

City of Waynesville,
Missouri

BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

KPM
CPAS & ADVISORS

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Independent Auditors' Report

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund, of the City of Waynesville, Missouri, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2020, on our consideration of the City of Waynesville, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Waynesville, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 15, 2020

Management's Discussion & Analysis

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

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, 2019. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$5,210,863 for the year ended December 31, 2019, as a result of current year activities. This increase is primarily due to capital improvements at the airport. The net position of the City's business-type activities increased by \$57,109 for the year. Over time, increases in the net position are a key indicator of the financial health of the City.

The assets and deferred outflows of the City exceeded its liabilities as of December 31, 2019, by \$21.8 million (net position), an increase of \$5,267,972 from the previous year.

Total liabilities of the City decreased by \$701,464 during the year ending December 31, 2019. The City continued to make payments on its Certificates of Participation and equipment leases.

Based on the evaluation of the City's financial condition, the City maintained an A, stable rating with Standard and Poor's rating agency during the 2019 fiscal year.

Sales tax revenues increased 4% while utility revenues increased 3% over the 2018 fiscal year.

Using this Annual Report

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

Government-Wide Financial Statements

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

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

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 & Analysis

December 31, 2019

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2019 and December 31, 2018:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2019</u>	<u>Total December 31, 2018</u>
Assets				
Current and other assets	\$ 4,216,988	\$ 3,384,181	\$ 7,601,169	\$ 8,403,974
Capital assets	23,724,583	12,776,005	36,500,588	31,320,657
Total Assets	<u>27,941,571</u>	<u>16,160,186</u>	<u>44,101,757</u>	<u>39,724,631</u>
Deferred Outflows of Resources				
Deferred refunding charges	8,513	48,240	56,753	65,833
Deferred pension outflows	312,550	180,350	492,900	367,875
Total Deferred Outflows of Resources	<u>321,063</u>	<u>228,590</u>	<u>549,653</u>	<u>433,708</u>
Liabilities				
Other liabilities	1,355,244	2,157,811	3,513,055	3,065,874
Long-term liabilities	11,309,390	7,740,136	19,049,526	20,198,171
Total Liabilities	<u>12,664,634</u>	<u>9,897,947</u>	<u>22,562,581</u>	<u>23,264,045</u>
Deferred Inflows of Resources				
Deferred pension inflows	180,437	120,247	300,684	374,121
Net position				
Net investment in capital assets	12,640,451	5,073,737	17,714,188	12,875,478
Restricted	818,928	141,696	960,624	657,706
Unrestricted	1,958,184	1,155,149	3,113,333	2,986,989
Total Net Position	<u>\$ 15,417,563</u>	<u>\$ 6,370,582</u>	<u>\$ 21,788,145</u>	<u>\$ 16,520,173</u>

Total net position of the City increased by \$5,267,972 for the year ended December 31, 2019. Total liabilities for the City have decreased by \$701,464. Restricted net position of the City totaled \$960,624 as of December 31, 2019. This amount represents monies that are restricted for debt service and donations.

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Year Ended December 31, 2019</u>	<u>Total Year Ended December 31, 2018</u>
Revenues, Transfers, and Special Item				
Program Revenues				
Charges for services	\$ 1,204,395	\$ 10,923,599	\$ 12,127,994	\$ 12,019,427
Operating grants and contributions	2,794,610	-	2,794,610	24,701
Capital grants and contributions	4,735,217	-	4,735,217	430,736
General Revenues				
Sales taxes	1,363,188	-	1,363,188	1,311,513
Ad valorem taxes	439,260	-	439,260	432,790
Motor vehicle and gas taxes	197,117	-	197,117	194,477
Other taxes	715	-	715	5,188
Franchise fees	88,822	-	88,822	88,565
Interest	32,888	34,177	67,065	66,329
Other revenue	160,055	-	160,055	159,198
Special item	-	-	-	83,651
Transfers	1,742,459	(1,742,459)	-	-
Total Revenues, Transfers, and Special Item	12,758,726	9,215,317	21,974,043	14,816,575
Expenses				
City hall	1,115,305	-	1,115,305	751,804
Fire	298,688	-	298,688	303,735
Public safety	911,797	-	911,797	907,840
Municipal court	131,199	-	131,199	130,203
Street	647,124	-	647,124	617,753
Park and pool	535,260	-	535,260	522,085
Cemetery	968	-	968	968
Airport	3,221,663	-	3,221,663	961,808
Animal shelter	205,424	-	205,424	191,069
Building department	114,367	-	114,367	90,541
Debt service	366,068	-	366,068	465,091
Electric	-	5,949,229	5,949,229	5,777,570
Water and sewer	-	1,800,753	1,800,753	1,843,919
Trash	-	260,402	260,402	251,439
Natural gas	-	1,147,824	1,147,824	1,053,718
Total Expenses	7,547,863	9,158,208	16,706,071	13,869,543
<i>Increase in Net Position</i>	\$ 5,210,863	\$ 57,109	\$ 5,267,972	\$ 947,032

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

Governmental Activities

Governmental activities increased the net position of the City by \$5,210,863. Tax revenues for the City were \$2,089,102 which represents 16% of the funding of these activities. Program revenues for the functions totaled \$8,734,222 or 68% 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	\$ 1,115,305	\$ 793,809
Fire	298,688	298,688
Public safety	911,797	744,959
Municipal court	131,199	131,199
Street	647,124	455,586
Park and pool	535,260	383,513
Cemetery	968	(2,932)
Airport	3,221,663	(4,532,305)
Animal shelter	205,424	86,552
Building department	114,367	88,504
Debt service	366,068	366,068
	<u>\$ 7,547,863</u>	<u>\$ (1,186,359)</u>

Business-Type Activities

Business-type activities increased the City's net position by \$57,109. In the current year, the business-type activities transferred \$1,742,459 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, 2019, was \$3,306,717. The General Fund decreased by \$601,670, the Transportation Fund decreased by \$159,341, the Park and Pool Fund increased by \$167,651, the Community Improvement District (CID) Fund increased by \$65,000, and the Debt Service Fund increased by \$11,799.

General Fund Budgetary Highlights

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

- The original revenue budget of \$6,929,575 increased to \$10,146,994 due to an increase in grants received for the airport project.
- The original expenditures budget of \$8,656,600 was increased to \$11,800,382.

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

Capital Asset & Debt Administration

Capital Assets

Capital assets of the governmental activities were \$23,724,583 (net of accumulated depreciation) as of December 31, 2019. This represents a \$5,195,693 increase from the prior year. Capital assets for business-type activities were \$12,776,005 as of December 31, 2019. This represents a decrease of \$15,762 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2019, was \$11,383,236, which is down from \$11,923,010 in the prior year.

Total debt of the business-type activities as of December 31, 2019, was \$8,287,994, which is down from \$9,031,310 in the prior year.

Economic Factors & Next Year's Budget

The City of Waynesville accomplished many things throughout the year. The City has seen record commercial growth, better accessibility, and utility infrastructure improvements. Through the tireless work of the City staff, the Mayor, City Council, and the various committees and teams of volunteers, the City had a year to remember. Some of our 2019 key projects are identified below.

Key Projects for 2019

Airport Improvements: 2019 was a great year for the City's joint airport including a new carrier, construction of a parallel taxiway, and terminal modifications.

- *Contour Airlines:* The Waynesville St. Robert Regional Airport welcomed a new airline in 2019. Contour Air held their inaugural flight on February 12, 2019, a flight that began Contour's service to the community.
- *Part 139 Certification:* There was an unexpected change in the FAA's rules, which required the City to obtain Part 139 certification for the airport to allow Contour Air to fly with a 30-passenger jet service. In December of 2018, the City was told that a Part 139 certification was not required at a Joint Military-Civilian Airport, however, with the retirement of one key FAA staff member, the ruling was changed and the City was informed mid-January 2019 that they would need this certification prior to Contour's inaugural flight that was scheduled in February 2019. With the assistance of Dave Robinson (FLW Airport Manager), the City's consultant, Roy Remington, and City staff, the City successfully accomplished this certification process in less than 3 weeks, a process that normally takes 6-months or more.
- *Terminal Modification:* To support the expanded jet service, the City executed a State of Missouri Grant to modify the existing terminal by adding three modular units. The modifications were necessary to support the new jet service airline with a 30-seat capacity, as compared to the previous carrier that was limited to a 9-seat plane.
- *Parallel Taxiway:* The City completed a major \$3.9M project fund to build a 4,200 ft parallel taxiway with a grant from the FAA (Federal Aviation Administration) administered by MoDOT aviation section. The parallel taxiway was completed in December of 2019, enhancing the safety and usability of the joint airport.

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

Street Department: The street department removed the old sidewalk and installed a new sidewalk on Lynn Street. They also worked on removing a long-term abatement issues on Bates Street. The cost of the abatement was charged to the responsible party. The paving of GW Lane Street was completed along with many other roads in the City. They removed excess gravel from Mitchell Creek by Dyer Street Bridge in a continued flood mitigation effort. The department worked on preparing Swedeborg Rd. for paving, and paving was completed in October.

Water/Wastewater Department: The Water Department, successfully upgraded the water line to support the new Justice Center including the installation of a new fire hydrant. They also replaced the aeration system for the Wastewater Treatment Plant sludge storage tanks, saving the City thousands of dollars by completing this in-house. Additionally, three City employees passed their Class A Wastewater test.

