

City of Waynesville, Missouri

BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2018

KPM
CPAS & ADVISORS

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	18
Statement of Activities.....	20
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Net Position – Enterprise Funds	28
Statement of Revenues, Expenses and Changes in Net Position – Enterprise Funds	30
Statement of Cash Flows – Enterprise Funds	31
Notes to Financial Statements.....	33
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Pension Liability and Related Ratios	74
Schedule of Contributions.....	75
Notes to Schedule of Contributions	76
Budgetary Comparison Schedule – General Fund.....	77
Budgetary Comparison Schedule – Transportation Fund.....	79

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION (continued)

Budgetary Comparison Schedule – Park and Pool Fund	80
Budgetary Comparison Schedule – Community Improvement District Fund.....	81
Note to Budgetary Comparison Schedules	82

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 <i>Government Auditing Standards</i>	84
Summary Schedule of Findings and Responses	86



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2019, on our consideration of the City of Waynesville, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Waynesville, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
April 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT’S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018

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, 2018. Please read it in conjunction with the City’s financial statements.

Financial Highlights

- The net position of the City’s governmental activities increased by \$505,567 for the year ended December 31, 2018, as a result of current year activities. The net position of the City’s business-type activities increased by \$441,465 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, 2018, by \$16.5 million (net position), an increase of \$947,032 from the previous year.
- Total liabilities of the City decreased by \$2,549,127 during the year ended December 31, 2018. During the fiscal year, the City was able to complete an early pay off of one of its major Certificates of Participation for the purchase of the Highway H water utility at a cost of approximately \$346,000. The City continues to aggressively reduce debt.
- Based on the evaluation of the City’s financial condition, the City maintained an A, stable rating with Standard and Poor’s rating agency during the 2018 fiscal year.
- Sales tax revenues increased 7-8% over the 2017 fiscal year. Utility revenue increased 4-5% over the last fiscal year.

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 off 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, which is similar to the accounting 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. These two statements report the City’s net position and changes in them. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018

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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018**

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.

Government-Wide Financial Analysis

NET POSITION

The following table presents the condensed Statement of Net Position for the City as of December 31, 2018 and December 31, 2017:

	Governmental Activities	Business-Type Activities	Total December 31, 2018	Total December 31, 2017
Current and other assets	\$ 4,303,585	\$ 4,100,389	\$ 8,403,974	\$ 8,824,266
Capital assets	18,528,890	12,791,767	31,320,657	32,102,526
TOTAL ASSETS	22,832,475	16,892,156	39,724,631	40,926,792
Deferred refunding charges	9,875	55,958	65,833	74,914
Deferred pension outflows	188,757	179,118	367,875	525,935
TOTAL DEFERRED OUTFLOWS OF RESOURCES	198,632	235,076	433,708	600,849
Other liabilities	850,089	2,215,785	3,065,874	3,452,378
Long-term liabilities	11,782,357	8,415,814	20,198,171	22,360,794
TOTAL LIABILITIES	12,632,446	10,631,599	23,264,045	25,813,172
TOTAL DEFERRED INFLOWS OF RESOURCES	191,961	182,160	374,121	141,328
Net position:				
Net investment in capital assets	7,862,289	5,013,189	12,875,478	12,470,479
Restricted	517,083	140,623	657,706	726,968
Unrestricted	1,827,328	1,159,661	2,986,989	2,375,694
TOTAL NET POSITION	<u>\$ 10,206,700</u>	<u>\$ 6,313,473</u>	<u>\$ 16,520,173</u>	<u>\$ 15,573,141</u>

Total net position of the City increased by \$947,032 for the year ended December 31, 2018, due to current activity. Total liabilities for the City have decreased by \$2,549,127. Restricted net position of the City totaled \$657,706 as of December 31, 2018. This amount represents monies that are restricted for debt service and donations.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018

CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2018	Total Year Ended December 31, 2017
REVENUES AND TRANSFERS				
Program Revenues				
Charges for services	\$ 1,440,315	\$ 10,579,112	\$ 12,019,427	\$ 10,657,176
Operating grants and contributions	24,701	-	24,701	5,770
Capital grants and contributions	430,736	-	430,736	591,687
General Revenues				
Sales taxes	1,311,513	-	1,311,513	1,151,602
Ad valorem taxes	432,790	-	432,790	395,615
Motor vehicle and gas taxes	194,477	-	194,477	180,682
Other taxes	5,188	-	5,188	16,372
Franchise fees	88,565	-	88,565	84,292
Interest	34,712	31,617	66,329	61,508
Other revenue	159,198	-	159,198	148,386
Special Item	83,651	-	83,651	-
Transfers	1,242,618	(1,242,618)	-	-
TOTAL REVENUES, TRANSFERS AND SPECIAL ITEM				
	5,448,464	9,368,111	14,816,575	13,293,090
EXPENSES				
City hall	751,804	-	751,804	1,235,399
Fire	303,735	-	303,735	280,932
Public safety	907,840	-	907,840	846,488
Municipal court	130,203	-	130,203	141,316
Street	617,753	-	617,753	732,157
Park and pool	522,085	-	522,085	424,106
Cemetery	968	-	968	968
Airport	961,808	-	961,808	992,006
Animal shelter	191,069	-	191,069	211,382
Building department	90,541	-	90,541	152,497
Debt service	465,091	-	465,091	1,072,009
Electric	-	5,777,570	5,777,570	5,678,583
Water and sewer	-	1,843,919	1,843,919	1,750,980
Trash	-	251,439	251,439	252,156
Natural gas	-	1,053,718	1,053,718	880,020
TOTAL EXPENSES				
	4,942,897	8,926,646	13,869,543	14,650,999
INCREASE (DECREASE) IN NET POSITION				
	<u>\$ 505,567</u>	<u>\$ 441,465</u>	<u>\$ 947,032</u>	<u>\$ (1,357,909)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018**

Governmental Activities

Governmental activities increased the net position of the City by \$505,567. Tax revenues for the City were \$2,032,533 which represents 38% of the funding of these activities. Program revenues for the functions totaled \$1,895,752 or 35% 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**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
City hall	\$ 751,804	\$ 443,477
Fire	303,735	303,735
Public safety	907,840	741,416
Municipal court	130,203	130,203
Street	617,753	585,055
Park and pool	522,085	323,265
Cemetery	968	(1,432)
Airport	961,808	(51,486)
Animal shelter	191,069	49,779
Building department	90,541	58,042
Debt service	465,091	465,091
	<u>\$ 4,942,897</u>	<u>\$ 3,047,145</u>

Business-Type Activities

Business-type activities increased the City's net position by \$441,465. In the current year, the business-type activities transferred \$1,242,618 to the governmental funds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018**

Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of December 31, 2018, was \$3,823,278. The General Fund increased by \$220,912, the Transportation Fund increased by \$12,173, the Park and Pool Fund increased by \$175,057, the Community Improvement District (CID) Fund increased by \$55,000, and the Debt Service Fund decreased by \$73,028.

General Fund Budgetary Highlights

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

- The original revenue budget of \$3,341,495 decreased to \$3,193,291 due to a decrease in actual revenues.
- The original expenditures budget of \$4,959,935 was decreased to \$3,875,810.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$18,528,890 (net of accumulated depreciation) as of December 31, 2018. This represents a \$679,008 decrease from the prior year. Capital assets for business-type activities were \$12,791,767 as of December 31, 2018. This represents a decrease of \$102,861 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2018, was \$11,923,010, which is down from \$12,769,059 in the prior year.

Total debt of the business-type activities as of December 31, 2018, was \$9,031,310, which is down from \$10,335,621 in the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018

Economic Factors and Next Year's Budget

Some of our 2018 key projects are identified below:

- *New Handicap Accessible Bathroom:* City utility and construction workers built a brand new, ADA compliant restroom in the park. The restroom is located conveniently between the Waynesville Splash Pad and the Little Heroes Playground and features a wide, ADA compliant ramp to the doors.
- *Commercial Growth:* The City welcomed both Kum and Go and Taco Bell in the Fall of 2018. City workers worked to extend utilities to these sites and beyond in hopes to continue fostering future commercial growth. City staff have also held multiple meetings with potential developers throughout the year, and look for 2019 to continue the trend of commercial growth in our city.
- *New Water Systems:* The City purchased two water systems including Northern Heights and High Point Center. City workers have made many improvements to the systems in the last year and will continue to work on improving the systems in the years ahead.
- *Sunset Water Tower:* The Sunset Water Tower had reached a point where it needed to be replaced due to normal wear and tear over the years. City Staff worked with engineers and designers to find a plan that would serve that area. Work on the new tower began in 2018 and will be completed in the 2019 fiscal year.
- *Mutual Aid Support:* The City has offered a helping hand in many ways throughout the year to include the City of St. James, and sending three linemen to Tallahassee to assist with flood damage caused by Hurricane Michael. The City has also helped nearby systems with water and wastewater issues, and helped the City of St. Robert with electric mutual aid after high wind storms and other emergencies.
- The Electric Department has successfully replaced all street lights with LED bulbs. This does not include yard lights and dusk to dawn lights, as they will be replaced as they go out. The Electric Department also conducted extensive clearing around electric right-of-way's and worked on reconductoring electric feeder lines throughout the City.
- The Youth Sports Program has steadily grown and expanded this year.
- The City annexed in 197 acres on and around Bollinger Hill. The Water Department extended water lines to Bollinger Hill residents and increased water pressure and quality to the citizens in that area.
- The City hosted the Big BAM (Bicycle Across Missouri) event in June. The Roubidoux Park had over 400 riders come through and many camped in the park itself. Councilman Mike Curtis and his wife were among the riders and they reported overhearing from other participants that Waynesville was one of the best stops during the event.
- *RV Park:* The City began taking reservations for the Roubidoux RV Park and have seen capacity increase since the policy's inception. City staff are working on streamlining the process even more in the coming year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018

