	19
Statement of Activities	21
Balance Sheet – Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	31
Statement of Cash Flows – Proprietary Funds	32
Notes to the Financial Statements	34
Required Supplementary Information	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	67
Schedule of Contributions	68
Notes to the Schedule of Contributions	69
Budgetary Comparison Schedule – General Fund	70
Budgetary Comparison Schedule – Transportation Fund	72
Budgetary Comparison Schedule – Park and Pool Fund	73
Budgetary Comparison Schedule – Community Improvement District Fund	74
Notes to the Budgetary Comparison Schedules	75

Other Reporting Requirements

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 77

Independent Auditors' Report on Compliance for each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance 79

Schedule of Expenditures of Federal Awards 82

Notes to the Schedule of Expenditures of Federal Awards 83

Schedule of Findings and Questioned Costs 84

Summary Schedule of Prior Audit Findings 86

Corrective Action Plan 87



Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Member of The Leading Edge Alliance

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022, on our consideration of the City of Waynesville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waynesville, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
August 31, 2022

Management's Discussion and Analysis

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

The Management's Discussion and Analysis of the City of Waynesville, Missouri's financial performance provides an overview of the City's financial activities for the year ended December 31, 2021. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$359,721 for the year ended December 31, 2021, as a result of current year activities. The net position of the City's business-type activities increased by \$393,749 for the year. Over time, increases in the net position are a key indicator of the financial health of the City.

The assets and deferred outflows of the City exceeded its liabilities as of December 31, 2021, by \$24.3 million (net position), an increase of \$753,470 from the previous year.

Total liabilities of the City increased by \$2,695,124 during the year ending December 31, 2021. The City continued to make payments on its Certificates of Participation and equipment leases and obtained a new Refunding Certificate of Participation.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred outflows/inflows using the accrual basis of accounting. This is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's net position – the difference between assets, liabilities, and deferred outflows/inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, electric, gas, and solid waste transfer station services are provided here.

Fund Financial Statements

The fund financial statements provide detailed information about the City's funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

Enterprise Funds: When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2021 and December 31, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2021</u>	<u>Total December 31, 2020</u>
Assets				
Current and other assets	\$ 6,062,428	\$ 7,575,937	\$ 13,638,365	\$ 8,196,570
Capital assets	25,131,154	12,276,216	37,407,370	38,324,533
Total Assets	31,193,582	19,852,153	51,045,735	46,521,103
Deferred Outflows of Resources				
Deferred refunding charges	5,789	32,803	38,592	47,673
Deferred pension outflows	393,094	119,006	512,100	584,168
Total Deferred Outflows of Resources	398,883	151,809	550,692	631,841
Liabilities				
Other liabilities	1,562,019	2,665,233	4,227,252	3,464,006
Long-term liabilities	11,737,332	10,044,324	21,781,656	19,849,778
Total Liabilities	13,299,351	12,709,557	26,008,908	23,313,784
Deferred Inflows of Resources				
Deferred pension inflows	951,422	336,303	1,287,725	292,836
Net position				
Net investment in capital assets	13,561,365	5,553,376	19,114,741	18,642,517
Restricted	403,165	143,634	546,799	671,134
Unrestricted	3,377,162	1,261,092	4,638,254	4,232,673
Total Net Position	\$ 17,341,692	\$ 6,958,102	\$ 24,299,794	\$ 23,546,324

Total net position of the City increased by \$753,470 for the year ended December 31, 2021. Total liabilities for the City have increased by \$2,695,124. Restricted net position of the City totaled \$546,799 as of December 31, 2021. This amount represents monies that are restricted for debt service and donations.

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2021	Total Year Ended December 31, 2020
Revenues, Transfers, and Special Item				
Program Revenues				
Charges for services	\$ 1,540,556	\$ 11,900,070	\$ 13,440,626	\$ 11,911,301
Operating grants and contributions	2,873,334	24,939	2,898,273	3,196,392
Capital grants and contributions	29,296	-	29,296	547,437
General Revenues				
Sales taxes	1,613,509	-	1,613,509	1,556,054
Ad valorem taxes	462,612	-	462,612	457,727
Motor vehicle and gas taxes	208,855	-	208,855	189,533
Other taxes	110	-	110	-
Franchise fees	58,412	-	58,412	76,002
Interest	19,601	26,738	46,339	40,336
Other revenue	78,680	-	78,680	88,707
Special item	-	-	-	335,579
Transfers	1,410,253	(1,410,253)	-	-
Total Revenues, Transfers, and Special Item	8,295,218	10,541,494	18,836,712	18,399,068
Expenses				
City hall	870,738	-	870,738	995,911
Fire	315,366	-	315,366	313,137
Public safety	897,154	-	897,154	811,553
Municipal court	136,675	-	136,675	144,792
Street	587,965	-	587,965	573,872
Park and pool	498,382	-	498,382	493,865
Cemetery	968	-	968	968
Airport	3,679,262	-	3,679,262	3,678,520
Animal shelter	304,605	-	304,605	254,740
Building department	195,435	-	195,435	142,622
Debt service	448,947	-	448,947	398,825
Electric	-	6,487,698	6,487,698	6,008,522
Water and sewer	-	1,429,781	1,429,781	1,687,641
Trash	-	306,265	306,265	272,869
Natural gas	-	1,924,001	1,924,001	863,052
Total Expenses	7,935,497	10,147,745	18,083,242	16,640,889
<i>Increase in Net Position</i>	\$ 359,721	\$ 393,749	\$ 753,470	\$ 1,758,179

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

Governmental Activities

Governmental activities increased the net position of the City by \$359,721. Tax revenues for the City were \$2,343,498 which represents 28% of the funding of these activities. Program revenues for the functions totaled \$4,443,186 or 54% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Waynesville, Missouri's Governmental Activities

	Total Cost of Services	Net Cost of Services
City hall	\$ 870,738	\$ 723,332
Fire	315,366	315,366
Public safety	897,154	792,705
Municipal court	136,675	136,675
Street	587,965	528,782
Park and pool	498,382	346,427
Cemetery	968	(3,832)
Airport	3,679,262	281,316
Animal shelter	304,605	134,361
Building department	195,435	152,901
Debt service	448,947	84,278
	<u>\$ 7,935,497</u>	<u>\$ 3,492,311</u>

Business-Type Activities

Business-type activities increased the City's net position by \$393,749. In the current year, the business-type activities transferred \$1,410,253 to the governmental funds.

Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of December 31, 2021, was \$4,392,245. The General Fund increased by \$949,153, the Transportation Fund decreased by \$265,775, the Park and Pool Fund increased by \$263,337, the Community Improvement District (CID) Fund increased by \$30,000, and the Debt Service Fund decreased by \$132,001.

General Fund Budgetary Highlights

Differences between the original and the final budget can be summarized as follows:

- The original revenue budget of \$6,019,300 decreased to \$5,870,414 due to a decrease in grants received for the airport project.
- The original expenditures budget of \$8,346,746 was increased to \$8,829,644.

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

Capital Asset & Debt Administration

Capital Assets

Capital assets of the governmental activities were \$25,131,154 (net of accumulated depreciation) as of December 31, 2021. This represents a \$835,563 decrease from the prior year. Capital assets for business-type activities were \$12,276,216 as of December 31, 2021. This represents a decrease of \$81,599 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2021, was \$12,162,316, which is down from \$12,222,403 in the prior year.

Total debt of the business-type activities as of December 31, 2021, was \$10,357,646, which is up from \$8,003,154 in the prior year.

Economic Factors & Next Year's Budget

The City of Waynesville has accomplished many things throughout the year despite the continuing challenges of the COVID-19 Global pandemic and the polar vortex that affected central North America in February. The natural gas and electric bills were significantly affected by this storm, which affected the overall finances in the city. The city worked with MPUA to negotiate fair pay agreements to pay the extreme energy bills over time to help alleviate the negative financial burden from hitting the City in one fiscal year. The City decided to invest in Economic Development and brought on Douglas Potts, an experienced Economic Development Coordinator, in November. Through the tireless work of the City staff, the Mayor, City Council, and the various committees and teams of volunteers, the City had a year to remember. Some of our 2021 key projects are identified below.

Key Projects for 2021

Waynesville St. Robert Regional Airport: The Waynesville St. Robert Regional Airport is located on Fort Leonard Wood, MO. The City of Waynesville and St. Robert manage the airport through the Joint Airport Advisory Board. Day-to-day operations and administrative duties fall to the City of Waynesville staff. In the year 2021, the City was able to accomplish many things at the airport, despite the setbacks the global pandemic had on the travel industry.

- *Air Service Carrier:* The Contour Airlines Alternative Essential Air Service contract expired in September. The airport rebid essential air service in September and United SkyWest was selected as the new provided for service at FLW. United SkyWest provides for a 50-passenger jet service to Chicago O'Hare.
- *CARES Act Grant:* With the major economic effects of the COVID-19 pandemic hitting the travel industry, the City was able to procure a grant in 2020, with the assistance of MODOT. The grant was in the amount of \$69,000 and could be used to assist with maintenance and operations at the airport. The City continued to utilize funds from this grant in 2021.

Street Department: The department worked tirelessly throughout the year and was able to complete several projects despite being understaffed. The harsh winter weather was challenging, but many staff from other departments assisted during the weather events at all hours of the day to maintain safe and drivable roads within the city. The most notable paving project in 2021 was the paving of Tribune St. that runs through the city Industrial Park.

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

Water/Wastewater Department: Like many other departments, the Water/WasteWater department overcame many staffing obstacles created by the current economic climate as well as injury absences. The department consists of six full time employees, four of which are A Licensed WasteWater operators and five of which are DS2 certified staff.

Public Works Construction Department: The department accomplished many things this year despite being a one-man-crew for the majority of the year. The construction department assists all the other departments on any jobs throughout the city as needed and were invaluable during 2021 due to staff shortages.

Electric Department: The Electric Department was able to complete several big projects, despite being short-staffed. The current economic climate has caused staffing issues with this department due to the competitive nature of lineman positions and the national shortage of lineman.

- *Weather Impacts:* the department began the year with an ice storm that caused one broken pole and several power outages around the city. As the year progressed, the polar vortex happened in February 2021. The storm had temperatures well below normal levels for several days that caused problems for electric availability, on a national level. There were also some weaknesses in the city electric system revealed during this storm to include two single phase reclosures that were not large enough to hold the capacity and one feeder line that was very close to become overloaded. The department made upgrades to mitigate these problems moving forward.
- *Reg Tagged Poles:* The City completed system wide pole testing in 2021, revealing that 52 poles needed replaced. Staff were able to complete the change out of all 52 red flagged poles. The department was able to change out 27 poles in 2021. The department did not contract out this work and completed all 27 pole change outs in-house.

Parks Department: After nearly a year of being closed, the parks department was able to re-open Little Heroes Playground, as well as all other playgrounds when the COVID-19 guidelines became less restrictive. Registrations for the WSR Youth Sports Program were also reopened after an extended period of cancelled sports seasons. The City welcomed a new Parks & Recreation Director, George Bales, who is the coordinating the youth sports program full-time.

