

CITY OF OSAGE BEACH, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR

JANUARY 1, 2013 - DECEMBER 31, 2013



CITY OF OSAGE BEACH, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

Prepared by:

Karri Bell
City Treasurer

CITY OF OSAGE BEACH, MISSOURI
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2013

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INTRODUCTORY SECTION



1000 City Parkway • Osage Beach, MO 65065
City Hall [573] 302-2000 • Fax [573] 302-0528

June 2, 2014

To the Honorable Mayor, Board of Aldermen and the Citizens of the City of Osage Beach:

The Comprehensive Annual Financial Report (CAFR) of the City of Osage Beach, Missouri, for the fiscal year ended December 31, 2013, is herewith submitted. The information presented in the CAFR is the responsibility of the City's management. The report was prepared by the City Treasurer's Department in close cooperation with the external auditors. The CAFR conforms to the standards of financial reporting as set forth by the Governmental Accounting Standards Board (GASB) and the guidelines as recommended by the Government Finance Officers Association (GFOA). The City Treasurer's Department believes that the financial statements, supporting schedules, and statistical information fairly present the financial condition of the City. We further believe that all presented data is accurate in all aspects and that all necessary disclosures have been included to enable the reader to gain a reasonable understanding of the City's financial affairs.

The City's financial statements have been audited by Williams Keepers LLC, a firm of licensed certified public accountants. The purpose of the audit conducted by Williams Keepers was to review and provide reasonable assurance that the City's financial statements for the fiscal year ended December 31, 2013, are free of material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the government-wide and fund financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors gave an unqualified opinion for the year ended December 31, 2013, which can be found in the first report on the financial section of this document.

Generally Accepted Accounting Principles require that management provide a narrative, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read with it. The City of Osage Beach's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

The City of Osage Beach, organized in 1959, is a fourth-class city and political subdivision created and existing under the laws of the State of Missouri. The City is approximately 10 square miles in area and is located in Camden and Miller Counties, Missouri. The City lies along the shores of the Lake of the Ozarks, one of the largest man-made lakes in the world. The City has an estimated permanent population of 4,362; however, it is estimated that there are in excess of 100,000 people during the peak seasonal periods. The governing body consists of an elected six-member Board of Aldermen and a Mayor who in turn appoints a City Administrator, City Clerk, Police Chief, Building Official, City Treasurer, City Planner, City Engineer and City Attorney. Aldermen serve two-year terms, with three members elected every year. The Mayor is elected for a two-year term.

Although legally separate from the City, the financial statements include its component units. The component unit is the Tax Increment Financing Districts responsible for encouraging development of commercial enterprises in the District. The City is financially accountable for the District as the City appoints a voting majority to the District's board and is able to impose its will on the organization through approval or rejection of plans and projects recommended by the District's governing board.

The City provides a full range of municipal services including sewer, water, airports, public safety, and general administration.

The City offers its residents and visitors two City parks. Peanick Park is a five acre park with two ball fields, pavilions, basketball courts, a walking trail and playground facilities. It is located on the northeast side of town on Highway 42. The Osage Beach City Park is a 92 acre park surrounded by the Lake of the Ozarks and the Lake of the Ozarks State Park; it is located off of Hatchery Road adjacent to the outlet mall. The park has lake access, a stocked fishing pond (currently unavailable), a newly constructed Sports Complex complete with three 300' baseball/softball fields, press box, concession facilities, three soccer fields, two pavilions and a playground.

Accounting System and Budgetary Control

The diversity of governmental operations and the necessity for legal compliance preclude recording and summation of all financial transactions in a single accounting entity. The City's accounting system is therefore organized and operated on a fund basis, wherein each fund or account group is a distinct and separate self-balancing entity.

The City's financial records utilize two basis of accounting. The modified accrual basis is followed by the governmental funds. Under this basis, revenues are recognized when measurable and available, and expenditures are recorded when the fund liability is incurred, except for interest on long-term debt. The accrual basis of accounting is utilized by proprietary funds. Consideration is given to the adequacy of internal accounting controls governing the financial transactions and records of the City. Internal controls are designed and developed to provide reasonable assurance that assets are safeguarded and that transactions are properly executed and recorded in line with management's policy and generally accepted accounting principles.