Economic Factors and Next Year's Budget (continued)

- *Waynesville St. Robert Regional Airport:* There has been a lot of activity throughout the year in regards to the WSRA. Cape Air has served the airport with daily commercial flights to and from St. Louis for many years, and we are very grateful the service they performed. This year, the Essential Air Service contract was up for bid and we had three airline companies put in a bid, and one airline put in a bid for Alternative Essential Air Service. The Joint Airport Board has chosen Contour Air and has submitted an application to the Department of Transportation to utilize Alternative Essential Air Service. If approved, Contour Air will begin commercial service at the airport in early 2019. Contour Air has a 30-seat jet that will continue to offer service to St. Louis. In addition to bringing increased capacity jet service to the area, the airport has received \$3.7M in grant funds. These funds have allowed us to complete the design on the new parallel taxiway as well as the construction which will begin soon. These grant funds will also allow us to design and construct a temporary terminal that will be able to facilitate a crowd of 30 people, as our current terminal only accommodates 9 passengers. We have also begun the planning process for the larger, permanent terminal.
- *Waynesville Solar Farm:* The City resolved taxation issues regarding the Waynesville Solar Farm in our favor.
- *Ozarks Rivers Solid Waste Management Grant:* Thanks to the efforts of the City staff writing the grant application, the City has been granted \$7,106 to extend recycling benefits by enlarging our supply of 14-gallon containers for residential customers. Customers on the current waiting list will be given first priority once the new bins arrive. The grant also allows us to increase our educational component with brochures and magnets with the theme "When in Doubt, Throw it Out" to help educate on the recycling contamination problem in our area.
- *Proposition 1- Use Tax:* The City added Proposition 1 regarding "Use Tax" to the April election to allow us to be able to collect sales tax from online purchases. Citizens voted to pass Proposition 1 during the Spring elections. This is not a new tax, but a tax that was already collected by the State of Missouri. By passing this Use Tax Proposition, the citizens have allowed those tax dollars to come right back into our city to improve storm drainage issues and our roads, as opposed to going directly to the State.
- *Water Department:* Looped water systems in Southside Subdivision and replaced fire hydrants throughout the City.
- *Waste Water Department:* Our Treatment plant was Runner up for Waste Water Treatment Plant of the Year by the Missouri Rural Water Association.
- *Street Department:* The Department paved: Lowe Drive; seal coated: Summit Pass, La Vista, Mesa, Majestic, Park View, Jared, part of Jared Circle, Baily Renee Ct., part of Page St., Lafayette, and Tremont Circle. The Department also made improvements to Swedeborg Rd. storm drainage.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018

Economic Factors and Next Year's Budget (continued)

- *Mitchell Creek Mitigation*: The Street Department has cleared out gravel and stabilized the creek basin in and around the Mitchell Creek area. The City also created a detention area to collect water upstream for Mitchell Creek. City workers then utilize the gravel from the Mitchell Creek and Dyer Street Bridge areas for projects like installing sewer line extensions, saving the City thousands of dollars in the process.
- *City Personnel Manual*: City Staff updated the City Personnel Manual including a new uniform reimbursement policy for many of the departments. The City Council unanimously approved the changes.
- *CO-USA*: The Central Ozarks Utility & Service Alliance (CO-USA) consists of members from the City of Waynesville, City of St. Robert, and the Pulaski County Sewer District. American Water was granted a 50-year contract to run the Water/Waste Water Treatment Plants on Fort Leonard Wood, and CO-USA was selected as the subcontractor. CO-USA and American Water are working on the transition. The transition will be complete in the summer of 2019.
- *Natural Gas*: The City received notification in late Spring that MoGas Pipeline had filed a rate increase effective July 1, 2018, bringing the reservation cost of Natural Gas to \$52 per dekatherm from our current rate of \$22 per dekatherm. The City immediately filed for an extension and a five-month extension was granted by the FERC, giving us until December 1, 2018 before the massive increase takes place. The City has been tirelessly working on this case, although negotiations with the pipeline have been challenging. The initial rate evaluation by the FERC staff was encouraging as they proposed an initial rate of service that was lower than our current reservation rate. We will continue to fight the pipeline, but as the case persists, the rate will still increase on December 1st. We understand the economic impact this will have on our natural gas customers. In an effort to assist citizens with this rate increase, the City has passed an ordinance to absorb 20% of the increase, making natural gas maintain its competitiveness with propane users. In order to do this, the City is pulling funds from its reserve accounts. The City will continue its efforts into the new year to fight against this increase.
- *Industrial Park*: The City has continued to market the Industrial Park and the SPEC Building throughout the year. City staff have completed multiple project proposals through the Missouri Department of Economic Development. The City is currently working on getting listed under Missouri Location One, as well as their application to be listed under the Missouri Certified Sites Program. City staff have also extended utilities to the site in order to make it more marketable to developers.
- *Recreational Trails Program Grant*: Thanks to the efforts of the City staff writing the grant application, the City has been granted \$88,000 to establish a northern trail head for the Trail of Tears Memorial Site, to include parking with handicap accessible spaces, an ADA compliant bathroom, and a 1,050 L.F. connecting trail to the historic downtown Waynesville area.
- *Animal Shelter*: The Animal Shelter has improved adoption rates this year as well as improving personnel performance. The Fort Leonard Wood Animal Shelter has been closed for a much-needed refurbishment, and will reopen in the summer of 2019. Until then, dogs and cats will be housed at the Waynesville location.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018

Economic Factors and Next Year's Budget (continued)

- Awards & Recognitions
 - Mayor Luge Hardman – Appointed to the Missouri Municipal League (MML) Policy Board
 - Councilman Mike France, Public Official Award – An organization of Missouri, Arkansas, and Illinois municipal utilities has presented its Public Official Award to Mike France. The award, presented by the Missouri Public Utility Alliance (MPUA), is given in recognition of an elected or appointed member of a policy board or commission for his or her participation in statewide utility issues.
- Bruce Harrill, City Administrator was appointed President of two State wide agencies to include the Missouri One Call Board and the Missouri Joint Municipal Electric Utility Commission (MJMEUC).
- Personnel: There have been successful transitions of key positions in the City this year, as well as several welcomed additions to our City Staff. Carol Welch retired as City Clerk and Michele Brown was appointed as the new clerk. Other key employees hired include Amber Box as Executive Assistant, Nikki Brown as Youth Sports Director and Michael Guy – hired as Airport Operations Manager.

Overview of the Fiscal Year Budget 2019.

Our 2019 budget of \$ 20.9 million is up from our 2018 budget of \$18 million. The Airport has received several grants for the 2019 year amounting to over \$4 million in a new terminal, marketing, and taxiway projects. In addition we anticipate receiving a new Park grant for \$88,000 which will add a new bathroom and improvements to the trail. Our Natural Gas Transportation and Reservation charges are budgeted \$405,000 over last year. This increase in the reservation amount and increased usage, is due to the fact the MoGas Pipeline will be increasing their charges as of December 1 (if there is not an agreed settlement by then). This budget plans for the full rate increase, but the City would absorb 20% of the rate to mitigate the impact to our citizens. The proposed budget would draw down utility reserves by \$81,000 to pay for legal costs in fighting the natural gas rate at the FERC and to mitigate the rate impact to our residents. We hope to have final numbers by the end of this year.

Key projects planned for the 2019 budget year include: equipment in accordance with the Capital Improvement Plan, a new handicapped accessible bathroom in the park and improvements to the trail, airport grant projects; terminal, marketing and taxiway, continued improvements for the newly purchased water systems, chlorination, and a new police car. We have increased both fuel income and expenses due to the increase of sales at the airport. We have budgeted for a lease purchase of a new fuel truck at the airport to support the added increase in fuel sales. We used a very realistic approach to this year's budget process so we can balance the budget as required by Missouri law. We recommended that the City Council approve the budget for January 1, 2019 to December 31, 2019 as presented.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WAYNESVILLE, MISSOURI
December 31, 2018**

Final Budget Revenue and Expense

	<u>FY 2018 Budget</u>	<u>Proposed 2019 Budget</u>
Cash Reserves Used for Natural Gas Increase	\$ -	\$ 81,000
Asset/Liability Transfer*	345,292.00	-
Federal Equitable Funds on Hand*	68,900.00	-
Total Budget Revenues	17,883,370.00	20,938,025.00
Total Budget Expenses	<u>18,202,234.00</u>	<u>21,008,376.00</u>
Revenues Over Expenses	<u>\$ 95,328</u>	<u>\$ 10,649</u>

* Asset/Liability Transfer – reserved funds utilized to pay off water loan early.

* Equitable Sharing Funds – These are drug seizure funds that have been designated for use per the federal guidelines and have been placed into the 2018 budget.

Key Budget Adjustment Items.

This budget includes a 3.0% increase for the employees. We have also planned for an insurance increase of 10 %, in case of possible increases. We have been able to reduce our workman’s compensation insurance due to our proactive safety program and reduction of claims.