- *Scrap Tire Grant:* The City applied for a Scrap Tire Grant and received a total of \$7,592 to purchase picnic tables and park benches made with recycled Missouri tires. The tables and chairs have been placed in various community parks throughout the city.
- *Forest ReLeaf Grant:* The City had to make the difficult decision to remove several large trees in the park, including many that were estimated at be over 100 years old. The City began researching ways to plant more trees in the park to replace them and applied for the Forest ReLeaf Grant of Missouri. This grant provided the City with 30 trees that are native Missouri species, all of which were planted in the City's parks.
- *Recreational Trail Program Grant:* The City executed a Recreational Trail Program grant that would establish a trailhead facility at the Roubidoux Park in 2021. This included adding paved parking with handicap accessible spaces, an ADA compliant bathroom, and 1,050 linear feet of trail, connecting the park to the historic downtown Waynesville area. The grant also included the installation of a trailhead kiosk that can be utilized by the community and the City to post information regarding upcoming events, youth sports, and the Trail of Tears Memorial Site. The City was awarded \$88,000 to complete the project, with the City matching those funds with in-kind labor. This project was completed and closed out in Spring 2021.

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

Animal Shelter: The Animal Shelter takes care of animals that are abandoned, neglected or surrendered and work hard to get them back in good health, eventually placing them in their forever homes.

- *Fort Leonard Wood Shelter:* In 2020, the City entered into a new contract with Fort Leonard Wood. At that time, Fort Leonard Wood began to construct a brand-new facility located on base. In 2021, the city was able to move into this new facility and continue their service to the Fort Leonard Wood community. The shelter now has four full-time Animal Control Officers to keep up with the high demand.

City of Waynesville Industrial Park: Back in 2013, the City purchased land for the purpose of attracting large commercial industry to the city to create more jobs and other opportunities for the area. In 2021, the City purchased adjoining property to expand the Industrial Park by nearly 100 acres. The City also welcomed its first industrial business to the area in 2021.

- *Medical Marijuana Cultivation Facility:* Permitting and construction on the medical marijuana cultivation facility located in the Waynesville Industrial Park began in early 2021. Facility construction was completed in June 2021 and became fully operational in August 2021. In early fall, Tribune St. was paved throughout to finalize the development to the facility.

American Rescue Plan Act Funding: The City was awarded approximately \$534,000 in 2021 ARPA funding. The ARPA Team was established and consists of Councilman Sean Wilson, Councilman William Farnham, Amber Box (Finance Officer), Tracey York (Utility Billing Supervisor) and Miriam Jones (Executive Assistant). The team came up with ways to utilize the funding as follows:

- *Response to public health emergency and it's negative economic impacts*
 - *Home Repairs for Residents (\$100,000):* Up to 50 Homeowners can apply for up to \$2,000 in reimbursements for completing energy efficient home upgrades that would help ease the impact of high utility bills.
 - *Utility Bill Relief for Residents (\$100,000):* City residents can apply for utility relief payments to help ease the impact of high utility bills that negatively affect disproportionate households highly affected by the pandemic.
- *Premium pay for eligible essential workers*
 - *Grants for grocery & convenience stores (\$50,000):* Eligible businesses must be inside the city limits of Waynesville and have remained open throughout the pandemic. Employers can apply for funds to provide their current essential employees premium pay bonuses for working in-person during the pandemic.
 - *City of Waynesville Employee Premium Pay (\$120,000):* Premium pay to all currently employed full-time persons of the City, who worked in person during any given month from February 1, 2020 through August 31, 2021. Each qualifying employee will receive \$100.00 for every month worked in- person during this time frame.

2021 Certificates of Participation: City administration began working with Stifel Nicolaus & Company, Inc. to complete two new certificates of participation. During the process, the City maintained an "A:" rating through S&P Global Ratings. Overall, the City received \$3,840,000 Tax Exempt Certificates of Participation and \$2,450,000 Taxable Refunding Certificates of Participation.

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

One of the uses for the funds was to refinance the commercial property acquisition of property along Discovery Drive near Lowe Chevrolet, as well as property located along G.W. Lane Street near Kum & Go. Funds can also be used for the construction of a new public works facility, engineering for the future electric substation, establishing a trash utility, road paving and improvements, and utility infrastructure improvements.

2021 Contract Renegotiations: The City reviewed and renegotiated numerous agreements and contracts in 2021. These contract negotiations resulted in approximately \$700,000 in savings for the City. The renegotiated agreements include the following:

- Sho-Me Power Wheeling Agreement
- Fire Protection Service Agreement
- Waste/Sanitation/Recycling Agreement
- Natural Gas Transportation Agreement
- Pulaski County Sewer District Agreement

Utility Rate Studies: the City partnered with MPUA along with Toth & Associates to evaluate the existing utility rates currently charged by the City. Utility rates studies were completed on electric, sewer, water and natural gas. Recommendations and a completed engineering report should be ready in early 2022.

City of Waynesville Website Design: The City released a brand new website in 2021. The website has all committee and council packets easily available. More features include the ability to set up utilities online, complete business license applications and so much more. The City Clerk, Michele Brown, was the driving force behind the new website design and she produced an invaluable asset to the City.

2021 Codification of City Code & Ordinances: The City of Waynesville's Municipal Code is the official set of laws that govern the community. As laws change, so does the Municipal Code. The City contracted municode and the entire city code can now be found online at <https://waynesville.municipalcodeonline.com/>. Ordinances that have been recently approved by the Council but have not yet been incorporated into the Waynesville Municipal Code, can now be found on the new City of Waynesville website.

Subdivision Improvement Program: In 2021, the City began a new program to encourage the development of subdivisions in the city limits. The subdivision is required to have city water, sewer, natural gas and electricity. This agreement between the developer and the City allows the City to be involved in the utility infrastructure improvements to be sure it's being hooked up according to city code, while allowing the developer to pay a price to the City per linear foot of curb. This program must be a sign contract entered into between the city and the developer. As of the end of 2021, two developers were beginning subdivision developments because of this program.

Newly Elected/Appointed Officials:

- Rob Rice – Elected Councilman, Ward I
- Sean Wilson – Re-Elected Councilman, Ward III
- Clarence Liberty – Re-Elected Councilman, Ward II
- Amanda Koren – Elected Councilman, Ward IV

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

Personnel

Resignations: The following personnel resigned their position with the city and moved on to new opportunities: Officer Jason Goldsmith, Taylor King, Sharon Miller, R. C. Shockley, Michael Rogers, Erin Ruiz, Mia Perez, Dillon Powell, Angelica Olson, Stephen Gray, Jeffrey White and Municipal Court Judge, David Lowe.

Promotions: The following City employees were promoted to other positions in 2021: Steve Bales (Youth Sports Director) & John Quale (Building Department Supervisor)

Newly Hired Employees: The City of Waynesville is fortunate to be able to attract skilled and qualified employees to work here to include: Brad Halterman (Police Officer), Casey Chapman (Police Officer), Rosa Lara (Utility Billing Clerk), Michael McDonald (Street Department), Alex Green (Apprentice Lineman Year 3), Kylie Powers (Animal Shelter), Jason Goldsmith (Police Department), Ethan Maddox (Building Department), Kristen Grimm (Animal Shelter), Tyler Ohmart (Animal Shelter), James Bennett (Dispatch), Ethan Howden (Water/Wastewater Department), & Doug Potts (Economic Development Coordinator).

Retired: Public Works Director, Mitch McDonald; City of Waynesville Attorney and Waynesville Municipal Court Prosecutor, Ralph Muxlow.

Looking Forward: Overview of the Fiscal Year Budget 2022

Our 2022 budget of \$ 19.1 million is down slightly from our 2021 budget of \$20.2 million. There are many new projects that affect the budget in 2022. Our Subdivision Improvement Program will allow for massive utility infrastructure expansion, but the contractors will only pay for half the cost up front. City staff will need to be vigilant in watching the bottom line as the projects progress. This is already anticipated and will be a top priority for the finance team. The City also has a new Certificate of Participation to utilize for many of its perspective projects. The American Rescue Plan Act will also be distributing subsequent distributions that must be taken into consideration. With so many new projects and programs, it's going to be a year to remember here in Waynesville.

We have several projects that we will have to budget for in 2022. Projects to be funded include continuing major utility improvements, street paving, cybersecurity & IT improvements, and potential trash service. To comply with Missouri law, the City took a very realistic approach to this budget process and ending with a balanced budget for FY 2022 that was approved by the City Council in November of 2021.

Final Budget Revenue and Expense

	<u>FY2021 Budget</u>	<u>Proposed 2022 Budget</u>
Total Budget Revenues	\$ 21,493,850	\$ 19,119,527
Total Budget Expenses	20,714,346	19,074,310
Revenue Over Expenses	<u>\$ 779,504</u>	<u>\$ 45,217</u>

City of Waynesville

Management's Discussion and Analysis

December 31, 2021

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Waynesville
100 Tremont Center
Waynesville, Missouri 65583
(573) 774-6171

John Doyle, City Administrator
Michele Brown, City Clerk
Amber Box, Finance Officer

City of Waynesville

Statement of Net Position

December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Assets				
Current				
Cash and cash equivalents - unrestricted	\$ 3,037,123	\$ 1,677,840	\$ 4,714,963	\$ 44,650
Sales tax receivable	239,351	-	239,351	5,824
Ad valorem taxes receivable, net	265,363	-	265,363	-
Utilities receivable, net	-	803,551	803,551	-
Other receivables	5,631	184,850	190,481	-
Accrued interest receivable	-	1,157	1,157	-
Intergovernmental receivable	36,145	-	36,145	-
Prepaid expenses	106,468	54,097	160,565	-
Inventory	-	423,427	423,427	-
Noncurrent				
Restricted cash and cash equivalents	1,418,004	4,256,996	5,675,000	-
Note receivable	295,533	-	295,533	-
Net pension asset	658,810	174,019	832,829	-
Capital assets				
Non-depreciable	5,080,160	1,024,791	6,104,951	-
Depreciable, net	20,050,994	11,251,425	31,302,419	318,221
Total Assets	<u>31,193,582</u>	<u>19,852,153</u>	<u>51,045,735</u>	<u>368,695</u>
Deferred Outflows of Resources				
Deferred refunding charges	5,789	32,803	38,592	-
Deferred pension outflow	393,094	119,006	512,100	-
Total Deferred Outflows of Resources	<u>398,883</u>	<u>151,809</u>	<u>550,692</u>	<u>-</u>

See accompanying notes to the financial statements.

City of Waynesville

Statement of Net Position

December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Liabilities				
Current				
Accounts payable	231,840	543,631	775,471	-
Accrued expenses	55,993	54,635	110,628	-
Customer deposits payable	-	717,159	717,159	-
Unearned grant revenue	428,007	-	428,007	-
Accrued interest payable	78,210	74,587	152,797	-
Current maturities of long-term debt	767,969	1,275,221	2,043,190	25,223
	1,562,019	2,665,233	4,227,252	25,223
Noncurrent				
Unearned revenue	174,800	-	174,800	-
Bonds payable	-	2,376,000	2,376,000	-
MAMU lease payable, net	-	337,000	337,000	-
Certificates of participation, net	11,064,826	6,556,053	17,620,879	-
Capital leases payable	156,636	-	156,636	-
MTFC direct loan	172,885	-	172,885	-
MUELP loan	-	713,372	713,372	-
Note payable	-	-	-	270,310
Compensated absences payable	168,185	61,899	230,084	-
	11,737,332	10,044,324	21,781,656	270,310
Total Liabilities	13,299,351	12,709,557	26,008,908	295,533
Deferred Inflows of Resources				
Deferred pension inflows	951,422	336,303	1,287,725	-
Net Position				
Net investment in capital assets	13,561,365	5,553,376	19,114,741	22,688
Restricted	403,165	143,634	546,799	-
Unrestricted	3,377,162	1,261,092	4,638,254	50,474
Total Net Position	\$ 17,341,692	\$ 6,958,102	\$ 24,299,794	\$ 73,162

See accompanying notes to the financial statements.

