

City of Waynesville, Missouri

Basic Financial Statements
Year Ended December 31, 2022

KPM
CPAS & ADVISORS

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Independent Auditors' Report

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, the City of Waynesville adopted the provisions of GASB Statement No. 87 – *Leases*, as of December 31, 2022. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of the City of Waynesville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waynesville, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 20, 2023

Management's Discussion and Analysis

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

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, 2022. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$1,080,162 for the year ended December 31, 2022, as a result of current year activities. The net position of the City's business-type activities increased by \$1,691,023 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 and deferred inflows as of December 31, 2022, by \$27.1 million (net position), an increase of \$2,771,185 from the previous year.

Total liabilities of the City decreased by \$1,406,221 during the year ending December 31, 2022. The City continued to make payments on its Certificates of Participation and equipment leases.

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, 2022

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, 2022

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2022 and December 31, 2021:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2022</u>	<u>Total December 31, 2021</u>
Assets				
Current and other assets	\$ 10,458,358	\$ 7,130,820	\$ 17,589,178	\$ 13,638,365
Capital assets	25,226,123	13,221,948	38,448,071	37,407,370
Total Assets	35,684,481	20,352,768	56,037,249	51,045,735
Deferred Outflows of Resources				
Deferred refunding charges	4,427	25,085	29,512	38,592
Deferred pension outflows	506,808	149,390	656,198	512,100
Total Deferred Outflows of Resources	511,235	174,475	685,710	550,692
Liabilities				
Other liabilities	2,144,334	2,975,616	5,119,950	4,227,252
Long-term liabilities	10,695,446	8,787,291	19,482,737	21,781,656
Total Liabilities	12,839,780	11,762,907	24,602,687	26,008,908
Deferred Inflows of Resources				
Deferred inflow - leases	4,633,787	-	4,633,787	-
Deferred pension inflows	300,295	115,211	415,506	1,287,725
	<u>4,934,082</u>	<u>115,211</u>	<u>5,049,293</u>	<u>1,287,725</u>
Net position				
Net investment in capital assets	14,269,524	6,453,567	20,723,091	19,114,741
Restricted	389,446	144,988	534,434	546,799
Unrestricted	3,762,884	2,050,570	5,813,454	4,638,254
Total Net Position	<u>\$ 18,421,854</u>	<u>\$ 8,649,125</u>	<u>\$ 27,070,979</u>	<u>\$ 24,299,794</u>

Total net position of the City increased by \$2,771,185 for the year ended December 31, 2022. Total liabilities for the City have decreased by \$1,406,221. Restricted net position of the City totaled \$534,434 as of December 31, 2022. This amount represents monies that are restricted for debt service and donations.

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2022	Total Year Ended December 31, 2021
Revenues, Transfers, and Special Item				
Program Revenues				
Charges for services	\$ 2,519,569	\$ 12,375,369	\$ 14,894,938	\$ 13,440,626
Operating grants and contributions	233,084	-	233,084	2,898,273
Capital grants and contributions	35,735	-	35,735	29,296
General Revenues				
Sales taxes	1,703,892	-	1,703,892	1,613,509
Ad valorem taxes	496,237	-	496,237	462,612
Motor vehicle and gas taxes	233,754	-	233,754	208,855
Other taxes	2,500	-	2,500	110
Franchise fees	51,844	-	51,844	58,412
Interest	39,527	71,599	111,126	46,339
Other revenue	81,312	-	81,312	78,680
Special item	206,331	-	206,331	-
Transfers	1,615,292	(1,615,292)	-	-
Total Revenues, Transfers, and Special Item	7,219,077	10,831,676	18,050,753	18,836,712
Expenses				
City hall	984,395	-	984,395	870,738
Fire	332,003	-	332,003	315,366
Public safety	956,258	-	956,258	897,154
Municipal court	105,462	-	105,462	136,675
Street	561,180	-	561,180	587,965
Park and pool	532,257	-	532,257	498,382
Cemetery	968	-	968	968
Airport	1,734,384	-	1,734,384	3,679,262
Animal shelter	339,370	-	339,370	304,605
Building department	257,929	-	257,929	195,435
Debt service	334,709	-	334,709	448,947
Electric	-	6,024,518	6,024,518	6,487,698
Water and sewer	-	1,538,943	1,538,943	1,429,781
Trash	-	351,730	351,730	306,265
Natural gas	-	1,225,462	1,225,462	1,924,001
Total Expenses	6,138,915	9,140,653	15,279,568	18,083,242
<i>Increase in Net Position</i>	\$ 1,080,162	\$ 1,691,023	\$ 2,771,185	\$ 753,470

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

Governmental Activities

Governmental activities increased the net position of the City by \$1,080,162. Tax revenues for the City were \$2,488,227 which represents 34% of the funding of these activities. Program revenues for the functions totaled \$2,788,388 or 39% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

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

	Total Cost of Services	Net Cost of Services
City hall	\$ 984,395	\$ 903,976
Fire	332,003	332,003
Public safety	956,258	851,298
Municipal court	105,462	105,462
Street	561,180	228,145
Park and pool	532,257	329,564
Cemetery	968	(5,132)
Airport	1,734,384	376,899
Animal shelter	339,370	186,535
Building department	257,929	114,687
Debt service	334,709	(72,910)
	<u>\$ 6,138,915</u>	<u>\$ 3,350,527</u>

Business-Type Activities

Business-type activities increased the City's net position by \$1,691,023. In the current year, the business-type activities transferred \$1,615,292 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, 2022, was \$4,395,947. The General Fund decreased by \$139,659, the Park and Pool Fund increased by \$84,270, the Community Improvement District (CID) Fund decreased by \$65,223, and the Debt Service Fund increased by \$3,581.

General Fund Budgetary Highlights

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

- The original revenue budget of \$4,384,327 decreased to \$4,263,964 due to a decrease in grants received for the airport project.
- The original expenditures budget of \$6,167,374 was decreased to \$6,051,214.

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

Capital Asset & Debt Administration

Capital Assets

Capital assets of the governmental activities were \$25,226,123 (net of accumulated depreciation) as of December 31, 2022. This represents a \$94,969 increase from the prior year. Capital assets for business-type activities were \$13,221,948 as of December 31, 2022. This represents an increase of \$945,732 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2022, was \$11,340,983, which is down from \$12,162,316 in the prior year.

Total debt of the business-type activities as of December 31, 2022, was \$9,863,678, which is down from \$10,357,646 in the prior year.

Economic Factors & Next Year's Budget

The City of Waynesville completed many tasks during the 2022 calendar year while planning for post-COVID recovery efforts and corresponding post-COVID measures to implement capital improvement projects and economic development within the City. These accomplishments were achieved despite political challenges and post pandemic economic uncertainty. City staff along with elected officials worked through many complexities to ensure the City of Waynesville continued in a positive direction while fostering programs for economic development, business stability, utility expansion and COVID relief for qualifying residents and businesses within the community. Through this collective effort, new businesses were realized within the City along with additional economic opportunities that were presented to the City of Waynesville. As the City continues to work through the details of some of these opportunities, some of the 2022 key projects that made these possible are identified below.

Key Projects for 2022

- **Subdivision Improvement Program (SIP)**

The City of Waynesville implemented a Subdivision Improvement Program (SIP) that was designed to ensure continued residential growth by meeting the demands of the housing needs within the area. For a subdivision to qualify for the program, the proposed residential development must be located within the current city limits and must utilize all city utilities (water, sewer, electric and natural gas). After implementing the program, the City experienced an immediate response from developers within the area. The program resulted in the city receiving plats and development plans for approximately 150 single-family residential lots and approximately 100 multi-family (town house) units. City staff and the public works departments (water department, sewer department, natural gas department, street department, and construction department) remained busy throughout the year assisting in the development of these subdivisions installing necessary utility mains to service the residential growth generated by the SIP. The SIP resulted in the construction of 53 single-family homes within the City of Waynesville.

- **City Engineering Services**

The City of Waynesville advertised and procured city engineering services during 2022. The city ultimately chose Benton & Associates for the City Engineer to complete engineering services for the City of Waynesville. This selection was made to ensure that planned city projects were designed, reviewed, and approved by a professional engineer.

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

- **GIS Mapping**

Over the course of the year the city continued working on the digital GIS database, essentially mapping the utilities owned, operated and maintained by the city. This database was expanded during the year to include electric system mapping (poles, meters, pad mounted transformers, underground electric, electric substation, pole connections), water meters (meters located within the city as well as existing subdivisions located within the county that utilize city water to include, Northern Heights, Southside Hunters Point, High Point), sanitary sewer manholes and lift stations. The digital mapping of these systems is an ongoing process. Mapping is updated as developers continue to construct and develop subdivisions. However, the staff presented to the City Council the GIS mapping of utilities in December of 2022.

- **Commercial Sanitation/Trash Services**

The City of Waynesville entered into an intergovernmental agreement with the City of St. Robert for Commercial Trash services within the City of Waynesville beginning September 1, 2022. The implementation of this service required city staff to evaluate the need of each commercial property within the city and ensure appropriate trash enclosures were delivered in a timely manner. Staff also created a billing database for these commercial users as well as approving through council a cost/rate schedule for this service.

- **Natural Gas Rate Study**

The City of Waynesville finalized all the utility rate studies (Water, Sewer, Electric, Natural Gas) when Toth Engineering presented to the Utility Committee the Natural Gas Rate Study. Toth Engineering was selected to perform these studies in 2021 through an agreement with MPUA. The utility rate studies provided insight to city staff and council of the existing rate structure and compared it to the cost of service for these utilities. Implementation of the results of these studies included a need for increases to the availability fees within the Natural Gas system and Electric system as well as an increase to the water, sewer, and electric rates.