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

Bruce Harrill, City Administrator
Michele Brown, City Clerk

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
ASSETS				
Current				
Cash and cash equivalents - unrestricted	\$ 1,929,990	\$ 890,597	\$ 2,820,587	\$ 15,061
Investments - unrestricted	235,799	-	235,799	-
Sales tax receivable	267,401	-	267,401	7,352
Ad valorem taxes receivable, net	365,255	-	365,255	-
Utilities receivable, net	-	793,741	793,741	-
Other receivables	72,071	75,087	147,158	-
Accrued interest receivable	-	1,156	1,156	-
Intergovernmental receivable	4,524	-	4,524	-
Prepaid expenses	104,897	16,907	121,804	-
Inventory	-	349,380	349,380	-
Noncurrent				
Restricted cash and cash equivalents	813,883	1,973,521	2,787,404	-
Investments - restricted	121,301	-	121,301	-
Note receivable	388,464	-	388,464	-
Capital Assets:				
Non-depreciable	3,248,379	428,399	3,676,778	-
Depreciable, net	15,280,511	12,363,368	27,643,879	360,867
TOTAL ASSETS	22,832,475	16,892,156	39,724,631	383,280
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding charges	9,875	55,958	65,833	-
Deferred pension outflow	188,757	179,118	367,875	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	198,632	235,076	433,708	-

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF NET POSITION (continued)
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
LIABILITIES				
Current				
Accounts payable	36,430	628,939	665,369	4,598
Accrued expenses	55,158	64,579	119,737	-
Customer deposits payable	-	636,124	636,124	-
Court bonds payable	255	-	255	-
Accrued interest payable	76,034	62,221	138,255	-
Current maturities of long-term debt	682,212	823,922	1,506,134	20,577
	850,089	2,215,785	3,065,874	25,175
Noncurrent				
Unearned revenue	202,400	-	202,400	-
Bonds payable	-	3,094,000	3,094,000	-
MAMU lease payable, net	-	689,000	689,000	-
Certificates of participation, net	10,621,325	4,196,805	14,818,130	-
Capital leases payable	205,129	227,583	432,712	-
MTFC direct loan	414,344	-	414,344	-
Note payable	-	-	-	367,887
Compensated absences payable	178,685	56,146	234,831	-
Net pension liability	160,474	152,280	312,754	-
	11,782,357	8,415,814	20,198,171	367,887
TOTAL LIABILITIES	12,632,446	10,631,599	23,264,045	393,062
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	191,961	182,160	374,121	-
NET POSITION				
Net investment in capital assets	7,862,289	5,013,189	12,875,478	(27,597)
Restricted	517,083	140,623	657,706	-
Unrestricted	1,827,328	1,159,661	2,986,989	17,815
TOTAL NET POSITION	\$ 10,206,700	\$ 6,313,473	\$ 16,520,173	\$ (9,782)

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Functions/Programs	Net (Expenses), Revenues, and Changes in Net Position							Component Unit Westgate Community Improvement District
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
City hall	\$ (751,804)	\$ 308,327	\$ -	\$ -	\$ (443,477)	\$ -	\$ (443,477)	
Fire	(303,735)	-	-	-	(303,735)	-	(303,735)	
Public safety	(907,840)	145,353	21,071	-	(741,416)	-	(741,416)	
Municipal court	(130,203)	-	-	-	(130,203)	-	(130,203)	
Street	(617,753)	300	-	32,398	(585,055)	-	(585,055)	
Park and pool	(522,085)	106,154	-	92,666	(323,265)	-	(323,265)	
Cemetery	(968)	2,400	-	-	1,432	-	1,432	
Airport	(961,808)	707,622	-	305,672	51,486	-	51,486	
Animal shelter	(191,069)	137,660	3,630	-	(49,779)	-	(49,779)	
Building department	(90,541)	32,499	-	-	(58,042)	-	(58,042)	
Debt service	(465,091)	-	-	-	(465,091)	-	(465,091)	
TOTAL GOVERNMENTAL ACTIVITIES	(4,942,897)	1,440,315	24,701	430,736	(3,047,145)	-	(3,047,145)	
Business-Type Activities								
Electric service	(5,777,570)	6,991,906	-	-	-	1,214,336	1,214,336	
Water and sewer service	(1,843,919)	2,117,751	-	-	-	273,832	273,832	
Trash service	(251,439)	271,589	-	-	-	20,150	20,150	
Natural gas service	(1,053,718)	1,197,866	-	-	-	144,148	144,148	
TOTAL BUSINESS-TYPE ACTIVITIES	(8,926,646)	10,579,112	-	-	-	1,652,466	1,652,466	
TOTAL PRIMARY GOVERNMENT	\$ (13,869,543)	\$ 12,019,427	\$ 24,701	\$ 430,736	(3,047,145)	1,652,466	(1,394,679)	

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF ACTIVITIES (continued)
Year Ended December 31, 2018

Component Unit	Net (Expenses), Revenues, and Changes in Net Position							
	Program Revenues			Primary Government			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Westgate Community Improvement District	\$ (45,809)	\$ -	\$ -	\$ -				\$ (45,809)
		General Revenues:						
					1,311,513	-	1,311,513	54,212
					432,790	-	432,790	-
					194,477	-	194,477	-
					5,188	-	5,188	-
					88,565	-	88,565	-
					34,712	31,617	66,329	-
					159,198	-	159,198	-
					1,242,618	(1,242,618)	-	-
				Total General Revenues and Transfers	3,469,061	(1,211,001)	2,258,060	54,212
				Special Item:				
				Gain on sale of land	83,651	-	83,651	-
				Changes in Net Position	505,567	441,465	947,032	8,403
				Net Position, Beginning of year	9,701,133	5,872,008	15,573,141	(18,185)
				Net Position, End of year	\$ 10,206,700	\$ 6,313,473	\$ 16,520,173	\$ (9,782)

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2018

	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	\$ 883,165	\$ 447,293	\$ 511,966	\$ 87,566	\$ -	\$ 1,929,990
Investments - unrestricted	235,799	-	-	-	-	235,799
Ad valorem taxes receivable, net	365,255	-	-	-	-	365,255
Sales tax receivable	148,728	72,599	46,074	-	-	267,401
Other receivable	72,071	-	-	-	-	72,071
Intergovernmental receivable	4,524	-	-	-	-	4,524
Prepaid expenses	103,220	1,677	-	-	-	104,897
Restricted cash and cash equivalents	418,101	34,092	-	-	361,690	813,883
Investments - restricted	-	-	-	-	121,301	121,301
TOTAL ASSETS	\$ 2,230,863	\$ 555,661	\$ 558,040	\$ 87,566	\$ 482,991	\$ 3,915,121
LIABILITIES						
Accounts payable	\$ 36,430	\$ -	\$ -	\$ -	\$ -	\$ 36,430
Accrued expenses	34,157	8,886	12,115	-	-	55,158
Court bonds payable	255	-	-	-	-	255
TOTAL LIABILITIES	70,842	8,886	12,115	-	-	91,843

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
December 31, 2018

	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	103,220	1,677	-	-	-	104,897
Restricted for:						
Specific purchases from donations	-	34,092	-	-	-	34,092
Debt service	-	-	-	-	482,991	482,991
Building projects	417,846	-	-	-	-	417,846
Assigned to:						
Parks and pool	-	511,006	-	-	-	511,006
Transportation	-	-	545,925	-	-	545,925
Community improvement	-	-	-	87,566	-	87,566
Unassigned	1,638,955	-	-	-	-	1,638,955
TOTAL FUND BALANCES	<u>2,160,021</u>	<u>546,775</u>	<u>545,925</u>	<u>87,566</u>	<u>482,991</u>	<u>3,823,278</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,230,863</u>	<u>\$ 555,661</u>	<u>\$ 558,040</u>	<u>\$ 87,566</u>	<u>\$ 482,991</u>	<u>\$ 3,915,121</u>

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
December 31, 2018

Fund balance - total governmental funds	\$ 3,823,278
Long term receivables are not deemed receivable in the current period and, therefore, are not reported in the funds	388,464
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	23,975,416
Less: Accumulated depreciation	<u>(5,446,526)</u>
	18,528,890
The net pension liability and deferred costs are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(160,474)
Deferred pension outflows	188,757
Deferred pension inflows	<u>(191,961)</u>
	(163,678)
Unearned payments in lieu of taxes are not deemed deferrable in the current period but rather is recognized as a revenue when received	(202,400)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(76,034)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(12,091,820)</u>
Net position of governmental activities	<u><u>\$ 10,206,700</u></u>

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
REVENUES						
Taxes	\$ 1,348,961	\$ 405,863	\$ 268,510	\$ -	\$ -	\$ 2,023,334
Licenses and permits	44,724	-	-	-	-	44,724
Intergovernmental revenues	430,408	75,000	-	-	-	505,408
Fines and forfeitures	145,353	-	-	-	-	145,353
Charges for services	1,076,148	104,004	-	-	-	1,180,152
Miscellaneous	147,697	35,566	-	55,000	9,644	247,907
TOTAL REVENUES	3,193,291	620,433	268,510	55,000	9,644	4,146,878
EXPENDITURES						
Current						
City hall	532,661	-	-	-	-	532,661
Fire	303,735	-	-	-	-	303,735
Public safety	912,123	-	-	-	-	912,123
Municipal court	128,715	-	-	-	-	128,715
Street	244,981	-	164,912	-	-	409,893
Park and pool	-	445,376	-	-	-	445,376
Airport	1,118,526	-	-	-	-	1,118,526
Animal shelter	189,348	-	-	-	-	189,348
Building department	92,963	-	-	-	-	92,963
Debt service						
Principal, interest, and fees	352,758	-	129,461	-	780,155	1,262,374
TOTAL EXPENDITURES	3,875,810	445,376	294,373	-	780,155	5,395,714

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (continued)
Year Ended December 31, 2018

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(682,519)	175,057	(25,863)	55,000	(770,511)	(1,248,836)
OTHER FINANCING SOURCES						
Sale of property	396,332	-	-	-	-	396,332
Operating transfers in	507,099	-	38,036	-	697,483	1,242,618
TOTAL OTHER FINANCING SOURCES	903,431	-	38,036	-	697,483	1,638,950
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	220,912	175,057	12,173	55,000	(73,028)	390,114
FUND BALANCE, January 1	1,939,109	371,718	533,752	32,566	556,019	3,433,164
FUND BALANCE, December 31	<u>\$ 2,160,021</u>	<u>\$ 546,775</u>	<u>\$ 545,925</u>	<u>\$ 87,566</u>	<u>\$ 482,991</u>	<u>\$ 3,823,278</u>

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 390,114

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
 were exceeded by depreciation for the year.

