

# City of Waynesville, Missouri

BASIC FINANCIAL STATEMENTS  
Year Ended December 31, 2020

**KPM**  
CPAS & ADVISORS

## Table of Contents

<b>Independent Auditors' Report</b> .....	4
<b>Management's Discussion and Analysis</b> .....	9
<b>Basic Financial Statements</b>	
Statement of Net Position .....	19
Statement of Activities .....	21
Balance Sheet – Governmental Funds .....	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	28
Statement of Net Position – Enterprise Funds .....	29
Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Funds .....	31
Statement of Cash Flows – Enterprise Funds .....	32
Notes to the Financial Statements .....	34
<b>Required Supplementary Information</b>	
Schedule of Changes in Net Pension Liability and Related Ratios .....	69
Schedule of Contributions .....	70
Notes to the Schedule of Contributions .....	71
Budgetary Comparison Schedule – General Fund .....	72
Budgetary Comparison Schedule – Transportation Fund .....	74
Budgetary Comparison Schedule – Park and Pool Fund .....	75
Budgetary Comparison Schedule – Community Improvement District Fund .....	76
Notes to the Budgetary Comparison Schedules .....	77

**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* ..... 79

Independent Auditors' Report on Compliance for each Major Program  
and on Internal Control over Compliance Required by the Uniform Guidance ..... 81

Schedule of Expenditures of Federal Awards ..... 83

Notes to the Schedule of Expenditures of Federal Awards ..... 84

Summary Schedule of Findings and Questioned Costs..... 85

Schedule of Prior Audit Findings..... 87

Corrective Action Plan..... 88



## 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, 2020, 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.

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, 2020, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waynesville, Missouri's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2021, 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  
June 8, 2021

## **Management's Discussion and Analysis**

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

---

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, 2020. Please read it in conjunction with the City's financial statements.

### Financial Highlights

The net position of the City's governmental activities increased by \$1,564,408 for the year ended December 31, 2020, as a result of current year activities. The net position of the City's business-type activities increased by \$193,771 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, 2020, by \$23.5 million (net position), an increase of \$1,758,179 from the previous year.

Total liabilities of the City increased by \$751,203 during the year ending December 31, 2020. The City continued to make payments on its Certificates of Participation and equipment leases and obtained a new bridge loan.

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 2020 fiscal year.

Sales tax revenues increased 14% while utility revenues decreased 3% from the 2019 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 or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred outflows/inflows using the accrual basis of accounting. This is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's net position – the difference between assets, liabilities, and deferred outflows/inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.



# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

---

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

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

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

### **Fund Financial Statements**

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

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

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

### **Notes to the Basic Financial Statements**

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

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

### Government-Wide Financial Analysis

#### Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2020 and December 31, 2019:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2020</u>	<u>Total December 31, 2019</u>
<b>Assets</b>				
Current and other assets	\$ 4,288,795	\$ 3,907,775	\$ 8,196,570	\$ 7,601,169
Capital assets	25,966,717	12,357,816	38,324,533	36,500,588
<b>Total Assets</b>	<u>30,255,512</u>	<u>16,265,591</u>	<u>46,521,103</u>	<u>44,101,757</u>
<b>Deferred Outflows of Resources</b>				
Deferred refunding charges	7,151	40,522	47,673	56,753
Deferred pension outflows	399,278	184,890	584,168	492,900
<b>Total Deferred Outflows of Resources</b>	<u>406,429</u>	<u>225,412</u>	<u>631,841</u>	<u>549,653</u>
<b>Liabilities</b>				
Other liabilities	1,253,799	2,210,207	3,464,006	3,513,055
Long-term liabilities	12,259,044	7,590,734	19,849,778	19,049,526
<b>Total Liabilities</b>	<u>13,512,843</u>	<u>9,800,941</u>	<u>23,313,784</u>	<u>22,562,581</u>
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	167,127	125,709	292,836	300,684
<b>Net position</b>				
Net investment in capital assets	13,767,327	4,875,190	18,642,517	17,714,188
Restricted	528,528	142,606	671,134	960,624
Unrestricted	2,686,116	1,546,557	4,232,673	3,113,333
<b>Total Net Position</b>	<u>\$ 16,981,971</u>	<u>\$ 6,564,353</u>	<u>\$ 23,546,324</u>	<u>\$ 21,788,145</u>

Total net position of the City increased by \$1,758,179 for the year ended December 31, 2020. Total liabilities for the City have increased by \$751,203. Restricted net position of the City totaled \$671,134 as of December 31, 2020. This amount represents monies that are restricted for debt service and donations.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

### Changes in Net Position

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Year Ended December 31, 2020</b>	<b>Total Year Ended December 31, 2019</b>
<b>Revenues, Transfers, and Special Item</b>				
Program Revenues				
Charges for services	\$ 1,265,299	\$ 10,646,002	\$ 11,911,301	\$ 12,127,994
Operating grants and contributions	3,163,068	33,324	3,196,392	2,794,610
Capital grants and contributions	547,437	-	547,437	4,735,217
General Revenues				
Sales taxes	1,556,054	-	1,556,054	1,363,188
Ad valorem taxes	457,727	-	457,727	439,260
Motor vehicle and gas taxes	189,533	-	189,533	197,117
Other taxes	-	-	-	715
Franchise fees	76,002	-	76,002	88,822
Interest	18,797	21,539	40,336	67,065
Other revenue	88,707	-	88,707	160,055
Special item	335,579	-	335,579	-
Transfers	1,675,010	(1,675,010)	-	-
<b>Total Revenues, Transfers, and Special Item</b>	<b>9,373,213</b>	<b>9,025,855</b>	<b>18,399,068</b>	<b>21,974,043</b>
<b>Expenses</b>				
City hall	995,911	-	995,911	1,115,305
Fire	313,137	-	313,137	298,688
Public safety	811,553	-	811,553	911,797
Municipal court	144,792	-	144,792	131,199
Street	573,872	-	573,872	647,124
Park and pool	493,865	-	493,865	535,260
Cemetery	968	-	968	968
Airport	3,678,520	-	3,678,520	3,221,663
Animal shelter	254,740	-	254,740	205,424
Building department	142,622	-	142,622	114,367
Debt service	398,825	-	398,825	366,068
Electric	-	6,008,522	6,008,522	5,949,229
Water and sewer	-	1,687,641	1,687,641	1,800,753
Trash	-	272,869	272,869	260,402
Natural gas	-	863,052	863,052	1,147,824
<b>Total Expenses</b>	<b>7,808,805</b>	<b>8,832,084</b>	<b>16,640,889</b>	<b>16,706,071</b>
<i>Increase in Net Position</i>	<b>\$ 1,564,408</b>	<b>\$ 193,771</b>	<b>\$ 1,758,179</b>	<b>\$ 5,267,972</b>

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

### Governmental Activities

Governmental activities increased the net position of the City by \$1,564,408. Tax revenues for the City were \$2,279,316 which represents 25% of the funding of these activities. Program revenues for the functions totaled \$4,975,804 or 55% 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	\$ 995,911	\$ 646,253
Fire	313,137	313,137
Public safety	811,553	703,272
Municipal court	144,792	144,792
Street	573,872	445,885
Park and pool	493,865	326,417
Cemetery	968	368
Airport	3,678,520	(347,585)
Animal shelter	254,740	75,145
Building department	142,622	126,492
Debt service	398,825	398,825
	<u>\$ 7,808,805</u>	<u>\$ 2,833,001</u>

### Business-Type Activities

Business-type activities increased the City's net position by \$193,771. In the current year, the business-type activities transferred \$1,675,010 to the governmental funds.

### Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of December 31, 2020, was \$3,547,531. The General Fund increased by \$96,878, the Transportation Fund decreased by \$120,809, the Park and Pool Fund increased by \$212,934, the Community Improvement District (CID) Fund increased by \$50,000, and the Debt Service Fund increased by \$1,811.

### General Fund Budgetary Highlights

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

- The original revenue budget of \$6,841,750 decreased to \$6,374,199 due to an decrease in grants received for the airport project.
- The original expenditures budget of \$8,562,259 was increased to \$8,790,466.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

---

### Capital Asset & Debt Administration

#### Capital Assets

Capital assets of the governmental activities were \$25,966,717 (net of accumulated depreciation) as of December 31, 2020. This represents a \$2,242,134 increase from the prior year. Capital assets for business-type activities were \$12,357,816 as of December 31, 2020. This represents a decrease of \$418,189 from the prior year.

#### Debt

Total debt of the governmental activities as of December 31, 2020, was \$12,222,403, which is up from \$11,383,236 in the prior year.

Total debt of the business-type activities as of December 31, 2020, was \$8,003,154, which is down from \$8,287,994 in the prior year.

### Economic Factors & Next Year's Budget

The City of Waynesville accomplished many things throughout the year despite the COVID-19 Global pandemic and a major change of leadership throughout the city. Incumbent Mayor, Luge Hardman decided not to run for re-election and Dr. Jerry Brown was sworn in as Mayor in 2020 after a monumental election delay by the Missouri Governor, Mike Parson. Additionally, City Administrator, Bruce Harrill, retired from the City and was succeeded by John Doyle. Through the tireless work of the city staff, the Mayor, City Council, and the various committees and teams of volunteers, the city had a year to remember. Some of our 2020 key projects are identified below.

#### Key Projects for 2020

*Airport Improvements:* The Waynesville St. Robert Regional Airport is located on Fort Leonard Wood, MO. The City of Waynesville and St. Robert manage the airport through the Joint Airport Advisory Board. Day-to-day operations and administrative duties fall to the City of Waynesville staff. In the year 2020, the city was able to accomplish many things at the airport, despite the setbacks the global pandemic had on the travel industry.

- *TAMP:* The City engaged engineering firm, Burns & McDonnell to begin work on the Terminal Area Master Plan (TAMP). The first draft of the TAMP was submitted to MODOT and sent back with some revisions. The updated draft was resubmitted and staff hope to receive an approved copy of the new TAMP sometime in 2021.
- *Airport Certification Manual:* City staff had the task of completing upgrades and corrections to the current Airport Certification Manual. Once these tasks were completed, manual was submitted to the FAA and was given final approval during 2020.
- *Terminal Modification:* To support the expanded jet service, the city executed a State of Missouri Grant to modify the existing terminal by adding three modular units. The modifications were necessary to support the new jet service airline with a 30-seat capacity, as compared to the previous carrier that was limited to a 9-seat plane. Construction began in 2019 and was completed in early 2020.
- *CARES Act Grant:* With the major economic effects of the COVID 19 pandemic hitting the travel industry, the city was able to procure a grant, with the assistance of MODOT. The grant was in the amount of \$69,000 and could be used to assist with maintenance and operations at the airport.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

---

- *Marketing Grant:* The city applied for and received an airport marketing grant in the amount of \$30,000 from MODOT Aviation Division. The Joint Airport Board put together a plan to utilize the funds, which was executed throughout the year.

*Street Department:* The Street Department had a year of changes with long-time Street Superintendent, Brian Adams retiring in December of 2020. Jason Chapman was promoted to Street Superintendent at the end of the year. The Department worked tirelessly throughout the year and were able to complete several projects.