City Department Updates

- **Waynesville – St. Robert Regional Airport**

The Waynesville – St. Robert Regional Airport is located on Fort Leonard Wood, MO. The cities of Waynesville and St. Robert manage the airport through the Joint Airport Advisory Board with day-to-day operations and administrative duties being the responsibility of the City of Waynesville. The air service carrier selected in September of 2021 submitted a 90-day termination letter to the cities requesting termination of service to the airport. The cities rebid the essential air service and selected Contour Airlines as the provider for this service in 2022. The airport board continued to plan and design a terminal by establishing a terminal area master plan. This masterplan was revised by Fort Leonard Wood essentially moving the location of the terminal across the taxiway to create separation between the commercial and military aspects of the airport.

- **Street Department**

The street department continued improvements to the roadways within the City by paving Second Street, Rosewood, Bluff Circle, and Hospital Road. These improvements were completed while also working on the roadways necessary for the subdivision improvement program (SIP). Roadways that were developed and improved in this program include Lavista (Gravel Graded), Mesa (Gravel Graded), Sierra Circle (Dirt Graded), Switchback (Dirt Graded), Alice (Paved and Curbed).

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

- **Waynesville Police Department**

The Waynesville Police Department re-structured its existing manning chart creating positions for a Lieutenant, Sergeant and two (2) Corporals. The expansion of the manning chart for the department provided promotional opportunities within the department. The Waynesville Police Department was the recipient of several grants throughout the year including a DWI grant, HMV grant, Click it or Ticket grant and also received a grant for 25 traffic cones along with 100 barricades for crowd and traffic control.

- **Finance and Human Resources**

The City continued to invest in its Finance and Human Resources department. The City Finance Officer received training and became a Certified Lagers Administrator. In 2022 the City invested in the bank reconciliation module through gWorks. This investment allows the finance staff of the City to manage accounting processes with cloud-based fund accounting software and provides interfacing to efficiently manage funds, track financials and achieve auditing requirements throughout the year.

The City of Waynesville rebid banking services of the city. Local banks were invited to bid on these services. This process resulted in an increase in the interest rate of money on hand, increasing revenue for the city on these monies.

The City of Waynesville experienced many promotions, new hires, and resignations over the course of the year.

- Resignations: The following personnel resigned their position with the city seeking other employment and opportunities. Ethan Beattie, Casey Chapman, Rebecca Coleman, Devin Crossland, Mallory Echelberry, Damon Gibson, Alex Green, Clayton Gregory, Kristen Grimm, Ethan Howden, Jackson Lobland, Ethan Maddox, Ryann Maxwell, Dominic Morgan, Sadie Nobak, Kayla Perkins, Chloe Peterson, Alexis Schield, Dominic Shelden, Christopher Tims, Cody Vaughn, Colton Wallander and Colby Washburn.
- Newly Hired Employees: The City of Waynesville is fortunate to be able to attract skilled and qualified employees to work in the city. In 2022 the newly hired employees include: Janice Haubrich, Dustin Waits, Samantha Kelsh, Elizabeth Stock, Tristan Hendrix, Ethan Beattie, Rebecca Coleman, Devin Crossland, Mallory Echelberry, Damon Gibson, Jackson Lobland, Dominic Morgan, Sadie Novak, Chloe Peterson, Dominic Shelden, Colton Wallander, Colby Washburn.
- Promotions: The following City employees were promoted to other positions in 2022: Mark Piles promoted to Lieutenant, Josh Hazel promoted to Sergeant, Kyle Prock and Michael Ruess promoted to Corporal. Donnie Beal promoted to Water/Wastewater Superintendent; Michael Hall promoted to Water/Wastewater foreman.

Vehicle Fleet Management

Recognizing the need for an updated vehicle fleet within the city and with a shortage of vehicle availability due to the pandemic, the City of Waynesville was able to acquire a 2016 Ford Dump Bed to put into service within the electric department. The City also approved the purchase of a van for the animal shelter. Finally, the City entered into an agreement with Enterprise to establish a fleet management program within the city.

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

ARPA Team

With the receipt of ARPA funds, the City of Waynesville implemented an ARPA team to develop programs to disseminate these funds within the community. These programs included:

- Utility Billing Relief Program – This program was implemented to ensure outstanding utility bills that were unable to be paid by the resident due to COVID related circumstances would be considered by this program. The program was scheduled to end in October 2022
- Grants for Grocery/Convenience Workers – This program provided an option to provide premium pay to employees who worked at a grocery/convenience store through the pandemic. This program was scheduled to end in October 2022
- Build it Better Program – The city ARPA team dedicated \$50,000 to the Build it Better Program. This program incentivized residential homeowners to install energy efficient measures in their home to reduce utility usage and utility bills. Some of these improvements consist of the installation of windows, doors and/or insulation. This program is scheduled to end in December of 2023
- Grant Match – The city ARPA team dedicated \$591,000 towards matching funds required for grants the city applied for during the 2021/2022 calendar year.
- Hwy 17 Park – The city ARPA team dedicated \$28,000 for the purchase of property to install additional features and increase the area of the city park.
- Small Business Enhancement Program – The city ARPA team dedicated \$30,000 towards a small business enhancement program essentially dedicating ARPA funds to small businesses located within the community for various improvements and/or purchases.
- Building Demo/Reno Grant – The city ARPA team dedicated \$50,000 towards a building demo/reno program allowing for business and other property owners to receive funding for the demolition or renovation of an existing structure within the city.
- Leaf & Limb Dump – The city ARPA team dedicated \$85,000 towards improved access along with additional accessibility features for the city's leaf and limb facility.
- Animal Shelter Renovation – The city ARPA team dedicated \$50,000 towards much needed renovations at the Waynesville Animal Shelter.
- RV Park Expansion – The city ARPA team dedicated \$50,000 towards the expansion of the existing RV park located along the banks of Roubidoux Creek.
- Police Dept Equipment Upgrades – The city ARPA team dedicated \$40,000 to the police department covering items to include office chairs, service firearms and IT server.

• Economic Development

With a newly hired economic developer at the City of Waynesville, the city began implementing strategies to improve the quality of life within the community by aggressively marketing existing property within the city. Some of this coordination was realized by the creation of new events held within the community to bring visitors into Waynesville and showcasing all the city has to offer. Some of these events include Big BAM and Route 66 Hogs & Frogs. It was estimated that these events brought approximately 4,000 – 5,000 additional visitors to our community to enjoy these festivals/events. The city also began making necessary plans to accommodate and prepare for upcoming events in the Spring of 2023 to include the 100th anniversary of the Roubidoux Bridge.

In February of 2022, the city secured a permit from MoDOT for an outdoor advertising permit. This permit allowed the city to actively market the availability of City property along Interstate 44.

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

In April/May, the city invested in the Roubidoux Park by installing a food truck court as a new feature to the park providing a service to the visitors of the park.

2022 Grants

In 2022, the City of Waynesville applied for several grants to help fund various needs within the community. Some of the grants that the city was selected for include:

- TAP Grant for sidewalk extension within the City of Waynesville with total grant funding of \$498,543.33 and total match required of \$132,524.17.
- 2022 Non-Playground Scrap Tire Surface Material Grant resulted in 2- ADA accessible 9 ft. picnic tables, 6 traditional 8 ft picnic tables, 8 8 ft park benches. Total costs \$14,344 (100% reimbursable)
- National Fitness campaign Grant – Outdoor Fitness Court (Grant Award \$25,000)
- Communi-Tree Forest Releaf Program Grant approved for 62 trees to be planted within the City Park after the ash borer killed several trees within the City Park

City Government

The municipal election held in 2022 resulted as follows:

- Councilman Rob Rice was re-elected as Councilman of Ward 1
- Councilman Cecil Davis was re-elected as Councilman of Ward 2
- Councilman Ed Conley was re-elected as Councilman of Ward 3
- Councilman Michael Curtis did not seek re-election for Councilman of Ward 4. Former Ward 4 Councilman Mike France was elected to this position.
- Councilman Mike France resigned from his Council seat in May of 2022.

The City of Waynesville's Mayor Jerry Brown was censured in March of 2022. After not meeting the requirements of the Censure, Articles of Impeachment against Mayor Jerry Brown were filed in August of 2022.