Capital outlay	455,581
Depreciation	(821,908)
Disposal of capital assets, net	(312,681)
	<u>(679,008)</u>

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	844,687
Interest	(47,404)
	<u>797,283</u>

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	32,375
Change in compensated absences	(10,514)
Change in unearned revenues	9,200
Change in notes receivable	(33,883)
	<u>(33,883)</u>

Change in net position of governmental activities \$ 505,567

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF NET POSITION – ENTERPRISE FUNDS
December 31, 2018

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
ASSETS					
Current Assets					
Cash and cash equivalents - unrestricted	\$ 310,333	\$ 1,980	\$ 81,755	\$ 496,529	\$ 890,597
Utilities receivable, net	511,790	161,267	18,870	101,814	793,741
Other receivable	13,824	-	-	61,263	75,087
Accrued interest receivable	412	744	-	-	1,156
Inventory	277,114	41,501	-	30,765	349,380
Prepaid assets	7,040	8,641	-	1,226	16,907
TOTAL CURRENT ASSETS	1,120,513	214,133	100,625	691,597	2,126,868
Noncurrent Assets					
Cash and cash equivalents - restricted	851,701	1,092,145	-	29,675	1,973,521
Capital assets:					
Non-depreciable	-	428,399	-	-	428,399
Depreciable, net	1,616,902	9,677,258	-	1,069,208	12,363,368
TOTAL NONCURRENT ASSETS	2,468,603	11,197,802	-	1,098,883	14,765,288
TOTAL ASSETS	3,589,116	11,411,935	100,625	1,790,480	16,892,156
DEFERRED OUTFLOW OF RESOURCES					
Deferred refunding charges	17,775	31,600	-	6,583	55,958
Deferred pension outflow	75,015	80,173	-	23,930	179,118
TOTAL DEFERRED OUTFLOWS OF RESOURCES	92,790	111,773	-	30,513	235,076

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF NET POSITION – ENTERPRISE FUNDS (continued)
December 31, 2018

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
LIABILITIES					
Current Liabilities					
Accounts payable	456,042	8,851	42,300	121,746	628,939
Accrued expenses	27,723	28,058	-	8,798	64,579
Accrued interest payable	8,516	52,456	-	1,249	62,221
Customer deposits	636,124	-	-	-	636,124
Current portion of long-term debt	222,436	579,540	-	21,946	823,922
TOTAL CURRENT LIABILITIES	1,350,841	668,905	42,300	153,739	2,215,785
Long-Term Liabilities					
Revenue bonds payable	-	3,094,000	-	-	3,094,000
MAMU lease payable, net	220,480	461,630	-	6,890	689,000
Certificates of participation payable, net	1,023,906	2,993,307	-	179,592	4,196,805
Capital leases payable	152,451	75,132	-	-	227,583
Compensated absences payable	36,503	15,488	-	4,155	56,146
Net pension liability	63,775	68,160	-	20,345	152,280
TOTAL LONG-TERM LIABILITIES	1,497,115	6,707,717	-	210,982	8,415,814
TOTAL LIABILITIES	2,847,956	7,376,622	42,300	364,721	10,631,599
DEFERRED INFLOW OF RESOURCES					
Deferred pension inflows	76,288	81,535	-	24,337	182,160
TOTAL DEFERRED INFLOW OF RESOURCES	76,288	81,535	-	24,337	182,160
NET POSITION					
Net investment in capital assets	230,981	3,885,170	-	897,038	5,013,189
Restricted	-	140,623	-	-	140,623
Unrestricted	526,681	39,758	58,325	534,897	1,159,661
TOTAL NET POSITION	\$ 757,662	\$ 4,065,551	\$ 58,325	\$ 1,431,935	\$ 6,313,473

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUNDS
Year Ended December 31, 2018

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
OPERATING REVENUES					
Charges for services	\$ 6,894,132	\$ 1,824,077	\$ 271,589	\$ 1,013,240	\$ 10,003,038
Other charges	97,774	293,674	-	184,626	576,074
TOTAL OPERATING REVENUES	6,991,906	2,117,751	271,589	1,197,866	10,579,112
OPERATING EXPENSES					
Salaries and wages	426,286	449,833	-	145,236	1,021,355
Employee benefits	148,128	181,962	-	57,410	387,500
Materials and supplies	63,137	59,581	-	25,919	148,637
Electric current	4,767,309	-	-	-	4,767,309
Hauling and recycling charges	-	-	250,205	-	250,205
Repairs and maintenance	42,549	126,111	-	6	168,666
Gas purchases	-	-	-	705,019	705,019
Travel, meetings and dues	7,821	5,131	-	2,774	15,726
General administrative	-	77,334	-	16,571	93,905
Depreciation	132,541	464,676	-	80,451	677,668
Other operating expenses	129,748	268,332	1,234	14,471	413,785
TOTAL OPERATING EXPENSES	5,717,519	1,632,960	251,439	1,047,857	8,649,775
OPERATING INCOME	1,274,387	484,791	20,150	150,009	1,929,337
NONOPERATING REVENUES					
(EXPENSES)					
Interest income	19,669	6,343	-	5,605	31,617
Interest expense	(60,051)	(210,959)	-	(5,861)	(276,871)
TOTAL NONOPERATING REVENUES (EXPENSES)	(40,382)	(204,616)	-	(256)	(245,254)
INCOME BEFORE OPERATING TRANSFERS	1,234,005	280,175	20,150	149,753	1,684,083
OPERATING TRANSFERS IN (OUT)	(988,590)	(258,562)	-	4,534	(1,242,618)
NET INCOME	245,415	21,613	20,150	154,287	441,465
NET POSITION, January 1	512,247	4,043,938	38,175	1,277,648	5,872,008
NET POSITION, December 31	\$ 757,662	\$ 4,065,551	\$ 58,325	\$ 1,431,935	\$ 6,313,473

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
Year Ended December 31, 2018

	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	\$ 7,001,753	\$ 2,125,247	\$ 273,218	\$ 1,113,729	\$ 10,513,947
Cash paid to suppliers	(5,023,229)	(545,753)	(250,968)	(735,635)	(6,555,585)
Cash paid to employees	(594,322)	(638,141)	-	(206,944)	(1,439,407)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,384,202	941,353	22,250	171,150	2,518,955
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers (to) from other funds	(988,590)	(258,562)	-	4,534	(1,242,618)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(988,590)	(258,562)	-	4,534	(1,242,618)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(100,933)	(473,874)	-	-	(574,807)
Payment of principal on bonds and capital leases	(181,023)	(918,036)	-	(205,252)	(1,304,311)
Payment of interest expense	(63,000)	(224,475)	-	(6,657)	(294,132)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(344,956)	(1,616,385)	-	(211,909)	(2,173,250)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	19,669	6,343	-	5,605	31,617
NET CASH PROVIDED BY INVESTING ACTIVITIES	19,669	6,343	-	5,605	31,617
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	70,325	(927,251)	22,250	(30,620)	(865,296)
CASH AND CASH EQUIVALENTS, Beginning of year					
	1,091,709	2,021,376	59,505	556,824	3,729,414
CASH AND CASH EQUIVALENTS, End of year					
	1,162,034	1,094,125	81,755	526,204	2,864,118
LESS RESTRICTED CASH AND CASH EQUIVALENTS					
	851,701	1,092,145	-	29,675	1,973,521
UNRESTRICTED CASH AND CASH EQUIVALENTS					
	\$ 310,333	\$ 1,980	\$ 81,755	\$ 496,529	\$ 890,597

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS (continued)
Year Ended December 31, 2018

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	\$ 1,274,387	\$ 484,791	\$ 20,150	\$ 150,009	\$ 1,929,337
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	132,541	464,676	-	80,451	677,668
(Increase) decrease in:					
Utilities receivable	(62,582)	7,251	1,629	(43,823)	(97,525)
Other receivable	-	-	-	(40,353)	(40,353)
Prepaid expenses	299	245	-	39	583
Inventory	(22,064)	15,932	-	(1,373)	(7,505)
Deferred pension outflows	14,848	4,398	-	(398)	18,848
Increase (decrease) in:					
Accounts payable	9,399	(25,196)	471	30,498	15,172
Accrued expenses	7,327	11,400	-	2,883	21,610
Customer deposits	72,130	-	-	-	72,130
Compensated absences payable	1,065	238	-	(1,080)	223
Net pension liability	(91,153)	(73,308)	-	(21,123)	(185,584)
Deferred pension inflows	48,005	50,926	-	15,420	114,351
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,384,202</u>	<u>\$ 941,353</u>	<u>\$ 22,250</u>	<u>\$ 171,150</u>	<u>\$ 2,518,955</u>

See accompanying notes.

NOTE A – 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2018, the deferred revenue was \$202,400 and will be recognized at a rate of \$9,200 per year.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Governmental Accounting Standards Board (GASB) Statement Section 1400-120-137 – *Capitalization of Interest Costs*. There was no interest capitalized during the current fiscal year.

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.

Due To and Due From Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of December 31, 2018, balances of interfund amounts receivable or payable have been recorded within the fund financial statements. There were no transactions that were considered due to or due from other funds at December 31, 2018.

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 employer contributions to the retirement plan and deferred charges relating to debt refunding.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE B – CASH AND 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, 2018, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments of the City as of December 31, 2018, are as follows:

Investment Type	Maturity	Not Subject to Fair Value	Fair Value Level 1	Fair Value Level 2	Total
Certificates of Deposit	3/27/2020	\$ 235,799	\$ -	\$ -	\$ 235,799
FHLB	9/11/2020	-	-	63,721	63,721
FNMA	2/26/2021	-	-	57,580	57,580
TOTAL		\$ 235,799	\$ -	\$ 121,301	\$ 357,100

Certificate of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be 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, 2018, the certificate of deposit is adequately insured or collateralized with securities.

U.S. Agencies

City funds in FHLB and FNMA are for future debt service. The investments are held in an irrevocable trust account with BOK Financial. The funds are invested in accordance with Section 165.051 of the Missouri Revised Statutes. The investments will be held to maturity.