City of Waynesville

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Net (Expenses), Revenues, and Changes in Net Position							Component Unit Westgate Community Improvement District
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
City hall	\$ (870,738)	\$ 41,092	\$ 106,314	\$ -	\$ (723,332)	\$ -	\$ (723,332)	
Fire	(315,366)	-	-	-	(315,366)	-	(315,366)	
Public safety	(897,154)	78,207	26,242	-	(792,705)	-	(792,705)	
Municipal court	(136,675)	-	-	-	(136,675)	-	(136,675)	
Street	(587,965)	47,994	-	11,189	(528,782)	-	(528,782)	
Park and pool	(498,382)	101,388	32,460	18,107	(346,427)	-	(346,427)	
Cemetery	(968)	4,800	-	-	3,832	-	3,832	
Airport	(3,679,262)	717,281	2,680,665	-	(281,316)	-	(281,316)	
Animal shelter	(304,605)	142,591	27,653	-	(134,361)	-	(134,361)	
Building department	(195,435)	42,534	-	-	(152,901)	-	(152,901)	
Debt service	(448,947)	364,669	-	-	(84,278)	-	(84,278)	
Total Governmental	<u>(7,935,497)</u>	<u>1,540,556</u>	<u>2,873,334</u>	<u>29,296</u>	<u>(3,492,311)</u>	<u>-</u>	<u>(3,492,311)</u>	
Business-Type Activities								
Electric service	(6,487,698)	7,050,642	-	-	-	562,944	562,944	
Water and sewer service	(1,429,781)	2,569,058	24,939	-	-	1,164,216	1,164,216	
Trash service	(306,265)	334,749	-	-	-	28,484	28,484	
Natural gas service	(1,924,001)	1,945,621	-	-	-	21,620	21,620	
Total Business-Type	<u>(10,147,745)</u>	<u>11,900,070</u>	<u>24,939</u>	<u>-</u>	<u>-</u>	<u>1,777,264</u>	<u>1,777,264</u>	
Total Primary Government	<u><u>\$ (18,083,242)</u></u>	<u><u>\$ 13,440,626</u></u>	<u><u>\$ 2,898,273</u></u>	<u><u>\$ 29,296</u></u>	<u>(3,492,311)</u>	<u>1,777,264</u>	<u>(1,715,047)</u>	

See accompanying notes to the financial statements.

City of Waynesville

Statement of Activities

Year Ended December 31, 2021

Component Unit Westgate Community Improvement District	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position			Component Unit Westgate Community Improvement District		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total	
					Governmental Activities	Business-Type Activities			
	\$ (33,994)	\$ -	\$ -	\$ -			\$ (33,994)		
		General Revenues							
					1,613,509	-	1,613,509	67,362	
					462,612	-	462,612	-	
					208,855	-	208,855	-	
					110	-	110	-	
					58,412	-	58,412	-	
					19,601	26,738	46,339	-	
					78,680	-	78,680	-	
					1,410,253	(1,410,253)	-	-	
					3,852,032	(1,383,515)	2,468,517	67,362	
					<i>Changes in Net Position</i>	359,721	393,749	753,470	33,368
					16,981,971	6,564,353	23,546,324	39,794	
					\$ 17,341,692	\$ 6,958,102	\$ 24,299,794	\$ 73,162	

See accompanying notes to the financial statements.

City of Waynesville

Balance Sheet – Governmental Funds

December 31, 2021

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
Assets						
Cash and cash equivalents - unrestricted	\$ 1,709,203	\$ 1,095,354	\$ -	\$ 232,566	\$ -	\$ 3,037,123
Ad valorem taxes receivable, net	265,363	-	-	-	-	265,363
Sales tax receivable	178,215	61,136	-	-	-	239,351
Other receivable	5,631	-	-	-	-	5,631
Intergovernmental receivable	36,145	-	-	-	-	36,145
Prepaid expenses	104,791	1,677	-	-	-	106,468
Restricted cash and cash equivalents	1,014,839	38,565	-	-	364,600	1,418,004
Total Assets	\$ 3,314,187	\$ 1,196,732	\$ -	\$ 232,566	\$ 364,600	\$ 5,108,085
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 231,840	\$ -	\$ -	\$ -	\$ -	\$ 231,840
Accrued expenses	49,958	6,035	-	-	-	55,993
Unearned grant revenue	428,007	-	-	-	-	428,007
Total Liabilities	709,805	6,035	-	-	-	715,840

See accompanying notes to the financial statements.

City of Waynesville

Balance Sheet – Governmental Funds

December 31, 2021

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
Fund Balances						
Nonspendable						
Prepaid items	104,791	1,677	-	-	-	106,468
Restricted for						
Specific purchases from donations	-	38,565	-	-	-	38,565
Debt service	-	-	-	-	364,600	364,600
Building projects	586,738	-	-	-	-	586,738
Assigned to						
Parks and pool	-	1,150,455	-	-	-	1,150,455
Community improvement	-	-	-	232,566	-	232,566
Unassigned	1,912,853	-	-	-	-	1,912,853
Total Fund Balances	2,604,382	1,190,697	-	232,566	364,600	4,392,245
Total Liabilities and Fund Balances	\$ 3,314,187	\$ 1,196,732	\$ -	\$ 232,566	\$ 364,600	\$ 5,108,085

See accompanying notes to the financial statements.

City of Waynesville

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2021

Fund balance - total governmental funds	\$ 4,392,245
Long term receivables are not deemed receivable in the current period and, therefore, are not reported in the funds	295,533
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	33,149,040
Less: Accumulated depreciation	<u>(8,017,886)</u>
	25,131,154
The net pension asset and deferred costs are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension asset	658,810
Deferred pension outflows	393,094
Deferred pension inflows	<u>(951,422)</u>
	100,482
Unearned payments in lieu of taxes are not deemed deferrable in the current period but rather is recognized as a revenue when received	(174,800)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(78,210)
Long-term liabilities net of refunding charges are not due and payable in the current period and therefore are not reported in the funds	<u>(12,324,712)</u>
Net position of governmental activities	<u><u>\$ 17,341,692</u></u>

See accompanying notes to the financial statements.

City of Waynesville

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

Year Ended December 31, 2021

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
Revenues						
Taxes	\$ 1,862,111	\$ 472,187	\$ -	\$ -	\$ -	\$ 2,334,298
Licenses and permits	53,054	-	-	-	-	53,054
Intergovernmental revenues	2,962,374	18,407	-	-	-	2,980,781
Fines and forfeitures	78,207	-	-	-	-	78,207
Charges for services	817,687	95,038	-	-	364,669	1,277,394
Miscellaneous	96,981	39,133	-	30,000	415	166,529
Total Revenues	5,870,414	624,765	-	30,000	365,084	6,890,263
Expenditures						
Current						
City hall	742,199	-	-	-	-	742,199
Fire	315,366	-	-	-	-	315,366
Public safety	918,245	-	-	-	-	918,245
Municipal court	153,792	-	-	-	-	153,792
Street	515,907	-	-	-	-	515,907
Park and pool	-	361,428	-	-	-	361,428
Airport	3,390,695	-	-	-	-	3,390,695
Animal shelter	316,541	-	-	-	-	316,541
Building department	215,415	-	-	-	-	215,415
Debt service						
Principal, interest, and fees	2,261,484	-	-	-	703,960	2,965,444
Total Expenditures	8,829,644	361,428	-	-	703,960	9,895,032

See accompanying notes to the financial statements.

City of Waynesville

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

Year Ended December 31, 2021

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(2,959,230)	263,337	-	30,000	(338,876)	(3,004,769)
Other Financing Sources (Uses)						
Lease purchase proceeds	2,439,230	-	-	-	-	2,439,230
Operating transfers in (out)	1,469,153	-	(265,775)	-	206,875	1,410,253
Total Other Financing Sources (Uses)	<u>3,908,383</u>	<u>-</u>	<u>(265,775)</u>	<u>-</u>	<u>206,875</u>	<u>3,849,483</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	949,153	263,337	(265,775)	30,000	(132,001)	844,714
Fund Balance, January 1	1,655,229	927,360	265,775	202,566	496,601	3,547,531
Fund Balance, December 31	<u>\$ 2,604,382</u>	<u>\$ 1,190,697</u>	<u>\$ -</u>	<u>\$ 232,566</u>	<u>\$ 364,600</u>	<u>\$ 4,392,245</u>

See accompanying notes to the financial statements.

City of Waynesville

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2021

Net change in fund balances - total governmental funds	\$	844,714
--	----	---------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation for the year.

Capital outlay		155,392
Depreciation		(990,955)
		(835,563)

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding bonds whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences.

Repayment of principal on long-term debt		2,497,955
Lease proceeds		(2,439,230)
Interest		18,542
		77,267

Some revenues and expenditures reported in the governmental funds represent the current financial resources and uses and were recognized in the Statement of Activities when incurred.

Change in pension related costs		309,451
Change in compensated absences		(30,850)
Change in unearned revenues		9,200
Change in notes receivable		(14,498)
		273,303
Change in net position of governmental activities		\$ 359,721

See accompanying notes to the financial statements.

City of Waynesville

Statement of Net Position – Proprietary Funds

December 31, 2021

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Assets					
Current Assets					
Cash and cash equivalents - unrestricted	\$ 4,122	\$ 525,006	\$ 166,072	\$ 982,640	\$ 1,677,840
Utilities receivable, net	458,415	189,675	29,809	125,652	803,551
Other receivable	13,824	13,200	-	157,826	184,850
Accrued interest receivable	413	744	-	-	1,157
Inventory	319,017	52,133	-	52,277	423,427
Prepaid assets	24,792	28,079	-	1,226	54,097
Total Current Assets	820,583	808,837	195,881	1,319,621	3,144,922
Noncurrent Assets					
Cash and cash equivalents - restricted	1,930,089	1,162,495	873,309	291,103	4,256,996
Net pension asset	86,707	71,811	-	15,501	174,019
Capital assets					
Non-depreciable	518,888	489,663	-	16,240	1,024,791
Depreciable, net	1,402,599	9,003,635	-	845,191	11,251,425
Total Noncurrent Assets	3,938,283	10,727,604	873,309	1,168,035	16,707,231
Total Assets	4,758,866	11,536,441	1,069,190	2,487,656	19,852,153
Deferred Outflows of Resources					
Deferred refunding charges	10,420	18,524	-	3,859	32,803
Deferred pension outflow	48,021	54,193	-	16,792	119,006
Total Deferred Outflows of Resources	58,441	72,717	-	20,651	151,809

See accompanying notes to the financial statements.