Looking Forward: Overview of the Fiscal Year Budget 2023:

The 2023 budget is projected to increase as the city continues to pursue projects utilizing Certificate of Participation funding and other grant funding opportunities received by the city. The 2023 budget will begin to reflect increased revenue due to the Subdivision Improvement Program (SIP) and the construction of new homes within the city. Real estate taxing revenues from this program will lag approximately one year due to the taxing cycle of real property i.e. real estate taxes for new homes are based upon a January 1 occupancy. Other budget considerations consist of grant funding made available to the city during the 2023 calendar year. These opportunities include potential for grant funding on airport projects (terminal design/construction), DERA (Volkswagen) grant, and TAP grant funding. These grant programs are applied for by the city on an annual basis and could have impacts on the overall 2023 city budget. Additionally, the city has taken measures to increase its economic development presence which could result in land sales and/or increased tax revenues for the city that would also impact the 2023 budget

City of Waynesville

Management's Discussion and Analysis

December 31, 2022

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Assets				
Current				
Cash and cash equivalents - unrestricted	\$ 2,969,208	\$ 2,155,368	\$ 5,124,576	\$ 20,480
Sales tax receivable	279,873	-	279,873	6,061
Ad valorem taxes receivable, net	274,288	-	274,288	-
Utilities receivable, net	-	1,028,547	1,028,547	-
Interest receivable	511	-	511	-
Other receivables	5,631	13,824	19,455	-
Accrued interest receivable	-	1,156	1,156	-
Intergovernmental receivable	49,650	-	49,650	-
Prepaid expenses	112,960	57,398	170,358	-
Inventory	-	444,011	444,011	-
Noncurrent				
Restricted cash and cash equivalents	1,679,837	3,400,090	5,079,927	-
Leases receivable	4,635,769	-	4,635,769	-
Note receivable	260,310	-	260,310	-
Net pension asset	190,321	30,426	220,747	-
Capital assets				
Non-depreciable	5,723,094	2,513,606	8,236,700	-
Depreciable, net	19,503,029	10,708,342	30,211,371	304,006
Total Assets	35,684,481	20,352,768	56,037,249	330,547
Deferred Outflows of Resources				
Deferred refunding charges	4,427	25,085	29,512	-
Deferred pension outflow	506,808	149,390	656,198	-
Total Deferred Outflows of Resources	511,235	174,475	685,710	-

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Net Position

December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Liabilities				
Current				
Accounts payable	87,745	961,173	1,048,918	-
Accrued expenses	74,524	58,693	133,217	-
Customer deposits payable	-	743,287	743,287	-
Unearned revenue	1,076,034	-	1,076,034	-
Accrued interest payable	71,688	62,886	134,574	-
Current maturities of long-term debt	834,343	1,149,577	1,983,920	26,985
	2,144,334	2,975,616	5,119,950	26,985
Noncurrent				
Bonds payable	-	2,124,000	2,124,000	-
MAMU lease payable, net	-	205,000	205,000	-
Certificates of participation, net	10,300,394	6,141,045	16,441,439	-
Capital leases payable	117,915	-	117,915	-
MTFC direct loan	88,331	-	88,331	-
MUELP loan	-	244,056	244,056	-
Note payable	-	-	-	233,325
Compensated absences payable	188,806	73,190	261,996	-
	10,695,446	8,787,291	19,482,737	233,325
Total Liabilities	12,839,780	11,762,907	24,602,687	260,310
Deferred Inflows of Resources				
Deferred inflows - leases	4,633,787	-	4,633,787	-
Deferred pension inflows	300,295	115,211	415,506	-
Total Deferred Inflows of Resources	4,934,082	115,211	5,049,293	-
Net Position				
Net investment in capital assets	14,269,524	6,453,567	20,723,091	43,696
Restricted	389,446	144,988	534,434	-
Unrestricted	3,762,884	2,050,570	5,813,454	26,541
Total Net Position	\$ 18,421,854	\$ 8,649,125	\$ 27,070,979	\$ 70,237

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Activities

Year Ended December 31, 2022

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	\$ (984,395)	\$ 39,172	\$ 41,247	\$ -	\$ (903,976)	\$ -	\$ (903,976)	
Fire	(332,003)	-	-	-	(332,003)	-	(332,003)	
Public safety	(956,258)	75,694	18,101	11,165	(851,298)	-	(851,298)	
Municipal court	(105,462)	-	-	-	(105,462)	-	(105,462)	
Street	(561,180)	333,035	-	-	(228,145)	-	(228,145)	
Park and pool	(532,257)	178,123	-	24,570	(329,564)	-	(329,564)	
Cemetery	(968)	6,100	-	-	5,132	-	5,132	
Airport	(1,734,384)	1,206,187	151,298	-	(376,899)	-	(376,899)	
Animal shelter	(339,370)	130,397	22,438	-	(186,535)	-	(186,535)	
Building department	(257,929)	143,242	-	-	(114,687)	-	(114,687)	
Debt service	(334,709)	407,619	-	-	72,910	-	72,910	
Total Governmental	(6,138,915)	2,519,569	233,084	35,735	(3,350,527)	-	(3,350,527)	
Business-Type Activities								
Electric service	(6,024,518)	7,503,855	-	-	-	1,479,337	1,479,337	
Water and sewer service	(1,538,943)	2,810,767	-	-	-	1,271,824	1,271,824	
Trash service	(351,730)	442,489	-	-	-	90,759	90,759	
Natural gas service	(1,225,462)	1,618,258	-	-	-	392,796	392,796	
Total Business-Type	(9,140,653)	12,375,369	-	-	-	3,234,716	3,234,716	
Total Primary Government	\$ (15,279,568)	\$ 14,894,938	\$ 233,084	\$ 35,735	(3,350,527)	3,234,716	(115,811)	

See accompanying Notes to the Financial Statements.

City of Waynesville

Balance Sheet – Governmental Funds

December 31, 2022

	Special Revenue Funds				Total Governmental Funds
	General Fund	Park and Pool Fund	Community Improvement District Fund	Debt Service Fund	
Assets					
Cash and cash equivalents - unrestricted	\$ 1,575,044	\$ 1,191,598	\$ 202,566	\$ -	\$ 2,969,208
Ad valorem taxes receivable, net	274,288	-	-	-	274,288
Sales tax receivable	211,957	67,916	-	-	279,873
Long-term lease receivable	4,635,769	-	-	-	4,635,769
Interest receivable	511	-	-	-	511
Other receivable	5,631	-	-	-	5,631
Intergovernmental receivable	49,650	-	-	-	49,650
Note receivable	-	-	260,310	-	260,310
Prepaid expenses	111,181	1,779	-	-	112,960
Restricted cash and cash equivalents	1,290,391	21,265	-	368,181	1,679,837
Total Assets	\$ 8,154,422	\$ 1,282,558	\$ 462,876	\$ 368,181	\$ 10,268,037
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts payable	\$ 87,745	\$ -	\$ -	\$ -	\$ 87,745
Accrued expenses	66,933	7,591	-	-	74,524
Unearned revenue	1,076,034	-	-	-	1,076,034
Total Liabilities	1,230,712	7,591	-	-	1,238,303
Deferred Inflows of Resources					
Deferred inflow - leases	4,633,787	-	-	-	4,633,787
Fund Balances					
Nonspendable					
Prepaid items	111,181	1,779	-	-	112,960
Restricted for					
Specific purchases from donations	-	21,265	-	-	21,265
Debt service	-	-	-	368,181	368,181
Building projects	379,957	-	-	-	379,957
Assigned to					
Parks and pool	-	1,251,923	-	-	1,251,923
Community improvement	-	-	462,876	-	462,876
Unassigned	1,798,785	-	-	-	1,798,785
Total Fund Balances	2,289,923	1,274,967	462,876	368,181	4,395,947
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 8,154,422	\$ 1,282,558	\$ 462,876	\$ 368,181	\$ 10,268,037

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, 2022

Fund balance - total governmental funds	\$ 4,395,947
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	34,215,504
Less: Accumulated depreciation	<u>(8,989,381)</u>
	25,226,123
The net pension asset and deferred costs are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension asset	190,321
Deferred pension outflows	506,808
Deferred pension inflows	<u>(300,295)</u>
	396,834
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(71,688)
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>(11,525,362)</u>
Net position of governmental activities	<u><u>\$ 18,421,854</u></u>

See accompanying Notes to the Financial Statements.

City of Waynesville

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

December 31, 2022

	Special Revenue Funds				Total Governmental Funds
	General Fund	Park and Pool Fund	Community Improvement District Fund	Debt Service Fund	
Revenues					
Taxes	\$ 2,001,532	\$ 486,695	\$ -	\$ -	\$ 2,488,227
Licenses and permits	51,767	-	-	-	51,767
Intergovernmental revenues	249,856	625	-	-	250,481
Fines and forfeitures	75,919	-	-	-	75,919
Charges for services	1,806,142	178,123	-	407,618	2,391,883
Donations	18,338	-	-	-	18,338
Miscellaneous	60,410	3,840	53,008	3,581	120,839
Total Revenues	4,263,964	669,283	53,008	411,199	5,397,454
Expenditures					
Current					
City hall	860,443	-	-	-	860,443
Fire	332,003	-	-	-	332,003
Public safety	998,734	-	-	-	998,734
Municipal court	117,430	-	-	-	117,430
Street	1,172,675	-	-	-	1,172,675
Park and pool	-	585,013	-	-	585,013
Airport	1,463,579	-	-	-	1,463,579
Animal shelter	357,294	-	-	-	357,294
Building department	287,735	-	-	-	287,735
Debt service					
Principal, interest, and fees	461,321	-	-	699,881	1,161,202
Total Expenditures	6,051,214	585,013	-	699,881	7,336,108
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(1,787,250)	84,270	53,008	(288,682)	(1,938,654)
Other Financing Sources (Uses)					
Net insurance recovery	206,331	-	-	-	206,331
Operating transfers in (out)	1,441,260	-	(118,231)	292,263	1,615,292
Total Other Financing Sources (Uses)	1,647,591	-	(118,231)	292,263	1,821,623
<i>Net Change in Fund Balance</i>	(139,659)	84,270	(65,223)	3,581	(117,031)
Fund Balance, January 1, as restated	2,429,582	1,190,697	528,099	364,600	4,512,978
Fund Balance, December 31	\$ 2,289,923	\$ 1,274,967	\$ 462,876	\$ 368,181	\$ 4,395,947

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, 2022

Net change in fund balances - total governmental funds	\$ (117,031)
--	--------------

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	1,066,464
Depreciation	<u>(971,495)</u>
	94,969

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	819,971
Interest	<u>6,522</u>
	826,493