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE C – INVESTMENTS (continued)

Interest Rate Risk

The City has no formal policy on interest rate risk.

NOTE D – RESTRICTED ASSETS

General Fund

The total restricted cash and cash equivalents and restricted fund balance for the General Fund are as follows:

	Restricted Cash and Cash Equivalents	Restricted Fund Balance
Court bonds payable	\$ 255	\$ -
Series 2014 COP projects	5	5
Series 2017 COP projects	417,841	417,841
	<u>\$ 418,101</u>	<u>\$ 417,846</u>

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 \$34,092 at December 31, 2018.

Debt Service Fund

The total restricted cash and investments and restricted net position/fund balance for the Debt Service Fund are as follows:

	Restricted Cash and Investments	Restricted Net Position/ Fund Balance
2017C COP debt service reserve	<u>\$ 482,991</u>	<u>\$ 482,991</u>

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE D – RESTRICTED ASSETS (continued)

Enterprise Funds

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

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Net Position</u>
ELECTRIC FUND		
Customer meter deposits	\$ 636,124	\$ -
Series 2017 COP projects	215,577	-
	<u>851,701</u>	<u>-</u>
WATER AND WASTEWATER FUND		
Series 2011 principal account	113,267	113,267
Series 2011 interest account	27,356	27,356
Series 2017 COP projects	951,522	-
	<u>1,092,145</u>	<u>140,623</u>
NATURAL GAS FUND		
Series 2017 COP projects	29,675	-
	<u>\$ 1,973,521</u>	<u>\$ 140,623</u>

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE E – 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>
TAXES RECEIVABLE			
General Fund	\$ 390,573	\$ (25,318)	\$ 365,255
UTILITIES RECEIVABLE			
Enterprise Funds			
Electric Fund	\$ 529,258	\$ (17,468)	\$ 511,790
Water and Wastewater Fund	169,004	(7,737)	161,267
Trash Fund	23,177	(4,307)	18,870
Natural Gas Fund	134,656	(32,842)	101,814
	<u>\$ 856,095</u>	<u>\$ (62,354)</u>	<u>\$ 793,741</u>

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

The business-type activities long-term liabilities at December 31, 2018, consists of one revenue bond issue; Series 2011 Combined Waterworks and Sewerage Revenue Bonds. The business-type activities long-term liabilities also consists of the Series 2005A Missouri Association of Municipal Utilities (MAMU) lease purchases, Series 2014, 2016, and 2017 Certificates of Participation (COP), six lease purchase agreements on equipment, and compensated absences payable.

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

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 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. The City had issued \$4,557,602 of the available bonds at December 31, 2018, and \$192,398 remained unissued. The bonds outstanding at December 31, 2018, are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Total</u>
2019	\$ 227,000	\$ 53,798	\$ 32,605	\$ 313,403
2020	233,000	50,028	30,320	313,348
2021	239,000	46,159	27,975	313,134
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
	<u>\$ 3,321,000</u>	<u>\$ 374,498</u>	<u>\$ 226,970</u>	<u>\$ 3,922,468</u>

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

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. 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, 2018, are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 185,000	\$ 34,216	\$ 219,216
2020	185,000	30,054	215,054
2021	190,000	24,891	214,891
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
	<u>\$ 1,580,000</u>	<u>\$ 147,609</u>	<u>\$ 1,727,609</u>

Amount recorded in:

Electric Fund	\$ 426,600
Water and Wastewater Fund	758,400
Natural Gas Fund	158,000
Governmental Activities	237,000
TOTAL	<u>\$ 1,580,000</u>

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

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. The responsibility for the certificates has been designated to the Water and Wastewater Fund, Electric Fund, Natural Gas Fund and General Fund in the amounts of \$986,030 (45.9%), \$215,930 (10.0%), \$630,000 (29.8%), and \$308,040 (14.3%), respectively. 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 certificates outstanding at December 31, 2018, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 90,000	\$ 39,413	\$ 129,413
2020	95,000	36,638	131,638
2021	100,000	33,588	133,588
2022	100,000	30,338	130,338
2023	100,000	26,963	126,963
2024	100,000	23,463	123,463
2025	110,000	19,925	129,925
2026	115,000	16,269	131,269
2027	115,000	12,100	127,100
2028	120,000	7,400	127,400
2029	125,000	2,500	127,500
	<u>\$ 1,170,000</u>	<u>\$ 248,597</u>	<u>\$ 1,418,597</u>

Amount recorded in:

Electric Fund	\$ 167,310
Water and Wastewater Fund	764,010
Governmental Activities	238,680
TOTAL	<u>\$ 1,170,000</u>

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

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. 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, 2018 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 190,000	\$ 100,799	\$ 290,799
2020	195,000	96,741	291,741
2021	195,000	91,804	286,804
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>\$ 3,410,000</u>	<u>\$ 1,062,196</u>	<u>\$ 4,472,196</u>

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

Amount recorded in:

Electric Fund	\$ 566,100
Water and Wastewater Fund	1,693,897
Natural Gas Fund	42,458
Governmental Activities	<u>1,107,545</u>
TOTAL	<u><u>\$ 3,410,000</u></u>

Missouri Association of Municipal Utilities Leases

The 2005 Missouri Association of Municipal Utilities Lease was 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. The lease bears interest at 3.00% with principal and interest payments due each month. The outstanding payments at December 31, 2018, are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 108,000	\$ 27,649	\$ 135,649
2020	112,000	23,650	135,650
2021	120,000	19,295	139,295
2022	120,000	14,864	134,864
2023	132,000	10,220	142,220
2024	132,000	5,344	137,344
2025	<u>73,000</u>	<u>801</u>	<u>73,801</u>
	<u><u>\$ 797,000</u></u>	<u><u>\$ 101,823</u></u>	<u><u>\$ 898,823</u></u>

Amount recorded in:

Electric Fund	\$ 255,040
Water and Wastewater Fund	533,990
Natural Gas Fund	<u>7,970</u>
TOTAL	<u><u>\$ 797,000</u></u>

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

Lease Purchase Agreements

On June 3, 2015, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a Vactor sewer cleaner for \$98,850. The lease requires an annual payment of \$22,049, which includes interest at 3.75%.

On October 6, 2016, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a track loader for \$45,203. The lease requires an annual payment of \$9,041, which includes interest at 4.22%.

On October 30, 2017, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2006 CAT backhoe for \$50,000. The lease requires an annual payment of \$11,502, which includes interest at 4.85%.

On November 6, 2017, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2002 Peterbilt dump truck for \$44,500 to be paid 50% from the Water and Wastewater fund and 50% from the Street Fund. The lease requires annual payments of \$10,237, which includes interest at 4.85%.

On November 7, 2017, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2018 John Deere backhoe for \$88,090. The lease requires annual payments of \$20,264, which includes interest at 4.85%.

On November 7, 2017, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a wire puller truck for \$141,085. The lease requires annual payments of \$32,454, which includes interest at 4.85%.

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

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

The total annual minimum lease payments required at December 31, 2018, are as follows:

Year Ending December 31,	2010 Sewer Cleaner Lease Purchase	1995 Track Loader Lease Purchase	2006 CAT Backhoe Lease Purchase	2002 Peterbilt Dump Truck Lease Purchase	2018 John Deere Backhoe Lease Purchase	Wirepuller Truck Lease Purchase	Total
2019	\$ 22,049	\$ 9,041	\$ 11,502	\$ 5,118	\$ 20,264	\$ 32,454	\$ 100,428
2020	22,049	9,041	11,502	5,118	20,264	32,454	100,428
2021	-	9,041	11,502	5,118	20,264	32,454	78,379
2022	-	-	11,502	5,118	20,264	32,454	69,338
TOTAL MINIMUM LEASE PAYMENTS	44,098	27,123	46,008	20,472	81,056	129,816	348,573
LESS AMOUNT REPRESENTING INTEREST	(2,363)	(2,138)	(5,085)	(2,261)	(8,957)	(14,343)	(35,147)
NET LEASE PAYABLE	<u>\$ 41,735</u>	<u>\$ 24,985</u>	<u>\$ 40,923</u>	<u>\$ 18,211</u>	<u>\$ 72,099</u>	<u>\$ 115,473</u>	<u>\$ 313,426</u>

Amount recorded in:

Water and Wastewater Fund	\$ 12,492
Electric Fund	<u>12,493</u>
	<u>\$ 24,985</u>

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

A summary of the changes in Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2018, is as follows:

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018	Amount Due Within One Year
WATER AND WASTEWATER FUND					
2011 Revenue Bonds	\$ 3,542,000	\$ -	\$ 221,000	\$ 3,321,000	\$ 227,000
Certificates of Participation					
Series 2014	822,780	-	58,770	764,010	58,770
Series 2016	842,400	-	84,000	758,400	88,800
Series 2017A/B	1,750,450	-	56,553	1,693,897	94,381
Add:					
Premium on Series 2014 issuance	20,674	-	1,723	18,951	-
	<u>3,436,304</u>	-	<u>201,046</u>	<u>3,235,258</u>	<u>241,951</u>
MAMU Leases					
2005A MAMU Lease	606,350	-	72,360	533,990	72,360
2012 MAMU Lease	386,939	-	386,939	-	-
	<u>993,289</u>	-	<u>459,299</u>	<u>533,990</u>	<u>72,360</u>
2015 Sewer Cleaner	61,478	-	19,743	41,735	20,484
1995 Track Loader	16,324	-	3,832	12,492	3,993
2006 CAT Backhoe	50,000	-	9,077	40,923	9,517
2002 Peterbilt Dump Truck	22,250	-	4,039	18,211	4,235
Compensated Absences	15,250	238	-	15,488	-
	<u>8,136,895</u>	<u>238</u>	<u>918,036</u>	<u>7,219,097</u>	<u>579,540</u>
ELECTRIC FUND					
Certificates of Participation					
Series 2014	180,180	-	12,870	167,310	58,770
Series 2016	473,850	-	47,250	426,600	49,950
Series 2017A/B	585,000	-	18,900	566,100	31,542
Add:					
Premium on Series 2014 issuance	4,504	-	346	4,158	-
	<u>1,243,534</u>	-	<u>79,366</u>	<u>1,164,168</u>	<u>140,262</u>
2005A MAMU Lease	289,600	-	34,560	255,040	34,560
Bucket Truck	21,663	-	21,663	-	-
1995 Track Loader	16,324	-	3,831	12,493	3,993
2018 John Deere Backhoe	88,090	-	15,991	72,099	16,767
Wirepuller Truck	141,085	-	25,612	115,473	26,854
Compensated Absences	35,438	1,065	-	36,503	-
	<u>1,835,734</u>	<u>1,065</u>	<u>181,023</u>	<u>1,655,776</u>	<u>222,436</u>