Budgetary control is maintained at the fund level.

Local Economy

The City of Osage Beach, along with the rest of the country, has felt the effects of the recession and more recently some recovery; unemployment rates decreased for the year, at an average of 8%. Population and the number of visitors to the City remain unchanged. Sales tax (on a cash basis) increased 1.6% totaling \$4,414,542.

The City of Osage Beach is primarily a tourist/visitor destination. Conveniently located in the heart of Missouri, the Lake of the Ozarks is the Midwest's premier lake resort destination. While both population and local economic activity continue to peak in the summer season, the increasing number of second homeowners, the expansion in retail goods and the promotion of non-peak activities is smoothing out the sharpness of the peaks.

Long-term financial planning and policies

The City currently does not have a formal long-term financial plan or fund balance/reserve policy. The Board, during the 2011 Budget process, directed staff to maintain a six month cash reserve to operate the City at its budgeted level annually for the General Fund. The City prepares its budget for a one year period. Police cars are on a rotation plan and are replaced on a systematic basis before they are completely devalued. This process allows for level spending occurring on an annual basis. Capital expansion projects that are not funded through debt service but are high on the priority list are in the current year's budget. If the project lacks sufficient funds, the project will be carried into the next budget with funds added until sufficient funds are available to complete the project.

Reporting Standards and Formats

The standards used to formulate and present the content of this Comprehensive Annual Financial Report were set forth by the Governmental Accounting Standards Board (GASB), which incorporates the statements and interpretations of the National Council on Governmental Accounting (NCGA) until modification is deemed necessary. The GASB has also promulgated acceptance of certain standards as set by the American Institute of Certified Public Accountants (AICPA) in the guide for "Audits of State and Local Governmental Units." Guidance for illustrative interpretation was obtained by use of the 2012 "Governmental Accounting, Auditing and Financial Reporting" (GAAFR), published by the Government Finance Officers Association (GFOA).

Future Major Initiatives

Osage Beach City Park – Significant flood damage occurred to the Osage Beach City Park during 2013. The City will continue engineering and repairs to the pond levee, preventing this type of flood damage in the future. The estimated damages and repairs necessary will cost the City \$979,267. This expense will be offset by funds from insurance and FEMA/SEMA assistance.

Street improvement projects, including engineering, land purchases, and streetlights totaling \$2,874,961 are included in the 2014 budget. This includes Nichols Road improvements, the Zebra Connector, Highway 54/Osage Beach Parkway sidewalk improvements, Ozark Meadows road improvements, partial funding of the Highway 54/Osage Beach Parkway extension, plus \$290,339 for seal, asphalt overlay and striping in several areas.

In a joint effort with the Special Road District, the City plans to complete \$273,727 of street projects. The City provides the administrative and engineering services and the Special Road District provides the construction funds for the projects.

Water projects, including engineering, land purchases, upgrades to Scada, new water connection materials and several small projects totaling \$109,500 are included in the 2014 budget.

Sewer projects, including engineering and land purchases totaling \$1,920,568 are included in the 2014 budget. This includes various lift station improvements and sewer connections, the Passover Road sewer upgrade, several future sewer extensions, I & I and Scada improvements.

Lee C. Fine Airport will complete the budgeted \$742,000 hangar project using grant funds and begin leasing them.

Grand Glaize Airport plans to purchase land around the airport and complete an environmental study estimated to cost \$254,900 and a tree clearing project estimated to cost \$150,000, both of which will use grant funds.

Independent Audit

Bond ordinances require an annual audit by independent certified public accountants. The City of Osage Beach selected the firm of Williams Keepers LLC. Generally accepted auditing standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Osage Beach for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the fourteenth year that the City of Osage Beach has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of many City employees. I want to especially express my appreciation to the City Treasurer Department staff for assisting and contributing to its preparation.