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	296,352
Change in compensated absences	<u>(20,621)</u>
	275,731
Change in net position of governmental activities	<u><u>\$ 1,080,162</u></u>

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Net Position – Proprietary Funds

December 31, 2022

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Assets					
Current Assets					
Cash and cash equivalents - unrestricted	\$ 634,986	\$ 438,441	\$ 252,843	\$ 829,098	\$ 2,155,368
Utilities receivable, net	555,763	205,471	52,247	215,066	1,028,547
Other receivable	13,824	-	-	-	13,824
Accrued interest receivable	412	744	-	-	1,156
Inventory	321,085	56,078	-	66,848	444,011
Prepaid assets	26,304	29,793	-	1,301	57,398
Total Current Assets	1,552,374	730,527	305,090	1,112,313	3,700,304
Noncurrent Assets					
Cash and cash equivalents - restricted	1,733,038	529,144	881,090	256,818	3,400,090
Net pension asset	29,277	1,149	-	-	30,426
Capital assets					
Non-depreciable	716,522	1,736,533	-	60,551	2,513,606
Depreciable, net	1,318,239	8,620,566	-	769,537	10,708,342
Total Noncurrent Assets	3,797,076	10,887,392	881,090	1,086,906	16,652,464
Total Assets	5,349,450	11,617,919	1,186,180	2,199,219	20,352,768
Deferred Outflows of Resources					
Deferred refunding charges	7,968	14,166	-	2,951	25,085
Deferred pension outflow	59,214	69,145	-	21,031	149,390
Total Deferred Outflows of Resources	67,182	83,311	-	23,982	174,475

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Net Position – Proprietary Funds

December 31, 2022

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Liabilities					
Current Liabilities					
Accounts payable	656,260	44,959	84,060	175,894	961,173
Accrued expenses	23,438	29,686	-	5,569	58,693
Accrued interest payable	13,499	40,923	5,798	2,666	62,886
Customer deposits	743,287	-	-	-	743,287
Current portion of long-term debt	267,590	587,672	28,504	265,811	1,149,577
Total Current Liabilities	1,704,074	703,240	118,362	449,940	2,975,616
Long-Term Liabilities					
Revenue bonds payable	-	2,124,000	-	-	2,124,000
MAMU lease payable	65,600	137,350	-	2,050	205,000
Certificates of participation payable, net	1,877,389	3,052,834	835,705	375,117	6,141,045
MUELP loan payable	244,056	-	-	-	244,056
Compensated absences payable	42,610	24,295	-	6,285	73,190
Total Long-Term Liabilities	2,229,655	5,338,479	835,705	383,452	8,787,291
Total Liabilities	3,933,729	6,041,719	954,067	833,392	11,762,907
Deferred Inflows of Resources					
Deferred pension inflows	64,679	38,360	-	12,172	115,211
Net Position					
Net investment in capital assets	919,523	4,853,565	-	680,479	6,453,567
Restricted	-	144,988	-	-	144,988
Unrestricted	498,701	622,598	232,113	697,158	2,050,570
Total Net Position	\$ 1,418,224	\$ 5,621,151	\$ 232,113	\$ 1,377,637	\$ 8,649,125

See accompanying Notes to the Financial Statements.

City of Waynesville

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

Year Ended December 31, 2022

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Operating Revenues					
Charges for services	\$ 7,369,201	\$ 2,289,867	\$ 442,489	\$ 1,236,358	\$ 11,337,915
Other charges	134,654	520,900	-	381,900	1,037,454
Total Operating Revenues	7,503,855	2,810,767	442,489	1,618,258	12,375,369
Operating Expenses					
Salaries and wages	246,718	297,806	-	69,738	614,262
Employee benefits	72,960	82,048	-	26,663	181,671
Materials and supplies	126,616	35,304	-	15,650	177,570
Electric current	4,787,875	-	-	-	4,787,875
Hauling and recycling charges	-	-	330,259	-	330,259
Repairs and maintenance	47,439	214,558	-	-	261,997
Gas purchases	-	-	-	926,865	926,865
Travel, meetings and dues	3,713	22,840	-	2,865	29,418
Contract and professional services	231,914	65,824	-	6,314	304,052
Depreciation	129,985	399,864	-	80,778	610,627
Administrative	214,290	226,195	-	70,745	511,230
Other operating expenses	105,616	51,038	692	11,843	169,189
Total Operating Expenses	5,967,126	1,395,477	330,951	1,211,461	8,905,015
<i>Operating Income</i>	1,536,729	1,415,290	111,538	406,797	3,470,354
Nonoperating Revenues (Expenses)					
Interest income	46,513	9,715	12,778	2,593	71,599
Interest expense	(57,392)	(143,466)	(20,779)	(14,001)	(235,638)
Total Nonoperating Revenues (Expenses)	(10,879)	(133,751)	(8,001)	(11,408)	(164,039)
<i>Income Before Operating Transfers</i>	1,525,850	1,281,539	103,537	395,389	3,306,315
Operating Transfers In (Out)	(870,808)	(496,216)	10,846	(259,114)	(1,615,292)
<i>Net Income</i>	655,042	785,323	114,383	136,275	1,691,023
Net Position, January 1	763,182	4,835,828	117,730	1,241,362	6,958,102
Net Position, December 31	\$ 1,418,224	\$ 5,621,151	\$ 232,113	\$ 1,377,637	\$ 8,649,125

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2022

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Cash Flows from Operating Activities					
Cash received from customers	\$ 7,431,123	\$ 2,806,457	\$ 420,051	\$ 1,686,595	\$ 12,344,226
Cash paid to suppliers	(5,250,447)	(574,745)	(292,389)	(983,916)	(7,101,497)
Cash paid to employees	(345,646)	(420,326)	-	(122,495)	(888,467)
Net Cash Provided by Operating Activities	<u>1,835,030</u>	<u>1,811,386</u>	<u>127,662</u>	<u>580,184</u>	<u>4,354,262</u>
Cash Flows from Noncapital Financing Activities					
Transfers (to) from other funds	(870,808)	(496,216)	10,846	(259,114)	(1,615,292)
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(243,259)	(1,263,665)	-	(49,435)	(1,556,359)
Payment of principal on debt obligations	(276,900)	(632,481)	(35,791)	(447,829)	(1,393,001)
Payment of interest expense	(56,763)	(148,655)	(20,943)	(14,226)	(240,587)
Net Cash (Used) by Capital and Related Financing Activities	<u>(576,922)</u>	<u>(2,044,801)</u>	<u>(56,734)</u>	<u>(511,490)</u>	<u>(3,189,947)</u>
Cash Flows from Investing Activities					
Interest received	46,513	9,715	12,778	2,593	71,599
<i>Net Increase (decrease) in Cash and Cash Equivalents</i>	433,813	(719,916)	94,552	(187,827)	(379,378)
Cash and Cash Equivalents, Beginning of year	1,934,211	1,687,501	1,039,381	1,273,743	5,934,836
Cash and Cash Equivalents, End of year	<u>2,368,024</u>	<u>967,585</u>	<u>1,133,933</u>	<u>1,085,916</u>	<u>5,555,458</u>
Less Restricted Cash and Cash Equivalents	1,733,038	529,144	881,090	256,818	3,400,090
Unrestricted Cash and Cash Equivalents	<u>\$ 634,986</u>	<u>\$ 438,441</u>	<u>\$ 252,843</u>	<u>\$ 829,098</u>	<u>\$ 2,155,368</u>

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2022

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	\$ 1,536,729	\$ 1,415,290	\$ 111,538	\$ 406,797	\$ 3,470,354
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	129,985	399,864	-	80,778	610,627
(Increase) decrease in					
Utilities receivable, net	(97,348)	(2,596)	(22,438)	(89,414)	(211,796)
Other receivable	-	-	-	157,826	157,826
Prepaid expenses	(1,512)	(1,714)	-	(75)	(3,301)
Inventory	(2,068)	(3,945)	-	(14,571)	(20,584)
Deferred pension outflows	(11,193)	(14,952)	-	(4,239)	(30,384)
Net pension asset	57,430	70,662	-	15,501	143,593
Increase (decrease) in					
Accounts payable	269,084	44,959	38,562	64,937	417,542
Accrued expenses	(1,150)	3,880	-	1,328	4,058
Customer deposits	26,128	-	-	-	26,128
Compensated absences payable	10,395	8,737	-	(7,841)	11,291
Deferred pension inflows	(81,450)	(108,799)	-	(30,843)	(221,092)
Net Cash Provided by Operating Activities	<u>\$ 1,835,030</u>	<u>\$ 1,811,386</u>	<u>\$ 127,662</u>	<u>\$ 580,184</u>	<u>\$ 4,354,262</u>

See accompanying Notes to the Financial Statements.

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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

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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.

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

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

City of Waynesville

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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

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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.

Inventories

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

Unearned Revenue

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

Compensated Absences

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

Use of Estimates

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

Revenue Recognition – Property Taxes

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has two items that qualify for reporting in this category, deferred amounts relating to the pension plan and deferred charges relating to debt refunding.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City's governmental activities reports deferred inflows related to pension and unavailable revenue related to leases. The governmental funds report deferred inflows from unavailable revenue from two primary sources: grants and lease revenue for future lease receipts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Waynesville

Notes to the Financial Statements

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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.

Leases

The City is a lessor for the lease of a water tower and building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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.

City of Waynesville

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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.