City of Waynesville

Statement of Net Position – Proprietary Funds

December 31, 2021

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Liabilities					
Current Liabilities					
Accounts payable	387,176	-	45,498	110,957	543,631
Accrued expenses	24,588	25,806	-	4,241	54,635
Accrued interest payable	15,323	50,470	5,962	2,832	74,587
Customer deposits	717,159	-	-	-	717,159
Current portion of long-term debt	289,049	650,806	32,889	302,477	1,275,221
Total Current Liabilities	1,433,295	727,082	84,349	420,507	2,665,233
Long-Term Liabilities					
Revenue bonds payable	-	2,376,000	-	-	2,376,000
MAMU lease payable	107,840	225,790	-	3,370	337,000
Certificates of participation payable, net	2,001,103	3,281,741	867,111	406,098	6,556,053
MUELP loan payable	333,543	-	-	379,829	713,372
Compensated absences payable	32,215	15,558	-	14,126	61,899
Total Long-Term Liabilities	2,474,701	5,899,089	867,111	803,423	10,044,324
Total Liabilities	3,907,996	6,626,171	951,460	1,223,930	12,709,557
Deferred Inflows of Resources					
Deferred pension inflows	146,129	147,159	-	43,015	336,303
Net Position					
Net investment in capital assets	844,467	3,996,346	-	712,563	5,553,376
Restricted	-	143,634	-	-	143,634
Unrestricted	(81,285)	695,848	117,730	528,799	1,261,092
Total Net Position	\$ 763,182	\$ 4,835,828	\$ 117,730	\$ 1,241,362	\$ 6,958,102

See accompanying notes to the financial statements.

City of Waynesville

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended December 31, 2021

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Operating Revenues					
Charges for services	\$7,012,513	\$2,182,617	\$ 334,749	\$1,499,265	\$ 11,029,144
Other charges	38,129	386,441	-	446,356	870,926
Total Operating Revenues	7,050,642	2,569,058	334,749	1,945,621	11,900,070
Operating Expenses					
Salaries and wages	251,879	256,009	-	77,052	584,940
Employee benefits	6,931	18,118	-	668	25,717
Materials and supplies	111,213	49,011	-	16,626	176,850
Electric current	5,400,597	-	-	-	5,400,597
Hauling and recycling charges	-	-	272,612	-	272,612
Repairs and maintenance	25,984	153,451	-	-	179,435
Gas purchases	-	-	-	1,653,389	1,653,389
Travel, meetings and dues	10,816	17,942	-	2,368	31,126
General administrative	-	118,407	-	21,832	140,239
Depreciation	125,874	426,019	-	80,733	632,626
Administrative	223,500	71,115	-	44,850	339,465
Other operating expenses	183,079	94,029	976	9,886	287,970
Total Operating Expenses	6,339,873	1,204,101	273,588	1,907,404	9,724,966
<i>Operating Income</i>	710,769	1,364,957	61,161	38,217	2,175,104
Nonoperating Revenues (Expenses)					
Intergovernmental revenue	-	24,939	-	-	24,939
Interest income	26,486	219	25	8	26,738
Interest expense	(147,825)	(225,680)	(32,677)	(16,597)	(422,779)
Total Nonoperating Revenues (Expenses)	(121,339)	(200,522)	(32,652)	(16,589)	(371,102)
<i>Income Before Operating Transfers</i>	589,430	1,164,435	28,509	21,628	1,804,002
Other Financing Sources					
Operating Transfers (Out)	(604,818)	(521,863)	(30,000)	(253,572)	(1,410,253)
<i>Net Income (Loss)</i>	(15,388)	642,572	(1,491)	(231,944)	393,749
Net Position, January 1	778,570	4,193,256	119,221	1,473,306	6,564,353
Net Position, December 31	\$ 763,182	\$4,835,828	\$ 117,730	\$1,241,362	\$ 6,958,102

See accompanying notes to the financial statements.

City of Waynesville

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2021

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Cash Flows from Operating Activities					
Cash received from customers	\$ 7,087,874	\$ 2,575,981	\$ 332,858	\$ 1,790,721	\$ 11,787,434
Cash paid to suppliers	(6,082,244)	(499,762)	(273,672)	(1,745,652)	(8,601,330)
Cash paid to employees	(368,808)	(369,987)	-	(97,585)	(836,380)
Net Cash Provided (Used) by Operating Activities	636,822	1,706,232	59,186	(52,516)	2,349,724
Cash Flows from Noncapital Financing Activities					
Transfers (to) other funds	(604,818)	(521,863)	(30,000)	(253,572)	(1,410,253)
Proceeds from nonoperating activities	-	11,739	-	-	11,739
Net Cash (Used) by Noncapital Financing Activities	(604,818)	(510,124)	(30,000)	(253,572)	(1,398,514)
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(311,182)	(223,605)	-	(16,240)	(551,027)
Payment of principal on bonds and capital leases	(879,944)	(1,095,104)	-	(178,356)	(2,153,404)
Loan/lease proceeds	1,853,506	1,550,045	900,000	1,104,345	5,407,896
Payment of interest expense	(137,266)	(216,895)	(26,715)	(13,857)	(394,733)
Net Cash Provided by Capital and Related Financing Activities	525,114	14,441	873,285	895,892	2,308,732
Cash Flows from Investing Activities					
Interest received	26,486	219	25	8	26,738
Net Cash Provided by Investing Activities	26,486	219	25	8	26,738
<i>Net Increase in Cash and Cash Equivalents</i>	583,604	1,210,768	902,496	589,812	3,286,680
Cash and Cash Equivalents, Beginning of year	1,350,607	476,733	136,885	683,931	2,648,156
Cash and Cash Equivalents, End of year	1,934,211	1,687,501	1,039,381	1,273,743	5,934,836
Less Restricted Cash and Cash Equivalents	1,930,089	1,162,495	873,309	291,103	4,256,996
Unrestricted Cash and Cash Equivalents	\$ 4,122	\$ 525,006	\$ 166,072	\$ 982,640	\$ 1,677,840

See accompanying notes to the financial statements.

City of Waynesville

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2021

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income	\$ 710,769	\$ 1,364,957	\$ 61,161	\$ 38,217	\$ 2,175,104
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	125,874	426,019	-	80,733	632,626
(Increase) decrease in					
Utilities receivable, net	23,316	15,635	(1,891)	(23,739)	13,321
Other receivable	-	-	-	(131,161)	(131,161)
Prepaid expenses	(7,692)	(8,712)	-	-	(16,404)
Inventory	(41,255)	4,193	-	(22,956)	(60,018)
Deferred pension outflows	29,391	28,481	-	8,012	65,884
Net pension asset	(225,730)	(218,747)	-	(61,531)	(506,008)
Increase (decrease) in					
Accounts payable	(85,800)	-	(84)	26,255	(59,629)
Accrued expenses	2,240	2,324	-	1,170	5,734
Customer deposits	21,608	-	-	-	21,608
Compensated absences payable	(9,845)	1,042	-	6,876	(1,927)
Deferred pension inflows	93,946	91,040	-	25,608	210,594
Net Cash Provided (Used) by Operating Activities	\$ 636,822	\$ 1,706,232	\$ 59,186	\$ (52,516)	\$ 2,349,724

See accompanying notes to the financial statements.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies

The City of Waynesville, Missouri, (the City) was established in 1833, and operates under the provisions of the State of Missouri. The City operates under a Council – Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture - recreation, public improvements, planning, and general administrative services. Other services include electric, natural gas and waterworks services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

Component Unit

Westgate Community Improvement District

Approved in 2009, the Westgate Community Improvement District, which is governed by a Board of Directors, provides support for financing improvements in the Westgate District. The formation of the District allows for the authorization of an additional 1% sales tax to make public improvements that will benefit the District and the City as a whole. This 1% sales tax was approved by the voters within the District.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component unit have been included as a discretely presented component unit.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and enterprise funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

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

Park and Pool Fund: The Park and Pool Fund of the City is used to account for resources restricted, committed or assigned for city parks and recreation.

Transportation Fund: The Transportation Fund of the City is used to account for resources restricted, committed or assigned for expenditures for the City's Transportation Sales Tax.

Community Improvement District (CID) Fund: The CID Fund of the City is used to account for resources transferred to begin and continue projects within the Westgate CID and restricted for community improvement district related projects. A one-cent sales tax has been approved for businesses operating within the CID.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Debt Service Fund: The Debt Service Fund of the City is used to account for the 2017 Certificates of Participation funds restricted, committed or assigned for the retirement of principal and interest on the debt issue.

The City reports the following major proprietary funds:

Electric Fund: The Electric Fund of the City is used to account for the activities and capital improvements of the City's electric operations.

Water and Wastewater Fund: The Water and Wastewater Fund of the City is used to account for the activities and capital improvements of the City's water and sewer operations.

Natural Gas Fund: The Natural Gas Fund of the City is used to account for the activities and capital improvements of the City's gas operations.

Trash Fund: The Trash Fund of the City is used to account for the activities and capital improvements of the City's solid waste operations.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	25-50 years
Electric distribution system	30-50 years
Sewer lines and treatment plant	30-50 years
Waterworks system	30-50 years
Gas distribution system	30-50 years
Equipment	5-10 years
Improvements	10-20 years
Other infrastructure	10-50 years

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1: Inputs using quoted prices in active markets for identical assets or liabilities

Level 2: Inputs using significant other observable inputs including quoted prices for similar assets or liabilities

Level 3: Inputs are significant unobservable inputs

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

Unearned Revenue

This is future revenue received for unspent grant proceeds and payments in lieu of taxes and will be recognized as income when earned.

Compensated Absences

Employees earn vacation time based on the number of years of service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of Estimates

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

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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) until then. Currently, the City has two items that qualify for reporting in this category, deferred amounts relating to the pension plan and deferred charges relating to debt refunding.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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 City reports deferred amounts relating to the pension plan in this section.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services producing and delivering goods and services. All other revenue expenses are considered nonoperating.

Pensions

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

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

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

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2021, all bank balances on deposit are entirely insured or collateralized.

3. Restricted Assets

General Fund

The total restricted cash and cash equivalents and restricted fund balance for the General Fund includes project funds from the 2021 COP issuance in the amount of \$586,738 and unspent ARPA grant proceeds in the amount of \$428,101.

Park and Pool Fund

Restricted cash and cash equivalents and restricted fund balance/net position include funds donated for the park acquisition and various park projects that totaled \$38,565 at December 31, 2021.

Debt Service Fund

The total restricted cash and cash equivalent and restricted net position/fund balance for the Debt Service Fund totaled \$364,600 for the 2017C COP debt service reserve.