- *Well #2 Demolition & Rebuild:* The demolition of well #2 (located in the vicinity of the RV park) was completed in 2019. This is a very important well that was originally built in the 1940's and was deteriorating. The new wells house was rebuilt at 3-feet above the flood plain. The Public Works Construction Department and the Water Department worked together to successfully complete this project.
- *Well #3 Outage:* On June 22, 2019, the pump on well #3 went out which caused temporary low water pressure in several areas of the City. This problem was increased as well #3 was the backup for well #2 which was undergoing repairs. Despite this challenging situation, the department was able to maintain service to the City by supplementing water from other wells and water tanks in the City.
- *Well #6 at Summit Subdivision:* The old control panel and pump were destroyed in a fire at well #6, costing a total of \$39,000 to replace. The work was completed and the well and control panel are operational. The incident was submitted to the City's insurance company and the damages were reimbursed.
- *Northern Heights Pad & Water Tank site:* City workers built the concrete pad site to hold the Northern Heights water tank. There were problems verifying the strength of the concrete that was poured for the site. Initial tests of the concrete showed it failed the strength test. Additional tests were taken that showed it passed the required street test. The City consulted with the design engineer to confirm that the concrete is suitable to support the water tank. The tank is expected to be complete and operation by the Summer of 2020.

Public Works Construction Department: The department installed a fence around the Sunset water tank, painted & restored the park restroom trailer, extended a water line to Laughlin Park area, installed a gas service for a church, worked on additional storage and classrooms for City Hall, and repaired the chlorine rooms for wells #3 & #4.

Electric Department: The department completed several pole changes that were discovered during the pole inspection held in 2019, including one live pole change on Hospital Road. The pole inspection procedure increases the longevity of the electric system by proactively replacing damaged poles. In April 2019, the department responded to a mutual aid request from the City of St. James. The work of the crews enabled the City of St. James to restore power to their citizens several hours earlier than expected. In May 2019, the City experienced a major power outage due a massive Spring Storm. At one point, over 1400 customers were without power. The City received mutual aid from St. James. This event was deemed a natural disaster by FEMA, and the City should receive some of the funds from the reimbursable expenses in 2020. The Missouri Public Utility Alliance held their Spring Tech Conference in Waynesville in March 2019 at the Ozark Technical Community College. Daniel Sheldon and Bruce Harrill attended and gained some new ideas for the City.

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

Natural Gas Department: The City actively protested the huge rate increase from the MoGas pipeline. Negotiations with the pipeline were very challenging. A settlement agreement was made which kept the City's natural gas reservation rates competitive with propane and other energy sources.

Park Department: The City received 6 picnic tables and 6 park benches through funding from a Recycled Tire Grant. The tables and chairs have been placed in community parks. The City also worked on expanding and installing new park equipment for the Summit Park and paved an additional parking lot next to the Little Heroes Playground.

Spring Storm: In April/May 2019, the City weathered a massive storm and flooding event. The City was forced to evacuate their RV park and closed several sections of roads in the City temporarily. The Police were involved in monitoring and closing sections of the street in the advance of the flood waters. The City had two power outages and had damages to roads and the RV park electrical system. Clean up of debris, gravel and mud was required with estimated costs of over \$20,000. This event was deemed a natural disaster by FEMA, and the City should receive some of the funds from the reimbursable expenses in 2020.

Police Department: The Waynesville Police Department made an arrest in the homicide investigation of a residence on Fleetwood St in August 2019. The suspect was charged with murder in the second degree and was held at the Pulaski County jail.

Truck Grant: The City received a grant to replace one of its older trucks with a new dump truck. Amber Box submitted this grant on behalf of the City as part of the Volkswagen settlement with the State of Missouri. This grant required a 50% match from the City.

Youth Sports: The Youth Sports program continued to grow with a record registration for the Spring Season – 545 registrations as compared to 369 in 2018.

Benefit for Cody Vaughn: City Employee, Cody Vaughn, was injured in a boating accident in the summer of 2019. The City organized a successful community fundraiser event, raising over \$11,000. Additionally, employees donated over 300 hours of leave to Cody to help during his recuperation time.

Chili Cook-Off: The City of Waynesville Chili Cook-Off team participated in the Polar Meltdown Chili Cook-off. The team name was the Waynesville Chili Chicks (& Bruce) and they won several awards including 2nd place for the Chili Showmanship and the People's Choice.

Newly Elected/Appointed Officials:

- Cecil Davis – Councilman, Ward II
- Mike France – Re-Elected Councilman, Ward IV
- Sean Wilson – Councilman, Ward III
- Bill Farnham – Councilman Ward I
- Clarence Liberty – Re-Elected Councilman, Ward III

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

Personnel

Resignations: The following personnel resigned their position with the City and moved on to new opportunities: Daniel Carson, JP Varner, Robert Moreau, Zach York, Officer Steve Watson, Officer Aaron Powell.

Promotions: The following City employees were promoted to other positions in 2019: Tylor Gross (Youth Sports Coordinator/Public Works Tech 1), Amber Box (Finance Officer), Miriam Jones (Executive Assistant), Erin Ruiz (Utility Billing), Corey Hoard (Patrolman), Tracey York (Deputy City Clerk).

Newly Hired Employees: The City of Waynesville is fortunate to be able to attract skilled and qualified employees to work here to include: Donald Beal (Public Works Technician), Dale Thompson (Parks), Steven Grigg (Parks Summer Hire), Trent Miligan (Intern – Electric), Mia Perez (Animal Shelter), Lisa Cockrum (Front Reception), Trenton Morgan (Apprentice Lineman), Tyler Hidgon (Building Dept), Nathan Acosta (Water/Wastewater), Dillon Powell (Water/Wastewater), John Doyle (Assistant City Administrator), Hunter Powers (Apprentice Lineman).

Retired: Stephanie Leuthen, Finance Officer, retired in September 2019.

Overview of the Fiscal Year Budget 2020

Our 2020 budget of \$ 20.9 million is down from our 2019 budget of \$23 million, with the decrease largely due to the completion of the Airport Parallel Taxiway grant. The Airport has received several grants for the 2020 year amounting to over \$4 million for the design of a new terminal, marketing and the Alternative Essential Air Service project. In addition, we will be receiving a new Park grant for \$88,000 which will add a new bathroom and improvements to the trail.

Key projects planned for the 2020 budget year include: equipment in accordance with the Capital Improvement Plan, a new handicapped accessible bathroom in the Park and improvements to the trail, airport grant projects; terminal, and marketing, continued improvements for the newly purchased water systems, and a new police car. We have budgeted for a lease purchase of a new fuel truck at the airport to support a military increase in fuel sales. We used a very realistic approach to this year's budget process so we can balance the budget as required by Missouri law. We recommend that the City Council approve the Budget for January 1, 2020 to December 31, 2020 as presented.

Final Budget Revenue & Expense

	FY 2019 Budget	Proposed 2020 Budget
Cash Reserves Used for Spec Building	\$ 696,000	\$ -
Total Budget Revenues	23,391,521	20,890,524
Total Budget Expenses	23,994,172	20,725,458
Revenues Over Expenses	\$ 93,349	165,066
Transfer to Cash Reserves (Spec Building Payback)		100,000
Net Revenue (After Revenue Transfer)		\$ 65,066

City of Waynesville

Management's Discussion & Analysis

December 31, 2019

Key Budget Adjustment Items

This budget includes a 1.6% cost of living increase for the employees. We have also planned for a health insurance increase of 10%, in case of possible increases. We have been able to reduce our workman's compensation insurance due to our proactive safety program, reduction of claims and with our new MIRMA Insurance coverage.

Contacting the City's Financial Management

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

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

Bruce Harrill, City Administrator

John Doyle, Assistant City Administrator

Michele Brown, City Clerk

Amber Box, Finance Officer

City of Waynesville

Statement of Net Position

December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Assets				
Current				
Cash and cash equivalents - unrestricted	\$ 1,899,719	\$ 757,742	\$ 2,657,461	\$ 11,025
Sales tax receivable	227,600	-	227,600	3,947
Ad valorem taxes receivable, net	377,061	-	377,061	-
Utilities receivable, net	-	856,036	856,036	-
Other receivables	6,208	38,136	44,344	-
Accrued interest receivable	-	1,156	1,156	-
Intergovernmental receivable	477,392	-	477,392	-
Prepaid expenses	66,908	33,162	100,070	-
Inventory	-	362,660	362,660	-
Noncurrent				
Restricted cash and cash equivalents	695,191	1,335,289	2,030,480	-
Investments - restricted	124,022	-	124,022	-
Note receivable	342,887	-	342,887	-
Capital assets:				
Non-depreciable	8,037,353	563,713	8,601,066	-
Depreciable, net	15,687,230	12,212,292	27,899,522	346,652
Total Assets	<u>27,941,571</u>	<u>16,160,186</u>	<u>44,101,757</u>	<u>361,624</u>
Deferred Outflows of Resources				
Deferred refunding charges	8,513	48,240	56,753	-
Deferred pension outflow	312,550	180,350	492,900	-
Total Deferred Outflows of Resources	<u>321,063</u>	<u>228,590</u>	<u>549,653</u>	<u>-</u>

See accompanying notes to the financial statements.

City of Waynesville

Statement of Net Position

December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Liabilities				
Current				
Accounts payable	492,665	537,105	1,029,770	-
Accrued expenses	74,434	61,267	135,701	-
Customer deposits payable	-	656,107	656,107	-
Court bonds payable	285	-	285	-
Accrued interest payable	73,323	57,277	130,600	-
Current maturities of long-term debt	714,537	846,055	1,560,592	22,856
	1,355,244	2,157,811	3,513,055	22,856
Noncurrent				
Unearned revenue	193,200	-	193,200	-
Bonds payable	-	2,861,000	2,861,000	-
MAMU lease payable, net	-	577,000	577,000	-
Certificates of participation, net	10,055,773	3,862,199	13,917,972	-
Capital leases payable	277,244	141,740	418,984	-
MTFC direct loan	335,682	-	335,682	-
Note payable	-	-	-	320,031
Compensated absences payable	158,914	60,300	219,214	-
Net pension liability	288,577	237,897	526,474	-
	11,309,390	7,740,136	19,049,526	320,031
Total Liabilities	12,664,634	9,897,947	22,562,581	342,887
Deferred Inflows of Resources				
Deferred pension inflows	180,437	120,247	300,684	-
Net Position				
Net investment in capital assets	12,640,451	5,073,737	17,714,188	3,765
Restricted	818,928	141,696	960,624	-
Unrestricted	1,958,184	1,155,149	3,113,333	14,972
Total Net Position	\$ 15,417,563	\$ 6,370,582	\$ 21,788,145	\$ 18,737

See accompanying notes to the financial statements.