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018	Amount Due Within One Year
NATURAL GAS FUND					
Certificates of Participation					
Series 2014	165,000	-	165,000	-	-
Series 2016	175,500	-	17,500	158,000	18,500
Series 2017A/B	43,875	-	1,417	42,458	2,366
Add:					
Premium on Series 2014 issuance	20,255	-	20,255	-	-
	404,630	-	204,172	200,458	20,866
2005 MAMU Lease	9,050	-	1,080	7,970	1,080
Compensated Absences	5,235	-	1,080	4,155	-
	418,915	-	206,332	212,583	21,946
	<u>\$ 10,391,544</u>	<u>\$ 1,303</u>	<u>\$ 1,305,391</u>	<u>\$ 9,087,456</u>	<u>\$ 823,922</u>

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

Long-term liabilities for governmental activities at December 31, 2018, consists of the 2011B, 2014, 2016, and 2017 A, B, and C Certificates of Participation (COP), six lease purchase agreements for equipment, a MTFC direct loan, and compensated absences payable.

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. 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 F.

On October 31, 2011, the City issued Series 2011B Certificates of Participation (COP) for the purpose of refunding the two capital leases for land purchases in the amounts of \$715,729 and \$574,009. The lease COP were issued in the principal amount of \$1,270,000.

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

The 2011 certificates bear interest at 2.00% to 4.75% with principal payments due March 1 and interest payments due March 1 and September 1 of each year. The Series 2011B COP outstanding at December 31, 2018, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 165,000	\$ 14,202	\$ 179,202
2020	170,000	6,912	176,912
2021	65,000	1,544	66,544
	<u>\$ 400,000</u>	<u>\$ 22,658</u>	<u>\$ 422,658</u>

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. The responsibility for the certificates has been designated to the Water and Wastewater Fund, Electric Fund, Natural Gas Fund and General Fund in the amounts of \$986,030 (45.9%), \$215,930 (10.0%), \$640,000 (29.8%), and \$308,040 (14.3%), respectively. 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 payment schedule for this issuance has been presented as a component of Note F.

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. 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 F.

On December 28, 2017, the City issued Series 2017 C 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. 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 principal and interest payments on the Series 2017C COP. The Series 2017C COP outstanding at December 31, 2017 are due as follows:

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 250,000	\$ 280,156	\$ 530,156
2020	250,000	275,156	525,156
2021	370,000	267,106	637,106
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>\$ 9,155,000</u>	<u>\$ 2,995,186</u>	<u>\$ 12,150,186</u>

Lease Purchase Agreements

On June 3, 2015, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a Garsite refueler for \$110,155. The lease requires an annual payment of \$24,744, which includes interest at 4.00%.

On December 7, 2015, the City entered into a lease purchase agreement with TCF Equipment Finance to finance the purchase of a street sweeper for \$180,000. The lease requires an annual payment of \$29,026, which includes interest at 3.08%.

On March 31, 2017 the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2016 John Deere tractor and loader for \$63,900. The lease requires an annual payment of \$14,760, which includes interest at 5.00%.

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

On December 5, 2017, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a Western snow plow for \$42,800. The lease requires an annual payment of \$9,845, which includes interest at 4.85%.

On November 6, 2017 the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2002 Peterbilt dump truck for \$44,500 to be paid 50% from the Water and Wastewater Fund and 50% from the Street Fund. The lease requires annual payments of \$10,237, which includes interest at 4.85%.

On November 7, 2017, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2018 Dodge Ram 5500 for \$55,563. The lease requires an annual payment of \$11,861, which includes interest at 4.85%.

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 noncancellable leases in accordance with Governmental Accounting Standards Board (GASB) – Section L20 – *Leases*.

The total annual minimum lease payments required at December 31, 2018, are as follows:

Year Ending December 31,	2015 Garsite Refueler Lease Purchase	2015 Street Sweeper Lease Purchase	2016 John Deere Tractor/ Loader Lease Purchase	2017 Western Snow Plow Lease Purchase	2017 Peterbilt Dump Truck Lease Purchase	2018 Dodge Ram 5500 Lease Purchase	Total
2019	\$ 24,744	\$ 29,026	\$ 14,760	\$ 9,845	\$ 5,118	\$ 11,861	\$ 95,354
2020	24,744	29,026	14,760	9,845	5,118	11,861	95,354
2021	-	29,026	14,760	9,845	5,118	11,861	70,610
2022	-	29,026	14,760	9,841	5,116	11,861	70,604
TOTAL MINIMUM LEASE PAYMENTS	49,488	116,104	59,040	39,376	20,470	47,444	331,922
LESS AMOUNT REPRESENTING INTEREST	(2,819)	(8,530)	(21,494)	(4,346)	(2,259)	(5,241)	(44,689)
NET LEASE PAYABLE	\$ 46,669	\$ 107,574	\$ 37,546	\$ 35,030	\$ 18,211	\$ 42,203	\$ 287,233

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

Missouri Transportation Finance Corporation Direct Loan

On October 17, 2013, the City entered into a direct 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. The MTFC loan outstanding at December 31, 2018, is due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 77,287	\$ 11,193	\$ 88,480
2020	79,023	9,457	88,480
2021	80,851	7,629	88,480
2022	82,694	5,786	88,480
2023	84,579	3,901	88,480
2024	87,197	1,283	88,480
	<u>\$ 491,631</u>	<u>\$ 39,249</u>	<u>\$ 530,880</u>

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2018, is as follows:

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018	Amounts Due Within One Year
Certificates of Participation					
Series 2011B	\$ 555,000	\$ -	\$ 155,000	\$ 400,000	\$ 165,000
Series 2016	263,250	-	26,250	237,000	27,750
Series 2017A/B	1,195,675	-	88,130	1,107,545	61,711
Series 2017C	9,455,000	-	300,000	9,155,000	250,000
Series 2014	257,040	-	18,360	238,680	18,360
Add:					
Premium on Series 2014 issuance	6,459	-	538	5,921	-
	<u>11,732,424</u>	<u>-</u>	<u>588,278</u>	<u>11,144,146</u>	<u>522,821</u>
Capital Lease Obligations					
John Deere Grader	25,845	-	25,845	-	-
John Deere Backhoe	21,787	-	21,787	-	-
Ford F-450 Refueler	68,666	-	21,997	46,669	22,877
John Deere Loader and Trencher	40,519	-	40,519	-	-
Street Sweeper	132,463	-	24,889	107,574	24,888
John Deere Tractor and Loader	63,900	-	26,354	37,546	12,143
Western Snow Plow	42,800	-	7,770	35,030	8,147
Peterbilt Dump Truck	22,250	-	4,039	18,211	4,235
Dodge Ram 5500	51,563	-	9,360	42,203	9,814
MTFC Direct Loan	566,842	-	75,211	491,631	77,287
Compensated Absences	168,171	10,514	-	178,685	-
	<u>\$ 12,937,230</u>	<u>\$ 10,514</u>	<u>\$ 846,049</u>	<u>\$ 12,101,695</u>	<u>\$ 682,212</u>

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Governmental Activities				
Non-depreciable capital assets:				
Land	\$ 3,248,379	\$ -	\$ -	\$ 3,248,379
Construction in progress	97,269	-	97,269	-
	<u>3,345,648</u>	<u>\$ -</u>	<u>\$ 97,269</u>	3,248,379
Depreciable capital assets:				
Building and improvements	10,831,594	\$ 72,746	\$ -	10,904,340
Machinery and equipment	1,830,335	-	-	1,830,335
Land improvements	2,995,083	-	568,511	2,426,572
Vehicles	737,212	32,747	-	769,959
Infrastructure	4,348,474	447,357	-	4,795,831
Total depreciable capital assets	20,742,698	<u>\$ 552,850</u>	<u>\$ 568,511</u>	20,727,037
Less accumulated depreciation	<u>4,880,448</u>	<u>\$ 821,908</u>	<u>\$ 255,830</u>	<u>5,446,526</u>
Total depreciable capital assets, net	<u>15,862,250</u>			<u>15,280,511</u>
Total Governmental Activities Capital Assets, net	<u>\$ 19,207,898</u>			<u>\$ 18,528,890</u>

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

Administrative	\$ 218,514
Public safety	38,729
Park and pool	154,213
Street	234,173
Airport	171,490
Animal Shelter	3,821
Cemetery	968
	<u>\$ 821,908</u>

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE H – CAPITAL ASSETS (continued)