- *Volkswagen Truck Grant:* The City received a grant to replace one of its older trucks with a 2020 Peterbuilt double tandem dump truck. Miriam Jones submitted this grant on behalf of the city as part of the Volkswagen settlement with the State of Missouri. The city was awarded \$61,520 to make this purchase, with a 50% match required. This is the second truck the city has been able to purchase under this grant program.
- *GW Lane Street Expansion:* After obtaining the necessary right-of-way from MODOT, City crews laid the road bed and cleared a path for an expansion of the GW Lane Street. This expansion added a turning lane, which will help mitigate traffic during heavy traffic flow. Crews began planning for a sidewalk in that area for students and citizens. The city plans to continue research on the best placement of the sidewalk in the future.
- *Road Paving:* The city was able to pave the following roads during FY2020 - Bailey St., School St., North Lynn, North Benton, Ousley, Hull Drive, Birch St., Prospect, Rayl, and Home St. It was discovered that there was water eroding the road bed underneath Glen Haven. After further inspection, the area was prioritized and a massive project was undertaken to repair the damage. Once the repairs were made, Glen Haven was completely repaved.

*Water/Wastewater Department:* Like many other departments, the Water/WasteWater department overcame many obstacles created by the COVID 19 pandemic. Being short staffed and working split shifts for several months, the department still had a had a successful year with one employee earning their DS2 certification and another employee earning a Class A WasteWater Certification. The department now consists of six full time employees, four of which are A Licensed WasteWater operators and five of which are DS2 certified staff.

- *Well #6 at Summit Subdivision:* City workers worked on cosmetic upgrades at well #6. These upgrades were necessary due to the smoke damage caused by the 2019 fire. The building was scrubbed to remove smoke deposits, primed and painted.
- *Northern Heights Pad & Water Tank site:* City workers continued work on the Northern Heights water tank that began in 2019. Although COVID 19 delayed delivery of several crucial parts, the department was able to finish the installation of the booster pumps and a building to house the pumps in 2020. They hope to have the new upgrades operational by mid-2021.
- *SCADA:* City Administration, with support from the Utility Committee and City Council were able to procure a SCADA system installation. SCADA stands for Supervisor Control and Data Acquisition – a system that allows City Workers to monitor water wells, storage tanks, and lift stations remotely including alarms. This allows the workers to quickly identify water issues, helping decrease the number of outages by increasing response time. This was a huge upgrade to the City's water utility infrastructure that will benefit citizens for years to come.

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

---

- *Industrial Park Development:* City Workers upgraded and extended water service to the City's industrial park in order to provide service to new developments. This will not only benefit the medical marijuana cultivation facility currently being constructed, but future developments in the industrial park area.

*Public Works Construction Department:* The Public Works Construction Department had a year of changes with long-time Supervisor, Dewayne Baker retiring in December of 2020 and will begin recruiting his replacement in 2021. The department accomplished many things this year including the construction of the new ADA accessible park restroom, completion of the northern trail head kiosk and installation 1,050ft of sidewalk to complete the trail, and upgrades to the offices at City Hall. Crews began work on a French drain at the Waynesville City Park that should help with standing water and erosion problems that recur on and near the recreational sports fields in the park. The city hopes to complete this project in 2021. The construction department assists all the other departments on any jobs throughout the city as needed and were invaluable during 2020 due to staff shortages due to split shifts and COVID 19 quarantines.

*Electric Department:* The Electric Department was able to complete several big projects, despite being short-staffed and operating with split-shifts during the worst of the COVID – 19 pandemic. The Department added to its success with Joshua Evans graduating apprenticeship school, becoming a Journeyman Linemen.

- *Pole Numbering & Testing:* City workers completed numbering all the electric poles within the city, and every primary pole now has a GPS point. The city completed system wide pole testing, revealing that 52 poles needed replaced. Staff were able to complete the change out of all 52 red flagged poles.
- *New Services:* City electric crews installed several new services throughout the city in 2020. They wired the new ADA accessible bathroom in the Waynesville City Park, installed the new service and wired all electric for the new Northern Heights water tank, installed the new three phase service going to the Pulaski County Justice Center, extended a line for the Justice Center maintenance building, installed a new three phase power line to the newest addition of the Waynesville Middle School, and installed 100% of the power to all buildable lots in the Woodland Hills subdivision.
- *Infrastructure Improvements:* There were several infrastructure improvements that took place within the electrical system in 2020. The city came to an agreement with the Waynesville School District to turn the 1,000ft of three phase power line going over the East Elementary playground into underground. Electric crews turned a 600ft overhead line that was running through woods into an underground line, cutting down on several recurring power outages due to falling trees. Crews installed new street lights going down Pine Street and reconnected 1,600ft of power line in the Bluff Circle area. Crews also completed 2,800ft tie line to complete an entire system loop, meaning the City's entire electrical system is now looped together.
- *Storms & Mutual Aid:* Waynesville Electric Crews were called upon by our neighbors in Lebanon, MO after a disastrous storm hit their city. Our crew spent a week there, assisting with power restoration. Our neighbors were not the only ones to be hammered by storms, and in July of 2020 there was a major storm in Waynesville that put over 1,100 customers out of power. Crews were able to have all but three customers restored with 17.5 hours, and the remaining three were off due to electric damage to their service lines going into their homes.

*Parks Department:* The Parks Department said farewell to their long-time Park Superintendent, Randy Brown when he retired in early 2020. The city promoted Trey Haragen as the new Parks Superintendent. Due to the COVID 19 pandemic,

# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

---

the Little Heroes Playground, along with all other city playgrounds were closed to stop the spread of the virus. Additionally, the Waynesville St. Robert Youth Sports recreational seasons were cancelled in 2020.

- *Scrap Tire Grant:* The city applied for a Scrap Tire Grant and received a total of \$9,506 to purchase picnic tables and park benches made with recycled Missouri tires. The tables and chairs have been placed in various community parks throughout the city.
- *Recreational Trail Program Grant:* The city executed a Recreational Trail Program grant that would establish a trailhead facility at the Roubidoux Park. This included adding paved parking with handicap accessible spaces, an ADA compliant bathroom, and 1,050 linear feet of trail, connecting the park to the historic downtown Waynesville area. The grant also included the installation of a trailhead kiosk that can be utilized by the community and the city to post information regarding upcoming events, youth sports, and the Trail of Tears Memorial Site. The City was awarded \$88,000 to complete the project, with the city matching those funds with in-kind labor.
- *Tiger Playground:* The City purchased new playground equipment for the Tiger Playground located in the Hull Valley subdivision. Previously, there was minimal, outdated equipment and a small pavilion on the site. Citizens in that area are happy with the much-needed improvements.

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

- *Poppy's Play Yard:* In 2020, a small dog was found that was extremely emaciated. Despite all efforts made by city staff and the veterinary team, Poppy passed away. The support from the community was remarkable and a fundraiser to pay for Poppy's medical care was held in the Waynesville Park. Proceeds from this benefit exceeded the City's expectations. The City was able to utilize those funds to create "Poppy's Play Yard", a fenced in play area on the Animal Shelter's property that allows shelter dogs to play outdoors.
- *Intergovernmental Agreements:* In 2020, Animal Shelter staff were able to renegotiate the existing IGA with the City of St. Robert that would create a more equal share in the liability at the shelter. Additionally, a new contract was entered into with Fort Leonard Wood. FLW built a brand-new facility and contracted the Waynesville St. Robert Animal Shelter to man it. During construction of the new facility, there was no certified animal shelter in the area that could take in cats. Now, the city can take in stray cats and rehome them if they're found on FLW.

### *Newly Elected/Appointed Officials:*

- John Doyle – Appointed City Administrator
- Dr. Jerry Brown – Elected Mayor
- Michael Curtis – Re-Elected Councilman, Ward IV
- Rob Rice – Elected Councilman, Ward I
- Ed Conley – Re-Elected Councilman, Ward III
- Cecil Davis – Re-Elected Councilman, Ward II

### **Personnel**

*Resignations:* The following personnel resigned their position with the City and moved on to new opportunities: Nathan Acosta, Autumn (Niki) Brown, Lisa Cockrum, Ashlie Good, Aaron Hall, Tyler Hidgon, Officer Thomas Kullburg, Justin



# City of Waynesville

## Management's Discussion and Analysis

December 31, 2020

---

McHugh, Trent Milligan, Trenton Morgan, Officer Kenneth Nelson, Adam Posey, Hunter Powers, Officer Travis Schaffer, Bo Sumner, Denice Vantichelt, Christopher Vernon, and Jeffrey White.

*Promotions:* The following City employees were promoted to other positions in 2020: Joshua Evans (Journeyman Lineman), Tylor Gross (Apprentice Lineman Year 1), Erin Ruiz (Youth Sports Director), Daniella Breedlove (Animal Shelter Supervisor), Trey Haragen (Parks Superintendent), Richard Francis (Assistant Park Superintendent), and Jason Chapman (Street Superintendent).

*Newly Hired Employees:* The City of Waynesville is fortunate to be able to attract skilled and qualified employees to work here to include: Melony Bruce (City Hall Reception), Kristen Grimm (Animal Shelter), Officer Brad Halterman (Patrolman), Michael Hall (Water Dept.), Jacob Lopez (Natural Gas Technician), Officer Joseph Mendez (Patrolman), Officer Brian Moore (Patrolman), Tyler Ohmart (Animal Shelter), Garry Powers (Parks Summer Hire) and R.C. Shockley (Apprentice Lineman).

*Retired:* Bruce Harrill, City Administrator retired in June 2020; Randy Brown, Parks Superintendent retired in January of 2020; Dewayne Baker, Construction Supervisor, retired in December 2020; and Brian Adams, Street Superintendent, retired in December 2020.

### Looking Forward: Overview of the Fiscal Year Budget 2021

Our 2021 budget of \$ 20.2 million is down slightly from our 2020 budget of \$20.9 million. Administrative staff worked tirelessly to consolidate accounts and streamline the budget. In previous years, several employees throughout the city had their pay and benefits expended from different departments. The decision was made to expend those funds directly from the department they worked in, to make tracking departmental costs easier. In order to create a balanced budget, transfers were made into the general fund departments on the revenue side. The goal is be able to see how much a department costs the city, without having to pull several departments & piecing the information together.

Key projects planned for the 2021 budget year include: hiring an IT technician and implementing software upgrades throughout the city; municipal codification being available online, developing and releasing a new City of Waynesville website; transitioning the court system to the new Sho-Me Courts system required by the State of Missouri; entering into an Into-Plane contract to begin selling fuel to military planes; purchasing a new pick-up truck for the building department; construction of an RV park restroom and shower house; electrical infrastructure improvements; new pick-up and flatbed dump truck for the water/wastewater department; upgrading clarifiers and screw pumps at the wastewater treatment plant; and engaging TOTH Engineering to complete a rate study on all utilities. To comply with Missouri law, the city took a very realistic approach to this budget process and ending with a balanced budget for FY 2021 that was approved by the City Council in November of 2020.