City of Waynesville

Statement of Activities

Year Ended December 31, 2019

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	\$ (1,115,305)	\$ 321,496	\$ -	\$ -	\$ (793,809)	\$ -	\$ (793,809)	
Fire	(298,688)	-	-	-	(298,688)	-	(298,688)	
Public safety	(911,797)	157,971	8,867	-	(744,959)	-	(744,959)	
Municipal court	(131,199)	-	-	-	(131,199)	-	(131,199)	
Street	(647,124)	7,516	45,000	139,022	(455,586)	-	(455,586)	
Park and pool	(535,260)	118,402	33,345	-	(383,513)	-	(383,513)	
Cemetery	(968)	3,900	-	-	2,932	-	2,932	
Airport	(3,221,663)	450,375	2,707,398	4,596,195	4,532,305	-	4,532,305	
Animal shelter	(205,424)	118,872	-	-	(86,552)	-	(86,552)	
Building department	(114,367)	25,863	-	-	(88,504)	-	(88,504)	
Debt service	(366,068)	-	-	-	(366,068)	-	(366,068)	
Total Governmental Activities	(7,547,863)	1,204,395	2,794,610	4,735,217	1,186,359	-	1,186,359	
Business-Type Activities								
Electric service	(5,949,229)	6,992,262	-	-	-	1,043,033	1,043,033	
Water and sewer service	(1,800,753)	2,341,092	-	-	-	540,339	540,339	
Trash service	(260,402)	280,203	-	-	-	19,801	19,801	
Natural gas service	(1,147,824)	1,310,042	-	-	-	162,218	162,218	
Total Business-Type Activities	(9,158,208)	10,923,599	-	-	-	1,765,391	1,765,391	
Total Primary Government	<u>\$ (16,706,071)</u>	<u>\$ 12,127,994</u>	<u>\$ 2,794,610</u>	<u>\$ 4,735,217</u>	1,186,359	1,765,391	2,951,750	

See accompanying notes to the financial statements.

City of Waynesville

Statement of Activities

Year Ended December 31, 2019

Component Unit Westgate Community Improvement District	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position			Component Unit Westgate Community Improvement District	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities		Total
	\$ (36,431)	\$ -	\$ -	\$ -			\$ (36,431)	
		General Revenues						
					1,363,188	-	1,363,188	64,950
					439,260	-	439,260	-
					197,117	-	197,117	-
					715	-	715	-
					88,822	-	88,822	-
					32,888	34,177	67,065	-
					160,055	-	160,055	-
					1,742,459	(1,742,459)	-	-
					4,024,504	(1,708,282)	2,316,222	64,950
					<i>Changes in Net Position</i>	57,109	5,267,972	28,519
					5,210,863			
					10,206,700	6,313,473	16,520,173	(9,782)
					\$15,417,563	\$ 6,370,582	\$21,788,145	\$ 18,737

See accompanying notes to the financial statements.

City of Waynesville

Balance Sheet – Governmental Funds

December 31, 2019

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
Assets						
Cash and cash equivalents - unrestricted	\$ 694,209	\$ 628,908	\$ 424,036	\$ 152,566	\$ -	\$ 1,899,719
Ad valorem taxes receivable, net	377,061	-	-	-	-	377,061
Sales tax receivable	124,297	59,739	43,564	-	-	227,600
Other receivable	6,208	-	-	-	-	6,208
Intergovernmental receivable	477,392	-	-	-	-	477,392
Prepaid expenses	65,232	1,676	-	-	-	66,908
Restricted cash and cash equivalents	290,876	33,547	-	-	370,768	695,191
Investments - restricted	-	-	-	-	124,022	124,022
Total Assets	\$ 2,035,275	\$ 723,870	\$ 467,600	\$ 152,566	\$ 494,790	\$ 3,874,101
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 423,765	\$ -	68,900	\$ -	\$ -	\$ 492,665
Accrued expenses	52,874	9,444	12,116	-	-	74,434
Court bonds payable	285	-	-	-	-	285
Total Liabilities	476,924	9,444	81,016	-	-	567,384

See accompanying notes to the financial statements.

City of Waynesville

Balance Sheet – Governmental Funds

December 31, 2019

	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	Total Governmental Funds
Fund Balances						
Nonspendable:						
Prepaid items	65,232	1,676	-	-	-	66,908
Restricted for:						
Specific purchases from donations	-	33,547	-	-	-	33,547
Debt service	-	-	-	-	494,790	494,790
Building projects	290,591	-	-	-	-	290,591
Assigned to:						
Parks and pool	-	679,203	-	-	-	679,203
Transportation	-	-	386,584	-	-	386,584
Community improvement	-	-	-	152,566	-	152,566
Unassigned:	1,202,528	-	-	-	-	1,202,528
Total Fund Balances	1,558,351	714,426	386,584	152,566	494,790	3,306,717
Total Liabilities and Fund Balances	\$ 2,035,275	\$ 723,870	\$ 467,600	\$ 152,566	\$ 494,790	\$ 3,874,101

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, 2019

Fund balance - total governmental funds	\$ 3,306,717
Long term receivables are not deemed receivable in the current period and, therefore, are not reported in the funds	342,887
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	29,947,208
Less: Accumulated depreciation	<u>(6,222,625)</u>
	23,724,583
The net pension liability and deferred costs are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(288,577)
Deferred pension outflows	312,550
Deferred pension inflows	<u>(180,437)</u>
	(156,464)
Unearned payments in lieu of taxes are not deemed deferrable in the current period but rather is recognized as a revenue when received	(193,200)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(73,323)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(11,533,637)</u>
Net position of governmental activities	<u><u>\$ 15,417,563</u></u>

See accompanying notes to the financial statements.

City of Waynesville

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2019

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
Revenues						
Taxes	\$ 1,414,196	\$ 405,799	\$ 259,907	\$ -	\$ -	\$ 2,079,902
Licenses and permits	40,281	-	-	-	-	40,281
Intergovernmental revenues	7,617,589	7,608	-	-	-	7,625,197
Fines and forfeitures	157,971	-	-	-	-	157,971
Charges for services	748,910	116,252	-	-	-	865,162
Miscellaneous	168,047	41,774	-	65,000	9,310	284,131
Total Revenues	10,146,994	571,433	259,907	65,000	9,310	11,052,644
Expenditures						
Current						
City hall	1,594,856	-	-	-	-	1,594,856
Fire	298,688	-	-	-	-	298,688
Public safety	923,148	-	-	-	-	923,148
Municipal court	130,108	-	-	-	-	130,108
Street	273,301	-	451,752	-	-	725,053
Park and pool	-	403,782	-	-	-	403,782
Airport	8,010,841	-	-	-	-	8,010,841
Animal shelter	205,835	-	-	-	-	205,835
Building department	112,162	-	-	-	-	112,162
Debt service						
Principal, interest, and fees	251,443	-	129,597	-	706,320	1,087,360
Total Expenditures	11,800,382	403,782	581,349	-	706,320	13,491,833

See accompanying notes to the financial statements.

City of Waynesville

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2019

	Special Revenue Funds					Total Governmental Funds
	General Fund	Park and Pool Fund	Transportation Fund	Community Improvement District Fund	Debt Service Fund	
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(1,653,388)	167,651	(321,442)	65,000	(697,010)	(2,439,189)
Other Financing Sources						
Lease purchase proceeds	180,169	-	-	-	-	180,169
Operating transfers in	871,549	-	162,101	-	708,809	1,742,459
Total Other Financing Sources	1,051,718	-	162,101	-	708,809	1,922,628
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	(601,670)	167,651	(159,341)	65,000	11,799	(516,561)
Fund Balance, January 1	2,160,021	546,775	545,925	87,566	482,991	3,823,278
Fund Balance, December 31	\$ 1,558,351	\$ 714,426	\$ 386,584	\$ 152,566	\$ 494,790	\$ 3,306,717

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, 2019

Net change in fund balances - total governmental funds	\$ (516,561)
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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	5,971,792
Depreciation	(776,099)
	<u>5,195,693</u>

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

Repayment of principal on long-term debt	718,581
Lease proceeds	(180,169)
Interest	2,711
	<u>541,123</u>

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

Change in pension related costs	7,214
Change in compensated absences	19,771
Change in unearned revenues	9,200
Change in notes receivable	(45,577)
Change in net position of governmental activities	<u><u>\$ 5,210,863</u></u>

See accompanying notes to the financial statements.

City of Waynesville

Statement of Net Position – Enterprise Funds

December 31, 2019

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Assets					
Current Assets					
Cash and cash equivalents - unrestricted	\$ 166,429	\$ 1,767	\$ 101,765	\$ 487,781	\$ 757,742
Utilities receivable, net	545,431	196,278	21,058	93,269	856,036
Other receivable	13,824	-	-	24,312	38,136
Accrued interest receivable	412	744	-	-	1,156
Inventory	293,452	38,289	-	30,919	362,660
Prepaid assets	15,167	16,769	-	1,226	33,162
Total Current Assets	1,034,715	253,847	122,823	637,507	2,048,892
Noncurrent Assets					
Cash and cash equivalents - restricted	656,107	643,317	-	35,865	1,335,289
Capital assets:					
Non-depreciable	270,899	292,814	-	-	563,713
Depreciable, net	1,533,498	9,671,705	-	1,007,089	12,212,292
Total Noncurrent Assets	2,460,504	10,607,836	-	1,042,954	14,111,294
Total Assets	3,495,219	10,861,683	122,823	1,680,461	16,160,186
Deferred Outflows of Resources					
Deferred refunding charges	15,323	27,242	-	5,675	48,240
Deferred pension outflow	75,540	80,725	-	24,085	180,350
Total Deferred Outflows of Resources	90,863	107,967	-	29,760	228,590

See accompanying notes to the financial statements.