Enterprise Funds

Cash and cash equivalents and net position have been restricted in the following Enterprise Funds as follows:

	Restricted Cash and Cash Equivalents	Restricted Net Position
Electric Fund		
Customer meter deposits	\$ 717,159	\$ -
Series 2021 COP projects	1,212,930	-
	<u>1,930,089</u>	<u>-</u>
Water and Wastewater Fund		
Series 2011 principal account	122,003	122,003
Series 2011 interest account	21,631	21,631
Series 2021 COP projects	1,018,861	-
	<u>1,162,495</u>	<u>143,634</u>
Natural Gas Fund		
Series 2021 COP projects	291,103	-
Trash Fund		
Series 2021 COP projects	873,309	-
	<u>\$ 4,256,996</u>	<u>\$ 143,634</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2021

4. Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net Accounts Receivable</u>
Ad Valorem Taxes Receivable			
General Fund	\$ 282,384	\$ (17,021)	\$ 265,363
Utilities Receivable			
Enterprise Funds			
Electric Fund	\$ 475,882	\$ (17,467)	\$ 458,415
Water and Wastewater Fund	196,015	(6,340)	189,675
Trash Fund	30,972	(1,163)	29,809
Natural Gas Fund	129,898	(4,246)	125,652
	<u>\$ 832,767</u>	<u>\$ (29,216)</u>	<u>\$ 803,551</u>

5. Long-Term Liabilities – Business-Type Activities

Revenue Bonds

The Combined Waterworks and Sewerage System Revenue Bonds, State of Missouri – Direct Loan Program, Series 2011, were approved for issuance in the principal amount not to exceed \$4,750,000 in direct borrowing for the purpose of acquiring, constructing, extending and improving the City's combined waterworks and sewerage system. The 2011 bonds bear interest at 1.65% with principal payments due January 1 and interest payments due January 1 and July 1 of each year. The bonds also require a semi-annual administrative fee of 5% of the outstanding principal balance of the bonds as of the business day preceding each interest payment date. The bonds may be called for redemption prior to stated maturity at the option of the City with prior written consent at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption, under provisions outlined in the bond ordinance. In the event of default, DNR would pursue any available remedies at law or equity by suit, action, mandamus or other proceeding to enforce and compel the payment of principal and interest on the bonds and all other amounts due under the Ordinance and other loan documents, and/or the performance of the duties and obligations of the City under the loan documents which may include, but is not limited to, the payment of damages, penalties, interest fees and expenses. The City had issued \$4,557,602 of the available bonds at December 31, 2021, and \$192,398 remained unissued.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

The bonds outstanding at December 31, 2021, are due as follows:

Year Ending December 31,	Direct Placement			Total
	Principal	Interest	Administrative Fee	
2022	\$ 246,000	\$ 42,190	\$ 25,570	\$ 313,760
2023	252,000	38,107	23,095	313,202
2024	259,000	33,916	20,555	313,471
2025	266,000	29,617	17,950	313,567
2026	273,000	25,195	15,270	313,465
2027	280,000	20,666	12,525	313,191
2028	288,000	16,013	9,705	313,718
2029	296,000	11,228	6,805	314,033
2030	304,000	6,311	3,825	314,136
2031	158,000	1,270	770	160,040
	\$ 2,622,000	\$ 224,513	\$ 136,070	\$ 2,982,583

Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP. The lease Certificates of Participation were issued in the principal amount of \$2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2021, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 195,000	\$ 20,091	\$ 215,091
2023	195,000	16,191	211,191
2024	205,000	12,063	217,063
2025	210,000	7,523	217,523
2026	215,000	2,580	217,580
	\$ 1,020,000	\$ 58,448	\$ 1,078,448

Amount recorded in

Electric Fund	\$ 275,400
Water and Wastewater Fund	489,600
Natural Gas Fund	102,000
Governmental Activities	153,000
Total	\$ 1,020,000

City of Waynesville

Notes to the Financial Statements

December 31, 2021

On April 21, 2014, the City issued 2014 Certificates of Participation (COP) for the purpose of refunding the Series 2003 Certificates of Participation and to pay the costs of public facilities projects. The lease certificates were issued in the principal amount of \$2,140,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease.. The certificates bear interest at a rate of 2.00% to 4.00% and require principal payments on April 1 and interest payments on April 1 and October 1. The certificates maturing on or after April 1, 2024, may be called for redemption on or after April 1, 2022, under provisions outlined in the certificate ordinance. The City has exercised the redemption. An irrevocable trust was created to pay the COP in full on April 1, 2022. The portion to be paid by the irrevocable trust is \$785,000 with the remaining principal payment f \$100,000 to be paid by the City. The certificates outstanding at December 31, 2021, are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$ 100,000</u>	<u>\$ 30,338</u>	<u>\$ 130,338</u>
Amount recorded in			
Electric Fund			\$ 14,300
Water and Wastewater Fund			65,300
Governmental Activities			20,400
Total			<u>\$ 100,000</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2021

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The lease COP were issued in the principal amount of \$3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2017 A and B certificates bear interest of 1.77% to 3.50% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2021 are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 205,000	\$ 85,889	\$ 290,889
2023	140,000	80,725	220,725
2024	145,000	76,450	221,450
2025	150,000	72,025	222,025
2026	155,000	67,450	222,450
2027	160,000	62,725	222,725
2028	165,000	57,850	222,850
2029	165,000	52,900	217,900
2030	170,000	47,875	217,875
2031	180,000	42,625	222,625
2032	185,000	37,035	222,035
2033	190,000	31,175	221,175
2034	195,000	24,916	219,916
2035	200,000	18,250	218,250
2036	210,000	11,200	221,200
2037	215,000	3,762	218,762
	<u>\$ 2,830,000</u>	<u>\$ 772,852</u>	<u>\$ 3,602,852</u>

Amount recorded in

Electric Fund	\$ 495,916
Water and Wastewater Fund	1,487,420
Natural Gas Fund	37,260
Governmental Activities	809,404
Total	<u>\$ 2,830,000</u>

On June 3, 2021, the City issued Series 2021A and B Certificates of Participation (COP) for the purpose of prepaying the City's outstanding principal Series 2014 Certificates of Participation, prepaying the outstanding principal on the 2020 Bridge Loan, and furnishing certain capital improvements. The lease COP were issued in the principal amount of \$6,290,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2021 A and B certificates bear interest of 0.70% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

The Series 2021A certificates outstanding at December 31, 2021 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 150,000	\$ 108,750	\$ 258,750
2023	130,000	105,750	235,750
2024	100,000	103,150	203,150
2025	70,000	101,150	171,150
2026	45,000	99,750	144,750
2027-2031	360,000	484,350	844,350
2032-2036	1,385,000	367,200	1,752,200
2037-2041	1,600,000	147,000	1,747,000
	\$ 3,840,000	\$ 1,517,100	\$ 5,357,100
Amount recorded in			
Electric Fund			\$ 1,169,400
Water and Wastewater Fund			982,296
Natural Gas Fund			280,656
Trash Fund			841,968
Governmental Activities			565,680
Total			\$ 3,840,000

The Series 2021B certificates outstanding at December 31, 2021 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 95,000	\$ 42,950	\$ 137,950
2023	220,000	42,285	262,285
2024	255,000	40,525	295,525
2025	290,000	37,848	327,848
2026	320,000	33,787	353,787
2027-2031	1,270,000	75,960	1,345,960
	\$ 2,450,000	\$ 273,355	\$ 2,723,355
Amount recorded in			
Electric Fund			\$ 115,395
Water and Wastewater Fund			500,045
Governmental Activities			1,834,560
Total			\$ 2,450,000

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Missouri Association of Municipal Utilities Leases

The 2005 Missouri Association of Municipal Utilities Lease was a direct borrowing lease issued in the principal amount of \$1,886,000 to fund a capital improvements project. The lease has been recorded in the Electric, Water and Wastewater, and Gas Funds in the amounts of \$603,500 (32%), \$1,263,600 (67%) and \$18,900 (1%), respectively. In the event of default, the Lessor has the right to declare all remaining lease payments immediately due and payable, retake possession of the leased equipment, and/or sell or lease the equipment with the Lessee remaining liable for the outstanding balance on the lease. The lease bears interest at 3.00% with principal and interest payments due each month. The outstanding payments at December 31, 2021, are due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 120,000	\$ 14,864	\$ 134,864
2023	132,000	10,220	142,220
2024	132,000	5,344	137,344
2025	73,000	801	73,801
	\$ 457,000	\$ 31,229	\$ 488,229
Amount recorded in			
Electric Fund			\$ 146,240
Water and Wastewater Fund			306,190
Natural Gas Fund			4,570
Total			\$ 457,000

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Municipal Utility Emergency Loan Program

In February of 2021, an extreme weather event, called a Polar Vortex, brought freezing temperatures and large amounts of snowfall. The Polar Vortex caused a major influx in utility consumption across the United States. Due to this influx, the City received a bill much larger than usual. On May 13, 2021, the House signed the Municipal Utility Emergency Loan Program into action. It is an interest free loan program for municipal utilities for wholesale electricity and natural gas cost incurred as a result of extraordinary prices between February 10, 2021 and February 20, 2021, to be loaned on a first-come first-served basis to any natural gas or electric municipal utility established pursuant to Chapter 91 RSMo or any municipal utility commission established pursuant to 393.700 RSMo, with a payback period of no more than five years. The outstanding payments at December 31, 2021, are due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 365,737	\$ -	\$ 365,737
2023	365,737	-	365,737
2024	209,336	-	209,336
2025	97,622	-	97,622
2026	40,677	-	40,677
	\$ 1,079,109	\$ -	\$ 1,079,109

Amount recorded in	
Electric Fund	\$ 431,165
Natural Gas Fund	647,944
Total	\$ 1,079,109

City of Waynesville

Notes to the Financial Statements

December 31, 2021

A summary of the changes in Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2021, is as follows:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Amount Due Within One Year
Water and Wastewater Fund					
Direct Placement					
2011 Revenue Bonds	\$ 2,861,000	\$ -	\$ 239,000	\$ 2,622,000	\$ 246,000
Certificates of Participation					
Series 2014	643,205	-	577,905	65,300	65,300
Series 2016	580,800	-	91,200	489,600	93,600
Series 2017A/B	1,556,996	-	69,576	1,487,420	107,746
Series 2021A	-	982,296	-	982,296	38,370
Series 2021B	-	500,045	-	500,045	19,390
Add:					
Premium on COP's	15,505	67,704	1,723	81,486	-
	<u>2,796,506</u>	<u>1,550,045</u>	<u>740,404</u>	<u>3,606,147</u>	<u>324,406</u>
Direct Borrowings					
2005A MAMU Lease	386,590	-	80,400	306,190	80,400
1995 Track Loader	4,337	-	4,337	-	-
2006 CAT Backhoe	21,428	-	21,428	-	-
2002 Peterbilt Dump Truck	9,535	-	9,535	-	-
Compensated Absences	14,516	1,042	-	15,558	-
	<u>6,093,912</u>	<u>1,551,087</u>	<u>1,095,104</u>	<u>6,549,895</u>	<u>650,806</u>
Electric Fund					
Certificates of Participation					
Series 2014	140,855	-	126,555	14,300	14,300
Series 2016	326,700	-	51,300	275,400	52,650
Series 2017A/B	519,758	-	23,842	495,916	35,923
Series 2021A	-	1,169,400	-	1,169,400	45,680
Series 2021B	-	115,395	-	115,395	4,474
Add:					
Premium on COP's	3,465	80,600	346	83,719	-
	<u>990,778</u>	<u>1,365,395</u>	<u>202,043</u>	<u>2,154,130</u>	<u>153,027</u>
Direct Borrowings					
2005A MAMU Lease	184,640	-	38,400	146,240	38,400
1995 Track Loader	4,337	-	4,337	-	-
2018 John Deere Backhoe	37,752	-	37,752	-	-
Wirepuller Truck	60,463	-	60,463	-	-
Bridge Loan	480,003	-	480,003	-	-
MUELP loan	-	488,111	56,946	431,165	97,622
Compensated Absences	42,060	-	9,845	32,215	-
	<u>1,800,033</u>	<u>1,853,506</u>	<u>889,789</u>	<u>2,763,750</u>	<u>289,049</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2021

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Amount Due Within One Year
Natural Gas Fund					
Certificates of Participation					
Series 2016	121,000	-	19,000	102,000	19,500
Series 2017A/B	39,015	-	1,755	37,260	2,699
Series 2021A	-	280,656	-	280,656	10,963
Add:					
Premium on COP's	-	19,344	-	19,344	-
	160,015	300,000	20,755	439,260	33,162
Direct Borrowing					
2005 MAMU Lease	5,770	-	1,200	4,570	1,200
MUELP loan	-	804,345	156,401	647,944	268,115
Compensated Absences	7,250	6,876	-	14,126	-
	173,035	1,111,221	178,356	1,105,900	302,477
Trash Fund					
Certificates of Participation					
Series 2021A	-	841,968	-	841,968	32,889
Add:					
Premium on COP's	-	58,032	-	58,032	-
	-	900,000	-	900,000	32,889
	\$ 8,066,980	\$ 5,415,814	\$ 2,163,249	\$ 11,319,545	\$ 1,275,221

6. Long-Term Liabilities – Governmental Activities

Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP, which refunded the Series 1999A and 1999B Tax Increment Revenue Bonds, 2000A, 2000B and 2004A Tax Increment Allocation Bonds and to pay the costs of public facilities projects. The lease Certificates of Participation were issued in the principal amount of \$2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this debt issuance has been presented as a component of Note 5.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

On April 21, 2014, the City issued 2014 Certificates of Participation (COP) for the purpose of refunding the Series 2003 Certificates of Participation and to pay the costs of public facilities projects. The lease certificates were issued in the principal amount of \$2,140,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease.. The certificates bear interest at a rate of 2.00% to 4.00% and require principal payments on April 1 and interest payments on April 1 and October 1. The certificates maturing on or after April 1, 2024, may be called for redemption on or after April 1, 2022, under provisions outlined in the certificate ordinance. The City has exercised the redemption. An irrevocable trust was created to pay the COP in full on April 1, 2022. The portion to be paid by the irrevocable trust is \$785,000 with the remaining principal payment f \$100,000 to be paid by the City. The payment schedule for this issuance has been presented as a component of Note 5.