### Final Budget Revenue and Expense

	<u>FY2020 Budget</u>	<u>Proposed 2021 Budget</u>
Total Budget Revenues	\$ 20,619,658	\$ 20,225,350
Total Budget Expenses	20,020,012	20,201,396
<b>Revenue Over Expenses</b>	<b>\$ 599,645</b>	<b>\$ 23,954</b>

# City of Waynesville

Management's Discussion and Analysis

December 31, 2020

---

## **Contacting the City's Financial Management**

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

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

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

# City of Waynesville

## Statement of Net Position

December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
<b>Assets</b>				
Current				
Cash and cash equivalents - unrestricted	\$ 2,649,996	\$ 1,329,993	\$ 3,979,989	\$ 13,857
Sales tax receivable	237,016	-	237,016	3,531
Ad valorem taxes receivable, net	226,139	-	226,139	-
Utilities receivable, net	-	816,872	816,872	-
Other receivables	5,631	40,489	46,120	-
Accrued interest receivable	-	1,156	1,156	-
Intergovernmental receivable	239,743	-	239,743	-
Prepaid expenses	75,849	37,693	113,542	-
Inventory	-	363,409	363,409	-
Noncurrent				
Restricted cash and cash equivalents	485,986	1,318,163	1,804,149	-
Investments - restricted	58,404	-	58,404	-
Note receivable	310,031	-	310,031	-
Capital assets				
Non-depreciable	5,019,188	563,713	5,582,901	-
Depreciable, net	20,947,529	11,794,103	32,741,632	332,437
<b>Total Assets</b>	30,255,512	16,265,591	46,521,103	349,825
<b>Deferred Outflows of Resources</b>				
Deferred refunding charges	7,151	40,522	47,673	-
Deferred pension outflow	399,278	184,890	584,168	-
<b>Total Deferred Outflows of Resources</b>	406,429	225,412	631,841	-

See accompanying notes to the financial statements.

# City of Waynesville

## Statement of Net Position

December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
<b>Liabilities</b>				
Current				
Accounts payable	389,785	603,260	993,045	-
Accrued expenses	41,448	48,901	90,349	-
Customer deposits payable	-	695,551	695,551	-
Accrued interest payable	96,752	54,260	151,012	-
Current maturities of long-term debt	725,814	808,235	1,534,049	24,498
	1,253,799	2,210,207	3,464,006	24,498
Noncurrent				
Unearned revenue	184,000	-	184,000	-
Bonds payable	-	2,622,000	2,622,000	-
MAMU lease payable, net	-	457,000	457,000	-
Certificates of participation, net	9,474,004	3,569,811	13,043,815	-
Capital leases payable	247,387	66,105	313,492	-
MTFC direct loan	255,201	-	255,201	-
Bridge loan	1,519,997	480,003	2,000,000	-
Note payable	-	-	-	285,533
Compensated absences payable	137,335	63,826	201,161	-
Net pension liability	441,120	331,989	773,109	-
	12,259,044	7,590,734	19,849,778	285,533
<b>Total Liabilities</b>	13,512,843	9,800,941	23,313,784	310,031
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	167,127	125,709	292,836	-
	167,127	125,709	292,836	-
<b>Net Position</b>				
Net investment in capital assets	13,767,327	4,875,190	18,642,517	22,406
Restricted	528,528	142,606	671,134	-
Unrestricted	2,686,116	1,546,557	4,232,673	17,388
<b>Total Net Position</b>	\$ 16,981,971	\$ 6,564,353	\$ 23,546,324	\$ 39,794

See accompanying notes to the financial statements.

# City of Waynesville

## Statement of Activities

Year Ended December 31, 2020

Functions/Programs	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
Primary Government								
Governmental Activities								
City hall	\$ (995,911)	\$ 349,658	\$ -	\$ -	\$ (646,253)	\$ -	\$ (646,253)	
Fire	(313,137)	-	-	-	(313,137)	-	(313,137)	
Public safety	(811,553)	89,922	18,359	-	(703,272)	-	(703,272)	
Municipal court	(144,792)	-	-	-	(144,792)	-	(144,792)	
Street	(573,872)	1,000	61,520	65,467	(445,885)	-	(445,885)	
Park and pool	(493,865)	81,406	86,042	-	(326,417)	-	(326,417)	
Cemetery	(968)	600	-	-	(368)	-	(368)	
Airport	(3,678,520)	587,437	2,956,698	481,970	347,585	-	347,585	
Animal shelter	(254,740)	139,146	40,449	-	(75,145)	-	(75,145)	
Building department	(142,622)	16,130	-	-	(126,492)	-	(126,492)	
Debt service	(398,825)	-	-	-	(398,825)	-	(398,825)	
<b>Total Governmental</b>	<b>(7,808,805)</b>	<b>1,265,299</b>	<b>3,163,068</b>	<b>547,437</b>	<b>(2,833,001)</b>	<b>-</b>	<b>(2,833,001)</b>	
Business-Type Activities								
Electric service	(6,008,522)	6,689,207	8,293	-	-	688,978	688,978	
Water and sewer service	(1,687,641)	2,503,781	25,031	-	-	841,171	841,171	
Trash service	(272,869)	313,964	-	-	-	41,095	41,095	
Natural gas service	(863,052)	1,139,050	-	-	-	275,998	275,998	
<b>Total Business-Type</b>	<b>(8,832,084)</b>	<b>10,646,002</b>	<b>33,324</b>	<b>-</b>	<b>-</b>	<b>1,847,242</b>	<b>1,847,242</b>	
<b>Total Primary Government</b>	<b><u>\$ (16,640,889)</u></b>	<b><u>\$ 11,911,301</u></b>	<b><u>\$ 3,196,392</u></b>	<b><u>\$ 547,437</u></b>	<b>(2,833,001)</b>	<b>1,847,242</b>	<b>(985,759)</b>	

See accompanying notes to the financial statements.

# City of Waynesville

## Statement of Activities

Year Ended December 31, 2020

Component Unit Westgate Community Improvement District	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position			Component Unit Westgate Community Improvement District	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities		Total
	\$ (35,670)	\$ -	\$ -	\$ -			\$ (35,670)	
		General Revenues						
					1,556,054	-	1,556,054	56,727
					457,727	-	457,727	-
					189,533	-	189,533	-
					76,002	-	76,002	-
					18,797	21,539	40,336	-
					88,707	-	88,707	-
					1,675,010	(1,675,010)	-	-
					<b>4,061,830</b>	<b>(1,653,471)</b>	<b>2,408,359</b>	<b>56,727</b>
					Special Item			
					335,579	-	335,579	-
					<i>1,564,408</i>	<i>193,771</i>	<i>1,758,179</i>	<i>21,057</i>
					15,417,563	6,370,582	21,788,145	18,737
					<b>\$ 16,981,971</b>	<b>\$ 6,564,353</b>	<b>\$ 23,546,324</b>	<b>\$ 39,794</b>

See accompanying notes to the financial statements.

# City of Waynesville

## Balance Sheet – Governmental Funds

December 31, 2020

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
<b>Assets</b>						
Cash and cash equivalents - unrestricted	\$ 1,186,326	\$ 833,019	\$ 428,085	\$ 202,566	\$ -	\$ 2,649,996
Ad valorem taxes receivable, net	226,139	-	-	-	-	226,139
Sales tax receivable	135,536	58,852	42,628	-	-	237,016
Other receivable	5,631	-	-	-	-	5,631
Intergovernmental receivable	234,510	5,233	-	-	-	239,743
Prepaid expenses	74,172	1,677	-	-	-	75,849
Restricted cash and cash equivalents	15,862	31,927	-	-	438,197	485,986
Investments - restricted	-	-	-	-	58,404	58,404
<b>Total Assets</b>	<b>\$ 1,878,176</b>	<b>\$ 930,708</b>	<b>\$ 470,713</b>	<b>\$ 202,566</b>	<b>\$ 496,601</b>	<b>\$ 3,978,764</b>
<b>Liabilities and Fund Balances</b>						
Liabilities						
Accounts payable	\$ 196,963	\$ -	\$ 192,822	\$ -	\$ -	\$ 389,785
Accrued expenses	25,984	3,348	12,116	-	-	41,448
<b>Total Liabilities</b>	<b>222,947</b>	<b>3,348</b>	<b>204,938</b>	<b>-</b>	<b>-</b>	<b>431,233</b>

See accompanying notes to the financial statements.

## City of Waynesville

### Balance Sheet – Governmental Funds

December 31, 2020

	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	Total Governmental Funds
Fund Balances						
Nonspendable						
Prepaid items	74,172	1,677	-	-	-	75,849
Restricted for						
Specific purchases from donations	-	31,927	-	-	-	31,927
Debt service	-	-	-	-	496,601	496,601
Building projects	15,862	-	-	-	-	15,862
Assigned to						
Parks and pool	-	893,756	-	-	-	893,756
Transportation	-	-	265,775	-	-	265,775
Community improvement	-	-	-	202,566	-	202,566
Unassigned	1,565,195	-	-	-	-	1,565,195
<b>Total Fund Balances</b>	1,655,229	927,360	265,775	202,566	496,601	3,547,531
<b>Total Liabilities and Fund Balances</b>	\$ 1,878,176	\$ 930,708	\$ 470,713	\$ 202,566	\$ 496,601	\$ 3,978,764

See accompanying notes to the financial statements.



# City of Waynesville

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

December 31, 2020

---

Fund balance - total governmental funds	\$ 3,547,531
Long term receivables are not deemed receivable in the current period and, therefore, are not reported in the funds	310,031
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	32,993,648
Less: Accumulated depreciation	<u>(7,026,931)</u>
	25,966,717
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	(441,120)
Deferred pension outflows	399,278
Deferred pension inflows	<u>(167,127)</u>
	(208,969)
Unearned payments in lieu of taxes are not deemed deferrable in the current period but rather is recognized as a revenue when received	(184,000)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(96,752)
Long-term liabilities net of refunding charges are not due and payable in the current period and therefore are not reported in the funds	<u>(12,352,587)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 16,981,971</u></b>

See accompanying notes to the financial statements.

## City of Waynesville

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

Year Ended December 31, 2020

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
<b>Revenues</b>						
Taxes	\$ 1,548,692	\$ 443,555	\$ 277,869	\$ -	\$ -	\$ 2,270,116
Licenses and permits	28,335	-	-	-	-	28,335
Intergovernmental revenues	3,708,847	61,987	61,520	-	-	3,832,354
Fines and forfeitures	89,922	-	-	-	-	89,922
Charges for services	910,116	78,306	-	-	-	988,422
Miscellaneous	88,287	35,960	-	50,000	2,884	177,131
<b>Total Revenues</b>	6,374,199	619,808	339,389	50,000	2,884	7,386,280
<b>Expenditures</b>						
Current						
City hall	2,531,929	-	-	-	-	2,531,929
Fire	313,137	-	-	-	-	313,137
Public safety	885,976	-	-	-	-	885,976
Municipal court	134,205	-	-	-	-	134,205
Street	263,388	-	720,507	-	-	983,895
Park and pool	-	406,874	-	-	-	406,874
Airport	3,999,957	-	-	-	-	3,999,957
Animal shelter	236,159	-	-	-	-	236,159
Building department	125,920	-	-	-	-	125,920
Debt service						
Principal, interest, and fees	299,795	-	191,415	-	701,690	1,192,900
<b>Total Expenditures</b>	8,790,466	406,874	911,922	-	701,690	10,810,952

See accompanying notes to the financial statements.

## City of Waynesville

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

Year Ended December 31, 2020

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(2,416,267)	212,934	(572,533)	50,000	(698,806)	(3,424,672)
<b>Other Financing Sources</b>						
Sale of property	335,579	-	-	-	-	335,579
Lease purchase proceeds	1,519,997	-	134,900	-	-	1,654,897
Operating transfers in	657,569	-	316,824	-	700,617	1,675,010
<b>Total Other Financing Sources</b>	2,513,145	-	451,724	-	700,617	3,665,486
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	96,878	212,934	(120,809)	50,000	1,811	240,814
Fund Balance, January 1	1,558,351	714,426	386,584	152,566	494,790	3,306,717
<b>Fund Balance, December 31</b>	\$ 1,655,229	\$ 927,360	\$ 265,775	\$ 202,566	\$ 496,601	\$ 3,547,531

See accompanying notes to the financial statements.