City of Waynesville

Statement of Net Position – Enterprise Funds

December 31, 2019

	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
Liabilities					
Current Liabilities					
Accounts payable	448,586	-	44,697	43,822	537,105
Accrued expenses	27,600	27,353	-	6,314	61,267
Accrued interest payable	7,747	48,406	-	1,124	57,277
Customer deposits	656,107	-	-	-	656,107
Current portion of long-term debt	228,359	595,608	-	22,089	846,055
Total Current Liabilities	1,368,399	671,367	44,697	73,349	2,157,811
Long-Term Liabilities					
Revenue bonds payable	-	2,861,000	-	-	2,861,000
MAMU lease payable, net	184,640	386,590	-	5,770	577,000
Certificates of participation payable, net	933,596	2,769,301	-	159,301	3,862,199
Capital leases payable	104,836	36,904	-	-	141,740
Compensated absences payable	44,740	10,508	-	5,052	60,300
Net pension liability	100,222	106,551	-	31,124	237,897
Total Long-Term Liabilities	1,368,034	6,170,854	-	201,247	7,740,136
Total Liabilities	2,736,433	6,842,221	44,697	274,596	9,897,947
Deferred Inflows of Resources					
Deferred pension inflows	49,931	53,774	-	16,542	120,247
Total Deferred Inflow of Resources	49,931	53,774	-	16,542	120,247
Net Position					
Net investment in capital assets	368,289	3,843,979	-	861,469	5,073,737
Restricted	-	141,696	-	-	141,696
Unrestricted	431,429	87,980	78,126	557,614	1,155,149
Total Net Position	\$ 799,718	\$ 4,073,655	\$ 78,126	\$ 1,419,083	\$ 6,370,582

See accompanying notes to the financial statements.

City of Waynesville

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

Year Ended December 31, 2019

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Operating Revenues					
Charges for services	\$ 6,929,234	\$ 2,011,182	\$ 280,203	\$ 1,104,351	\$ 10,324,970
Other charges	63,028	329,910	-	205,691	598,629
Total Operating Revenues	<u>6,992,262</u>	<u>2,341,092</u>	<u>280,203</u>	<u>1,310,042</u>	<u>10,923,599</u>
Operating Expenses					
Salaries and wages	420,516	349,620	-	109,231	879,367
Employee benefits	149,827	176,548	-	47,128	373,503
Materials and supplies	144,485	110,697	-	45,568	300,750
Electric current	4,821,618	-	-	-	4,821,618
Hauling and recycling charges	-	-	260,122	-	260,122
Repairs and maintenance	67,539	304,405	-	-	371,944
Gas purchases	-	-	-	819,058	819,058
Travel, meetings and dues	8,727	4,335	-	3,467	16,529
General administrative	-	77,457	-	22,155	99,612
Depreciation	135,758	422,670	-	81,938	640,366
Other operating expenses	145,492	170,508	280	13,382	329,662
Total Operating Expenses	<u>5,893,962</u>	<u>1,616,240</u>	<u>260,402</u>	<u>1,141,927</u>	<u>8,912,531</u>
<i>Operating Income</i>	1,098,300	724,852	19,801	168,115	2,011,068
Nonoperating Revenues (Expenses)					
Interest income	20,771	7,216	-	6,190	34,177
Interest expense	(55,267)	(184,513)	-	(5,897)	(245,677)
Total Nonoperating Revenues (Expenses)	<u>(34,496)</u>	<u>(177,297)</u>	<u>-</u>	<u>293</u>	<u>(211,500)</u>
<i>Income Before Operating Transfers</i>	1,063,804	547,555	19,801	168,408	1,799,568
Operating Transfers (Out)	<u>(1,021,748)</u>	<u>(539,451)</u>	<u>-</u>	<u>(181,260)</u>	<u>(1,742,459)</u>
<i>Net Income (Loss)</i>	42,056	8,104	19,801	(12,852)	57,109
Net Position, January 1	757,662	4,065,551	58,325	1,431,935	6,313,473
Net Position, December 31	<u>\$ 799,718</u>	<u>\$ 4,073,655</u>	<u>\$ 78,126</u>	<u>\$ 1,419,083</u>	<u>\$ 6,370,582</u>

See accompanying notes to the financial statements.

City of Waynesville

Statement of Cash Flows – Enterprise Funds

Year Ended December 31, 2019

	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	\$ 6,970,477	\$ 2,297,953	\$ 278,015	\$ 1,355,538	\$ 10,901,983
Cash paid to suppliers	(5,211,655)	(673,041)	(258,005)	(981,708)	(7,124,409)
Cash paid to employees	(552,664)	(521,775)	-	(155,117)	(1,229,556)
Net Cash Provided by Operating Activities	1,206,158	1,103,137	20,010	218,713	2,548,018
Cash Flows from Noncapital Financing Activities					
Transfers (to) other funds	(1,021,748)	(539,451)	-	(181,260)	(1,742,459)
Net Cash (Used) by Noncapital Financing Activities	(1,021,748)	(539,451)	-	(181,260)	(1,742,459)
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(323,253)	(281,532)	-	(19,819)	(624,604)
Payment of principal on bonds and capital leases	(167,842)	(554,206)	-	(21,268)	(743,316)
Payment of interest expense	(53,584)	(184,205)	-	(5,114)	(242,903)
Net Cash (Used) by Capital and Related Financing Activities	(544,679)	(1,019,943)	-	(46,201)	(1,610,823)
Cash Flows from Investing Activities					
Interest received	20,771	7,216	-	6,190	34,177
Net Cash Provided by Investing Activities	20,771	7,216	-	6,190	34,177
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(339,498)	(449,041)	20,010	(2,558)	(771,087)
Cash and Cash Equivalents, Beginning of year	1,162,034	1,094,125	81,755	526,204	2,864,118
Cash and Cash Equivalents, End of year	822,536	645,084	101,765	523,646	2,093,031
Less Restricted Cash and Cash Equivalents	656,107	643,317	-	35,865	1,335,289
Unrestricted Cash and Cash Equivalents	\$ 166,429	\$ 1,767	\$ 101,765	\$ 487,781	\$ 757,742

See accompanying notes to the financial statements.

City of Waynesville

Statement of Cash Flows – Enterprise Funds

Year Ended December 31, 2019

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	
Reconciliation of Operating Income to Net Cash Provided					
Operating income	\$ 1,098,300	\$ 724,852	\$ 19,801	\$ 168,115	\$ 2,011,068
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	135,758	422,670	-	81,938	640,366
(Increase) decrease in:					
Utilities receivable	(33,641)	(35,011)	(2,188)	8,545	(62,295)
Other receivable	-	-	-	36,951	36,951
Prepaid expenses	(8,127)	(8,128)	-	-	(16,255)
Inventory	(16,338)	3,212	-	(154)	(13,280)
Deferred pension outflows	(525)	(552)	-	(155)	(1,232)
Increase (decrease) in:					
Accounts payable	(7,456)	(8,851)	2,397	(77,924)	(91,834)
Accrued expenses	(123)	(705)	-	(2,484)	(3,312)
Customer deposits	19,983	-	-	-	19,983
Compensated absences payable	8,237	(4,980)	-	897	4,154
Net pension liability	36,447	38,391	-	10,779	85,617
Deferred pension inflows	(26,357)	(27,761)	-	(7,795)	(61,913)
Net Cash Provided by Operating Activities	<u>\$ 1,206,158</u>	<u>\$ 1,103,137</u>	<u>\$ 20,010</u>	<u>\$ 218,713</u>	<u>\$ 2,548,018</u>

See accompanying notes to the financial statements.

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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.

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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

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

Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

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

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

Notes to the Financial Statements

December 31, 2019

The City reports the following major proprietary funds:

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

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

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

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

Capital Assets

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

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

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

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

Cash and Cash Equivalents

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

Fair Value

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

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

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

Level 3: Inputs are significant unobservable inputs

Inventories

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

Unearned Revenue

This is future revenue consisting of payments in lieu of taxes that will be recognized over a 25 year period as a result of an October 2015 contract with MCP-Waynesville, LLC that brought a solar farm to the City. As of December 31, 2019, the deferred revenue was \$193,200 and will be recognized at a rate of \$9,200 per year.

Compensated Absences

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

Use of Estimates

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

Revenue Recognition – Property Taxes

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

Due to and Due from Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of December 31, 2019, balances of interfund amounts receivable or payable have been recorded within the fund financial statements. There were no transactions that were considered due to or due from other funds at December 31, 2019.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Program Revenues

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

Operating Revenues and Expenses

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

Pensions

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

Fund Balance Classification

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

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

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

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

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

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

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

Net Position

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

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

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

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

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

3. 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, 2019, all bank balances on deposit are entirely insured or collateralized.

4. Investments

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

Investments of the City as of December 31, 2019, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Not Subject to Fair Value</u>	<u>Fair Value Level 1</u>	<u>Fair Value Level 2</u>	<u>Total</u>
FHLB	9/11/2020	\$ -	\$ -	\$ 65,618	\$ 65,618
FNMA	2/26/2021	-	-	58,404	58,404
Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,022</u>	<u>\$ 124,022</u>

U.S. Agencies

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

Interest Rate Risk

The City has no formal policy on interest rate risk.

5. Restricted Assets

General Fund

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

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Fund Balance</u>
Court bonds payable	\$ 285	\$ -
Series 2014 COP projects	5	5
Series 2017 COP projects	290,586	290,586
	<u>\$ 290,876</u>	<u>\$ 290,591</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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 \$33,547 at December 31, 2019.