Finally, I would like to acknowledge the Mayor, Board of Aldermen and the City Administrator for their support in planning and conducting the financial operations of the City in a professional and progressive manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Karri Bell". The script is fluid and cursive, with the first letters of each name being capitalized and prominent.

Karri Bell
City Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

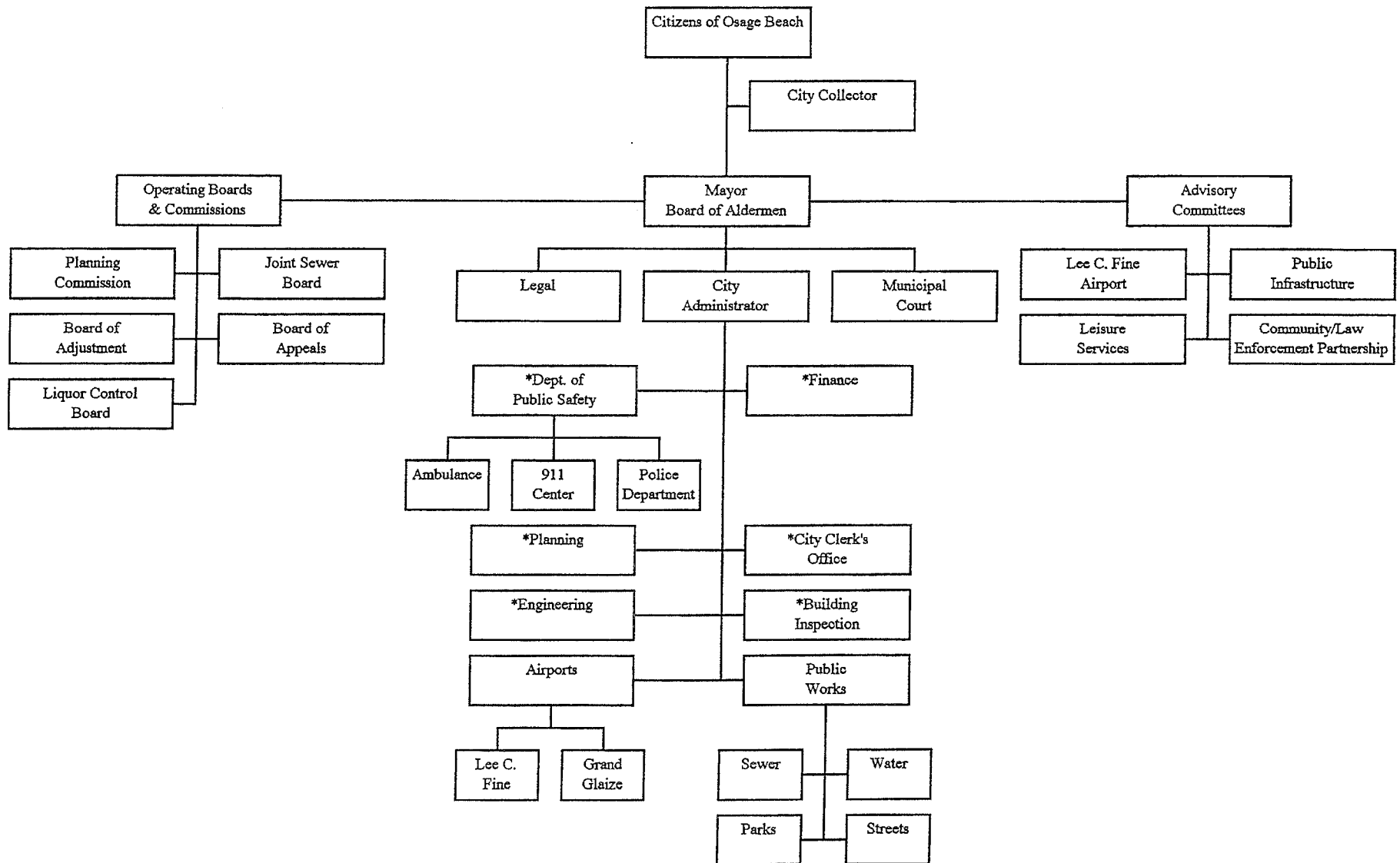
**City of Osage Beach
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