## City of Waynesville

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

Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$	240,814
--	----	---------

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

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

Capital outlay		3,088,440
Depreciation		(846,306)
		2,242,134

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		814,368
Lease proceeds		(1,654,897)
Interest		(23,429)
		(863,958)

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		(52,505)
Change in compensated absences		21,579
Change in unearned revenues		9,200
Change in notes receivable		(32,856)
<b>Change in net position of governmental activities</b>		<b>\$ 1,564,408</b>

See accompanying notes to the financial statements.

# City of Waynesville

## Statement of Net Position – Enterprise Funds

December 31, 2020

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Assets</b>					
Current Assets					
Cash and cash equivalents - unrestricted	\$ 175,053	\$ 334,124	\$ 136,885	\$ 683,931	\$ 1,329,993
Utilities receivable, net	481,731	205,310	27,918	101,913	816,872
Other receivable	13,824	-	-	26,665	40,489
Accrued interest receivable	412	744	-	-	1,156
Inventory	277,762	56,326	-	29,321	363,409
Prepaid assets	17,100	19,367	-	1,226	37,693
<b>Total Current Assets</b>	<b>965,882</b>	<b>615,871</b>	<b>164,803</b>	<b>843,056</b>	<b>2,589,612</b>
Noncurrent Assets					
Cash and cash equivalents - restricted	1,175,554	142,609	-	-	1,318,163
Capital assets					
Non-depreciable	270,899	292,814	-	-	563,713
Depreciable, net	1,465,281	9,402,898	-	925,924	11,794,103
<b>Total Noncurrent Assets</b>	<b>2,911,734</b>	<b>9,838,321</b>	<b>-</b>	<b>925,924</b>	<b>13,675,979</b>
<b>Total Assets</b>	<b>3,877,616</b>	<b>10,454,192</b>	<b>164,803</b>	<b>1,768,980</b>	<b>16,265,591</b>
<b>Deferred Outflows of Resources</b>					
Deferred refunding charges	12,872	22,883	-	4,767	40,522
Deferred pension outflow	77,412	82,674	-	24,804	184,890
<b>Total Deferred Outflows of Resources</b>	<b>90,284</b>	<b>105,557</b>	<b>-</b>	<b>29,571</b>	<b>225,412</b>

See accompanying notes to the financial statements.

# City of Waynesville

## Statement of Net Position – Enterprise Funds

December 31, 2020

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Liabilities</b>					
Current Liabilities					
Accounts payable	472,976	-	45,582	84,702	603,260
Accrued expenses	22,348	23,482	-	3,071	48,901
Accrued interest payable	7,216	46,044	-	1,000	54,260
Customer deposits	695,551	-	-	-	695,551
Current portion of long-term debt	189,797	595,723	-	22,715	808,235
<b>Total Current Liabilities</b>	<b>1,387,888</b>	<b>665,249</b>	<b>45,582</b>	<b>111,488</b>	<b>2,210,207</b>
Long-Term Liabilities					
Revenue bonds payable	-	2,622,000	-	-	2,622,000
MAMU lease payable, net	146,240	306,190	-	4,570	457,000
Certificates of participation payable, net	891,673	2,539,638	-	138,500	3,569,811
Capital leases payable	50,260	15,845	-	-	66,105
Bridge loan payable	480,003	-	-	-	480,003
Compensated absences payable	42,060	14,516	-	7,250	63,826
Net pension liability	139,023	146,936	-	46,030	331,989
<b>Total Long-Term Liabilities</b>	<b>1,749,259</b>	<b>5,645,125</b>	<b>-</b>	<b>196,350</b>	<b>7,590,734</b>
<b>Total Liabilities</b>	<b>3,137,147</b>	<b>6,310,374</b>	<b>45,582</b>	<b>307,838</b>	<b>9,800,941</b>
<b>Deferred Inflows of Resources</b>					
Deferred pension inflows	52,183	56,119	-	17,407	125,709
<b>Total Deferred Inflow of Resources</b>	<b>52,183</b>	<b>56,119</b>	<b>-</b>	<b>17,407</b>	<b>125,709</b>
<b>Net Position</b>					
Net investment in capital assets	471,082	3,639,202	-	764,906	4,875,190
Restricted	-	142,606	-	-	142,606
Unrestricted	307,488	411,448	119,221	708,400	1,546,557
<b>Total Net Position</b>	<b>\$ 778,570</b>	<b>\$ 4,193,256</b>	<b>\$ 119,221</b>	<b>\$ 1,473,306</b>	<b>\$ 6,564,353</b>

See accompanying notes to the financial statements.

## City of Waynesville

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

Year Ended December 31, 2020

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Operating Revenues</b>					
Charges for services	\$ 6,640,297	\$ 2,138,549	\$ 313,964	\$ 971,573	\$ 10,064,383
Other charges	48,910	365,232	-	167,477	581,619
<b>Total Operating Revenues</b>	6,689,207	2,503,781	313,964	1,139,050	10,646,002
<b>Operating Expenses</b>					
Salaries and wages	453,116	413,928	-	101,172	968,216
Employee benefits	190,757	235,641	-	62,468	488,866
Materials and supplies	138,021	77,608	-	20,925	236,554
Electric current	4,806,165	-	-	-	4,806,165
Hauling and recycling charges	-	-	272,122	-	272,122
Repairs and maintenance	53,505	142,617	-	-	196,122
Gas purchases	-	-	-	571,430	571,430
Travel, meetings and dues	13,810	5,506	-	1,135	20,451
General administrative	-	97,623	-	15,659	113,282
Depreciation	130,339	439,954	-	81,165	651,458
Other operating expenses	173,564	95,460	747	3,746	273,517
<b>Total Operating Expenses</b>	5,959,277	1,508,337	272,869	857,700	8,598,183
<i>Operating Income</i>	729,930	995,444	41,095	281,350	2,047,819
<b>Nonoperating Revenues (Expenses)</b>					
Intergovernmental revenue	8,293	25,031	-	-	33,324
Interest income	19,857	1,505	-	177	21,539
Interest expense	(49,245)	(179,304)	-	(5,352)	(233,901)
<b>Total Nonoperating Revenues (Expenses)</b>	(21,095)	(152,768)	-	(5,175)	(179,038)
<i>Income Before Operating Transfers</i>	708,835	842,676	41,095	276,175	1,868,781
Operating Transfers (Out)	(729,983)	(723,075)	-	(221,952)	(1,675,010)
<i>Net Income (Loss)</i>	(21,148)	119,601	41,095	54,223	193,771
Net Position, January 1	799,718	4,073,655	78,126	1,419,083	6,370,582
<b>Net Position, December 31</b>	\$ 778,570	\$ 4,193,256	\$ 119,221	\$ 1,473,306	\$ 6,564,353

See accompanying notes to the financial statements.

# City of Waynesville

## Statement of Cash Flows – Enterprise Funds

Year Ended December 31, 2020

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 6,790,418	\$ 2,492,151	\$ 307,104	\$ 1,128,053	\$ 10,717,726
Cash paid to suppliers	(5,144,985)	(436,851)	(271,984)	(570,417)	(6,424,237)
Cash paid to employees	(612,624)	(608,651)	-	(149,633)	(1,370,908)
<b>Net Cash Provided by Operating Activities</b>	1,032,809	1,446,649	35,120	408,003	2,922,581
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers (to) other funds	(729,983)	(723,075)	-	(221,952)	(1,675,010)
<b>Net Cash (Used) by Noncapital Financing Activities</b>	(729,983)	(723,075)	-	(221,952)	(1,675,010)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(62,122)	(171,147)	-	-	(233,269)
Payment of principal on bonds and capital leases	(173,461)	(570,007)	-	(21,375)	(764,843)
Lease proceeds	480,003	-	-	-	480,003
Grant proceeds	8,293	25,031	-	-	33,324
Payment of interest expense	(47,325)	(177,307)	-	(4,568)	(229,200)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	205,388	(893,430)	-	(25,943)	(713,985)
<b>Cash Flows from Investing Activities</b>					
Interest received	19,857	1,505	-	177	21,539
<b>Net Cash Provided by Investing Activities</b>	19,857	1,505	-	177	21,539
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	528,071	(168,351)	35,120	160,285	555,125
Cash and Cash Equivalents, Beginning of year	822,536	645,084	101,765	523,646	2,093,031
<b>Cash and Cash Equivalents, End of year</b>	1,350,607	476,733	136,885	683,931	2,648,156
Less Restricted Cash and Cash Equivalents	1,175,554	142,609	-	-	1,318,163
<b>Unrestricted Cash and Cash Equivalents</b>	\$ 175,053	\$ 334,124	\$ 136,885	\$ 683,931	\$ 1,329,993

See accompanying notes to the financial statements.



# City of Waynesville

## Statement of Cash Flows – Enterprise Funds

Year Ended December 31, 2020

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income	\$ 729,930	\$ 995,444	\$ 41,095	\$ 281,350	\$ 2,047,819
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	130,339	439,954	-	81,165	651,458
(Increase) decrease in					
Utilities receivable, net	63,700	(9,032)	(6,860)	(8,644)	39,164
Other receivable	-	-	-	(2,353)	(2,353)
Prepaid expenses	(1,933)	(2,598)	-	-	(4,531)
Inventory	15,690	(18,037)	-	1,598	(749)
Deferred pension outflows	(1,872)	(1,949)	-	(719)	(4,540)
Increase (decrease) in					
Accounts payable	24,390	-	885	40,880	66,155
Accrued expenses	(5,252)	(3,871)	-	(3,243)	(12,366)
Customer deposits	39,444	-	-	-	39,444
Compensated absences payable	(2,680)	4,008	-	2,198	3,526
Net pension liability	38,801	40,385	-	14,906	94,092
Deferred pension inflows	2,252	2,345	-	865	5,462
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,032,809</u>	<u>\$ 1,446,649</u>	<u>\$ 35,120</u>	<u>\$ 408,003</u>	<u>\$ 2,922,581</u>

See accompanying notes to the financial statements.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

### 1. Summary of Significant Accounting Policies

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

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

#### Financial Reporting Entity

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

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

#### Component Unit

##### *Westgate Community Improvement District*

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

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

#### Government-Wide and Fund Financial Statements

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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

### *Government-Wide Financial Statements*

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

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

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

### *Fund Financial Statements*

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

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

The City reports the following major governmental funds:

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

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

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

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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

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

The City reports the following major proprietary funds:

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

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

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

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

### Capital Assets

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

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

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

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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

### **Cash and Cash Equivalents**

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

### **Fair Value**

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

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

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

Level 3: Inputs are significant unobservable inputs

### **Inventories**

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

### **Unearned Revenue**

This is future revenue 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, 2020, the unearned revenue was \$184,000 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.

### **Use of Estimates**

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

### **Revenue Recognition – Property Taxes**

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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

### **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, 2020, 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, 2020.

### **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.

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.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

### Fund Balance Classification

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

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

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

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

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

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

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

### Net Position

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

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

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

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

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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

### 2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2020, all bank balances on deposit are entirely insured or collateralized.

### 3. 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, 2020, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Not Subject to Fair Value</u>	<u>Fair Value Level 1</u>	<u>Fair Value Level 2</u>	<u>Total</u>
FNMA	2/26/2021	\$ -	\$ -	\$ 58,404	\$ 58,404

#### U.S. Agencies

City funds in 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.

#### Interest Rate Risk

The City has no formal policy on interest rate risk.