New Pronouncement

The City implemented GASB Statement No. 87 – *Leases* during the year ended December 31, 2022. The objective of this pronouncement is to establish standards for the measurement, recognition, and display of lease obligations (lessee) and the measurement, recognition, and display of sums to be received from third parties where an entity is the lessor. While the application of the new pronouncement did not affect the City's net position or the net increase in net position for the year ended December 31, 2021, certain balances and other classifications were added that changed amounts previously reported.

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, 2022, all bank balances on deposit are entirely insured or collateralized.

City of Waynesville

Notes to the Financial Statements

December 31, 2022

3. Restricted Assets

General Fund

The total restricted cash and cash equivalents for the General Fund includes project funds from the 2021 COP issuance in the amount of \$379,957 and unspent ARPA grant proceeds in the amount of \$910,434. Restricted fund balance for the General Fund equals the 2021 COP project funds in the amount of \$379,957.

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 \$21,265 at December 31, 2022.

Debt Service Fund

The total restricted cash and cash equivalent and restricted net position/fund balance for the Debt Service Fund totaled \$368,181 for the 2017C COP debt service reserve.

Enterprise Funds

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

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Net Position</u>
Electric Fund		
Customer meter deposits	\$ 743,287	\$ -
Series 2021 COP projects	989,751	-
	<u>1,733,038</u>	<u>-</u>
Water and Wastewater Fund		
Series 2011 principal account	125,380	125,380
Series 2011 interest account	19,608	19,608
Series 2021 COP projects	384,156	-
	<u>529,144</u>	<u>144,988</u>
Natural Gas Fund		
Series 2021 COP projects	256,818	-
Trash Fund		
Series 2021 COP projects	881,090	-
	<u>\$ 3,400,090</u>	<u>\$ 144,988</u>

City of Waynesville

Notes to the Financial Statements

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4. Accounts Receivable

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

	Accounts Receivable	Allowance	Net Accounts Receivable
Ad Valorem Taxes Receivable			
General Fund	\$ 291,796	\$ (17,508)	\$ 274,288
Utilities Receivable			
Enterprise Funds			
Electric Fund	\$ 573,230	\$ (17,467)	\$ 555,763
Water and Wastewater Fund	211,810	(6,339)	205,471
Trash Fund	53,410	(1,163)	52,247
Natural Gas Fund	167,619	47,447	215,066
	\$ 1,006,069	\$ 22,478	\$ 1,028,547

5. Long-Term Liabilities – Business-Type Activities

Revenue Bonds

The Combined Waterworks and Sewerage System Revenue Bonds, State of Missouri – Direct Loan Program, Series 2011, were approved for issuance in the principal amount not to exceed \$4,750,000 in direct borrowing for the purpose of acquiring, constructing, extending and improving the City’s combined waterworks and sewerage system. The 2011 bonds bear interest at 1.65% with principal payments due January 1 and interest payments due January 1 and July 1 of each year. The bonds also require a semi-annual administrative fee of 5% of the outstanding principal balance of the bonds as of the business day preceding each interest payment date. The bonds may be called for redemption prior to stated maturity at the option of the City with prior written consent at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption, under provisions outlined in the bond ordinance. In the event of default, DNR would pursue any available remedies at law or equity by suit, action, mandamus or other proceeding to enforce and compel the payment of principal and interest on the bonds and all other amounts due under the Ordinance and other loan documents, and/or the performance of the duties and obligations of the City under the loan documents which may include, but is not limited to, the payment of damages, penalties, interest fees and expenses. The City had issued \$4,557,602 of the available bonds at December 31, 2022, and \$192,398 remained unissued.

City of Waynesville

Notes to the Financial Statements

December 31, 2022

The bonds outstanding at December 31, 2022, are due as follows:

Year Ending December 31,	Direct Placement			
	Principal	Interest	Administrative Fee	Total
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
	\$ 2,376,000	\$ 182,323	\$ 110,500	\$ 2,668,823

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 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 agreement 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 agreement. 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, 2022, are due as follows:

Year Ending December 31,	Principal	Interest	Total
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
	\$ 825,000	\$ 38,357	\$ 863,357

Amount recorded in

Electric Fund	\$ 222,750
Water and Wastewater Fund	396,000
Natural Gas Fund	82,500
Governmental Activities	123,750
Total	\$ 825,000

City of Waynesville

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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 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 agreement 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 agreement. 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, 2022 are due as follows:

Year Ending December 31,	Principal	Interest	Total
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
	\$ 2,625,000	\$ 686,963	\$ 3,311,963

Amount recorded in

Electric Fund	\$ 471,157
Water and Wastewater Fund	1,415,167
Natural Gas Fund	35,438
Governmental Activities	703,238
Total	\$ 2,625,000

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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

The Series 2021A certificates outstanding at December 31, 2022 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 130,000	\$ 105,750	\$ 235,750
2024	100,000	103,150	203,150
2025	70,000	101,150	171,150
2026	45,000	99,750	144,750
2027	50,000	98,850	148,850
2028	50,000	97,850	147,850
2029	50,000	96,850	146,850
2030	30,000	95,850	125,850
2031	180,000	94,950	274,950
2032	260,000	89,550	349,550
2033	270,000	81,750	351,750
2034	275,000	73,650	348,650
2035	285,000	65,400	350,400
2036	295,000	56,850	351,850
2037	300,000	48,000	348,000
2038	310,000	39,000	349,000
2039	320,000	29,700	349,700
2040	330,000	20,100	350,100
2041	340,000	10,200	350,200
	\$ 3,690,000	\$ 1,408,350	\$ 5,098,350
 Amount recorded in			
Electric Fund			\$ 1,123,720
Water and Wastewater Fund			943,925
Natural Gas Fund			269,693
Trash Fund			809,078
Governmental Activities			543,584
Total			\$ 3,690,000

City of Waynesville

Notes to the Financial Statements

December 31, 2022

The Series 2021B certificates outstanding at December 31, 2022 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 220,000	\$ 42,285	\$ 262,285
2024	255,000	40,525	295,525
2025	290,000	37,848	327,848
2026	320,000	33,787	353,787
2027	320,000	28,668	348,668
2028	325,000	22,428	347,428
2029	335,000	15,440	350,440
2030	215,000	7,400	222,400
2031	75,000	2,024	77,024
	\$ 2,355,000	\$ 230,405	\$ 2,585,405
Amount recorded in			
Electric Fund			\$ 110,920
Water and Wastewater Fund			480,655
Governmental Activities			1,763,425
Total			\$ 2,355,000

Missouri Association of Municipal Utilities Agreements

The 2005 Missouri Association of Municipal Utilities agreement was a direct borrowing agreement issued in the principal amount of \$1,886,000 to fund a capital improvements project. The agreement 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 debt issuer has the right to declare all remaining payments immediately due and payable, retake possession of the equipment, and/or sell or lease the equipment with the City remaining liable for the outstanding balance on the agreement. The agreement bears interest at 3.00% with principal and interest payments due each month. The outstanding payments at December 31, 2022, are due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2023	\$ 132,000	\$ 10,220	\$ 142,220
2024	132,000	5,344	137,344
2025	73,000	801	73,801
	\$ 337,000	\$ 16,365	\$ 353,365
Amount recorded in			
Electric Fund			\$ 107,840
Water and Wastewater Fund			225,790
Natural Gas Fund			3,370
Total			\$ 337,000

City of Waynesville

Notes to the Financial Statements

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Municipal Utility Emergency Loan Program

In February of 2021, an extreme weather event, called a Polar Vortex, brought freezing temperatures and large amounts of snowfall. The Polar Vortex caused a major influx in utility consumption across the United States. Due to this influx, the City received a bill much larger than usual. On May 13, 2021, the House signed the Municipal Utility Emergency Loan Program into action. It is an interest free loan program for municipal utilities for wholesale electricity and natural gas cost incurred as a result of extraordinary prices between February 10, 2021 and February 20, 2021, to be loaned on a first-come first-served basis to any natural gas or electric municipal utility established pursuant to Chapter 91 RSMo or any municipal utility commission established pursuant to 393.700 RSMo, with a payback period of no more than five years. The outstanding payments at December 31, 2022, are due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2023	\$ 331,222	\$ -	\$ 331,222
2024	97,622	-	97,622
2025	97,622	-	97,622
2026	48,812	-	48,812
	\$ 575,278	\$ -	\$ 575,278
Amount recorded in			
Electric Fund			\$ 341,678
Natural Gas Fund			233,600
Total			\$ 575,278

City of Waynesville

Notes to the Financial Statements

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A summary of the changes in Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2022, is as follows:

	Balance December 31, 2021	Additions	Retirements	Balance December 31, 2022	Amount Due Within One Year
Water and Wastewater Fund					
Direct Placement					
2011 Revenue Bonds	\$ 2,622,000	\$ -	\$ 246,000	\$ 2,376,000	\$ 252,000
Certificates of Participation					
Series 2014	65,300	-	65,300	-	-
Series 2016	489,600	-	93,600	396,000	93,600
Series 2017A/B	1,487,420	-	72,253	1,415,167	75,476
Series 2021A	982,296	-	38,371	943,925	33,254
Series 2021B	500,045	-	19,390	480,655	44,902
Add:					
Premium on COP's	81,486	-	17,167	64,319	-
	3,606,147	-	306,081	3,300,066	247,232
Direct Borrowings					
2005A MAMU Agreement	306,190	-	80,400	225,790	88,440
Compensated Absences	15,558	8,737	-	24,295	-
	6,549,895	8,737	632,481	5,926,151	587,672
Electric Fund					
Certificates of Participation					
Series 2014	14,300	-	14,300	-	-
Series 2016	275,400	-	52,650	222,750	52,650
Series 2017A/B	495,916	-	24,759	471,157	25,128
Series 2021A	1,169,400	-	45,680	1,123,720	39,589
Series 2021B	115,395	-	4,475	110,920	10,361
Add:					
Premium on COP's	83,719	-	7,149	76,570	-
	2,154,130	-	149,013	2,005,117	127,728
Direct Borrowings					
2005A MAMU Agreement	146,240	-	38,400	107,840	42,240
MUELP loan	431,165	-	89,487	341,678	97,622
Compensated Absences	32,215	10,395	-	42,610	-
	2,763,750	10,395	276,900	2,497,245	267,590