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The lease COP were issued in the principal amount of \$3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2017A and B certificates bear interest of 1.77% to 3.50% with principle payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this issuance has been presented as a component of Note 5.

December 28, 2017, the City issued Series 2017C Certificates of Participation (COP) for the purpose of refunding the Series 2011A COP. The lease Certificates of Participation were issued in the principal amount of \$9,455,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2017C certificates bear interest a 2.00% to 3.5% with principal payments due April 15 and interest payments due April 15 and October 15 of each year. Ozarks Technical Community College will pay rental payments equivalent to approximately 58% of principal and interest payments on the Series 2017C COP for the OTC Waynesville Center.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

The Series 2017C COP outstanding at December 31, 2021 are due as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 445,000	\$ 254,881	\$ 699,881
2023	460,000	241,306	701,306
2024	475,000	227,281	702,281
2025	490,000	212,806	702,806
2026	500,000	197,956	697,956
2027	515,000	183,375	698,375
2028	530,000	168,343	698,343
2029	550,000	152,143	702,143
2030	560,000	135,493	695,493
2031	575,000	117,750	692,750
2032	600,000	98,656	698,656
2033	615,000	78,528	693,528
2034	640,000	57,350	697,350
2035	655,000	35,088	690,088
2036	675,000	11,812	686,812
	<u>\$ 8,285,000</u>	<u>\$ 2,172,768</u>	<u>\$ 10,457,768</u>

On June 3, 2021, the City issued Series 2021A and B Certificates of Participation (COP) for the purpose of prepaying the City's outstanding principal Series 2014 Certificates of Participation, prepaying the outstanding principal on the 2020 Bridge Loan, and furnishing certain capital improvements. The lease COP were issued in the principal amount of \$6,290,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2021 A and B certificates bear interest of 0.70% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this issuance has been presented as a component of Note 5.

Lease Purchase Agreements

On October 10, 2019, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2018 Garsite Jet Aircraft Refueler for \$180,169. The lease requires annual payments of \$31,705, which includes interest at 5.50%.

On August 20, 2020, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2020 Peterbilt dump truck for \$134,900. The lease required an initial payment of \$61,520 in November 2020 using funds received from a grant and annual payments of \$16,161 starting in 2021, which includes interest at 2.80%.

The leases above are direct borrowing debt issuances. If the City defaults on the principal or interest on the leases as they become due, the Lessor may declare all of the indebtedness to be immediately due and payable or take possession of the equipment purchased with the proceeds.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Although the lease agreements provide for cancellation of the leases at the City’s option at the renewal dates, the City does not foresee exercising its option to cancel. Therefore, the leases are accounted for as noncancelable leases in accordance with Governmental Accounting Standards Board (GASB) – Section L20 – *Leases*.

The total annual minimum lease payments required at December 31, 2021, are as follows:

Year Ending December 31,	2018	2020	Total
	Garsite Refueler Lease Purchase	Peterbilt Dump Truck Lease Purchase	
2022	\$ 31,705	\$ 16,161	\$ 47,866
2023	31,705	16,161	47,866
2024	31,705	16,161	47,866
2025	31,705	14,947	46,652
2026	31,705	-	31,705
Total Minimum Lease Payments	158,525	63,430	221,955
Less Amount Representing Interest	(23,204)	(3,355)	(26,559)
Net Lease Payable	<u>\$ 135,321</u>	<u>\$ 60,075</u>	<u>\$ 195,396</u>

Missouri Transportation Finance Corporation Direct Loan

On October 17, 2013, the City entered into a direct borrowing loan agreement with the Missouri Transportation Finance Corporation (MTFC) in the total amount of \$1,020,420 at an interest rate of 2.28% to provide funding for the City’s share of a cost share agreement with Missouri Highways and Transportation Commission to widen Historic Route 66. In the event of default, the MTFC may declare all remaining principal and interest amounts immediately due and payable, by mandamus or other suit, action or proceeding at law or in equity, to enforce its rights against the City to require and compel duties and obligations required by the provisions of this agreement, or take any other action at law or in equity to enforce this agreement.

The MTFC loan outstanding at December 31, 2021, is due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 82,694	\$ 5,786	\$ 88,480
2023	84,940	3,901	88,841
2024	87,945	913	88,858
	<u>\$ 255,579</u>	<u>\$ 10,600</u>	<u>\$ 266,179</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2021

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2021, is as follows:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Amounts Due Within One Year
Certificates of Participation					
Series 2011B	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ -
Series 2016	181,500	-	28,500	153,000	29,250
Series 2017A/B	909,231	-	99,827	809,404	58,632
Series 2017C	8,655,000	-	370,000	8,285,000	445,000
Series 2014	200,940	-	180,540	20,400	20,400
Series 2021A	-	565,680	-	565,680	22,097
Series 2021B	-	1,834,560	-	1,834,560	71,136
Add:					
Premium on COP's	4,845	38,990	538	43,297	-
	<u>10,016,516</u>	<u>2,439,230</u>	<u>744,405</u>	<u>11,711,341</u>	<u>646,515</u>
Direct Borrowings					
Capital Lease Obligations					
Street Sweeper	55,441	-	55,441	-	-
John Deere Tractor and Loader	12,653	-	12,653	-	-
Western Snow Plow	18,342	-	18,342	-	-
Peterbilt Dump Truck	9,535	-	9,535	-	-
Dodge Ram 5500	22,114	-	22,114	-	-
Garsite Refueler	158,373	-	23,052	135,321	24,259
2020 Peterbilt Dump Truck	73,380	-	13,305	60,075	14,501
MTFC Direct Loan	336,052	-	80,473	255,579	82,694
Bridge Loan	1,519,997	-	1,519,997	-	-
Compensated Absences	<u>137,335</u>	<u>30,850</u>	<u>-</u>	<u>168,185</u>	<u>-</u>
	<u>\$ 12,359,738</u>	<u>\$ 2,470,080</u>	<u>\$ 2,499,317</u>	<u>\$ 12,330,501</u>	<u>\$ 767,969</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2021

7. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 5,019,188	\$ -	\$ -	\$ 5,019,188
Construction in progress	-	60,972	-	60,972
Total non-depreciable capital assets	5,019,188	\$ 60,972	\$ -	5,080,160
Depreciable capital assets				
Building and improvements	11,669,073	\$ -	\$ -	11,669,073
Machinery and equipment	2,074,573	-	-	2,074,573
Land improvements	2,426,572	-	-	2,426,572
Vehicles	968,467	-	-	968,467
Infrastructure	10,835,775	94,420	-	10,930,195
Total depreciable capital assets	27,974,460	\$ 94,420	\$ -	28,068,880
Less accumulated depreciation	7,026,931	\$ 990,955	\$ -	8,017,886
Total depreciable capital assets, net	20,947,529			20,050,994
Total Governmental Activities Capital Assets, net	\$ 25,966,717			\$ 25,131,154

Depreciation expense for governmental activities was charged to functions as follows:

Administrative	\$ 229,563
Public safety	29,541
Park and pool	161,774
Street	253,843
Airport	311,445
Animal Shelter	3,821
Cemetery	968
	<u>\$ 990,955</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2021

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Business-Type Activities				
<i>Electric Fund</i>				
Non-depreciable capital assets:				
Land	\$ 270,899	\$ -	\$ -	\$ 270,899
Construction in progress	-	247,989	-	247,989
	270,899	\$ 247,989	\$ -	518,888
Depreciable capital assets:				
Electric distribution system	2,524,157	\$ -	\$ -	2,524,157
Vehicles	565,355	-	6,180	559,175
Equipment	1,175,470	63,193	-	1,238,663
Buildings and improvements	43,899	-	-	43,899
	4,308,881	\$ 63,193	\$ 6,180	4,365,894
Less accumulated depreciation	2,843,601	\$ 125,874	\$ 6,180	2,963,295
Depreciable Capital Assets, net	1,465,280			1,402,599
<i>Water and Wastewater Fund</i>				
Non-depreciable capital assets:				
Land	292,814	\$ -	\$ -	292,814
Construction in progress	-	196,849	-	196,849
	292,814	\$ 196,849	\$ -	489,663
Depreciable capital assets				
Buildings and improvements	14,466	\$ -	\$ -	14,466
Distribution system	17,021,086	26,756	-	17,047,842
Equipment	1,175,953	-	-	1,175,953
Vehicles	237,981	-	-	237,981
	18,449,486	\$ 26,756	\$ -	18,476,242
Less accumulated depreciation	9,046,588	\$ 426,019	\$ -	9,472,607
Depreciable Capital Assets, net	9,402,898			9,003,635
<i>Natural Gas Fund</i>				
Non-depreciable capital assets:				
Construction in progress	-	\$ 16,240	\$ -	16,240
Depreciable capital assets:				
Buildings and improvements	73,072	\$ -	\$ -	73,072
Distribution system	2,624,613	-	-	2,624,613
Equipment	299,889	-	-	299,889
Vehicles	14,668	-	-	14,668
	3,012,242	\$ -	\$ -	3,012,242
Less accumulated depreciation	2,086,318	\$ 80,733	\$ -	2,167,051
Depreciable Capital Assets, net	925,924			845,191
Total Business-Type Activities Capital Assets, net	\$ 12,357,815			\$ 12,276,216

City of Waynesville

Notes to the Financial Statements

December 31, 2021

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Component Unit				
<i>Westgate Community Improvement District</i>				
Depreciable capital assets				
Infrastructure	\$ 426,458	\$ -	\$ -	\$ 426,458
Less accumulated depreciation	94,021	<u>\$ 14,216</u>	<u>\$ -</u>	108,237
Depreciable Capital Assets, net	<u><u>\$ 332,437</u></u>			<u><u>\$ 318,221</u></u>

8. Agreement with Component Unit

In 2013, the Westgate Community Improvement District issued the Sales Tax Revenue Note, Series 2013 to reimburse the City for project costs in the amount of \$379,441. In 2017, the Westgate Community Improvement District added \$47,017 to this note. The note bears interest of 5.00%. The District will reimburse the City upon receipt of excess sales tax revenue. At December 31, 2021, the outstanding balance on the note is due as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 25,223	\$ 14,777	\$ 40,000
2023	26,485	13,515	40,000
2024	27,809	12,191	40,000
2025	29,199	10,801	40,000
2026	30,659	9,341	40,000
2027	32,192	7,808	40,000
2028	33,802	6,198	40,000
2029	35,492	4,508	40,000
2030	37,266	2,734	40,000
2031	17,406	870	18,276
	<u><u>\$ 295,533</u></u>	<u><u>\$ 82,743</u></u>	<u><u>\$ 378,276</u></u>

City of Waynesville

Notes to the Financial Statements

December 31, 2021

9. Assessed Valuation, Tax Levy, & Legal Debt Margin

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	2021
Assessed Valuation	
Real estate	\$ 61,660,301
Personal property	10,355,620
Total	\$ 72,015,921
Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.6296

The legal debt margin at December 31, 2021, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 7,201,592	\$ 7,201,592	\$ 14,403,184
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 7,201,592	\$ 7,201,592	\$ 14,403,184

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

10. Employee Pension Plan

General Information about the Pension Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City 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.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

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 supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) 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.