### 4. Restricted Assets

#### General Fund

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

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Fund Balance</u>
Series 2014 COP projects	\$ 1	\$ 1
Series 2017 COP projects	15,861	15,861
	<u>\$ 15,862</u>	<u>\$ 15,862</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 \$31,927 at December 31, 2020.



# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

### Debt Service Fund

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

	<b>Restricted Cash and Investments</b>	<b>Restricted Net Position/ Fund Balance</b>
2017C COP debt service reserve	\$ 496,601	\$ 496,601

### Enterprise Funds

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

	<b>Restricted Cash and Cash Equivalents</b>	<b>Restricted Net Position</b>
<b>Electric Fund</b>		
Customer meter deposits	\$ 695,551	\$ -
Bridge loan funds	480,003	-
	1,175,554	-
<b>Water and Wastewater Fund</b>		
Series 2011 principal account	119,003	119,003
Series 2011 interest account	23,603	23,603
Series 2017 COP projects	3	-
	142,609	142,606
	\$ 1,318,163	\$ 142,606

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

### 5. 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>
<b>Ad Valorem Taxes Receivable</b>			
General Fund	\$ 243,161	\$ (17,022)	\$ 226,139
<b>Utilities Receivable</b>			
Enterprise Funds			
Electric Fund	\$ 499,198	\$ (17,467)	\$ 481,731
Water and Wastewater Fund	211,652	(6,342)	205,310
Trash Fund	29,082	(1,164)	27,918
Natural Gas Fund	106,159	(4,246)	101,913
	<u>\$ 846,091</u>	<u>\$ (29,219)</u>	<u>\$ 816,872</u>

### 6. Long-Term Liabilities – Business-Type Activities

The business-type activities long-term liabilities at December 31, 2020, 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), a bridge loan, five lease purchase agreements on equipment, and compensated absences payable.

#### Revenue Bonds

The Combined Waterworks and Sewerage System Revenue Bonds, State of Missouri – Direct Loan Program, Series 2011, were approved for issuance in the principal amount not to exceed \$4,750,000 in direct borrowing for the purpose of acquiring, constructing, extending and improving the City’s combined waterworks and sewerage system. The 2011 bonds bear interest at 1.65% with principal payments due January 1 and interest payments due January 1 and July 1 of each year. The bonds also require a semi-annual administrative fee of 5% of the outstanding principal balance of the bonds as of the business day preceding each interest payment date. The bonds may be called for redemption prior to stated maturity at the option of the City with prior written consent at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption, under provisions outlined in the bond ordinance. In the event of default, DNR would pursue any available remedies at law or equity by suit, action, mandamus or other proceeding to enforce and compel the payment of principal and interest on the bonds and all other amounts due under the Ordinance and other loan documents, and/or the performance of the duties and obligations of the City under the loan documents which may include, but is not limited to, the payment of damages, penalties, interest fees and expenses. The City had issued \$4,557,602 of the available bonds at December 31, 2020, and \$192,398 remained unissued.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

The bonds outstanding at December 31, 2020, are due as follows:

Year Ending December 31,	Direct Placement			
	Principal	Interest	Administrative Fee	Total
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
	\$ 2,861,000	\$ 270,672	\$ 164,045	\$ 3,295,717

### Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP. The lease Certificates of Participation were issued in the principal amount of \$2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2020, are due as follows:

Year Ending December 31,	Principal	Interest	Total
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
	\$ 1,210,000	\$ 83,339	\$ 1,293,339

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

**Amount recorded in**

Electric Fund	\$ 326,700
Water and Wastewater Fund	580,800
Natural Gas Fund	121,000
Governmental Activities	181,500
<b>Total</b>	<b>\$ 1,210,000</b>

On April 21, 2014, the City issued 2014 Certificates of Participation (COP) for the purpose of refunding the Series 2003 Certificates of Participation and to pay the costs of public facilities projects. The lease certificates were issued in the principal amount of \$2,140,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease.. The certificates bear interest at a rate of 2.00% to 4.00% and require principal payments on April 1 and interest payments on April 1 and October 1. The certificates maturing on or after April 1, 2024, may be called for redemption on or after April 1, 2022, under provisions outlined in the certificate ordinance. The certificates outstanding at December 31, 2020, are due as follows:

Year Ending December 31,	Principal	Interest	Total
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
	<b>\$ 985,000</b>	<b>\$ 172,546</b>	<b>\$ 1,157,546</b>

**Amount recorded in**

Electric Fund	\$ 140,855
Water and Wastewater Fund	643,205
Governmental Activities	200,940
<b>Total</b>	<b>\$ 985,000</b>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The lease COP were issued in the principal amount of \$3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2017 A and B certificates bear interest of 1.77% to 3.50% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2020 are due as follows:

Year Ending December 31,	Principal	Interest	Total
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
	\$ 3,025,000	\$ 864,656	\$ 3,889,656

**Amount recorded in**

Electric Fund	\$ 519,758
Water and Wastewater Fund	1,556,996
Natural Gas Fund	39,015
Governmental Activities	909,231
<b>Total</b>	<b>\$ 3,025,000</b>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

### Missouri Association of Municipal Utilities Leases

The 2005 Missouri Association of Municipal Utilities Lease was a direct borrowing lease issued in the principal amount of \$1,886,000 to fund a capital improvements project. The lease has been recorded in the Electric, Water and Wastewater, and Gas Funds in the amounts of \$603,500 (32%), \$1,263,600 (67%) and \$18,900 (1%), respectively. In the event of default, the Lessor has the right to declare all remaining lease payments immediately due and payable, retake possession of the leased equipment, and/or sell or lease the equipment with the Lessee remaining liable for the outstanding balance on the lease. The lease bears interest at 3.00% with principal and interest payments due each month. The outstanding payments at December 31, 2020, are due as follows:

<u>Year Ending December 31,</u>	<u>Direct Borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	73,000	801	73,801
	<u>\$ 577,000</u>	<u>\$ 50,524</u>	<u>\$ 627,524</u>

### Amount recorded in

Electric Fund	\$ 184,640
Water and Wastewater Fund	386,590
Natural Gas Fund	5,770
<b>Total</b>	<u>\$ 577,000</u>

### Bridge Loan

On June 25, 2020, the City entered into a direct borrowing lease agreement with Investing in Community LLC, a division of Citizens Bank of Newburg, in the principal amount of \$2,000,000 to finance the purchase of commercial property in the Westgate. The City originally intended to use the Electric Fund portion to begin building a new substation, but has decided not to move forward with those plans as of the end of 2020. The City recorded \$1,519,997 of the lease in the General Fund and \$480,003 in the Electric Fund. In the event of default, the Lessor has the right to use any and all remedies under state or federal law, including the power to sell the property and declare all outstanding payments immediately due and payable. The lease bears interest at 3.46% with an interest only payment due in 2021 and the full amount of principal and accrued interest due in June 2022. The outstanding payments at December 31, 2020, are due as follows:

<u>Year Ending December 31,</u>	<u>Direct Borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 69,120	\$ 69,120
2022	2,000,000	69,120	2,069,120
	<u>\$ 2,000,000</u>	<u>\$ 138,240</u>	<u>\$ 2,138,240</u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

### Amount recorded in

General Fund	\$ 1,519,997
Electric Fund	480,003
<b>Total</b>	<u><u>\$ 2,000,000</u></u>

### **Lease Purchase Agreements**

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 \$9,040, 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%.

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

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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

The total annual minimum lease payments required at December 31, 2020, are as follows:

Year Ending December 31,	Direct Borrowing					Total
	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	
2021	\$ 9,040	\$ 11,502	\$ 5,118	\$ 20,264	\$ 32,454	\$ 78,378
2022	-	11,502	5,118	20,264	32,454	69,338
<b>Total Minimum Lease Payments</b>	9,040	23,004	10,236	40,528	64,908	147,716
<b>Less Amount Representing Interest</b>	(366)	(1,576)	(701)	(2,776)	(4,445)	(9,864)
<b>Net Lease Payable</b>	<u>\$ 8,674</u>	<u>\$ 21,428</u>	<u>\$ 9,535</u>	<u>\$ 37,752</u>	<u>\$ 60,463</u>	<u>\$ 137,852</u>
<b>Amount recorded in</b>						
Water and Wastewater Fund	\$ 4,337					
Electric Fund	4,337					
	<u>\$ 8,674</u>					



# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

A summary of the changes in Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2020, is as follows:

	<b>Balance December 31, 2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2020</b>	<b>Amount Due Within One Year</b>
<b>Water and Wastewater Fund</b>					
Direct Placement					
2011 Revenue Bonds	\$ 3,094,000	\$ -	\$ 233,000	\$ 2,861,000	\$ 239,000
Certificates of Participation					
Series 2014	705,240	-	62,035	643,205	65,300
Series 2016	669,600	-	88,800	580,800	91,200
Series 2017A/B	1,626,572	-	69,576	1,556,996	100,368
Add:					
Premium on Series 2014 issuance	17,228	-	1,723	15,505	-
	<u>3,018,640</u>	<u>-</u>	<u>222,134</u>	<u>2,796,506</u>	<u>256,868</u>
Direct Borrowings					
2005A MAMU Lease	461,630	-	75,040	386,590	80,400
2015 Sewer Cleaner	21,252	-	21,252	-	-
1995 Track Loader	8,499	-	4,162	4,337	4,337
2006 CAT Backhoe	31,406	-	9,978	21,428	10,462
2002 Peterbilt Dump Truck	13,976	-	4,441	9,535	4,656
Compensated Absences	10,508	4,008	-	14,516	-
	<u>6,659,911</u>	<u>4,008</u>	<u>570,007</u>	<u>6,093,912</u>	<u>595,723</u>
<b>Electric Fund</b>					
Certificates of Participation					
Series 2014	154,440	-	13,585	140,855	14,300
Series 2016	376,650	-	49,950	326,700	51,300
Series 2017A/B	543,600	-	23,842	519,758	33,505
Add:					
Premium on Series 2014 issuance	3,811	-	346	3,465	-
	<u>1,078,501</u>	<u>-</u>	<u>87,723</u>	<u>990,778</u>	<u>99,105</u>
Direct Borrowings					
2005A MAMU Lease	220,480	-	35,840	184,640	38,400
1995 Track Loader	8,499	-	4,162	4,337	4,337
2018 John Deere Backhoe	55,332	-	17,580	37,752	18,433
Wirepuller Truck	88,619	-	28,156	60,463	29,522
Bridge Loan	-	480,003	-	480,003	-
Compensated Absences	44,740	-	2,680	42,060	-
	<u>1,496,171</u>	<u>480,003</u>	<u>176,141</u>	<u>1,800,033</u>	<u>189,797</u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020	Amount Due Within One Year
<b>Natural Gas Fund</b>					
Certificates of Participation					
Series 2016	139,500	-	18,500	121,000	19,000
Series 2017A/B	40,770	-	1,755	39,015	2,515
	180,270	-	20,255	160,015	21,515
Direct Borrowing					
2005 MAMU Lease	6,890	-	1,120	5,770	1,200
Compensated Absences	5,052	2,198	-	7,250	-
	192,212	2,198	21,375	173,035	22,715
	\$ 8,348,294	\$ 486,209	\$ 767,523	\$ 8,066,980	\$ 808,235

## 7. Long-Term Liabilities – Governmental Activities

Long-term liabilities for governmental activities at December 31, 2020, consists of the 2011B, 2014, 2016, and 2017 A, B, and C Certificates of Participation (COP), seven lease purchase agreements for equipment, a MTFC direct loan, a bridge 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. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this debt issuance has been presented as a component of Note 7.