City of Waynesville

Notes to the Financial Statements

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	Balance December 31, 2021	Additions	Retirements	Balance December 31, 2022	Amount Due Within One Year
Natural Gas Fund					
Certificates of Participation					
Series 2016	102,000	-	19,500	82,500	19,500
Series 2017A/B	37,260	-	1,822	35,438	1,890
Series 2021A	280,656	-	10,963	269,693	9,501
Add:					
Premium on COP's	19,344	-	967	18,377	-
	439,260	-	33,252	406,008	30,891
Direct Borrowing					
2005A MAMU Agreement	4,570	-	1,200	3,370	1,320
MUELP loan	647,944	-	414,344	233,600	233,600
Compensated Absences	14,126	-	7,841	6,285	-
	1,105,900	-	456,637	649,263	265,811
Trash Fund					
Certificates of Participation					
Series 2021A	841,968	-	32,890	809,078	28,504
Add:					
Premium on COP's	58,032	-	2,901	55,131	-
	900,000	-	35,791	864,209	28,504
	\$ 11,319,545	\$ 19,132	\$ 1,401,809	\$ 9,936,868	\$ 1,149,577

6. Long-Term Liabilities – Governmental Activities

Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP, which refunded the Series 1999A and 1999B Tax Increment Revenue Bonds, 2000A, 2000B and 2004A Tax Increment Allocation Bonds and to pay the costs of public facilities projects. The 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 agreement 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 agreement. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this debt issuance has been presented as a component of Note 5.

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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 COPs 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 agreement 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 agreement. The 2017A 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 payment schedule for this issuance has been presented as a component of Note 5.

December 28, 2017, the City issued Series 2017C Certificates of Participation (COP) for the purpose of refunding the Series 2011A COP. The 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 agreement. 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.

The Series 2017C COP outstanding at December 31, 2022 are due as follows:

Year Ending December 31,	Principal	Interest	Total
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>\$ 7,840,000</u>	<u>\$ 1,917,887</u>	<u>\$ 9,757,887</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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

Financed Purchases

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

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

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

Although the agreements provide for cancellation of the agreements at the City's option at the renewal dates, the City does not foresee exercising its option to cancel. Therefore, the agreements are accounted for as noncancelable financed purchases.

The total annual minimum payments required at December 31, 2022, are as follows:

Year Ending December 31,	2018	2020	Total
	Garsite Refueler Financed Purchase	Peterbilt Dump Truck Financed Purchase	
2023	\$ 31,705	\$ 16,161	\$ 47,866
2024	31,705	16,161	47,866
2025	31,705	14,947	46,652
2026	31,705	-	31,705
Total Minimum Payments	126,820	47,269	174,089
Less Amount Representing Interest	(15,741)	(1,673)	(17,414)
Net Financed Purchases Payable	\$ 111,079	\$ 45,596	\$ 156,675

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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, 2022, is due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2023	\$ 84,940	\$ 3,901	\$ 88,841
2024	88,331	913	89,244
	<u>\$ 173,271</u>	<u>\$ 4,814</u>	<u>\$ 178,085</u>

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2022, is as follows:

	Balance December 31, 2021	Additions	Retirements	Balance December 31, 2022	Amounts Due Within One Year
Certificates of Participation					
Series 2016	\$ 153,000	\$ -	\$ 29,250	\$ 123,750	\$ 29,250
Series 2017A/B	809,404	-	106,166	703,238	37,506
Series 2017C	8,285,000	-	445,000	7,840,000	460,000
Series 2014	20,400	-	20,400	-	-
Series 2021A	565,680	-	22,096	543,584	19,151
Series 2021B	1,834,560	-	71,135	1,763,425	164,736
Add:					
Premium on COP's	43,297	-	6,257	37,040	-
	<u>11,711,341</u>	<u>-</u>	<u>700,304</u>	<u>11,011,037</u>	<u>710,643</u>
Direct Borrowings					
Financed Purchases					
Garsite Refueler	135,321	-	24,242	111,079	24,259
2020 Peterbilt Dump Truck	60,075	-	14,479	45,596	14,501
MTFC Direct Loan	255,579	-	82,308	173,271	84,940
Compensated Absences	168,185	20,621	-	188,806	-
	<u>\$ 12,330,501</u>	<u>\$ 20,621</u>	<u>\$ 821,333</u>	<u>\$ 11,529,789</u>	<u>\$ 834,343</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2022

7. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 5,019,188	\$ -	\$ -	\$ 5,019,188
Construction in progress	60,972	642,934	-	703,906
Total non-depreciable capital assets	<u>5,080,160</u>	<u>\$ 642,934</u>	<u>\$ -</u>	<u>5,723,094</u>
Depreciable capital assets				
Building and improvements	11,669,073	\$ -	\$ -	11,669,073
Machinery and equipment	2,074,573	50,333	-	2,124,906
Land improvements	2,426,572	-	-	2,426,572
Vehicles	968,467	-	-	968,467
Infrastructure	10,930,195	373,197	-	11,303,392
Total depreciable capital assets	<u>28,068,880</u>	<u>\$ 423,530</u>	<u>\$ -</u>	<u>28,492,410</u>
Less accumulated depreciation	<u>8,017,886</u>	<u>\$ 971,495</u>	<u>\$ -</u>	<u>8,989,381</u>
Total depreciable capital assets, net	<u>20,050,994</u>			<u>19,503,029</u>
Total Governmental Activities Capital Assets, net	<u>\$ 25,131,154</u>			<u>\$ 25,226,123</u>

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

Administrative	\$ 230,290
Public safety	19,289
Park and pool	146,865
Street	258,817
Airport	311,445
Animal Shelter	3,821
Cemetery	968
	<u>\$ 971,495</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2022

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Business-Type Activities				
<i>Electric Fund</i>				
Non-depreciable capital assets:				
Land	\$ 270,899	\$ -	\$ -	\$ 270,899
Construction in progress	247,989	197,634	-	445,623
	518,888	\$ 197,634	\$ -	716,522
Depreciable capital assets:				
Electric distribution system	2,524,157	\$ -	\$ -	2,524,157
Vehicles	559,175	45,625	-	604,800
Equipment	1,238,663	-	-	1,238,663
Buildings and improvements	43,899	-	-	43,899
	4,365,894	\$ 45,625	\$ -	4,411,519
Less accumulated depreciation	2,963,295	\$ 129,985	\$ -	3,093,280
Depreciable Capital Assets, net	1,402,599			1,318,239
<i>Water and Wastewater Fund</i>				
Non-depreciable capital assets:				
Land	292,814	\$ -	\$ -	292,814
Construction in progress	196,849	1,246,870	-	1,443,719
	489,663	\$ 1,246,870	\$ -	1,736,533
Depreciable capital assets				
Buildings and improvements	14,466	\$ -	\$ -	14,466
Distribution system	17,047,842	-	-	17,047,842
Equipment	1,175,953	16,795	-	1,192,748
Vehicles	237,981	-	-	237,981
	18,476,242	\$ 16,795	\$ -	18,493,037
Less accumulated depreciation	9,472,607	\$ 399,864	\$ -	9,872,471
Depreciable Capital Assets, net	9,003,635			8,620,566
<i>Natural Gas Fund</i>				
Non-depreciable capital assets:				
Construction in progress	16,240	\$ 44,311	\$ -	60,551
Depreciable capital assets:				
Buildings and improvements	73,072	\$ -	\$ -	73,072
Distribution system	2,624,613	-	-	2,624,613
Equipment	299,889	5,124	-	305,013
Vehicles	14,668	-	-	14,668
	3,012,242	\$ 5,124	\$ -	3,017,366
Less accumulated depreciation	2,167,051	\$ 80,778	\$ -	2,247,829
Depreciable Capital Assets, net	845,191			769,537
Total Business-Type Activities Capital Assets, net	\$ 12,276,216			\$ 13,221,948

City of Waynesville

Notes to the Financial Statements

December 31, 2022

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Component Unit				
<i>Westgate Community Improvement District</i>				
Depreciable capital assets				
Infrastructure	\$ 426,458	\$ -	\$ -	\$ 426,458
Less accumulated depreciation	108,237	<u>\$ 14,215</u>	<u>\$ -</u>	122,452
Depreciable Capital Assets, net	<u>\$ 318,221</u>			<u>\$ 304,006</u>

8. Agreement with Component Unit

In 2013, the Westgate Community Improvement District issued the Sales Tax Revenue Note, Series 2013 to reimburse the City for project costs in the amount of \$379,441. In 2017, the Westgate Community Improvement District added \$47,017 to this note. The note bears interest of 5.00%. The District will reimburse the City upon receipt of excess sales tax revenue. At December 31, 2022, the outstanding balance on the note is due and receivable as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 26,985	\$ 13,515	\$ 40,500
2024	28,334	12,191	40,525
2025	29,750	10,801	40,551
2026	31,238	9,341	40,579
2027	32,800	7,808	40,608
2028	34,440	6,198	40,638
2029	36,162	4,508	40,670
2030	37,970	2,734	40,704
2031	2,631	870	3,501
	<u>\$ 260,310</u>	<u>\$ 67,967</u>	<u>\$ 328,277</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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

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

	2022
Assessed Valuation	
Real estate	\$ 63,778,786
Personal property	13,532,055
Total	\$ 77,310,841
Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.6306

The legal debt margin at December 31, 2022, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 7,731,084	\$ 7,731,084	\$ 15,462,168
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 7,731,084	\$ 7,731,084	\$ 15,462,168

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

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

10. Employee Pension Plan

General Information about the Pension Plan

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

City of Waynesville

Notes to the Financial Statements

December 31, 2022

The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

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

	2022 Valuation
Benefit multiplier	2.00% for life
Final average salary	3 years
Member contributions	0%

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

Employees Covered by Benefit Terms. At June 30, 2022, the following employees were covered by the benefit terms:

	General	Police	Total
Inactive employees or beneficiaries currently receiving benefits	40	9	49
Inactive employees entitled to but not yet receiving benefits	27	7	34
Active employees	40	12	52
	107	28	135

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 20.7% (General) and 17.4% (Police) of annual covered payroll.