Debt Service Fund

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

	Restricted Cash and Investments	Restricted Net Position/ Fund Balance
2017C COP debt service reserve	\$ 494,790	\$ 494,790

Enterprise Funds

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

	Restricted Cash and Cash Equivalents	Restricted Net Position
Electric Fund		
Customer meter deposits	\$ 656,107	\$ -
Water and Wastewater Fund		
Series 2011 principal account	116,257	116,257
Series 2011 interest account	25,439	25,439
Series 2017 COP projects	501,621	-
	643,317	141,696
Natural Gas Fund		
Series 2017 COP projects	35,865	-
	\$ 1,335,289	\$ 141,696

City of Waynesville

Notes to the Financial Statements

December 31, 2019

6. Accounts Receivable

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

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net Accounts Receivable</u>
Taxes Receivable			
General Fund	\$ 405,442	\$ (28,381)	\$ 377,061
Utilities Receivable			
Enterprise Funds			
Electric Fund	\$ 562,898	\$ (17,467)	\$ 545,431
Water and Wastewater Fund	204,015	(7,737)	196,278
Trash Fund	25,365	(4,307)	21,058
Natural Gas Fund	126,111	(32,842)	93,269
	<u>\$ 918,389</u>	<u>\$ (62,353)</u>	<u>\$ 856,036</u>

7. Long-Term Liabilities – Business-Type Activities

The business-type activities long-term liabilities at December 31, 2019, consists of one revenue bond issue; Series 2011 Combined Waterworks and Sewerage Revenue Bonds. The business-type activities long-term liabilities also consists of the Series 2005A Missouri Association of Municipal Utilities (MAMU) lease purchases, Series 2014, 2016, and 2017 Certificates of Participation (COP), six lease purchase agreements on equipment, and compensated absences payable.

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, 2019, and \$192,398 remained unissued.

City of Waynesville

Notes to the Financial Statements

December 31, 2019

The bonds outstanding at December 31, 2019, are due as follows:

<u>Year Ending December 31,</u>	<u>Direct Placement</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Total</u>
2020	\$ 233,000	\$ 50,028	\$ 30,320	\$ 313,348
2021	239,000	46,159	27,975	313,134
2022	246,000	42,190	25,570	313,760
2023	252,000	38,107	23,095	313,202
2024	259,000	33,916	20,555	313,471
2025	266,000	29,617	17,950	313,567
2026	273,000	25,195	15,270	313,465
2027	280,000	20,666	12,525	313,191
2028	288,000	16,013	9,705	313,718
2029	296,000	11,228	6,805	314,033
2030	304,000	6,311	3,825	314,136
2031	158,000	1,270	770	160,040
	<u>\$ 3,094,000</u>	<u>\$ 320,700</u>	<u>\$ 194,365</u>	<u>\$ 3,609,065</u>

Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP. The lease Certificates of Participation were issued in the principal amount of \$2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2019, are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 185,000	\$ 30,054	\$ 215,054
2021	190,000	24,891	214,891
2022	195,000	20,091	215,091
2023	195,000	16,191	211,191
2024	205,000	12,063	217,063
2025	210,000	7,523	217,523
2026	215,000	2,580	217,580
	<u>\$ 1,395,000</u>	<u>\$ 113,393</u>	<u>\$ 1,508,393</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2019

Amount recorded in

Electric Fund	\$ 376,650
Water and Wastewater Fund	669,600
Natural Gas Fund	139,500
Governmental Activities	209,250
Total	\$ 1,395,000

On April 21, 2014, the City issued 2014 Certificates of Participation (COP) for the purpose of refunding the Series 2003 Certificates of Participation and to pay the costs of public facilities projects. The lease certificates were issued in the principal amount of \$2,140,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease.. The certificates bear interest at a rate of 2.00% to 4.00% and require principal payments on April 1 and interest payments on April 1 and October 1. The certificates maturing on or after April 1, 2024, may be called for redemption on or after April 1, 2022, under provisions outlined in the certificate ordinance. The certificates outstanding at December 31, 2019, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 95,000	\$ 36,638	\$ 131,638
2021	100,000	33,588	133,588
2022	100,000	30,338	130,338
2023	100,000	26,963	126,963
2024	100,000	23,463	123,463
2025	110,000	19,925	129,925
2026	115,000	16,269	131,269
2027	115,000	12,100	127,100
2028	120,000	7,400	127,400
2029	125,000	2,500	127,500
	\$ 1,080,000	\$ 209,184	\$ 1,289,184

Amount recorded in:

Electric Fund	\$ 154,440
Water and Wastewater Fund	705,240
Governmental Activities	220,320
Total	\$ 1,080,000

City of Waynesville

Notes to the Financial Statements

December 31, 2019

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The lease COP were issued in the principal amount of \$3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2017 A and B certificates bear interest of 1.77% to 3.50% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2019 are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 195,000	\$ 96,741	\$ 291,741
2021	195,000	91,804	286,804
2022	205,000	85,889	290,889
2023	140,000	80,725	220,725
2024	145,000	76,450	221,450
2025	150,000	72,025	222,025
2026	155,000	67,450	222,450
2027	160,000	62,725	222,725
2028	165,000	57,850	222,850
2029	165,000	52,900	217,900
2030	170,000	47,875	217,875
2031	180,000	42,625	222,625
2032	185,000	37,035	222,035
2033	190,000	31,175	221,175
2034	195,000	24,916	219,916
2035	200,000	18,250	218,250
2036	210,000	11,200	221,200
2037	215,000	3,762	218,762
	<u>\$ 3,220,000</u>	<u>\$ 961,397</u>	<u>\$ 4,181,397</u>

Amount recorded in

Electric Fund	\$ 543,600
Water and Wastewater Fund	1,626,572
Natural Gas Fund	40,770
Governmental Activities	1,009,058
Total	<u>\$ 3,220,000</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2019

Missouri Association of Municipal Utilities Leases

The 2005 Missouri Association of Municipal Utilities Lease was a direct borrowing lease issued in the principal amount of \$1,886,000 to fund a capital improvements project. The lease has been recorded in the Electric, Water and Wastewater, and Gas Funds in the amounts of \$603,500 (32%), \$1,263,600 (67%) and \$18,900 (1%), respectively. In the event of default, the Lessor has the right to declare all remaining lease payments immediately due and payable, retake possession of the leased equipment, and/or sell or lease the equipment with the Lessee remaining liable for the outstanding balance on the lease. The lease bears interest at 3.00% with principal and interest payments due each month. The outstanding payments at December 31, 2019, are due as follows:

<u>Year Ending December 31,</u>	Direct Borrowing		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 112,000	\$ 23,650	\$ 135,650
2021	120,000	19,295	139,295
2022	120,000	14,864	134,864
2023	132,000	10,220	142,220
2024	132,000	5,344	137,344
2025	73,000	801	73,801
	<u>\$ 689,000</u>	<u>\$ 74,174</u>	<u>\$ 763,174</u>

Amount recorded in

Electric Fund	\$ 220,480
Water and Wastewater Fund	461,630
Natural Gas Fund	6,890
Total	<u>\$ 689,000</u>

Lease Purchase Agreements

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

On October 6, 2016, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of a track loader for \$45,203. The lease requires an annual payment of \$9,040, which includes interest at 4.22%.

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

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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

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

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

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

The total annual minimum lease payments required at December 31, 2019, are as follows:

Year Ending December 31,	Direct Borrowing						Total
	2010 Sewer Cleaner Lease Purchase	1995 Track Loader Lease Purchase	2006 CAT Backhoe Lease Purchase	2002 Peterbilt Dump Truck Lease Purchase	2018 John Deere Backhoe Lease Purchase	Wirepuller Truck Lease Purchase	
2020	\$ 22,049	\$ 9,040	\$ 11,502	\$ 5,118	\$ 20,264	\$ 32,454	\$ 100,427
2021	-	9,040	11,502	5,118	20,264	32,454	78,378
2022	-	-	11,502	5,118	20,264	32,454	69,338
Total Minimum Lease Payments	22,049	18,080	34,506	15,354	60,792	97,362	248,143
Less Amount Representing Interest	(797)	(1,082)	(3,100)	(1,378)	(5,460)	(8,743)	(20,560)
Net Lease Payable	<u>\$ 21,252</u>	<u>\$ 16,998</u>	<u>\$ 31,406</u>	<u>\$ 13,976</u>	<u>\$ 55,332</u>	<u>\$ 88,619</u>	<u>\$ 227,583</u>
Amount recorded in							
Water and Wastewater Fund		\$ 8,499					
Electric Fund		8,499					
		<u>\$ 16,998</u>					

City of Waynesville

Notes to the Financial Statements

December 31, 2019

A summary of the changes in Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2019, is as follows:

	Balance December 31, 2018	Additions	Retirements	Balance December 31, 2019	Amount Due Within One Year
Water and Wastewater Fund					
Direct Placement					
2011 Revenue Bonds	\$ 3,321,000	\$ -	\$ 227,000	\$ 3,094,000	\$ 233,000
Certificates of Participation					
Series 2014	764,010	-	58,770	705,240	62,035
Series 2016	758,400	-	88,800	669,600	88,800
Series 2017A/B	1,693,897	-	67,325	1,626,572	98,504
Add:					
Premium on Series 2014 issuance	18,951	-	1,723	17,228	-
	<u>3,235,258</u>	<u>-</u>	<u>216,618</u>	<u>3,018,640</u>	<u>249,339</u>
Direct Borrowings					
2005A MAMU Lease	533,990	-	72,360	461,630	75,040
2015 Sewer Cleaner	41,735	-	20,483	21,252	20,484
1995 Track Loader	12,492	-	3,993	8,499	3,993
2006 CAT Backhoe	40,923	-	9,517	31,406	9,517
2002 Peterbilt Dump Truck	18,211	-	4,235	13,976	4,235
Compensated Absences	15,488	-	4,980	10,508	-
	<u>7,219,097</u>	<u>-</u>	<u>559,186</u>	<u>6,659,911</u>	<u>595,608</u>
Electric Fund					
Certificates of Participation					
Series 2014	167,310	-	12,870	154,440	62,035
Series 2016	426,600	-	49,950	376,650	49,950
Series 2017A/B	566,100	-	22,500	543,600	32,920
Add:					
Premium on Series 2014 issuance	4,158	-	347	3,811	-
	<u>1,164,168</u>	<u>-</u>	<u>85,667</u>	<u>1,078,501</u>	<u>144,905</u>
Direct Borrowings					
2005A MAMU Lease	255,040	-	34,560	220,480	35,840
1995 Track Loader	12,493	-	3,994	8,499	3,993
2018 John Deere Backhoe	72,099	-	16,767	55,332	16,767
Wirepuller Truck	115,473	-	26,854	88,619	26,854
Compensated Absences	36,503	8,237	-	44,740	-
	<u>1,655,776</u>	<u>8,237</u>	<u>167,842</u>	<u>1,496,171</u>	<u>228,359</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2019

	Balance December 31, 2018	Additions	Retirements	Balance December 31, 2019	Amount Due Within One Year
Natural Gas Fund					
Certificates of Participation					
Series 2016	158,000	-	18,500	139,500	18,500
Series 2017A/B	42,458	-	1,688	40,770	2,469
	200,458	-	20,188	180,270	20,969
Direct Borrowing					
2005 MAMU Lease	7,970	-	1,080	6,890	1,120
Compensated Absences	4,155	897	-	5,052	-
	212,583	897	21,268	192,212	22,089
	\$ 9,087,456	\$ 9,134	\$ 748,296	\$ 8,348,294	\$ 846,055

8. Long-Term Liabilities – Governmental Activities

Long-term liabilities for governmental activities at December 31, 2019, consists of the 2011B, 2014, 2016, and 2017 A, B, and C Certificates of Participation (COP), seven lease purchase agreements for equipment, a MTFC direct loan, and compensated absences payable.

Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP, which refunded the Series 1999A and 1999B Tax Increment Revenue Bonds, 2000A, 2000B and 2004A Tax Increment Allocation Bonds and to pay the costs of public facilities projects. The lease Certificates of Participation were issued in the principal amount of \$2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this debt issuance has been presented as a component of Note 7.

On October 31, 2011, the City issued Series 2011B Certificates of Participation (COP) for the purpose of refunding the two capital leases for land purchases in the amounts of \$715,729 and \$574,009. The lease COP were issued in the principal amount of \$1,270,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2011 certificates bear interest at 2.00% to 4.75% with principal payments due March 1 and interest payments due March 1 and September 1 of each year. The Series 2011B COP outstanding at December 31, 2019, are due as follows:

City of Waynesville

Notes to the Financial Statements

December 31, 2019

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 170,000	\$ 6,912	\$ 176,912
2021	65,000	1,544	66,544
	<u>\$ 235,000</u>	<u>\$ 8,456</u>	<u>\$ 243,456</u>

On April 21, 2014, the City issued 2014 Certificates of Participation (COP) for the purpose of refunding the Series 2003 Certificates of Participation and to pay the costs of public facilities projects. The lease certificates were issued in the principal amount of \$2,140,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease.. The certificates bear interest at a rate of 2.00% to 4.00% and require principal payments on April 1 and interest payments on April 1 and October 1. The certificates maturing on or after April 1, 2024, may be called for redemption on or after April 1, 2022, under provisions outlined in the certificate ordinance. The payment schedule for this issuance has been presented as a component of Note 7.

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The lease COP were issued in the principal amount of \$3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2017A and B certificates bear interest of 1.77% to 3.50% with principle payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this issuance has been presented as a component of Note 7.

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 250,000	\$ 275,156	\$ 525,156
2021	370,000	267,106	637,106
2022	445,000	254,881	699,881
2023	460,000	241,306	701,306
2024	475,000	227,281	702,281
2025	490,000	212,806	702,806
2026	500,000	197,956	697,956
2027	515,000	183,375	698,375
2028	530,000	168,343	698,343
2029	550,000	152,143	702,143
2030	560,000	135,493	695,493
2031	575,000	117,750	692,750
2032	600,000	98,656	698,656
2033	615,000	78,528	693,528
2034	640,000	57,350	697,350
2035	655,000	35,088	690,088
2036	675,000	11,812	686,812
	<u>\$ 8,905,000</u>	<u>\$ 2,715,030</u>	<u>\$ 11,620,030</u>

Lease Purchase Agreements

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

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

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

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

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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

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

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

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

The total annual minimum lease payments required at December 31, 2019, are as follows:

Year Ending December 31,	Direct Borrowing							Total
	2015 Garsite Refueler Lease Purchase	2015 Street Sweeper Lease Purchase	2016 John Deere Tractor/ Loader Lease Purchase	2017 Western Snow Plow Lease Purchase	2017 Peterbilt Dump Truck Lease Purchase	2018 Dodge Ram 5500 Lease Purchase	2018 Garsite Refueler Lease Purchase	
2020	\$ 24,744	\$ 29,026	\$ 14,760	\$ 9,845	\$ 5,118	\$ 11,861	\$ 31,705	\$ 127,059
2021	-	29,026	14,760	9,845	5,118	11,861	31,705	102,315
2022	-	29,026	14,760	9,845	5,116	11,861	31,705	102,313
2023	-	-	-	-	-	-	31,705	31,705
2024	-	-	-	-	-	-	31,705	31,705
2025	-	-	-	-	-	-	31,705	31,705
2026	-	-	-	-	-	-	31,705	31,705
Total Minimum Lease Payments	24,744	87,078	44,280	29,535	15,352	35,583	221,935	458,507
Less Amount Representing Interest	(952)	(5,170)	(18,877)	(2,651)	(1,376)	(3,195)	(41,766)	(73,987)
Net Lease Payable	<u>\$ 23,792</u>	<u>\$ 81,908</u>	<u>\$ 25,403</u>	<u>\$ 26,884</u>	<u>\$ 13,976</u>	<u>\$ 32,388</u>	<u>\$ 180,169</u>	<u>\$ 384,520</u>

Missouri Transportation Finance Corporation Direct Loan

On October 17, 2013, the City entered into a direct borrowing loan agreement with the Missouri Transportation Finance Corporation (MTFC) in the total amount of \$1,020,420 at an interest rate of 2.28% to provide funding for the City's share of a cost share agreement with Missouri Highways and Transportation Commission to widen Historic Route 66.

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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, 2019, is due as follows:

Year Ending December 31,	Direct Borrowing		
	Principal	Interest	Total
2020	\$ 79,023	\$ 9,457	\$ 88,480
2021	80,851	7,629	88,480
2022	82,694	5,786	88,480
2023	84,940	3,901	88,841
2024	87,197	1,283	88,480
	<u>\$ 414,705</u>	<u>\$ 28,056</u>	<u>\$ 442,761</u>

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2019, is as follows:

	Balance December 31, 2018	Additions	Retirements	Balance December 31, 2019	Amounts Due Within One Year
Certificates of Participation					
Series 2011B	\$ 400,000	\$ -	\$ 165,000	\$ 235,000	\$ 170,000
Series 2016	237,000	-	27,750	209,250	27,750
Series 2017A/B	1,107,545	-	98,487	1,009,058	61,108
Series 2017C	9,155,000	-	250,000	8,905,000	250,000
Series 2014	238,680	-	18,360	220,320	19,380
Add:					
Premium on Series 2014 issuance	5,921	-	538	5,383	-
	<u>11,144,146</u>	<u>-</u>	<u>560,135</u>	<u>10,584,011</u>	<u>528,238</u>
Direct Borrowings					
Capital Lease Obligations					
Ford F-450 Refueler	46,669	-	22,877	23,792	23,792
Street Sweeper	107,574	-	25,666	81,908	25,666
John Deere Tractor and Loader	37,546	-	12,143	25,403	12,750
Western Snow Plow	35,030	-	8,146	26,884	8,542
Peterbilt Dump Truck	18,211	-	4,235	13,976	4,440
Dodge Ram 5500	42,203	-	9,815	32,388	10,290
Garsite Refueler	-	180,169	-	180,169	21,796
MTFC Direct Loan	491,631	-	76,926	414,705	79,023
Compensated Absences	178,685	-	19,771	158,914	-
	<u>\$ 12,101,695</u>	<u>\$ 180,169</u>	<u>\$ 739,714</u>	<u>\$ 11,542,150</u>	<u>\$ 714,537</u>

City of Waynesville

Notes to the Financial Statements

December 31, 2019

9. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 3,248,379	\$ -	\$ -	\$ 3,248,379
Construction in progress	-	4,788,974	-	4,788,974
	3,248,379	\$ 4,788,974	\$ -	8,037,353
Depreciable capital assets				
Building and improvements	10,904,340	\$ 695,232	\$ -	11,599,572
Machinery and equipment	1,830,335	199,987	-	2,030,322
Land improvements	2,426,572	-	-	2,426,572
Vehicles	769,959	35,819	-	805,778
Infrastructure	4,795,831	251,780	-	5,047,611
Total depreciable capital assets	20,727,037	\$ 1,182,818	\$ -	21,909,855
Less accumulated depreciation	5,446,526	\$ 776,099	\$ -	6,222,625
Total depreciable capital assets, net	15,280,511			15,687,230
Total Governmental Activities Capital Assets, net	\$ 18,528,890			\$ 23,724,583

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

Administrative	\$ 225,608
Public safety	23,692
Park and pool	156,945
Street	184,120
Airport	180,945
Animal Shelter	3,821
Cemetery	968
	\$ 776,099