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Business-Type Activities				
Electric Fund				
Depreciable capital assets:				
Electric distribution system	\$ 2,512,282	\$ -	\$ -	\$ 2,512,282
Vehicles	516,855	48,500	-	565,355
Equipment	1,020,436	52,433	-	1,072,869
Buildings and improvements	43,899	-	-	43,899
	<u>4,093,472</u>	<u>\$ 100,933</u>	<u>\$ -</u>	<u>4,194,405</u>
Less accumulated depreciation	<u>2,444,962</u>	<u>\$ 132,541</u>	<u>\$ -</u>	<u>2,577,503</u>
Depreciable Capital Assets, net	1,648,510			1,616,902
Water and Wastewater Fund				
Non-depreciable capital assets:				
Land	-	\$ 292,814	\$ -	292,814
Construction in progress	-	135,585	-	135,585
	<u>-</u>	<u>\$ 428,399</u>	<u>\$ -</u>	<u>428,399</u>
Depreciable capital assets:				
Buildings and improvements	14,466	\$ -	\$ -	14,466
Distribution system	16,684,539	-	-	16,684,539
Equipment	878,761	45,475	-	924,236
Vehicles	237,981	-	-	237,981
	<u>17,815,747</u>	<u>\$ 45,475</u>	<u>\$ -</u>	<u>17,861,222</u>
Less accumulated depreciation	<u>7,719,288</u>	<u>\$ 464,676</u>	<u>\$ -</u>	<u>8,183,964</u>
Depreciable Capital Assets, net	10,096,459			9,677,258
Natural Gas Fund				
Depreciable capital assets:				
Buildings and improvements	73,072	\$ -	\$ -	73,072
Distribution system	2,624,613	-	-	2,624,613
Equipment	280,070	-	-	280,070
Vehicles	14,668	-	-	14,668
	<u>2,992,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,992,423</u>
Less accumulated depreciation	<u>1,842,764</u>	<u>\$ 80,451</u>	<u>\$ -</u>	<u>1,923,215</u>
Depreciable Capital Assets, net	<u>1,149,659</u>			<u>1,069,208</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 12,894,628</u>			<u>\$ 12,791,767</u>

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE H – CAPITAL ASSETS (continued)

Component Unit	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Westgate Community Improvement District				
Depreciable capital assets:				
Infrastructure	\$ 426,458	\$ -	\$ -	\$ 426,458
Less accumulated depreciation	51,375	\$ 14,216	\$ -	65,591
Depreciable Capital Assets, net	<u>\$ 375,083</u>			<u>\$ 360,867</u>

NOTE I – 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, 2018, the outstanding balance on the note is due as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 20,577	\$ 19,423	\$ 40,000
2020	21,606	18,394	40,000
2021	22,686	17,314	40,000
2022	23,820	16,180	40,000
2023	25,011	14,989	40,000
2024	26,262	13,738	40,000
2025	27,575	12,425	40,000
2026	28,954	11,046	40,000
2027	30,401	9,599	40,000
2028	31,921	8,079	40,000
2029	33,517	6,483	40,000
2030	35,193	4,807	40,000
2031	36,953	3,047	40,000
2032	23,988	1,199	25,187
	<u>\$ 388,464</u>	<u>\$ 156,723</u>	<u>\$ 545,187</u>

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

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

	<u>2018</u>
Assessed Valuation	
Real estate	\$ 57,140,335
Personal property	<u>9,777,521</u>
TOTAL	<u>\$ 66,917,856</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund	<u>\$.6330</u>

The legal debt margin at December 31, 2018, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 6,691,786	\$ 6,691,786	\$ 13,383,572
General Obligation Bonds Payable	<u>-</u>	<u>-</u>	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 6,691,786</u>	<u>\$ 6,691,786</u>	<u>\$ 13,383,572</u>

(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.

NOTE K – 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. 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.

	<u>2018 Valuation</u>
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.

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE K – EMPLOYEE PENSION PLAN (continued)

Employees Covered by Benefit Terms. At June 30, 2018, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	31	6	37
Inactive employees entitled to but not yet receiving benefits	20	8	28
Active employees	<u>41</u>	<u>11</u>	<u>52</u>
	<u>92</u>	<u>25</u>	<u>117</u>

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 20.2% (General) and 18% (Police) of annual covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions. The total pension liability in the February 28, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE K – EMPLOYEE PENSION PLAN (continued)

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

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

The actuarial assumptions used in the February 28, 2018, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

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

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE K – EMPLOYEE PENSION PLAN (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<i>General Division</i>			
Balances at beginning of year	\$ 5,024,294	\$ 4,320,118	\$ 704,176
Changes for the year:			
Service cost	185,774	-	185,774
Interest	361,427	-	361,427
Difference between expected and actual experiences	(51,653)	-	(51,653)
Contributions - employer	-	308,170	(308,170)
Net investment income	-	557,220	(557,220)
Benefits paid, including refunds	(265,344)	(265,344)	-
Administrative expenses	-	(7,513)	7,513
Other changes	-	10,005	(10,005)
Net Changes	230,204	602,538	(372,334)
Balances at end of year	5,254,498	4,922,656	331,842
<i>Police Division</i>			
Balances at beginning of year	1,313,626	1,229,435	84,191
Changes for the year:			
Service cost	50,474	-	50,474
Interest	94,501	-	94,501
Difference between expected and actual experiences	(21,692)	-	(21,692)
Contributions - employer	-	72,270	(72,270)
Net investment income	-	149,745	(149,745)
Benefits paid, including refunds	(71,165)	(71,165)	-
Administrative expenses	-	(1,622)	1,622
Other changes	-	6,169	(6,169)
Net Changes	52,118	155,397	(103,279)
Balances at end of year	1,365,744	1,384,832	(19,088)
Total Plan Balances at End of Year	\$ 6,620,242	\$ 6,307,488	\$ 312,754

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE K – EMPLOYEE PENSION PLAN (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following present the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the City’s Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<i>General Division</i>			
Total Pension Liability	\$ 5,948,380	\$ 5,254,498	\$ 4,681,464
Fiduciary Net Position	<u>4,922,656</u>	<u>4,922,656</u>	<u>4,922,656</u>
Net Pension Liability (Asset)	1,025,724	331,842	(241,192)
<i>Police Division</i>			
Total Pension Liability	1,570,238	1,365,744	1,200,224
Fiduciary Net Position	<u>1,384,832</u>	<u>1,384,832</u>	<u>1,384,832</u>
Net Pension Liability (Asset)	<u>185,406</u>	<u>(19,088)</u>	<u>(184,608)</u>
Total Net Pension Liability (Asset)	<u>\$ 1,211,130</u>	<u>\$ 312,754</u>	<u>\$ (425,800)</u>

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

For the year ended December 31, 2018, the City recognized a pension expense of \$325,483. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE K – EMPLOYEE PENSION PLAN (continued)

	Deferred Outflow of Resources	Deferred (Inflow) Outflow of Resources	Net Deferred (Inflow) Outflow of Resources
<i>General Division</i>			
Differences in experiences	\$ 27,084	\$ (151,733)	\$ (124,649)
Differences in assumptions	91,227	-	91,227
Excess (deficit) investment returns	-	(161,533)	(161,533)
Contributions subsequent to the measurement date*	<u>166,315</u>	<u>-</u>	<u>166,315</u>
	284,626	(313,266)	(28,640)
<i>Police Division</i>			
Differences in experiences	25,145	(17,825)	7,320
Differences in assumptions	19,092	-	19,092
Excess (deficit) investment returns	-	(43,030)	(43,030)
Contributions subsequent to the measurement date*	<u>39,012</u>	<u>-</u>	<u>39,012</u>
	<u>83,249</u>	<u>(60,855)</u>	<u>22,394</u>
Total	<u>\$ 367,875</u>	<u>\$ (374,121)</u>	<u>\$ (6,246)</u>
Governmental Activities	\$ 188,757	\$ (191,961)	\$ (3,204)
Business-Type Activities			
Electric Fund	75,015	(76,288)	(1,273)
Water and Wastewater Fund	80,173	(81,535)	(1,362)
Natural Gas Fund	<u>23,930</u>	<u>(24,337)</u>	<u>(407)</u>
	<u>179,118</u>	<u>(182,160)</u>	<u>(3,042)</u>
Total	<u>\$ 367,875</u>	<u>\$ (374,121)</u>	<u>\$ (6,246)</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, 2019.

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE K – EMPLOYEE PENSION PLAN (continued)

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) Outflow of Resources	Net Deferred (Inflow) Outflow of Resources	Net Deferred (Inflow) Outflow of Resources
2019	\$ 26,779	\$ 16,203	\$ 42,982
2020	(23,447)	5,022	(18,425)
2021	(121,817)	(21,734)	(143,551)
2022	(76,470)	(13,752)	(90,222)
2023	-	(2,357)	(2,357)
Total	<u>\$ (194,955)</u>	<u>\$ (16,618)</u>	<u>\$ (211,573)</u>

Payable to the Pension Plan

At December 31, 2018, the City had \$28,705 of contributions reported as payable to the pension plan.

NOTE L – 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.

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE M – 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.

NOTE N – CLAIMS AND 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, 2018, 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.

NOTE O – INTERFUND TRANSFERS

Transfers between funds of the City for the year ended December 31, 2018, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 507,099	\$ -
Transportation Fund	38,036	-
Debt Service Fund	697,483	-
Electric Fund	-	988,590
Water and Wastewater Fund	-	258,562
Natural Gas Fund	4,534	-
	<u>\$ 1,247,152</u>	<u>\$ 1,247,152</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.

CITY OF WAYNESVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE P – COMMITMENT

At December 31, 2018, the City was committed to AST for construction of two water storage tanks in the amount of \$159,440.

NOTE Q – 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 \$3,695,498. Principal and interest paid for the current year and total customer net revenues were \$278,470 and \$949,467, respectively.

NOTE R – 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.

NOTE S – 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.