City of Osage Beach Organizational Chart



*Department Head appointed by Mayor and approved by Board of Aldermen

CITY OF OSAGE BEACH

Elected Officials

Mayor	Penny Lyons
Ward One	Kevin Rucker
.....	Ron Schmitt
Ward Two.....	Phyllis Marose
.....	Steven Kahrs
Ward Three.....	John Olivarri
.....	Tom Walker
City Collector	John M. Berry

Management Team

City Administrator	Nancy Viselli
City Clerk	Diann Warner
Chief of Police.....	Todd Davis
City Attorney.....	Ed Rucker
City Treasurer.....	Karri Bell
Building Official	Ron White
City Planner.....	Cary Patterson
Public Works Director.....	Nick Edelman
Assistant City Administrator.....	Jeana Woods
Human Resources Generalist	Cindy Leigh
Information Systems Operations Manager	James Davis
Airport Manager.....	Budd Hyde
Park Manager	Brian Willey

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams-Keepers LLC

FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Suite 100, Columbia, MO 65203

OFFICE (573) 442-6171 FAX (573) 777-7800

3220 West Edgewood, Suite E, Jefferson City, MO 65109

OFFICE (573) 635-6196 FAX (573) 644-7240

www.williamskeepers.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Osage Beach, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund for the City of Osage Beach, Missouri (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Osage Beach, Missouri as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison schedules, and the schedule of funding progress as listed in the table of contents 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 U.S. generally accepted auditing standards, 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 Osage Beach's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Williams Keepers LLC

June 2, 2014

City of Osage Beach, Missouri
Management Discussion and Analysis
December 31, 2013

This section of the City of Osage Beach's annual financial report presents a review of the City's financial activities for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Osage Beach exceeded its liabilities at the close of the fiscal year by \$92,337,167 (net position). Of this amount, \$8,846,747 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$12,523,193 from 2012. This is a total increase of \$12,308,201 from the City's governmental activities and an increase of \$241,992 from the business-type activities. The overall increase in governmental activities was primarily due to the acceptance of Osage Beach Parkway/Business Route 54 from the Missouri Transportation Commission for a contribution amount of \$12,625,371 into the City's capital asset inventory. The increase in business-type activities was primarily due to a State Block Grant from the Missouri Highway and Transportation Commission for land acquisition at the Grand Glaize Airport. The land acquisition added \$285,943 to the City's capital asset inventory.
- As mentioned previously, the City officially accepted ownership of the Osage Beach Parkway/Business Route 54 as of December 1, 2013 and will now be responsible for all operations and maintenance of the six miles of roadway. The City accepted ownership after approval of a supplemental agreement which updated the original 2007 agreement.
- In August 2013, the Osage Beach City Park was hit by a flood that caused the pond levee to breach and resulted in severe damage to much of the park. The estimated damages and repairs necessary to prevent this type of flooding in the future will cost the City \$979,267. This expense will be offset by funds from insurance and FEMA/SEMA assistance.
- The City entered into a Cost Apportionment Agreement with the Missouri Highways and Transportation Commission for the intersection of Route 54 and Key Largo Road improvements. This project includes slightly more than a quarter-mile of safety improvements, lighting and a truss-mounted overhead sign. The City contributed \$99,318 toward the \$538,698 project, which is expected to be completed in the spring.
- The Dierbergs Tax Increment Financing (TIF) project was completed during the year. The following stores opened during the year: Dierbergs Market, JJ Twiggs, Eyes on Missouri, Great Clips, UPS Store, Dick's Sporting Goods and Bed Bath & Beyond. The City created a process to bill and collect the sales tax from both the City of Osage Beach and Camden County and remit the collections to the TIF's bond trustee. The amount billed is 50% of sales tax received from these stores. Also, the City developed processes to collect the Transportation Development District (TDD) receipts from the State of Missouri and forward them to the TIF's bond trustee.
- The Osage Beach Special Road District contributed funds for the following transportation projects during the year: Dude Ranch sidewalk \$136,198, Harper Lane \$36,337 and miscellaneous storm drainage projects totaling \$89,781.
- Osage Beach Parks and Recreation Department received a generous donation of \$2,500 from the Osage Beach Elks #2517. These funds were used to help area youth attend soccer camp, baseball little league and the fishing derby.
- During the year, the City accepted State Block Grant funding from the Missouri Highways and Transportation Commission to build four clear span hangars at Lee C. Fine Airport that will have approximately 3500 square feet each. A contract to build the hangars was approved by the Mayor and Board of Aldermen for \$688,272 and the project is expected to be completed this summer.