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. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 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, 2020, are due as follows:

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	<u>\$ 65,000</u>	<u>\$ 1,544</u>	<u>\$ 66,544</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. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease.. The certificates bear interest at a rate of 2.00% to 4.00% and require principal payments on April 1 and interest payments on April 1 and October 1. The certificates maturing on or after April 1, 2024, may be called for redemption on or after April 1, 2022, under provisions outlined in the certificate ordinance. The payment schedule for this issuance has been presented as a component of Note 6.

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The lease COP were issued in the principal amount of \$3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2017A and B certificates bear interest of 1.77% to 3.50% with principle payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this issuance has been presented as a component of Note 6.

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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

The Series 2017C COP outstanding at December 31, 2020 are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 8,655,000</u>	<u>\$ 2,439,874</u>	<u>\$ 11,094,874</u>

### Bridge Loan

On June 25, 2020, the City entered into a direct borrowing lease agreement with Investing in Community LLC, a division of Citizens Bank of Newburg, in the principal amount of \$2,000,000 to finance the purchase of commercial property in the Westgate. The City originally intended to use the Electric Fund portion to begin building a new substation, but has decided not to move forward with those plans as of the end of 2020. The City recorded \$1,519,997 of the lease in the General Fund and \$480,003 in the Electric Fund. In the event of default, the Lessor has the right to use any and all remedies under state or federal law, including the power to sell the property and declare all outstanding payments immediately due and payable. The lease bears interest at 3.46% with an interest only payment due in 2021 and the full amount of principal and accrued interest due in June 2022. The payment schedule for this issuance has been presented as a component of Note 6.

### Lease Purchase Agreements

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

## Notes to the Financial Statements

December 31, 2020

---

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 annual payments of \$11,861, which includes interest at 4.85%.

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

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

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

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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

The total annual minimum lease payments required at December 31, 2020, are as follows:

Year Ending December 31,	2015	2016	2017	2017	2018	2018	2020	Total
	Street Sweeper Lease Purchase	John Deere Tractor/ Loader Lease Purchase	Western Snow Plow Lease Purchase	Peterbilt Dump Truck Lease Purchase	Dodge Ram 5500 Lease Purchase	Garsite Refueler Lease Purchase	Peterbilt Dump Truck Lease Purchase	
2021	\$ 29,026	\$ 14,760	\$ 9,845	\$ 5,118	\$ 11,861	\$ 31,705	\$ 16,161	\$ 118,476
2022	29,026	-	9,845	5,116	11,861	31,705	16,161	103,714
2023	-	-	-	-	-	31,705	16,161	47,866
2024	-	-	-	-	-	31,705	16,161	47,866
2025	-	-	-	-	-	31,705	14,947	46,652
2026	-	-	-	-	-	31,705	-	31,705
<b>Total Minimum Lease Payments</b>	58,052	14,760	19,690	10,234	23,722	190,230	79,591	396,279
<b>Less Amount Representing Interest</b>	(2,611)	(2,107)	(1,348)	(699)	(1,608)	(31,857)	(6,211)	(46,441)
<b>Net Lease Payable</b>	<u>\$ 55,441</u>	<u>\$ 12,653</u>	<u>\$ 18,342</u>	<u>\$ 9,535</u>	<u>\$ 22,114</u>	<u>\$ 158,373</u>	<u>\$ 73,380</u>	<u>\$ 349,838</u>

### Missouri Transportation Finance Corporation Direct Loan

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

The MTFC loan outstanding at December 31, 2020, is due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 80,851	\$ 7,629	\$ 88,480
2022	82,694	5,786	88,480
2023	84,940	3,901	88,841
2024	87,567	913	88,480
	<u>\$ 336,052</u>	<u>\$ 18,229</u>	<u>\$ 354,281</u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2020, is as follows:

	<b>Balance December 31, 2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2020</b>	<b>Amounts Due Within One Year</b>
<b>Certificates of Participation</b>					
Series 2011B	\$ 235,000	\$ -	\$ 170,000	\$ 65,000	\$ 65,000
Series 2016	209,250	-	27,750	181,500	28,500
Series 2017A/B	1,009,058	-	99,827	909,231	58,612
Series 2017C	8,905,000	-	250,000	8,655,000	370,000
Series 2014	220,320	-	19,380	200,940	20,400
Add:					
Premium on Series 2014 issuance	5,383	-	538	4,845	-
	<u>10,584,011</u>	<u>-</u>	<u>567,495</u>	<u>10,016,516</u>	<u>542,512</u>
<b>Direct Borrowings</b>					
Capital Lease Obligations					
Ford F-450 Refueler	23,792	-	23,792	-	-
Street Sweeper	81,908	-	26,467	55,441	27,294
John Deere Tractor and Loader	25,403	-	12,750	12,653	13,260
Western Snow Plow	26,884	-	8,542	18,342	8,956
Peterbilt Dump Truck	13,976	-	4,441	9,535	4,656
Dodge Ram 5500	32,388	-	10,274	22,114	10,790
Garsite Refueler	180,169	-	21,796	158,373	22,994
2020 Peterbilt Dump Truck	-	134,900	61,520	73,380	14,501
MTFC Direct Loan	414,705	-	78,653	336,052	80,851
Bridge Loan	-	1,519,997	-	1,519,997	-
<b>Compensated Absences</b>	<u>158,914</u>	<u>-</u>	<u>21,579</u>	<u>137,335</u>	<u>-</u>
	<u>\$ 11,542,150</u>	<u>\$ 1,654,897</u>	<u>\$ 837,309</u>	<u>\$ 12,359,738</u>	<u>\$ 725,814</u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

### 8. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<b>Balance December 31, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2020</b>
<b>Governmental Activities</b>				
Non-depreciable capital assets				
Land	\$ 3,248,379	\$ 1,770,809	\$ -	\$ 5,019,188
Construction in progress	4,788,974	-	4,788,974	-
	8,037,353	<u>\$ 1,770,809</u>	<u>\$ 4,788,974</u>	5,019,188
Depreciable capital assets				
Building and improvements	11,599,572	\$ 69,501	\$ -	11,669,073
Machinery and equipment	2,030,322	44,251	-	2,074,573
Land improvements	2,426,572	-	-	2,426,572
Vehicles	805,778	204,689	42,000	968,467
Infrastructure	5,047,611	5,788,164	-	10,835,775
<b>Total depreciable capital assets</b>	21,909,855	<u>\$ 6,106,605</u>	<u>\$ 42,000</u>	27,974,460
Less accumulated depreciation	6,222,625	<u>\$ 846,306</u>	<u>\$ 42,000</u>	7,026,931
<b>Total depreciable capital assets, net</b>	15,687,230			20,947,529
<b>Total Governmental Activities Capital Assets, net</b>	<u>\$ 23,724,583</u>			<u>\$ 25,966,717</u>

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

Administrative	\$ 230,117
Public safety	28,121
Park and pool	158,507
Street	207,177
Airport	217,595
Animal Shelter	3,821
Cemetery	968
	<u>\$ 846,306</u>



# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
<b>Business-Type Activities</b>				
Electric Fund				
Non-depreciable capital assets:				
Land	\$ 270,899	\$ -	\$ -	\$ 270,899
Depreciable capital assets:				
Electric distribution system	2,512,282	\$ 11,875	\$ -	2,524,157
Vehicles	565,355	-	-	565,355
Equipment	1,125,223	50,247	-	1,175,470
Buildings and improvements	43,899	-	-	43,899
	4,246,759	\$ 62,122	\$ -	4,308,881
Less accumulated depreciation	2,713,261	\$ 130,339	\$ -	2,843,600
<b>Depreciable Capital Assets, net</b>	1,533,498			1,465,281
Water and Wastewater Fund				
Non-depreciable capital assets:				
Land	292,814	\$ -	\$ -	292,814
	292,814	\$ -	\$ -	292,814
Depreciable capital assets				
Buildings and improvements	14,466	\$ -	\$ -	14,466
Distribution system	16,923,941	97,145	-	17,021,086
Equipment	1,101,951	74,002	-	1,175,953
Vehicles	237,981	-	-	237,981
	18,278,339	\$ 171,147	\$ -	18,449,486
Less accumulated depreciation	8,606,634	\$ 439,954	\$ -	9,046,588
<b>Depreciable Capital Assets, net</b>	9,671,705			9,402,898
Natural Gas Fund				
Depreciable capital assets:				
Buildings and improvements	73,072	\$ -	\$ -	73,072
Distribution system	2,624,613	-	-	2,624,613
Equipment	299,889	-	-	299,889
Vehicles	14,668	-	-	14,668
	3,012,242	\$ -	\$ -	3,012,242
Less accumulated depreciation	2,005,153	\$ 81,165	\$ -	2,086,318
<b>Depreciable Capital Assets, net</b>	1,007,089			925,924
<b>Total Business-Type Activities Capital Assets, net</b>	\$ 12,776,005			\$ 12,357,816

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

	<b>Balance December 31, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2020</b>
<b>Component Unit</b>				
Westgate Community Improvement District				
Depreciable capital assets				
Infrastructure	\$ 426,458	\$ -	\$ -	\$ 426,458
Less accumulated depreciation	79,806	\$ 14,215	\$ -	94,021
<b>Depreciable Capital Assets, net</b>	<b>\$ 346,652</b>			<b>\$ 332,437</b>

### 9. 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, 2020, the outstanding balance on the note is due as follows:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 24,498	\$ 15,502	\$ 40,000
2022	25,723	14,277	40,000
2023	27,010	12,990	40,000
2024	28,360	11,640	40,000
2025	29,778	10,222	40,000
2026	31,267	8,733	40,000
2027	32,830	7,170	40,000
2028	34,472	5,528	40,000
2029	36,195	3,805	40,000
2030	38,005	1,995	40,000
2031	1,893	95	1,988
	<b>\$ 310,031</b>	<b>\$ 91,957</b>	<b>\$ 401,988</b>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

### 10. Assessed Valuation, Tax Levy, & Legal Debt Margin

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

	<b>2020</b>
<b>Assessed Valuation</b>	
Real estate	\$ 59,022,825
Personal property	9,714,291
<b>Total</b>	<b>\$ 68,737,116</b>
<b>Tax Rate Per \$100 of Assessed Valuation</b>	
General Fund	\$ .6360

The legal debt margin at December 31, 2020, was computed as follows:

	<b>General Obligation Bonds</b>		
	<b>Ordinary (1)</b>	<b>Additional (2)</b>	<b>Total</b>
Constitutional Debt Limit	\$ 6,873,712	\$ 6,873,712	\$ 13,747,424
General Obligation Bonds Payable	-	-	-
<b>Legal Debt Margin</b>	<b>\$ 6,873,712</b>	<b>\$ 6,873,712</b>	<b>\$ 13,747,424</b>

(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.

### 11. Employee Pension Plan

#### General Information about the Pension Plan

*Plan Description.* The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

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](http://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.

	<b>2020 Valuation</b>
Benefit multiplier	2.00% for life
Final average salary	3 years
Member contributions	0%

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

*Employees Covered by Benefit Terms.* At June 30, 2020, the following employees were covered by the benefit terms:

	<b>General</b>	<b>Police</b>	<b>Total</b>
Inactive employees or beneficiaries currently receiving benefits	32	7	39
Inactive employees entitled to but not yet receiving benefits	25	10	35
Active employees	43	12	55
	100	29	129

*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 20.1% (General) and 17.1% (Police) of annual covered payroll.