City of Waynesville

Notes to the Financial Statements

December 31, 2019

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Business-Type Activities				
Electric Fund				
Non-depreciable capital assets:				
Land	\$ -	\$ 270,899	\$ -	\$ 270,899
Depreciable capital assets:				
Electric distribution system	2,512,282	\$ -	\$ -	2,512,282
Vehicles	565,355	-	-	565,355
Equipment	1,072,869	52,354	-	1,125,223
Buildings and improvements	43,899	-	-	43,899
	4,194,405	\$ 52,354	\$ -	4,246,759
Less accumulated depreciation	2,577,503	\$ 135,758	\$ -	2,713,261
Depreciable Capital Assets, net	1,616,902			1,533,498
Water and Wastewater Fund				
Non-depreciable capital assets:				
Land	292,814	\$ -	\$ -	292,814
Construction in progress	135,585	-	135,585	-
	428,399	\$ -	\$ 135,585	292,814
Depreciable capital assets				
Buildings and improvements	14,466	\$ -	\$ -	14,466
Distribution system	16,684,539	239,402	-	16,923,941
Equipment	924,236	177,715	-	1,101,951
Vehicles	237,981	-	-	237,981
	17,861,222	\$ 417,117	\$ -	18,278,339
Less accumulated depreciation	8,183,964	\$ 422,670	\$ -	8,606,634
Depreciable Capital Assets, net	9,677,258			9,671,705
Natural Gas Fund				
Depreciable capital assets:				
Buildings and improvements	73,072	\$ -	\$ -	73,072
Distribution system	2,624,613	-	-	2,624,613
Equipment	280,070	19,819	-	299,889
Vehicles	14,668	-	-	14,668
	2,992,423	\$ 19,819	\$ -	3,012,242
Less accumulated depreciation	1,923,215	\$ 81,938	\$ -	2,005,153
Depreciable Capital Assets, net	1,069,208			1,007,089
Total Business-Type Activities Capital Assets, net	\$ 12,791,767			\$ 12,776,005

City of Waynesville

Notes to the Financial Statements

December 31, 2019

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Component Unit				
Westgate Community Improvement District				
Depreciable capital assets:				
Infrastructure	\$ 426,458	\$ -	\$ -	\$ 426,458
Less accumulated depreciation	65,591	\$ 14,215	\$ -	79,806
Depreciable Capital Assets, net	\$ 360,867			\$ 346,652

10. 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, 2019, the outstanding balance on the note is due as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 22,856	\$ 17,144	\$ 40,000
2021	23,998	16,002	40,000
2022	25,198	14,802	40,000
2023	26,458	13,542	40,000
2024	27,781	12,219	40,000
2025	29,170	10,830	40,000
2026	30,629	9,371	40,000
2027	32,160	7,840	40,000
2028	33,768	6,232	40,000
2029	35,457	4,543	40,000
2030	37,230	2,771	40,001
2031	18,182	909	19,091
	\$ 342,887	\$ 116,205	\$ 459,092

City of Waynesville

Notes to the Financial Statements

December 31, 2019

11. 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:

	2019
Assessed Valuation	
Real estate	\$ 58,605,537
Personal property	9,645,811
Total	\$ 68,251,348
Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.6346

The legal debt margin at December 31, 2019, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 6,825,135	\$ 6,825,135	\$ 13,650,270
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 6,825,135	\$ 6,825,135	\$ 13,650,270

(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.

12. 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, 2019

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.

	2019 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, 2019, the following employees were covered by the benefit terms:

	General	Police	Total
Inactive employees or beneficiaries currently receiving benefits	33	7	40
Inactive employees entitled to but not yet receiving benefits	25	8	33
Active employees	41	11	52
	99	26	125

Contributions. The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City’s contribution rates are 19.8% (General) and 16.7% (Police) of annual covered payroll.

Net Pension Liability. The City’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

Actuarial Assumptions. The total pension liability in the February 28, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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

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

The actuarial assumptions used in the February 28, 2019, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

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

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	10.00%	0.00%
Leverage	-35.00%	-0.51%

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

City of Waynesville

Notes to the Financial Statements

December 31, 2019

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
General Division			
Balances at beginning of year	\$ 5,254,498	\$ 4,922,656	\$ 331,842
Changes for the year:			
Service cost	191,141	-	191,141
Interest	375,995	-	375,995
Difference between expected and actual experiences	214,180	-	214,180
Contributions - employer	-	324,504	(324,504)
Net investment income	-	322,512	(322,512)
Benefits paid, including refunds	(330,286)	(330,286)	-
Administrative expenses	-	(10,747)	10,747
Other changes	-	(20,804)	20,804
<i>Net Changes</i>	<u>451,030</u>	<u>285,179</u>	<u>165,851</u>
Balances at end of year	5,705,528	5,207,835	497,693
Police Division			
Balances at beginning of year	1,365,744	1,384,832	(19,088)
Changes for the year:			
Service cost	53,105	-	53,105
Interest	98,448	-	98,448
Difference between expected and actual experiences	64,644	-	64,644
Contributions - employer	-	75,784	(75,784)
Net investment income	-	88,069	(88,069)
Benefits paid, including refunds	(69,073)	(69,073)	-
Administrative expenses	-	(2,415)	2,415
Other changes	-	6,890	(6,890)
<i>Net Changes</i>	<u>147,124</u>	<u>99,255</u>	<u>47,869</u>
Balances at end of year	<u>1,512,868</u>	<u>1,484,087</u>	<u>28,781</u>
Total Plan Balances at End of Year	<u><u>\$ 7,218,396</u></u>	<u><u>\$ 6,691,922</u></u>	<u><u>\$ 526,474</u></u>

City of Waynesville

Notes to the Financial Statements

December 31, 2019

	Net Pension Liability
Governmental Activities	\$ 288,577
Business-Type Activities	237,897
	\$ 526,474

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

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
General Division			
Total Pension Liability	\$ 6,465,995	\$ 5,705,528	\$ 5,078,159
Fiduciary Net Position	5,207,835	5,207,835	5,207,835
Net Pension Liability (Asset)	1,258,160	497,693	(129,676)
Police Division			
Total Pension Liability	1,745,860	1,512,868	1,324,895
Fiduciary Net Position	1,484,087	1,484,087	1,484,087
Net Pension Liability (Asset)	261,773	28,781	(159,192)
Total Net Pension Liability (Asset)	\$ 1,519,933	\$ 526,474	\$ (288,868)

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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

For the year ended December 31, 2019, the City recognized a pension expense of \$400,183. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred (Inflow) Outflow of Resources</u>	<u>Net Deferred (Inflow) Outflow of Resources</u>
General Division			
Differences in experiences	\$ 175,116	\$ (110,485)	\$ 64,631
Differences in assumptions	48,314	-	48,314
Excess (deficit) investment returns	-	(141,077)	(141,077)
Contributions subsequent to the measurement date*	153,871	-	153,871
	<u>377,301</u>	<u>(251,562)</u>	<u>125,739</u>
Police Division			
Differences in experiences	69,276	(13,958)	55,318
Differences in assumptions	10,230	-	10,230
Excess (deficit) investment returns	-	(35,164)	(35,164)
Contributions subsequent to the measurement date*	36,093	-	36,093
	<u>115,599</u>	<u>(49,122)</u>	<u>66,477</u>
Total	<u>\$ 492,900</u>	<u>\$ (300,684)</u>	<u>\$ 192,216</u>
Governmental Activities	\$ 312,550	\$ (180,437)	\$ 132,113
Business-Type Activities			
Electric Fund	75,540	(49,931)	25,609
Water and Wastewater Fund	80,725	(53,774)	26,951
Natural Gas Fund	24,085	(16,542)	7,543
	<u>180,350</u>	<u>(120,247)</u>	<u>60,103</u>
Total	<u>\$ 492,900</u>	<u>\$ (300,684)</u>	<u>\$ 192,216</u>

*The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2020.

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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	
	(Inflow)	Outflow of Resources	(Inflow)	Outflow of Resources	(Inflow)	Outflow of Resources
2020	\$	30,182	\$	19,191	\$	49,373
2021		(68,188)		(7,565)		(75,753)
2022		(22,841)		417		(22,424)
2023		32,715		11,812		44,527
2024		-		6,529		6,529
	\$	(28,132)	\$	30,384	\$	2,252

Payable to the Pension Plan

At December 31, 2019, the City had \$29,090 of contributions reported as payable to the pension plan.

13. 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.

14. 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.

15. 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, 2019, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

City of Waynesville

Notes to the Financial Statements

December 31, 2019

16. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2019, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 871,549	\$ -
Transportation Fund	162,101	-
Debt Service Fund	708,809	-
Electric Fund	-	1,021,748
Water and Wastewater Fund	-	539,451
Natural Gas Fund	-	181,260
	<u>\$ 1,742,459</u>	<u>\$ 1,742,459</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.

17. Commitment

At December 31, 2019, the City was committed to Bloomsdale Excavating for construction of airport runways, wind cone, and fuel access road in the amount of \$112,169 and for construction of the airport passenger terminal modifications in the amount of \$84,808.

18. Pledged Revenues

Water and Wastewater Fund

The City has pledged future water and wastewater customer revenues to repay the 2011 Combined Waterworks and Sewerage Revenue Bonds issued to improve and expand the combined system. The bonds are payable solely from customer net revenues and are payable through 2031. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$3,414,700. Principal and interest paid for the current year and total customer net revenues were \$280,798 and \$1,147,522, respectively.

19. 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.