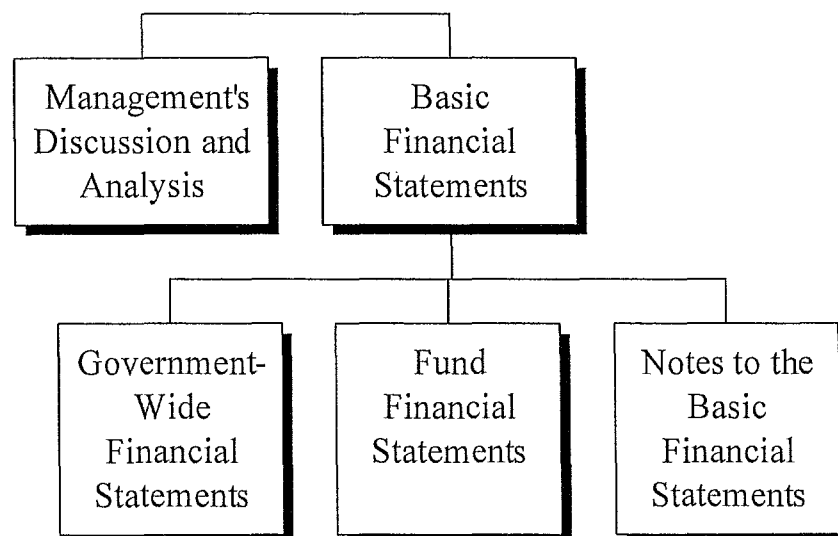
- The Health Insurance Opt-Out Program has 13 employees participating, with a total annual savings to the City of \$23,994. This brings the total savings since this program began to \$270,655.
- Economic Development included the City's membership in the Lake of the Ozarks Regional Economic Development Council, funding for two white goods recycling events, \$10,588 for the 13th Annual Fall Festival, \$8,693 to purchase new holiday light displays, and \$28,000 for advertising on electronic billboards on each side of the Grand Glaize Bridge.
- With its continued focus on safety, the City maintained its workers' compensation experience modification rating of .80. This rating reflects a 20% savings in workers' compensation premiums.
- The City's gross sales tax (on cash basis) increased 1.6%, from \$4,345,420 in fiscal year 2012 in the General Fund compared to \$4,414,542 in fiscal year 2013.
- The City approved policies for Neighborhood Improvement Districts and Community Improvement Districts.
- The City awarded the bid for property and liability insurance to Midwest Public Risk.
- The City implemented GASB Statement #65, *Items Previously Reported as Assets and Liabilities*. As a result, the beginning net position balance of the Water and Sewer Fund (included in the Proprietary Funds) and business-type activities were reduced by \$427,771 and the Tax Increment Financing District by \$405,610. The City no longer records bond issuance costs as an asset. In addition, certain items are no longer recorded as assets or liabilities but as deferred outflows or deferred inflows of resources.

OVERVIEW OF FINANCIAL STATEMENTS

The financial reports consist of the management's discussion and analysis, the basic financial statements, required supplementary information and additional supplementary information.