Net Pension Asset. The City’s net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2022.

Actuarial Assumptions. The total pension liability in the February 28, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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

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

The actuarial assumptions used in the February 28, 2022, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

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

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

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

City of Waynesville

Notes to the Financial Statements

December 31, 2022

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
General Division			
Balances at beginning of year	\$ 6,063,023	\$ 6,615,814	\$ (552,791)
Changes for the year			
Service cost	188,164	-	188,164
Interest	417,880	-	417,880
Difference between expected and actual experiences	208,101	-	208,101
Contributions - employer	-	334,625	(334,625)
Net investment income	-	5,682	(5,682)
Benefits paid, including refunds	(377,982)	(377,982)	-
Administrative expenses	-	(10,275)	10,275
Other changes	-	28,189	(28,189)
<i>Net Changes</i>	<u>436,163</u>	<u>(19,761)</u>	<u>455,924</u>
Balances at end of year	6,499,186	6,596,053	(96,867)
Police Division			
Balances at beginning of year	1,721,208	2,001,246	(280,038)
Changes for the year			
Service cost	62,464	-	62,464
Interest	119,080	-	119,080
Difference between expected and actual experiences	81,589	-	81,589
Contributions - employer	-	86,569	(86,569)
Net investment income	-	1,981	(1,981)
Benefits paid, including refunds	(103,282)	(103,282)	-
Administrative expenses	-	(2,541)	2,541
Other changes	-	20,966	(20,966)
<i>Net Changes</i>	<u>159,851</u>	<u>3,693</u>	<u>156,158</u>
Balances at end of year	<u>1,881,059</u>	<u>2,004,939</u>	<u>(123,880)</u>
Total Plan Balances at End of Year	<u><u>\$ 8,380,245</u></u>	<u><u>\$ 8,600,992</u></u>	<u><u>\$ (220,747)</u></u>
			Net Pension Asset
Governmental Activities			\$ 190,321
Business-Type Activities			30,426
			<u><u>\$ 220,747</u></u>

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 7,388,461	\$ 6,499,186	\$ 5,770,295
Fiduciary Net Position	6,596,053	6,596,053	6,596,053
Net Pension Liability (Asset)	792,408	(96,867)	(825,758)
Police Division			
Total Pension Liability	2,151,500	1,881,059	1,659,653
Fiduciary Net Position	2,004,939	2,004,939	2,004,939
Net Pension Liability (Asset)	146,561	(123,880)	(345,286)
Total Net Pension Liability (Asset)	\$ 938,969	\$ (220,747)	\$ (1,171,044)

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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

For the year ended December 31, 2022, the City recognized a pension expense of \$48,697. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Deferred (Inflow) Outflow of Resources
General Division			
Differences in experiences	\$ 280,182	\$ (84,069)	\$ 196,113
Differences in assumptions	-	(67,570)	(67,570)
Excess (deficit) investment returns	-	(215,158)	(215,158)
Contributions subsequent to the measurement date*	195,432	-	195,432
	475,614	(366,797)	108,817
Police Division			
Differences in experiences	128,634	(2,357)	126,277
Differences in assumptions	-	(10,119)	(10,119)
Excess (deficit) investment returns	-	(36,233)	(36,233)
Contributions subsequent to the measurement date*	51,950	-	51,950
	180,584	(48,709)	131,875
Total	\$ 656,198	\$ (415,506)	\$ 240,692
Governmental Activities	\$ 506,808	\$ (300,295)	\$ 206,513
Business-Type Activities			
Electric Fund	59,214	(64,679)	(5,465)
Water and Wastewater Fund	69,145	(38,360)	30,785
Natural Gas Fund	21,031	(12,172)	8,859
	149,390	(115,211)	34,179
Total	\$ 656,198	\$ (415,506)	\$ 240,692

*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, 2023.

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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

Year Ending December 31,	General	Police	Total
	Net Deferred (Inflow) of Resources	Net Deferred (Inflow) Outflow of Resources	Net Deferred (Inflow) Outflow of Resources
2023	\$ (58,120)	\$ 24,897	\$ (33,223)
2024	(45,464)	19,614	(25,850)
2025	(90,906)	(8,824)	(99,730)
2026	107,875	44,238	152,113
	<u>\$ (86,615)</u>	<u>\$ 79,925</u>	<u>\$ (6,690)</u>

Payable to the Pension Plan

At December 31, 2022, the City had \$50,464 of contributions reported as payable to the pension plan.

11. Economic Dependency

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

12. Risk Management

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

13. Leases Receivable

The City, as a Lessor, has entered into a water tower rental agreement, the terms of which expire in 2047 and a building rental agreement, the terms of which expire in 2036. The City recognizes leases receivable and deferred inflows of resources. Lease revenue recognized under the agreements during the year ended December 31, 2022, was \$264,122. The City had a remaining lease receivable with a net present value of \$4,635,769 based on discount rates varying between 3.0 and 3.5%.

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, 2022, expenditures have not been audited by grantor governments, but the

City of Waynesville

Notes to the Financial Statements

December 31, 2022

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.

15. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,441,260	\$ -
CID Fund	-	118,231
Debt Service Fund	292,263	-
Electric Fund	-	870,808
Water and Wastewater Fund	-	496,216
Natural Gas Fund	-	259,114
Trash Fund	10,846	-
	<u>\$ 1,744,369</u>	<u>\$ 1,744,369</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. Pledged Revenues

Water and Wastewater Fund

The City has pledged future water and wastewater customer revenues to repay the 2011 Combined Waterworks and Sewerage Revenue Bonds issued to improve and expand the combined system. The bonds are payable solely from customer net revenues and are payable through 2031. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$2,558,323. Principal and interest paid for the current year and total customer net revenues were \$288,246 and \$1,815,154, respectively.

17. Conduit Debt

On December 21, 2012, the City authorized the issuance of \$10,000,000 aggregate maximum principal amount of Industrial Development Revenue Bonds, Series 2013. The issuance is authorized in accordance with Chapter 100 RSMo in order to provide economic financial assistance to a third-party private entity and the City has no obligation beyond the rents, revenues and receipts derived by the City from the Project; therefore, the issue does not constitute a debt of the City and, accordingly, is not included in the City's statement of net position. As of December 31, 2022, the third-party private entity is current on all payments due and the outstanding balance is \$10,000,000.

City of Waynesville

Notes to the Financial Statements

December 31, 2022

18. Debt Refunding Loss

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

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

	Balance December 31, 2021	Additions	Current Amortization	Balance December 31, 2022
Governmental Activities	\$ 5,789	\$ -	\$ (1,362)	\$ 4,427
Business-Type Activities				
Electric Fund	10,420	-	(2,452)	7,968
Water and Wastewater Fund	18,524	-	(4,358)	14,166
Natural Gas Fund	3,859	-	(908)	2,951
	<u>\$ 38,592</u>	<u>\$ -</u>	<u>\$ (9,080)</u>	<u>\$ 29,512</u>

19. 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, 2022, the unearned revenue was \$165,600 and will be recognized at a rate of \$9,200 per year. Additionally, unearned grant revenue includes unspent ARPA grant proceeds in the amount of \$910,434.