*Net Pension Liability.* The City’s net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020.

*Actuarial Assumptions.* The total pension liability in the February 29, 2020, 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

## Notes to the Financial Statements

December 31, 2020

---

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 29, 2020, 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

*Discount Rate.* The discount rate used to measure the total pension liability is 7.25%. 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

## Notes to the Financial Statements

December 31, 2020

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>General Division</b>			
Balances at beginning of year	\$ 5,705,528	\$ 5,207,835	\$ 497,693
Changes for the year			
Service cost	201,107	-	201,107
Interest	410,884	-	410,884
Difference between expected and actual experiences	(278,226)	-	(278,226)
Contributions - employer	-	314,849	(314,849)
Net investment income	-	65,763	(65,763)
Benefits paid, including refunds	(278,794)	(278,794)	-
Administrative expenses	-	(12,101)	12,101
Other changes	-	(283,767)	283,767
<i>Net Changes</i>	<u>54,971</u>	<u>(194,050)</u>	<u>249,021</u>
Balances at end of year	5,760,499	5,013,785	746,714
<b>Police Division</b>			
Balances at beginning of year	1,512,868	1,484,087	28,781
Changes for the year			
Service cost	57,248	-	57,248
Interest	108,219	-	108,219
Difference between expected and actual experiences	42,478	-	42,478
Contributions - employer	-	79,394	(79,394)
Net investment income	-	21,354	(21,354)
Benefits paid, including refunds	(98,355)	(98,355)	-
Administrative expenses	-	(2,824)	2,824
Other changes	-	112,407	(112,407)
<i>Net Changes</i>	<u>109,590</u>	<u>111,976</u>	<u>(2,386)</u>
Balances at end of year	<u>1,622,458</u>	<u>1,596,063</u>	<u>26,395</u>
<b>Total Plan Balances at End of Year</b>	<u><u>\$ 7,382,957</u></u>	<u><u>\$ 6,609,848</u></u>	<u><u>\$ 773,109</u></u>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

	<b>Net Pension Liability</b>
Governmental Activities	\$ 441,120
Business-Type Activities	331,989
	<b>\$ 773,109</b>

*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.

	<b>1% Decrease 6.25%</b>	<b>Current Single Discount Rate Assumption 7.25%</b>	<b>1% Increase 8.25%</b>
<b>General Division</b>			
Total Pension Liability	\$ 6,545,169	\$ 5,760,499	\$ 5,116,252
Fiduciary Net Position	5,013,785	5,013,785	5,013,785
Net Pension Liability (Asset)	1,531,384	746,714	102,467
<b>Police Division</b>			
Total Pension Liability	1,873,280	1,622,458	1,419,748
Fiduciary Net Position	1,596,063	1,596,063	1,596,063
Net Pension Liability (Asset)	277,217	26,395	(176,315)
<b>Total Net Pension Liability (Asset)</b>	<b>\$ 1,808,601</b>	<b>\$ 773,109</b>	<b>\$ (73,848)</b>

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

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

For the year ended December 31, 2020, the City recognized a pension expense of \$555,411. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred (Inflow) Outflow of Resources</b>	<b>Net Deferred (Inflow) Outflow of Resources</b>
<b>General Division</b>			
Differences in experiences	\$ 121,031	\$ (282,744)	\$ (161,713)
Differences in assumptions	5,401	-	5,401
Excess (deficit) investment returns	126,533	-	126,533
Contributions subsequent to the measurement date*	162,891	-	162,891
	<u>415,856</u>	<u>(282,744)</u>	<u>133,112</u>
<b>Police Division</b>			
Differences in experiences	83,560	(10,092)	73,468
Differences in assumptions	1,368	-	1,368
Excess (deficit) investment returns	42,661	-	42,661
Contributions subsequent to the measurement date*	40,723	-	40,723
	<u>168,312</u>	<u>(10,092)</u>	<u>158,220</u>
<b>Total</b>	<u>\$ 584,168</u>	<u>\$ (292,836)</u>	<u>\$ 291,332</u>
Governmental Activities	\$ 399,278	\$ (167,127)	\$ 232,151
Business-Type Activities			
Electric Fund	77,412	(52,183)	25,229
Water and Wastewater Fund	82,674	(56,119)	26,555
Natural Gas Fund	24,804	(17,407)	7,397
	<u>184,890</u>	<u>(125,709)</u>	<u>59,181</u>
<b>Total</b>	<u>\$ 584,168</u>	<u>\$ (292,836)</u>	<u>\$ 291,332</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, 2021.



# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

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
2021	\$ (72,397)	\$ 18,078	\$ (54,319)
2022	(27,050)	26,060	(990)
2023	28,506	37,455	65,961
2024	41,162	32,172	73,334
2025	-	3,733	3,733
	<u>\$ (29,779)</u>	<u>\$ 117,498</u>	<u>\$ 87,719</u>

### Payable to the Pension Plan

At December 31, 2020, the City had \$29,503 of contributions reported as payable to the pension plan.

## 12. 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.

## 13. 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.

## 14. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2020, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

### 15. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2020, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 657,569	\$ -
Transportation Fund	316,824	-
Debt Service Fund	700,617	-
Electric Fund	-	729,983
Water and Wastewater Fund	-	723,075
Natural Gas Fund	-	221,952
	<u>\$ 1,675,010</u>	<u>\$ 1,675,010</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.

### 16. Commitment

At December 31, 2020, the City was committed to Burns & McDonnell Engineering for airport terminal area master plan in the amount of \$249,593.

### 17. 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 \$3,131,672. Principal and interest paid for the current year and total customer net revenues were \$283,094 and \$1,435,398, respectively.

### 18. 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.

### 19. 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

# City of Waynesville

## Notes to the Financial Statements

December 31, 2020

---

with interest rates ranging from 4.00% to 4.45%. The advance refunding resulted in the recognition of a deferred loss of \$90,804.

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

	<b>Balance December 31, 2019</b>	<b>Additions</b>	<b>Current Amortization</b>	<b>Balance December 31, 2020</b>
Governmental Activities	\$ 8,513	\$ -	\$ (1,362)	\$ 7,151
Business-Type Activities				
Electric Fund	15,323	-	(2,451)	12,872
Water and Wastewater Fund	27,242	-	(4,359)	22,883
Natural Gas Fund	5,675	-	(908)	4,767
	<u>\$ 56,753</u>	<u>\$ -</u>	<u>\$ (9,080)</u>	<u>\$ 47,673</u>

## Required Supplementary Information

## City of Waynesville

### Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended December 31, 2020

<b>Missouri Local Government Employees Retirement System (LAGERS)</b>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>						
Service Cost	\$ 258,355	\$ 244,246	\$ 236,248	\$ 252,887	\$ 229,483	\$ 203,718
Interest on the Total Pension Liability	519,103	474,443	455,928	441,448	393,077	364,481
Difference between expected and actual experience	(235,748)	278,824	(73,345)	(146,872)	58,079	66,751
Changes of Assumptions	-	-	-	-	265,644	-
Benefit payments including refunds	<u>(377,149)</u>	<u>(399,359)</u>	<u>(336,509)</u>	<u>(342,498)</u>	<u>(240,489)</u>	<u>(265,438)</u>
<i>Net Change in Total Pension Liability</i>	164,561	598,154	282,322	204,965	705,794	369,512
Total Pension Liability, Beginning	<u>7,218,396</u>	<u>6,620,242</u>	<u>6,337,920</u>	<u>6,132,955</u>	<u>5,427,161</u>	<u>5,057,649</u>
<b>Total Pension Liability, Ending</b>	<u>7,382,957</u>	<u>7,218,396</u>	<u>6,620,242</u>	<u>6,337,920</u>	<u>6,132,955</u>	<u>5,427,161</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	394,243	400,288	380,440	357,320	363,432	346,321
Pension Plan Net Investment Income (Loss)	87,117	410,581	706,965	610,680	(2,555)	88,052
Benefit payments, including refunds	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)	(265,438)
Pension Plan Administrative Expense	(14,925)	(13,162)	(9,135)	(8,597)	(8,244)	(8,762)
Other	<u>(171,360)</u>	<u>(13,914)</u>	<u>16,174</u>	<u>27,413</u>	<u>63,667</u>	<u>(15,982)</u>
<i>Net Change in Plan Fiduciary Net Position</i>	(82,074)	384,434	757,935	644,318	175,811	144,191
Plan Fiduciary Net Position, Beginning	<u>6,691,922</u>	<u>6,307,488</u>	<u>5,549,553</u>	<u>4,905,235</u>	<u>4,729,424</u>	<u>4,585,233</u>
<b>Plan Fiduciary Net Position, Ending</b>	<u>6,609,848</u>	<u>6,691,922</u>	<u>6,307,488</u>	<u>5,549,553</u>	<u>4,905,235</u>	<u>4,729,424</u>
<b>Employer Net Pension Liability</b>	<u>\$ 773,109</u>	<u>\$ 526,474</u>	<u>\$ 312,754</u>	<u>\$ 788,367</u>	<u>\$ 1,227,720</u>	<u>\$ 697,737</u>
Plan fiduciary net position as a percentage of the total pension liability	89.53%	92.71%	95.28%	87.56%	79.98%	87.14%
Covered payroll	\$ 2,056,658	\$ 1,939,790	\$ 1,785,682	\$ 1,770,160	\$ 1,970,387	\$ 1,642,569
Net pension liability as a percentage of covered payroll	37.59%	27.14%	17.51%	44.54%	62.31%	42.48%

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

# City of Waynesville

## Schedule of Contributions

Year Ended December 31, 2020

### Missouri Local Government Employees Retirement System (LAGERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 401,382	\$ 391,435	\$ 399,509	\$ 364,423	\$ 359,297	\$ 358,187	\$ 341,204	\$ 302,278	\$ 262,637	\$ 280,200
Contributions in relation to the actuarially determined contribution	<u>401,382</u>	<u>391,435</u>	<u>399,509</u>	<u>364,423</u>	<u>359,297</u>	<u>354,061</u>	<u>341,204</u>	<u>300,346</u>	<u>260,021</u>	<u>276,926</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,126</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ 2,616</u>	<u>\$ 3,274</u>
 Covered payroll	 \$ 2,062,611	 \$ 2,051,240	 \$ 2,024,113	 \$ 1,873,262	 \$ 1,924,495	 \$ 1,790,341	 \$ 1,690,534	 \$ 1,594,041	 \$ 1,362,921	 \$ 1,341,864
 Contributions as a percentage of covered payroll	 19.46%	 19.08%	 19.74%	 19.45%	 18.67%	 19.78%	 20.18%	 18.84%	 19.08%	 20.64%

See accompanying notes to the Schedule of Contributions.

# City of Waynesville

## Notes to the Schedule of Contributions

Year Ended December 31, 2020

---

**Valuation Date:** February 29, 2020

**Notes:** The roll-forward of total pension liability from February 29, 2020, to June 30, 2020, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

### **Methods and Assumptions Used to Determine Contribution Rates**

*Actuarial Cost Method:* Entry Age Normal and Modified Terminal Funding

*Amortization Method:* A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period, or (ii) 15 years.

*Remaining Amortization Period:* Multiple bases from 9 to 22 years for the General Division and 11 to 22 years for the Police Division.