CITY OF WAYNESVILLE, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE S – DEBT REFUNDING LOSS (continued)

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:

	Balance December 31, 2017	Additions	Current Amortization	Balance December 31, 2018
Governmental Activities	\$ 11,237	\$ -	\$ (1,362)	\$ 9,875
Business-Type Activities				
Electric Fund	20,227	-	(2,452)	17,775
Water and Wastewater Fund	35,959	-	(4,359)	31,600
Natural Gas Fund	7,491	-	(908)	6,583
	<u>\$ 74,914</u>	<u>\$ -</u>	<u>\$ (9,081)</u>	<u>\$ 65,833</u>

NOTE T – SUBSEQUENT EVENT

On February 4, 2019, the City entered into an agreement with Garsite to purchase a Standard 3000 Jet Aircraft Refueler for \$200,280. The City obtained a one year lease at 5.0% interest through Security Bank of Pulaski County for a 10% down payment and will arrange financing for the remaining cost after taking possession of the equipment.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNESVILLE, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Year Ended December 31, 2018

Missouri Local Government Employees Retirement System (LAGERS)

	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 236,248	\$ 252,887	\$ 229,483	\$ 203,718
Interest on the Total Pension Liability	455,928	441,448	393,077	364,481
Difference between expected and actual experience	(73,345)	(146,872)	58,079	66,751
Changes of Assumptions	-	-	265,644	-
Benefit payments including refunds	(336,509)	(342,498)	(240,489)	(265,438)
NET CHANGE IN TOTAL PENSION LIABILITY	282,322	204,965	705,794	369,512
TOTAL PENSION LIABILITY, BEGINNING	6,337,920	6,132,955	5,427,161	5,057,649
TOTAL PENSION LIABILITY, ENDING	6,620,242	6,337,920	6,132,955	5,427,161
PLAN FIDUCIARY NET POSITION				
Contributions - employer	380,440	357,320	363,432	346,321
Pension Plan Net Investment Income (Loss)	706,965	610,680	(2,555)	88,052
Benefit payments, including refunds	(336,509)	(342,498)	(240,489)	(265,438)
Pension Plan Administrative Expense	(9,135)	(8,597)	(8,244)	(8,762)
Other	16,174	27,413	63,667	(15,982)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	757,935	644,318	175,811	144,191
PLAN FIDUCIARY NET POSITION, BEGINNING	5,549,553	4,905,235	4,729,424	4,585,233
PLAN FIDUCIARY NET POSITION, ENDING	6,307,488	5,549,553	4,905,235	4,729,424
EMPLOYER NET PENSION LIABILITY	\$ 312,754	\$ 788,367	\$ 1,227,720	\$ 697,737
Plan fiduciary net position as a percentage of the total pension liability	95.28%	87.56%	79.98%	87.14%
Covered employee payroll	\$ 1,785,682	\$ 1,770,160	\$ 1,970,387	\$ 1,642,569
Employer's net pension liability as a percentage of covered employee payroll	17.51%	44.54%	62.31%	42.48%

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

CITY OF WAYNESVILLE, MISSOURI
 SCHEDULE OF CONTRIBUTIONS
 Year Ended December 31, 2018

Missouri Local Government Employees Retirement System (LAGERS)
Schedule of Contributions
Last 10 fiscal years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 399,509	\$ 364,423	\$ 359,297	\$ 358,187	\$ 341,204	\$ 302,278	\$ 262,637	\$ 280,200	\$ 398,542	\$ 95,232
Contributions in relation to the actuarially determined contribution	399,509	364,423	359,297	354,061	341,204	300,346	260,021	276,926	398,542	95,232
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,126</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ 2,616</u>	<u>\$ 3,274</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,024,113	\$ 1,873,262	\$ 1,924,495	\$ 1,790,341	\$ 1,690,534	\$ 1,594,041	\$ 1,362,921	\$ 1,341,864	\$ 2,125,188	\$ 518,338
Contributions as a percentage of covered-employee payroll	19.74%	19.45%	18.67%	19.78%	20.18%	18.84%	19.08%	20.64%	18.75%	18.37%

See accompanying notes to the required schedules.

CITY OF WAYNESVILLE, MISSOURI
NOTES TO SCHEDULE OF CONTRIBUTIONS
Year Ended December 31, 2018

Valuation Date: February 28, 2018

Notes: The roll-forward of total pension liability from February 28, 2018, to June 30, 2018, 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 11 to 24 years for General and Police divisions.

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

Inflation – 3.25% wage inflation; 2.50% price inflation.

Salary Increases – 3.25% to 6.55% including wage inflation.

Investment Rate of Return – 7.25%, net of investment expenses.

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

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

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

Other Information – None.

CITY OF WAYNESVILLE, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 350,000	\$ 423,590	\$ 423,590	\$ -
City sales tax	545,000	637,141	637,141	-
Motor vehicle taxes	187,000	194,477	194,477	-
Utility franchise tax	100,000	88,565	88,565	-
Financial institution taxes	2,000	4,361	4,361	-
Railroad and utility tax	1,000	827	827	-
	<u>1,185,000</u>	<u>1,348,961</u>	<u>1,348,961</u>	-
Licenses and Permits				
Building permits	8,500	32,499	32,499	-
Other licenses and permits	12,350	12,225	12,225	-
	<u>20,850</u>	<u>44,724</u>	<u>44,724</u>	-
Intergovernmental Revenues				
Federal and state grants	826,125	430,408	430,408	-
Charges for Services				
Fuel sales	420,000	606,035	606,035	-
Rental income	456,785	329,328	329,328	-
Animal control	40,000	65,528	65,528	-
Other	83,800	75,257	75,257	-
	<u>1,000,585</u>	<u>1,076,148</u>	<u>1,076,148</u>	-
Fines and Forfeitures				
City court fines	173,000	145,353	145,353	-
Miscellaneous				
Interest	12,000	24,786	24,786	-
Other	123,935	122,911	122,911	-
	<u>135,935</u>	<u>147,697</u>	<u>147,697</u>	-
TOTAL REVENUES	<u>3,341,495</u>	<u>3,193,291</u>	<u>3,193,291</u>	-

CITY OF WAYNESVILLE, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)
 Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
City hall	662,300	532,661	532,661	-
Fire	302,640	303,735	303,735	-
Public safety	900,540	912,123	912,123	-
Municipal court	132,998	128,715	128,715	-
Street	259,700	244,981	244,981	-
Airport	1,353,550	1,118,526	1,118,526	-
Animal shelter	225,723	189,348	189,348	-
Building department	223,484	92,963	92,963	-
Debt Service				
Principal and interest	899,000	352,758	352,758	-
TOTAL EXPENDITURES	<u>4,959,935</u>	<u>3,875,810</u>	<u>3,875,810</u>	<u>-</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(1,618,440)	(682,519)	(682,519)	-
OTHER FINANCING SOURCES				
Sale of property	396,667	396,332	396,332	-
Lease purchase proceeds	150,000	-	-	-
Operating transfers in	975,000	507,099	507,099	-
TOTAL OTHER FINANCING SOURCES	<u>1,521,667</u>	<u>903,431</u>	<u>903,431</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(96,773)	220,912	220,912	-
FUND BALANCE, January 1	<u>1,939,109</u>	<u>1,939,109</u>	<u>1,939,109</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ 1,842,336</u>	<u>\$ 2,160,021</u>	<u>\$ 2,160,021</u>	<u>\$ -</u>

CITY OF WAYNESVILLE, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – TRANSPORTATION FUND
 Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Transportation sales tax	\$ 245,000	\$ 268,510	\$ 268,510	\$ -
Miscellaneous income	15,000	-	-	-
TOTAL REVENUES	260,000	268,510	268,510	-
EXPENDITURES				
Current				
Street	171,000	164,912	164,912	-
Debt Service				
Principal and interest	89,000	129,461	129,461	-
TOTAL EXPENDITURES	260,000	294,373	294,373	-
(DEFICIT) OF REVENUES OVER EXPENDITURES	-	(25,863)	(25,863)	-
OTHER FINANCING SOURCES				
Operating transfer in	-	38,036	38,036	-
TOTAL OTHER FINANCING SOURCES	-	38,036	38,036	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	12,173	12,173	-
FUND BALANCE, January 1	533,752	533,752	533,752	-
FUND BALANCE, December 31	\$ 533,752	\$ 545,925	\$ 545,925	\$ -

CITY OF WAYNESVILLE, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – PARK AND POOL FUND
 Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	\$ 375,000	\$ 405,863	\$ 405,863	\$ -
Intergovernmental Revenues				
Federal and state grants	-	75,000	75,000	-
Charges for Services				
Rental and membership	78,000	104,004	104,004	-
Miscellaneous				
Fees	2,000	2,150	2,150	-
Donations	-	17,666	17,666	-
Interest income	300	283	283	-
Miscellaneous	68,100	15,467	15,467	-
	<u>70,400</u>	<u>35,566</u>	<u>35,566</u>	<u>-</u>
TOTAL REVENUES	523,400	620,433	620,433	-
EXPENDITURES				
Current				
Parks and pool	460,100	445,376	445,376	-
TOTAL EXPENDITURES	<u>460,100</u>	<u>445,376</u>	<u>445,376</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	63,300	175,057	175,057	-
FUND BALANCE, January 1	<u>371,718</u>	<u>371,718</u>	<u>371,718</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ 435,018</u>	<u>\$ 546,775</u>	<u>\$ 546,775</u>	<u>\$ -</u>

CITY OF WAYNESVILLE, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – COMMUNITY IMPROVEMENT DISTRICT FUND
 Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES				
Miscellaneous				
Other	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
TOTAL REVENUES	55,000	55,000	55,000	-
EXPENDITURES				
Community improvements	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	55,000	55,000	55,000	-
FUND BALANCE, January 1	32,566	32,566	32,566	-
FUND BALANCE, December 31	<u>\$ 87,566</u>	<u>\$ 87,566</u>	<u>\$ 87,566</u>	<u>\$ -</u>

CITY OF WAYNESVILLE, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended December 31, 2018

Budgets and Budgetary Accounting

The City utilizes 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, business-type activities, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2018, 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 April 11, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

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

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

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 did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness. It is identified as item 2018-001.

Compliance and Other Matters

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

City of Waynesville, Missouri's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City of Waynesville, Missouri'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 of Waynesville, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
April 11, 2019

CITY OF WAYNESVILLE, MISSOURI
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2018

2018-001 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.