City of Waynesville

Notes to the Financial Statements

December 31, 2022

20. Restatement

During the current year, the City adopted GASB Statement No. 87 – *Leases*. The City also determined a note receivable and unearned revenue item should be included on the respective fund financial statements. Fund balances and net position have been restated as of January 1, 2022, as follows:

	General Fund	Community Improvement District Fund
Fund Balance, as previously stated December 31, 2021	\$ 2,604,382	\$ 232,566
Note receivable	-	295,533
Leases receivable	4,902,031	-
Unearned revenue	(174,800)	-
Deferred inflow - leases	(4,902,031)	-
Fund Balance, as restated January 1, 2022	\$ 2,429,582	\$ 528,099
		Governmental Activities
Net Position, as previously stated December 31, 2021		\$ 17,341,692
Leases receivable		4,902,031
Deferred inflow - leases		(4,902,031)
Net Position, as restated January 1, 2022		\$ 17,341,692

Required Supplementary Information

City of Waynesville

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

Year Ended December 31, 2022

Missouri Local Government Employees Retirement System (LAGERS)								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability								
Service Cost	\$ 250,628	\$ 256,162	\$ 258,355	\$ 244,246	\$ 236,248	\$ 252,887	\$ 229,483	\$ 203,718
Interest on the Total Pension Liability	536,960	528,163	519,103	474,443	455,928	441,448	393,077	364,481
Difference between expected and actual experience	289,690	208,504	(235,748)	278,824	(73,345)	(146,872)	58,079	66,751
Changes of Assumptions	-	(136,003)	-	-	-	-	265,644	-
Benefit payments including refunds	(481,264)	(455,552)	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)	(265,438)
<i>Net Change in Total Pension Liability</i>	596,014	401,274	164,561	598,154	282,322	204,965	705,794	369,512
Total Pension Liability, Beginning	7,784,231	7,382,957	7,218,396	6,620,242	6,337,920	6,132,955	5,427,161	5,057,649
Total Pension Liability, Ending	8,380,245	7,784,231	7,382,957	7,218,396	6,620,242	6,337,920	6,132,955	5,427,161
Plan Fiduciary Net Position								
Contributions - employer	421,194	393,331	394,243	400,288	380,440	357,320	363,432	346,321
Pension Plan Net Investment Income (Loss)	7,663	1,969,121	87,117	410,581	706,965	610,680	(2,555)	88,052
Benefit payments, including refunds	(481,264)	(455,552)	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)	(265,438)
Pension Plan Administrative Expense	(12,816)	(11,606)	(14,925)	(13,162)	(9,135)	(8,597)	(8,244)	(8,762)
Other	49,155	111,918	(171,360)	(13,914)	16,174	27,413	63,667	(15,982)
<i>Net Change in Plan Fiduciary Net Position</i>	(16,068)	2,007,212	(82,074)	384,434	757,935	644,318	175,811	144,191
Plan Fiduciary Net Position, Beginning	8,617,060	6,609,848	6,691,922	6,307,488	5,549,553	4,905,235	4,729,424	4,585,233
Plan Fiduciary Net Position, Ending	8,600,992	8,617,060	6,609,848	6,691,922	6,307,488	5,549,553	4,905,235	4,729,424
Employer Net Pension Liability (Asset)	\$ (220,747)	\$ (832,829)	\$ 773,109	\$ 526,474	\$ 312,754	\$ 788,367	\$ 1,227,720	\$ 697,737
Plan fiduciary net position as a percentage of the total pension liability	102.63%	110.70%	89.53%	92.71%	95.28%	87.56%	79.98%	87.14%
Covered payroll	\$ 2,079,625	\$ 1,904,046	\$ 2,056,658	\$ 1,939,790	\$ 1,785,682	\$ 1,770,160	\$ 1,970,387	\$ 1,642,569
Net pension liability (asset) as a percentage of covered payroll	-10.61%	-43.74%	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, 2022

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 456,197	\$ 407,278	\$ 401,382	\$ 391,435	\$ 399,509	\$ 364,423	\$ 359,297	\$ 358,187	\$ 341,204	\$ 302,278
Contributions in relation to the actuarially determined contribution	<u>451,016</u>	<u>407,278</u>	<u>401,382</u>	<u>391,435</u>	<u>399,509</u>	<u>364,423</u>	<u>359,297</u>	<u>354,061</u>	<u>341,204</u>	<u>300,346</u>
Contribution excess	<u>\$ 5,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,126</u>	<u>\$ -</u>	<u>\$ 1,932</u>
 Covered payroll	 \$ 2,264,498	 \$ 2,130,634	 \$ 2,062,611	 \$ 2,051,240	 \$ 2,024,113	 \$ 1,873,262	 \$ 1,924,495	 \$ 1,790,341	 \$ 1,690,534	 \$ 1,594,041
 Contributions as a percentage of covered payroll	 19.92%	 19.12%	 19.46%	 19.08%	 19.74%	 19.45%	 18.67%	 19.78%	 20.18%	 18.84%

See accompanying notes to the Schedule of Contributions.

City of Waynesville

Notes to the Schedule of Contributions

Year Ended December 31, 2022

Valuation Date: February 28, 2022

Notes: The roll-forward of total pension liability from February 28, 2022, to June 30, 2022, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

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

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

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

Inflation: 2.75% wage inflation, 2.25% price inflation

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

2.75% to 6.55% including inflation for Police Division

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

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

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

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

Other Information: None

City of Waynesville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 420,000	\$ 496,237	\$ 496,237	\$ -
City sales tax	790,000	907,717	907,717	-
Motor vehicle taxes	435,000	543,234	543,234	-
Utility franchise tax	45,000	51,844	51,844	-
Railroad and utility tax	200	-	-	-
Financial institution tax	-	2,500	2,500	-
	1,690,200	2,001,532	2,001,532	-
Licenses and Permits				
Building permits	20,000	27,277	27,277	-
Other licenses and permits	15,000	24,490	24,490	-
	35,000	51,767	51,767	-
Intergovernmental Revenues				
Federal and state grants	1,083,227	249,856	249,856	-
Charges for Services				
Fuel sales	450,000	1,119,642	1,119,642	-
Rental income	427,600	10,300	10,300	-
Animal control	177,000	130,172	130,172	-
Subdivision improvement	153,000	448,500	448,500	-
Other	125,300	97,528	97,528	-
	1,332,900	1,806,142	1,806,142	-
Fines and Forfeitures				
City court fines	151,000	75,919	75,919	-
Miscellaneous				
Interest	15,000	35,523	35,523	-
Donations	30,000	18,338	18,338	-
Other	47,000	24,887	24,887	-
	92,000	78,748	78,748	-
Total Revenues	4,384,327	4,263,964	4,263,964	-

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
City hall	1,990,030	860,443	860,443	-
Fire	330,409	332,003	332,003	-
Public safety	1,010,840	998,734	998,734	-
Municipal court	115,095	117,430	117,430	-
Street	770,000	1,172,675	1,172,675	-
Airport	1,241,900	1,463,579	1,463,579	-
Animal shelter	345,350	357,294	357,294	-
Building department	363,750	287,735	287,735	-
Debt Service				
Principal and interest	-	461,321	461,321	-
Total Expenditures	6,167,374	6,051,214	6,051,214	-
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	(1,783,047)	(1,787,250)	(1,787,250)	-
 Other Financing Sources				
Sale of property	100,000	-	-	-
Net insurance recovery	-	206,331	206,331	-
Operating transfers in	1,374,730	1,441,260	1,441,260	-
Total Other Financing Sources	1,474,730	1,647,591	1,647,591	-
 <i>Net Change in Fund Balance</i>	(308,317)	(139,659)	(139,659)	-
 Fund Balance, January 1, as restated	2,429,582	2,429,582	2,429,582	-
Fund Balance, December 31	\$ 2,121,265	\$ 2,289,923	\$ 2,289,923	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – Park and Pool Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales taxes	\$ 430,000	\$ 486,695	\$ 486,695	\$ -
Intergovernmental Revenues				
Federal and state grants	4,000	625	625	-
Charges for Services				
Rental and membership	122,000	170,523	170,523	-
Miscellaneous				
Fees	3,000	7,600	7,600	-
Donations	39,000	0	-	-
Interest income	300	424	424	-
Miscellaneous	(3,500)	3,416	3,416	-
Total Revenues	594,800	669,283	669,283	-
Expenditures				
Current				
Parks and pool	451,400	585,013	585,013	-
Total Expenditures	451,400	585,013	585,013	-
<i>Excess (Deficit) of Revenues Over Expenditures</i>	143,400	84,270	84,270	-
Fund Balance, January 1	1,190,697	1,190,697	1,190,697	-
Fund Balance, December 31	\$ 1,334,097	\$ 1,274,967	\$ 1,274,967	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – Community Improvement District Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Miscellaneous				
Other	\$ 60,000	\$ 53,008	\$ 53,008	\$ -
Total Revenues	60,000	53,008	53,008	-
Expenditures				
Community improvements	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess of Revenues Over Expenditures</i>	60,000	53,008	53,008	-
Other Financing (Uses)				
Operating transfers (out)	-	(118,231)	(118,231)	-
<i>Excess (Deficit) of Revenues Over Expenditures and Other (Uses)</i>	60,000	(65,223)	(65,223)	-
Fund Balance, January 1, as restated	528,099	528,099	528,099	-
Fund Balance, December 31	\$ 588,099	\$ 462,876	\$ 462,876	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2022

Budgets and Budgetary Accounting

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

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

Other Reporting Requirements



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

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2022, 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 November 20, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, as item 2022-001, that we consider to be material weakness.

Report on Compliance and Other Matters

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

City of Waynesville, Missouri's Response to Finding

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

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 20, 2023

City of Waynesville

Schedule of Findings and Responses

Year Ended December 31, 2022

Material Weakness

2022-001 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.

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.**



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, 2022, 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 and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner.

We Recommend:

The City continue to monitor and evaluate this risk. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk.

2. New Pronouncements

GASB Statement No. 96: *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology agreements (SBITAs). It defines SBITA, establishes that a SBITA results in a right-to-use asset and corresponding subscription liability, provides capitalization criteria, and requires notes disclosures regarding a SBITA. The effective date is for fiscal year ending December 31, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62 – defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error correction. This statement is effective for the fiscal year ending December 31, 2024.

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GASB Statement No. 101 – *Compensated Absences* – updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The statement is effective for the fiscal year ending December 31, 2025.

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 is in the process of converting to the bank reconciliation module in the accounting software. Once finalized, 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

KPM CPAs, PC
Springfield, Missouri
November 20, 2023



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, 2022. 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 9, 2023. 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. The City adopted GASB 87 – *Leases*, during fiscal year 2021-2022. 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.

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. We noted no misstatements regarding assets or net position.

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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 November 20, 2023.

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.

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
Springfield, Missouri
November 20, 2023