	2021 Valuation
Benefit multiplier	2.00% for life
Final average salary	3 years
Member contributions	0%

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

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the benefit terms:

	General	Police	Total
Inactive employees or beneficiaries currently receiving benefits	39	8	47
Inactive employees entitled to but not yet receiving benefits	26	9	35
Active employees	40	11	51
	105	28	133

Contributions. The City 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 City do not contribute to the pension plan. The City’s contribution rates are 19.7% (General) and 17.1% (Police) of annual covered payroll.

Net Pension Asset. The City’s net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2021.

Actuarial Assumptions. The total pension liability in the February 28, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including inflation for General Division 2.75% to 6.55% including inflation for Police Division
Investment rate of return	7.00% net of investment expenses

City of Waynesville

Notes to the Financial Statements

December 31, 2021

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

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 estimate 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
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. 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.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
General Division			
Balances at beginning of year	\$ 5,760,499	\$ 5,013,785	\$ 746,714
Changes for the year			
Service cost	196,073	-	196,073
Interest	412,072	-	412,072
Difference between expected and actual experiences	166,613	-	166,613
Changes in assumptions	(119,942)	-	(119,942)
Contributions - employer	-	318,475	(318,475)
Net investment income	-	1,545,562	(1,545,562)
Benefits paid, including refunds	(352,292)	(352,292)	-
Administrative expenses	-	(9,243)	9,243
Other changes	-	99,527	(99,527)
<i>Net Changes</i>	<u>302,524</u>	<u>1,602,029</u>	<u>(1,299,505)</u>
Balances at end of year	6,063,023	6,615,814	(552,791)
Police Division			
Balances at beginning of year	1,622,458	1,596,063	26,395
Changes for the year			
Service cost	60,089	-	60,089
Interest	116,091	-	116,091
Difference between expected and actual experiences	41,891	-	41,891
Changes in assumptions	(16,061)	-	(16,061)
Contributions - employer	-	74,856	(74,856)
Net investment income	-	423,559	(423,559)
Benefits paid, including refunds	(103,260)	(103,260)	-
Administrative expenses	-	(2,363)	2,363
Other changes	-	12,391	(12,391)
<i>Net Changes</i>	<u>98,750</u>	<u>405,183</u>	<u>(306,433)</u>
Balances at end of year	1,721,208	2,001,246	(280,038)
Total Plan Balances at End of Year	<u><u>\$ 7,784,231</u></u>	<u><u>\$ 8,617,060</u></u>	<u><u>\$ (832,829)</u></u>

	Net Pension Asset
Governmental Activities	\$ 658,810
Business-Type Activities	174,019
	<u><u>\$ 832,829</u></u>

City of Waynesville

Notes to the Financial Statements

December 31, 2021

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following present the Net Pension Liability (Asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's Net Pension Liability (Asset) would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 6,877,793	\$ 6,063,023	\$ 5,394,398
Fiduciary Net Position	6,615,814	6,615,814	6,615,814
Net Pension Liability (Asset)	261,979	(552,791)	(1,221,416)
Police Division			
Total Pension Liability	1,972,999	1,721,208	1,515,697
Fiduciary Net Position	2,001,246	2,001,246	2,001,246
Net Pension Liability (Asset)	(28,247)	(280,038)	(485,549)
Total Net Pension Liability (Asset)	\$ 233,732	\$ (832,829)	\$ (1,706,965)

City of Waynesville

Notes to the Financial Statements

December 31, 2021

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

For the year ended December 31, 2021, the City recognized a pension credit of \$133,619. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Deferred (Inflow) Outflow of Resources
General Division			
Differences in experiences	\$ 203,360	\$ (176,777)	\$ 26,583
Differences in assumptions	-	(93,756)	(93,756)
Excess (deficit) investment returns	-	(797,769)	(797,769)
Contributions subsequent to the measurement date*	174,673	-	174,673
	<u>378,033</u>	<u>(1,068,302)</u>	<u>(690,269)</u>
Police Division			
Differences in experiences	93,094	(6,224)	86,870
Differences in assumptions	-	(13,090)	(13,090)
Excess (deficit) investment returns	-	(200,109)	(200,109)
Contributions subsequent to the measurement date*	40,973	-	40,973
	<u>134,067</u>	<u>(219,423)</u>	<u>(85,356)</u>
Total	<u>\$ 512,100</u>	<u>\$ (1,287,725)</u>	<u>\$ (775,625)</u>
Governmental Activities	\$ 393,094	\$ (951,422)	\$ (558,328)
Business-Type Activities			
Electric Fund	48,021	(146,129)	(98,108)
Water and Wastewater Fund	54,193	(147,159)	(92,966)
Natural Gas Fund	16,792	(43,015)	(26,223)
	<u>119,006</u>	<u>(336,303)</u>	<u>(217,297)</u>
Total	<u>\$ 512,100</u>	<u>\$ (1,287,725)</u>	<u>\$ (775,625)</u>

*The amounts 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, 2022.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

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

Year Ending December 31,	General	Police	Total
	Net Deferred (Inflow) of Resources	Net Deferred (Inflow) Outflow of Resources	Net Deferred (Inflow) Outflow of Resources
2022	\$ (252,870)	\$ (30,862)	\$ (283,732)
2023	(197,314)	(19,467)	(216,781)
2024	(184,658)	(24,750)	(209,408)
2025	(230,100)	(53,188)	(283,288)
2026	-	1,938	1,938
	<u>\$ (864,942)</u>	<u>\$ (126,329)</u>	<u>\$ (991,271)</u>

Payable to the Pension Plan

At December 31, 2021, the City had \$46,121 of contributions reported as payable to the pension plan.

11. Economic Dependency

The City of Waynesville, Missouri's economy is largely dependent on the revenues derived from military personnel stationed at Fort Leonard Wood, Missouri, which adjoins the City limits. Fort Leonard Wood's population changes have a substantial influence on the local economy. The closing of the military base would have a significant impact on the operations of the City.

12. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

13. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2021, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

14. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2021, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,469,153	\$ -
Transportation Fund	-	265,775
Debt Service Fund	206,875	-
Electric Fund	-	604,818
Water and Wastewater Fund	-	521,863
Natural Gas Fund	-	253,572
Trash Fund	-	30,000
	<u>\$ 1,676,028</u>	<u>\$ 1,676,028</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and Governmental Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

15. Pledged Revenues

Water and Wastewater Fund

The City has pledged future water and wastewater customer revenues to repay the 2011 Combined Waterworks and Sewerage Revenue Bonds issued to improve and expand the combined system. The bonds are payable solely from customer net revenues and are payable through 2031. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$2,846,513. Principal and interest paid for the current year and total customer net revenues were \$285,225 and \$1,790,976, respectively.

16. Conduit Debt

On December 21, 2012, the City authorized the issuance of \$10,000,000 aggregate maximum principal amount of Industrial Development Revenue Bonds, Series 2013. The issuance is authorized in accordance with Chapter 100 RSMo in order to provide economic financial assistance to a third-party private entity and the City has no obligation beyond the rents, revenues and receipts derived by the City from the Project; therefore, the issue does not constitute a debt of the City and, accordingly, is not included in the City's statement of net position. As of December 31, 2021, the third-party private entity is current on all payments due.

City of Waynesville

Notes to the Financial Statements

December 31, 2021

17. Debt Refunding Loss

On April 1, 2016, the City issued \$2,015,000 in Series 2016 Certificates of Participation with interest rates ranging from 2.00% to 3.00%. The City issued the certificates to refund \$2,395,000 of the outstanding 2007 Certificates of Participation with interest rates ranging from 4.00% to 4.45%. The advance refunding resulted in the recognition of a deferred loss of \$90,804.

The deferred loss is amortized as an adjustment to interest expense through 2026. A summary of the deferred loss on debt refunding is listed below:

	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Current Amortization</u>	<u>Balance December 31, 2021</u>
Governmental Activities	\$ 7,151	\$ -	\$ (1,362)	\$ 5,789
Business-Type Activities				
Electric Fund	12,872	-	(2,452)	10,420
Water and Wastewater Fund	22,883	-	(4,359)	18,524
Natural Gas Fund	4,767	-	(908)	3,859
	<u>\$ 47,673</u>	<u>\$ -</u>	<u>\$ (9,081)</u>	<u>\$ 38,592</u>

18. Unearned Revenue

This is future revenue consisting of payments in lieu of taxes that will be recognized over a 25 year period as a result of an October 2015 contract with MCP-Waynesville, LLC that brought a solar farm to the City. As of December 31, 2021, the unearned revenue was \$174,800 and will be recognized at a rate of \$9,200 per year. Additionally, unearned grant revenue includes unspent ARPA grant proceeds in the amount of \$428,007.

19. Debt Defeasance

On June 3, 2021, the City entered into a refunding lease COP Series 2021B in the amount of \$2,450,000 with interest at 0.7% to 2.7%. The City used the proceeds to prepay a portion of the Series 2014 and prepay all of the 2020 Bridge Loan in the amount of \$1,996,921. The City deposited \$813,582 in an irrevocable trust to prepay the Series 2014 COP on April 1, 2022. The trust will pay interest payments due semi-annually beginning October 1, 2021 through April 1, 2022 when principal will be paid. The trust account paid \$14,356 in interest during the year and as of December 31, 2021, had a balance of \$799,226. The Series 2014 COP is considered defeased.

As a result of the refunding, the City reduced its total debt service requirements by \$251,111, which resulted an economic gain (a difference between the present value of the debt service payments on old and new debt) of \$1,776.