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

*Inflation:* 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

## Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes				
Ad valorem taxes	\$ 400,000	\$ 448,527	\$ 448,527	\$ -
City sales tax	750,000	834,630	834,630	-
Motor vehicle taxes	192,500	189,533	189,533	-
Utility franchise tax	135,000	76,002	76,002	-
Financial institution taxes	2,000	-	-	-
Railroad and utility tax	800	-	-	-
	1,480,300	1,548,692	1,548,692	-
Licenses and Permits				
Building permits	15,000	16,130	16,130	-
Other licenses and permits	12,350	12,205	12,205	-
	27,350	28,335	28,335	-
Intergovernmental Revenues				
Federal and state grants	4,052,000	3,708,847	3,708,847	-
Charges for Services				
Fuel sales	500,000	388,089	388,089	-
Rental income	325,000	310,889	310,889	-
Animal control	60,000	139,146	139,146	-
Other	138,300	71,992	71,992	-
	1,023,300	910,116	910,116	-
Fines and Forfeitures				
City court fines	201,000	89,922	89,922	-
Miscellaneous				
Interest	12,000	15,633	15,633	-
Other	45,800	72,654	72,654	-
	57,800	88,287	88,287	-
<b>Total Revenues</b>	6,841,750	6,374,199	6,374,199	-

See accompanying notes to the Budgetary Comparison Schedules.



# City of Waynesville

## Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Expenditures</b>				
Current				
City hall	1,029,030	2,531,929	2,531,929	-
Fire	314,000	313,137	313,137	-
Public safety	968,445	885,976	885,976	-
Municipal court	140,565	134,205	134,205	-
Street	274,802	263,388	263,388	-
Airport	4,743,609	3,999,957	3,999,957	-
Animal shelter	245,371	236,159	236,159	-
Building department	111,937	125,920	125,920	-
Debt Service				
Principal and interest	734,500	299,795	299,795	-
<b>Total Expenditures</b>	8,562,259	8,790,466	8,790,466	-
<i>(Deficit) of Revenues Over Expenditures</i>	(1,720,509)	(2,416,267)	(2,416,267)	-
<b>Other Financing Sources</b>				
Sale of property	-	335,579	335,579	-
Lease purchase proceeds	150,000	1,519,997	1,519,997	-
Operating transfers in	1,054,524	657,569	657,569	-
<b>Total Other Financing Sources</b>	1,204,524	2,513,145	2,513,145	-
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	(515,985)	96,878	96,878	-
Fund Balance, January 1	1,558,351	1,558,351	1,558,351	-
<b>Fund Balance, December 31</b>	\$ 1,042,366	\$ 1,655,229	\$ 1,655,229	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

## City of Waynesville

### Budgetary Comparison Schedule – Transportation Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes				
Transportation sales tax	\$ 260,000	\$ 277,869	\$ 277,869	\$ -
Intergovernmental Revenue	-	61,520	61,520	-
<b>Total Revenues</b>	260,000	339,389	339,389	-
<b>Expenditures</b>				
Current				
Street	321,000	720,507	720,507	-
Debt Service				
Principal and interest	176,200	191,415	191,415	-
<b>Total Expenditures</b>	497,200	911,922	911,922	-
<i>(Deficit) of Revenues Over Expenditures</i>	(237,200)	(572,533)	(572,533)	-
<b>Other Financing Sources</b>				
Lease proceeds	-	134,900	134,900	-
Operating transfer in	-	316,824	316,824	-
<b>Total Other Financing Sources</b>	-	451,724	451,724	-
<i>(Deficit) of Revenues and Other Sources Over Expenditures</i>	(237,200)	(120,809)	(120,809)	-
Fund Balance, January 1	386,584	386,584	386,584	-
<b>Fund Balance, December 31</b>	\$ 149,384	\$ 265,775	\$ 265,775	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

## City of Waynesville

### Budgetary Comparison Schedule – Park and Pool Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes				
Sales taxes	\$ 415,000	\$ 443,555	\$ 443,555	\$ -
Intergovernmental Revenues				
Federal and state grants	88,000	61,987	61,987	-
Charges for Services				
Rental and membership	123,000	78,306	78,306	-
Miscellaneous				
Fees	2,000	3,100	3,100	-
Donations	-	24,054	24,054	-
Interest income	250	280	280	-
Miscellaneous	56,000	8,526	8,526	-
	58,250	35,960	35,960	-
<b>Total Revenues</b>	684,250	619,808	619,808	-
<b>Expenditures</b>				
Current				
Parks and pool	576,736	406,874	406,874	-
<b>Total Expenditures</b>	576,736	406,874	406,874	-
<i>Excess of Revenues Over Expenditures</i>	107,514	212,934	212,934	-
Fund Balance, January 1	714,426	714,426	714,426	-
<b>Fund Balance, December 31</b>	\$ 821,940	\$ 927,360	\$ 927,360	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

## City of Waynesville

### Budgetary Comparison Schedule – Community Improvement District Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Miscellaneous				
Other	\$ 65,000	\$ 50,000	\$ 50,000	\$ -
<b>Total Revenues</b>	65,000	50,000	50,000	-
<b>Expenditures</b>				
Community improvements	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<i>Excess of Revenues Over Expenditures</i>	65,000	50,000	50,000	-
Fund Balance, January 1	152,566	152,566	152,566	-
<b>Fund Balance, December 31</b>	\$ 217,566	\$ 202,566	\$ 202,566	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

# City of Waynesville

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2020

---

## **Budgets and Budgetary Accounting**

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

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

## **Other Reporting Requirements**



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

Honorable Mayor and City Council  
City of Waynesville  
Waynesville, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the discretely presented component unit of the City of Waynesville, Missouri, as of and for the year ended December 31, 2020, 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 June 8, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a material weakness.

### **Compliance and Other Matters**

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

### **City of Waynesville, Missouri's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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.

Handwritten signature in black ink that reads "KPM CPAs, PC".

KPM CPAs, PC  
Springfield, Missouri  
June 8, 2021





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

Honorable Mayor and City Council  
City of Waynesville  
Waynesville, Missouri

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Waynesville, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2020. The City of Waynesville, Missouri's major federal programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the City of Waynesville, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the City of Waynesville, Missouri's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City of Waynesville, Missouri, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343

## Report on Internal Control Over Compliance

Management of the City of Waynesville, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
June 8, 2021

# City of Waynesville

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Pass-through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation</b>				
Missouri Department of Transportation				
Airport Improvement Program	20.106	17-057B-1	\$ -	\$ 181,081
COVID 19 - Airport Improvement Program	20.106	20-057B-1	-	24,816
			<u>-</u>	<u>205,897</u>
<b>Direct</b>				
Payments for Essential Air Services	20.901	N/A	-	2,956,698
<b>Missouri Department of Natural Resources</b>				
Recreational Trails Program	20.219	2018-09	-	52,481
<b>Highway Safety Cluster</b>				
Missouri Department of Transportation Highway Safety and Traffic Division				
State and Community Highway Safety	20.600	20-PT-02-103	-	8,702
Alcohol Impaired Driving Countermeasures Incentive Grants				
	20.601	20-M5HVE-03-020	<u>-</u>	<u>7,414</u>
			-	16,116
<b>University of Central Missouri</b>				
Alcohol Open Container Requirements	20.607	20-154-AL-017	<u>-</u>	<u>2,242</u>
<b>Total U.S. Department of Transportation</b>			-	3,233,434
<b>U.S. Department of Homeland Security</b>				
State Emergency Management Agency				
Disaster Grant - Public Assistance	97.036	FEMA-4451-DR-MO	-	19,479
<b>Total U.S. Department of Homeland Security</b>			-	19,479
<b>U.S. Department of Treasury</b>				
Pulaski County				
COVID 19 - Coronavirus Relief Fund	21.019	-	-	32,019
<b>Total U.S. Department of Treasury</b>			<u>-</u>	<u>32,019</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 3,284,932</u>

N/A – Not applicable

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

# City of Waynesville

## Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

---

### **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Waynesville, Missouri, under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waynesville, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Waynesville, Missouri.

### **2. Summary of Significant Accounting Policies**

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

### **3. Subrecipients**

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

# City of Waynesville

## Summary Schedule of Findings and Questioned Costs

Year Ended December 31, 2020

### Section I – Summary of Audit Results

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

# City of Waynesville

## Summary Schedule of Findings and Questioned Costs

Year Ended December 31, 2020

---

### Section II – Financial Statement Findings

#### Material Weakness

##### *2020-001 Segregation of duties*

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

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

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

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

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

### Section III – Federal Award Findings and Questioned Costs

None

# City of Waynesville

Schedule of Prior Audit Findings

Year Ended December 31, 2020

---

## Financial Statement Finding

### Material Weakness

2019-001      *Segregation of duties*

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

*Status:* Uncorrected

# City of Waynesville

## Corrective Action Plan

Year Ended December 31, 2020

---

U.S. Department of Transportation

City of Waynesville, Missouri respectfully submits the following corrective action plan for the year ended December 31, 2020.

Contact information for the individual responsible for the corrective action:

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

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

*Audit Period:* December 31, 2020

The finding from the December 31, 2020, audit of the financial statements is below. The City did not have any major federal award program findings. The finding is numbered with the number assigned in the schedule.

## Financial Statement Audit

### Material Weakness

*2020-001 Segregation of Duties*

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

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

*Anticipated Completion Date:* N/A

Sincerely,

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





Honorable Mayor and City Council  
City of Waynesville  
Waynesville, Missouri

In planning and performing our audit of the basic financial statements of the City of Waynesville, Missouri, for the year ended December 31, 2020, we considered the City's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weakness discussed in the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

### **1. Cybersecurity**

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

#### *We Recommend:*

The City continue to evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

[www.kpmcpa.com](http://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

## 2. New Pronouncement

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that may affect the City in future years:

GASB Statement No. 87 – *Leases* – This Statement establishes a single model for lease accounting. It changes the definition of a lease and requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The effective date is for the City's year ending December 31, 2022.

*We Recommend:*

Management examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

## 3. Bank Reconciliations

During the audit, it was noted that bank accounts were not being reconciled to the general ledger on a monthly basis. This resulted in minor discrepancies between the bank reconciliation and the general ledger that were carried over for months before being discovered and corrected. Additionally, bank reconciliations did not show proof of independent review on a monthly basis. The City plans to convert to the bank reconciliation module in the accounting software. This will help ensure that the reconciliation process reflects the proper general ledger balances.

*We Recommend:*

The City review the bank reconciliation process to ensure the reconciliation is properly agreeing with the general ledger each month during the year. If a discrepancy is discovered, it should be corrected in the month that it occurs. This will alleviate the additional work required to correct multiple discrepancies at one time. Additionally, we recommend someone independent of the bank reconciliation process review the monthly reconciliation for accuracy and completeness.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the City's administrative personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies of this matter or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as the City of Waynesville, Missouri's independent auditors and the courtesies and assistance extended to us by the City's employees.

Respectfully submitted,



KPM CPAs, PC  
Springfield, Missouri  
June 8, 2021



Honorable Mayor and City Council  
City of Waynesville  
Waynesville, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 7, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Waynesville, Missouri, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the business-type activities' financial statements was management's estimate of the allowance for doubtful accounts, which is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. Management's estimate of the allowance for doubtful accounts for taxes receivable is based on the aged accounts receivable balance. We evaluated the key factors and assumptions used to develop the allowances in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

[www.kpmcpa.com](http://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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Trust Statement Activity

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 8, 2021.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis, pension information and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

This information is intended solely for the use of the City Council and management of the City of Waynesville, Missouri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
June 8, 2021