20. Debt Refunding Loss

On April 1, 2016, the City issued \$2,015,000 in Series 2016 Certificates of Participation with interest rates ranging from 2.00% to 3.00%. The City issued the certificates to refund \$2,395,000 of the outstanding 2007 Certificates of Participation

City of Waynesville

Notes to the Financial Statements

December 31, 2019

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, 2018	Additions	Current Amortization	Balance December 31, 2019
Governmental Activities	\$ 9,875	\$ -	\$ (1,362)	\$ 8,513
Business-Type Activities				
Electric Fund	17,775	-	(2,452)	15,323
Water and Wastewater Fund	31,600	-	(4,358)	27,242
Natural Gas Fund	6,583	-	(908)	5,675
	<u>\$ 65,833</u>	<u>\$ -</u>	<u>\$ (9,080)</u>	<u>\$ 56,753</u>

21. Risks & Uncertainties

Subsequent to year end, a strain of coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet determinable, but will likely be significant for both the local and global economy. The effects of COVID-19 on the City are also not determinable, however COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions made in the financial statements.

Required Supplementary Information

City of Waynesville

Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended December 31, 2019

Missouri Local Government Employees Retirement System (LAGERS)

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

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 384,925	\$ 399,509	\$ 364,423	\$ 359,297	\$ 358,187	\$ 341,204	\$ 302,278	\$ 262,637	\$ 280,200	\$ 275,544
Contributions in relation to the actuarially determined contribution	<u>384,925</u>	<u>399,509</u>	<u>364,423</u>	<u>359,297</u>	<u>354,061</u>	<u>341,204</u>	<u>300,346</u>	<u>260,021</u>	<u>276,926</u>	<u>275,544</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,126</u>	<u>\$ -</u>	<u>\$ 1,932</u>	<u>\$ 2,616</u>	<u>\$ 3,274</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,014,724	\$ 2,024,113	\$ 1,873,262	\$ 1,924,495	\$ 1,790,341	\$ 1,690,534	\$ 1,594,041	\$ 1,362,921	\$ 1,341,864	\$ 1,386,927
Contributions as a percentage of covered-employee payroll	19.11%	19.74%	19.45%	18.67%	19.78%	20.18%	18.84%	19.08%	20.64%	19.87%

City of Waynesville

Notes to the Schedule of Contributions

Year Ended December 31, 2019

Valuation Date: February 28, 2019

Notes: The roll-forward of total pension liability from February 28, 2019, to June 30, 2019, 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 10 to 23 years for the General Division and 12 to 23 years for the Police Division.

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

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

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

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

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

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

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

Other Information: None.

City of Waynesville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 360,000	\$ 430,060	\$ 430,060	\$ -
City sales tax	600,000	697,482	697,482	-
Motor vehicle taxes	192,500	197,117	197,117	-
Utility franchise tax	100,000	88,822	88,822	-
Financial institution taxes	2,000	-	-	-
Railroad and utility tax	500	715	715	-
	1,255,000	1,414,196	1,414,196	-
Licenses and Permits				
Building permits	15,000	25,863	25,863	-
Other licenses and permits	12,350	14,418	14,418	-
	27,350	40,281	40,281	-
Intergovernmental Revenues				
Federal and state grants	4,192,925	7,617,589	7,617,589	-
Charges for Services				
Fuel sales	700,000	306,990	306,990	-
Rental income	330,000	316,647	316,647	-
Animal control	60,000	62,705	62,705	-
Other	94,000	62,568	62,568	-
	1,184,000	748,910	748,910	-
Fines and Forfeitures				
City court fines	181,000	157,971	157,971	-
Miscellaneous				
Interest	18,000	23,274	23,274	-
Other	71,300	144,773	144,773	-
	89,300	168,047	168,047	-
Total Revenues	6,929,575	10,146,994	10,146,994	-

City of Waynesville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
City hall	882,750	1,594,856	1,594,856	-
Fire	308,000	298,688	298,688	-
Public safety	899,100	923,148	923,148	-
Municipal court	134,525	130,108	130,108	-
Street	254,500	273,301	273,301	-
Airport	5,019,150	8,010,841	8,010,841	-
Animal shelter	220,550	205,835	205,835	-
Building department	87,025	112,162	112,162	-
Debt Service				
Principal and interest	851,000	251,443	251,443	-
Total Expenditures	8,656,600	11,800,382	11,800,382	-
<i>(Deficit) of Revenues Over Expenditures</i>	(1,727,025)	(1,653,388)	(1,653,388)	-
Other Financing Sources				
Lease purchase proceeds	175,000	180,169	180,169	-
Operating transfers in	935,000	871,549	871,549	-
Total Other Financing Sources	1,110,000	1,051,718	1,051,718	-
<i>(Deficit) of Revenues and Other Sources Over Expenditures</i>	(617,025)	(601,670)	(601,670)	-
Fund Balance, January 1	2,160,021	2,160,021	2,160,021	-
Fund Balance, December 31	\$ 1,542,996	\$ 1,558,351	\$ 1,558,351	\$ -

City of Waynesville

Budgetary Comparison Schedule – Transportation Fund

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Transportation sales tax	\$ 250,000	\$ 259,907	\$ 259,907	\$ -
Total Revenues	250,000	259,907	259,907	-
Expenditures				
Current				
Street	186,000	451,752	451,752	-
Debt Service				
Principal and interest	109,000	129,597	129,597	-
Total Expenditures	295,000	581,349	581,349	-
<i>(Deficit) of Revenues Over Expenditures</i>	(45,000)	(321,442)	(321,442)	-
Other Financing Sources				
Operating transfer in	-	162,101	162,101	-
Total Other Financing Sources	-	162,101	162,101	-
<i>(Deficit) of Revenues and Other Sources Over Expenditures</i>	(45,000)	(159,341)	(159,341)	-
Fund Balance, January 1	545,925	545,925	545,925	-
Fund Balance, December 31	\$ 500,925	\$ 386,584	\$ 386,584	\$ -

City of Waynesville

Budgetary Comparison Schedule – Park and Pool Fund

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales taxes	\$ 387,000	\$ 405,799	\$ 405,799	\$ -
Intergovernmental Revenues				
Federal and state grants	88,000	7,608	7,608	-
Charges for Services				
Rental and membership	100,500	116,252	116,252	-
Miscellaneous				
Fees	2,000	2,150	2,150	-
Donations	-	25,737	25,737	-
Interest income	300	305	305	-
Miscellaneous	52,950	13,582	13,582	-
	55,250	41,774	41,774	-
Total Revenues	630,750	571,433	571,433	-
Expenditures				
Current				
Parks and pool	519,450	403,782	403,782	-
Total Expenditures	519,450	403,782	403,782	-
<i>Excess of Revenues Over Expenditures</i>	111,300	167,651	167,651	-
Fund Balance, January 1	546,775	546,775	546,775	-
Fund Balance, December 31	\$ 658,075	\$ 714,426	\$ 714,426	\$ -

City of Waynesville

Budgetary Comparison Schedule – Community Improvement District Fund

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Miscellaneous				
Other	\$ 65,000	\$ 65,000	\$ 65,000	\$ -
Total Revenues	65,000	65,000	65,000	-
Expenditures				
Community improvements	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess of Revenues Over Expenditures</i>	65,000	65,000	65,000	-
Fund Balance, January 1	87,566	87,566	87,566	-
Fund Balance, December 31	\$ 152,566	\$ 152,566	\$ 152,566	\$ -

City of Waynesville

Notes to the Budgetary Comparison Schedule

Year Ended December 31, 2019

Budgets and Budgetary Accounting

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

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

Other Reporting Requirements



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

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Waynesville, Missouri's basic financial statements, and have issued our report thereon, dated June 15, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a material weakness. It is identified as item 2019-001.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Waynesville, Missouri's Response to Findings

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

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 15, 2020



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

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Waynesville, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2019. The City of Waynesville, Missouri's major federal programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Waynesville, Missouri, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2019.

www.kpmcpa.com

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

Report on Internal Control Over Compliance

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

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

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

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



KPM CPAs, PC
Springfield, Missouri
June 15, 2020

City of Waynesville

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Pass-through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation				
Missouri Highways and Transportation Commission Airport Improvement Program	20.106	17-057B-1	\$ -	\$ 3,735,625
Direct				
Payments for Essential Air Services	20.901	N/A	-	2,707,398
Missouri Department of Transportation				
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	19-M5HVE-03-019 19-PT-02-094	-	4,128
			-	4,739
			-	8,867
Total U.S. Department of Transportation			-	6,451,890
U.S. Department of Homeland Security				
Missouri Department of Public Safety				
Disaster Grant - Public Assistance	97.036	FEMA-4144-DR-MO	-	77,088
Total U.S. Department of Homeland Security			-	77,088
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 6,528,978</u>

City of Waynesville

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Waynesville, Missouri, under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waynesville, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Waynesville, Missouri.

2. Summary of Significant Accounting Policies

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

3. Subrecipients

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

4. Federally Subsidized Loans

The City did not have outstanding balances in federally funded loan programs for the year ended December 31, 2019.

City of Waynesville

Summary Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section I – Summary of Audit Results

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

City of Waynesville

Summary Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section II – Financial Statement Findings

Material Weakness

2019-001 Segregation of duties

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

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

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

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

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

Section III – Federal Award Findings and Questioned Costs

None

City of Waynesville

Schedule of Prior Audit Findings

Year Ended December 31, 2019

Financial Statement Finding

Material Weakness

2018-001 *Segregation of duties*

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

Status: Uncorrected

City of Waynesville

Corrective Action Plan

Year Ended December 31, 2019

U.S. Department of Transportation

City of Waynesville, Missouri respectfully submits the following corrective action plan for the year ended June 30, 2019.

Contact information for the individual responsible for the corrective action:

Mr. Bruce Harrill, City Administrator
City of Waynesville, Missouri
100 Tremont Drive
Waynesville, MO 65583

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

Audit Period: December 31, 2019

The finding from the December 31, 2019, audit of the financial statements is below. The City did not have any major federal award program findings. The finding is numbered with the number assigned in the schedule.

Financial Statement Audit

Material Weakness

2019-001 Segregation of Duties

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

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

Anticipated Completion Date: N/A

Sincerely,

Mr. Bruce Harrill, City Administrator
City of Waynesville, MO