Required Supplementary Information

City of Waynesville

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Year Ended December 31, 2021

Missouri Local Government Employees Retirement System (LAGERS)							
	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 256,162	\$ 258,355	\$ 244,246	\$ 236,248	\$ 252,887	\$ 229,483	\$ 203,718
Interest on the Total Pension Liability	528,163	519,103	474,443	455,928	441,448	393,077	364,481
Difference between expected and actual experience	208,504	(235,748)	278,824	(73,345)	(146,872)	58,079	66,751
Changes of Assumptions	(136,003)	-	-	(136,003)	-	265,644	-
Benefit payments including refunds	(455,552)	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)	(265,438)
<i>Net Change in Total Pension Liability</i>	401,274	164,561	598,154	146,319	204,965	705,794	369,512
Total Pension Liability, Beginning	7,382,957	7,218,396	6,620,242	6,337,920	6,132,955	5,427,161	5,057,649
Total Pension Liability, Ending	7,784,231	7,382,957	7,218,396	6,484,239	6,337,920	6,132,955	5,427,161
Plan Fiduciary Net Position							
Contributions - employer	393,331	394,243	400,288	380,440	357,320	363,432	346,321
Pension Plan Net Investment Income (Loss)	1,969,121	87,117	410,581	706,965	610,680	(2,555)	88,052
Benefit payments, including refunds	(455,552)	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)	(265,438)
Pension Plan Administrative Expense	(11,606)	(14,925)	(13,162)	(9,135)	(8,597)	(8,244)	(8,762)
Other	111,918	(171,360)	(13,914)	16,174	27,413	63,667	(15,982)
<i>Net Change in Plan Fiduciary Net Position</i>	2,007,212	(82,074)	384,434	757,935	644,318	175,811	144,191
Plan Fiduciary Net Position, Beginning	6,609,848	6,691,922	6,307,488	5,549,553	4,905,235	4,729,424	4,585,233
Plan Fiduciary Net Position, Ending	8,617,060	6,609,848	6,691,922	6,307,488	5,549,553	4,905,235	4,729,424
Employer Net Pension Liability (Asset)	\$ (832,829)	\$ 773,109	\$ 526,474	\$ 176,751	\$ 788,367	\$ 1,227,720	\$ 697,737
Plan fiduciary net position as a percentage of the total pension liability	110.70%	89.53%	92.71%	97.27%	87.56%	79.98%	87.14%
Covered payroll	\$ 1,904,046	\$ 2,056,658	\$ 1,939,790	\$ 1,785,682	\$ 1,770,160	\$ 1,970,387	\$ 1,642,569
Net pension liability (asset) as a percentage of covered payroll	-43.74%	37.59%	27.14%	9.90%	44.54%	62.31%	42.48%

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

City of Waynesville

Schedule of Contributions

Year Ended December 31, 2021

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 406,315	\$ 401,382	\$ 391,435	\$ 399,509	\$ 364,423	\$ 359,297	\$ 358,187	\$ 341,204	\$ 302,278	\$ 262,637
Contributions in relation to the actuarially determined contribution	<u>406,314</u>	<u>401,382</u>	<u>391,435</u>	<u>399,509</u>	<u>364,423</u>	<u>359,297</u>	<u>354,061</u>	<u>341,204</u>	<u>300,346</u>	<u>260,021</u>
Contribution excess	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,126</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ 2,616</u>
 Covered payroll	 \$ 2,125,742	 \$ 2,062,611	 \$ 2,051,240	 \$ 2,024,113	 \$ 1,873,262	 \$ 1,924,495	 \$ 1,790,341	 \$ 1,690,534	 \$ 1,594,041	 \$ 1,362,921
 Contributions as a percentage of covered payroll	 19.11%	 19.46%	 19.08%	 19.74%	 19.45%	 18.67%	 19.78%	 20.18%	 18.84%	 19.08%

See accompanying notes to the Schedule of Contributions.

City of Waynesville

Notes to the Schedule of Contributions

Year Ended December 31, 2021

Valuation Date: February 28, 2021

Notes: The roll-forward of total pension liability from February 28, 2021, to June 30, 2021, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

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 9 to 22 years for the General Division and 11 to 22 years for the Police Division.

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

Inflation: 2.75% wage inflation, 2.25% price inflation

Salary Increases: 2.75% to 6.75% including inflation for General Division

2.75% to 6.55% including inflation for Police Divisions

Investment Rate of Return: 7.00%, net of investment expenses

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

Mortality: The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

City of Waynesville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 400,000	\$ 453,412	\$ 453,412	\$ -
City sales tax	815,000	846,593	846,593	-
Motor vehicle taxes	450,000	503,584	503,584	-
Utility franchise tax	90,000	58,412	58,412	-
Railroad and utility tax	800	110	110	-
	1,755,800	1,862,111	1,862,111	-
Licenses and Permits				
Building permits	15,000	26,703	26,703	-
Other licenses and permits	12,200	26,351	26,351	-
	27,200	53,054	53,054	-
Intergovernmental Revenues				
Federal and state grants	3,421,000	2,962,374	2,962,374	-
Charges for Services				
Fuel sales	450,000	565,143	565,143	-
Rental income	9,000	14,175	14,175	-
Animal control	45,000	170,244	170,244	-
Other	115,800	68,125	68,125	-
	619,800	817,687	817,687	-
Fines and Forfeitures				
City court fines	150,000	78,207	78,207	-
Miscellaneous				
Interest	15,000	18,898	18,898	-
Other	30,500	78,083	78,083	-
	45,500	96,981	96,981	-
Total Revenues	6,019,300	5,870,414	5,870,414	-

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
City hall	1,008,150	742,199	742,199	-
Fire	315,366	315,366	315,366	-
Public safety	902,850	918,245	918,245	-
Municipal court	175,625	153,792	153,792	-
Street	625,600	515,907	515,907	-
Airport	3,811,650	3,390,695	3,390,695	-
Animal shelter	255,050	316,541	316,541	-
Building department	451,750	215,415	215,415	-
Debt Service				
Principal and interest	800,705	2,261,484	2,261,484	-
Total Expenditures	8,346,746	8,829,644	8,829,644	-
<i>(Deficit) of Revenues Over Expenditures</i>	(2,327,446)	(2,959,230)	(2,959,230)	-
Other Financing Sources				
Lease purchase proceeds	-	2,439,230	2,439,230	-
Operating transfers in	1,636,550	1,469,153	1,469,153	-
Total Other Financing Sources	1,636,550	3,908,383	3,908,383	-
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	(690,896)	949,153	949,153	-
Fund Balance, January 1	1,655,229	1,655,229	1,655,229	-
Fund Balance, December 31	\$ 964,333	\$ 2,604,382	\$ 2,604,382	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – Transportation Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Transportation sales tax	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Street	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess of Revenues Over Expenditures</i>	-	-	-	-
Other Financing (Uses)				
Operating transfer (out)	(265,775)	(265,775)	(265,775)	-
Total Other Financing (Uses)	(265,775)	(265,775)	(265,775)	-
<i>(Deficit) of Revenues Over Expenditures and Other (Uses)</i>	(265,775)	(265,775)	(265,775)	-
Fund Balance, January 1	265,775	265,775	265,775	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – Park and Pool Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales taxes	\$ 415,000	\$ 472,187	\$ 472,187	\$ -
Intergovernmental Revenues				
Federal and state grants	10,000	18,407	18,407	-
Charges for Services				
Rental and membership	93,500	95,038	95,038	-
Miscellaneous				
Fees	3,000	6,350	6,350	-
Donations	18,500	32,160	32,160	-
Interest income	500	288	288	-
Miscellaneous	1,000	335	335	-
	23,000	39,133	39,133	-
Total Revenues	541,500	624,765	624,765	-
Expenditures				
Current				
Parks and pool	378,900	361,428	361,428	-
Total Expenditures	378,900	361,428	361,428	-
<i>Excess of Revenues Over Expenditures</i>	162,600	263,337	263,337	-
Fund Balance, January 1	927,360	927,360	927,360	-
Fund Balance, December 31	\$ 1,089,960	\$ 1,190,697	\$ 1,190,697	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – Community Improvement District Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Miscellaneous				
Other	\$ 55,000	\$ 30,000	\$ 30,000	\$ -
Total Revenues	55,000	30,000	30,000	-
Expenditures				
Community improvements	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess of Revenues Over Expenditures</i>	55,000	30,000	30,000	-
Fund Balance, January 1	202,566	202,566	202,566	-
Fund Balance, December 31	\$ 257,566	\$ 232,566	\$ 232,566	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2021

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Council in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by the Council, which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Council on approved budget adjustment forms.

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Waynesville, Missouri's basic financial statements, and have issued our report thereon dated August 31, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waynesville, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waynesville, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, that we consider to be a material weakness.

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Member of The Leading Edge Alliance

Report on Compliance and Other Matters

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

City of Waynesville, Missouri's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
August 31, 2022



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Waynesville, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Waynesville, Missouri's major federal programs for the year ended December 31, 2021. The City of Waynesville, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Waynesville, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Waynesville, Missouri, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Member of The Leading Edge Alliance

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Waynesville, Missouri's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Waynesville, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Waynesville, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Waynesville, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
August 31, 2022

City of Waynesville

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Pass-through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation				
Missouri Department of Transportation COVID 19 - Airport Improvement Program	20.106	20-057B-1	\$ -	\$ 21,957
Direct				
Payments for Essential Air Services	20.901	N/A	-	2,428,182
Missouri Department of Natural Resources Recreational Trails Program	20.219	2018-09	-	18,108
Highway Safety Cluster				
Missouri Department of Transportation Highway Safety and Traffic Division				
State and Community Highway Safety	20.600	21-PT-02-078	-	8,325
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	21-M5HVE-03-019	-	5,936
			-	14,261
University of Central Missouri Alcohol Open Container Requirements	20.607	21-154-AL-037	-	5,264
Total U.S. Department of Transportation			-	2,487,772
U.S. Department of Homeland Security				
State Emergency Management Agency Disaster Grant - Public Assistance	97.036	FEMA-4451-DR-MO	-	2,597
Total U.S. Department of Homeland Security			-	2,597
U.S. Department of Treasury				
Direct				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	106,221
Total U.S. Department of Treasury			-	106,221
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,596,590</u>

N/A – Not applicable

See accompanying notes to the Schedule of Expenditures of Federal Awards.

City of Waynesville

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Waynesville, Missouri, under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waynesville, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Waynesville, Missouri.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Waynesville, Missouri, has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Subrecipients

The City of Waynesville, Missouri, did not provide funds to subrecipients in the current year.

City of Waynesville

Schedule of Findings and Questioned Costs

Year Ended December 31, 2021

Section I – Summary of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		Yes
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal program:		
Assistance Listing Number(s) 20.901	Name of Federal Program or Cluster Payments for Essential Air Services	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

City of Waynesville

Schedule of Findings and Questioned Costs

Year Ended December 31, 2021

Section II – Financial Statement Findings

Material Weakness

2021-001 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The City currently has personnel in place to handle the accounting needs of the City. There are some mitigating controls in place, but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

Section III – Federal Award Findings and Questioned Costs

None

City of Waynesville

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2021

Financial Statement Finding

Material Weakness

2020-001 *Segregation of duties*

Auditor's Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Status: Uncorrected



Corrective Action Plan

U.S. Department of Transportation

City of Waynesville, Missouri respectfully submits the following corrective action plan for the year ended December 31, 2021.

Contact information for the individual responsible for the corrective action:

Mr. John Doyle, City Administrator
City of Waynesville, Missouri
100 Tremont Drive
Waynesville, MO 65583

Independent public accounting firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: December 31, 2021

The finding from the December 31, 2021, audit of the financial statements is below. The City did not have any major federal award program findings. The finding is numbered with the number assigned in the schedule.

Financial Statement Audit

Material Weakness

2021-001 Segregation of Duties

Recommendation: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Corrective Action Plan Taken: Because of the limited number of available personnel, management is not able to achieve proper segregation of duties. Management does have mitigating controls in place.

Anticipated Completion Date: N/A

Sincerely,

Mr. John Doyle, City Administrator
City of Waynesville, MO