The basic financial statements include two kinds of statements that present different views of the City. The first statements are government-wide financials that provide both long-term and short-term information about the City's overall financial status. These statements are prepared on a full accrual basis of accounting to present information in a more corporate-like presentation on individual parts of the government. The remaining statements are the fund financials that focus on individual parts of the City government and report more detail.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements (Statement of Net Position and the Statement of Activities). The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The next statements are the fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements and 2) the proprietary funds statements.

The next section of the basic financial statements is the notes to the basic financial statements. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, required supplemental information is provided to show details about the City's performance relative to the budget.

Government-Wide Financial Statements

The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business type activities separately. These statements include certain infrastructure as well as all known liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by accounting standards with regard to inter-fund activity, payables and receivables.

The statement of net position and statement of activities report the City's net position and the resulting changes. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health, or financial assets. Over time, increases or decreases in the City's net position is a useful indicator of whether its financial position is improving or deteriorating. Other non-financial factors to consider are changes in the City's sales tax base and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the overall health of the City.

The statement of activities distinguishes the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities).

Governmental activities – Most of the City's basic services are reported in this category, including General Administration, Finance, Public Safety, Transportation and Parks. Sales taxes, franchise fees, user fees, interest income, and grants finance these activities.

Business-type activities – The City charges a fee to customers to cover most of the cost of services it provides. The Combined Water and Sewer Fund, Ambulance Fund, Lee C. Fine Airport Fund and Grand Glaize Airport Fund are reported in this activity.

Fund Financial Statements

The City uses two types of funds to manage its resources: governmental funds and proprietary funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related current liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationships or differences of activities reported in the Governmental Fund Financial Statement versus that reported in the Government-Wide Financial Statements are explained in the reconciliation schedules following the Governmental Fund Financial Statements.

Proprietary Funds – When the City charges customers for the services it provides to cover the cost of operations, these activities are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses, and changes in fund net position. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning budgetary comparison schedules for the major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As mentioned earlier, net position may serve as a useful indicator of the City's financial position. At the close of December 31, 2013, the City of Osage Beach's assets and deferred outflows of resources exceed liabilities by \$92,337,167. The largest portion of the City's net position, \$75,184,484 (81%), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The 81% of capital assets increased 3% from 2012. This reflects the City's balanced approach in spending to operate versus investment in capital assets and also reflects a contribution from the Missouri Department of Transportation. The City of Osage Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Osage Beach's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

The following table reflects the condensed Statement of Net Position as of December 31, 2013 and December 31, 2012:

City of Osage Beach Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$9,575,933	\$8,846,117	\$9,371,330	\$9,310,178	\$21,038,401	\$18,156,295
Capital assets	40,750,125	29,136,972	60,068,997	61,848,651	98,727,984	90,985,623
Total assets	50,326,058	37,983,089	69,440,327	71,158,829	119,766,385	109,141,918
Deferred outflows of resources			943,313		943,313	
Liabilities:						
Long-term liabilities outstanding	112,860	97,106	24,529,892	25,643,958	24,642,752	25,741,064
Other liabilities	655,094	636,080	3,074,685	2,950,800	3,729,779	3,586,880
Total liabilities	767,954	733,186	27,604,577	28,594,758	28,372,531	29,327,944
Net assets:						
Net investment in capital assets	40,750,125	29,136,972	34,434,359	33,596,269	75,184,484	62,733,241
Restricted	5,499,168	4,824,565	2,806,768	2,727,651	8,305,936	7,552,216
Unrestricted	3,308,811	3,288,366	5,537,936	6,240,151	8,846,747	9,528,517
Total net position	\$49,558,104	\$37,249,903	\$42,779,063	\$42,564,071	\$92,337,167	\$79,813,974

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the government, both per fund and as a whole. The City's combined net position increased to \$92,337,167 from \$79,813,974. This increase of 1% is primarily a result of capital contribution by the Missouri Department of Transportation giving ownership of the Osage Beach Parkway to the City, which is included in the governmental activities' capital assets. The City's unrestricted net position for governmental activities was \$3,308,811. Total unrestricted net position was \$8,846,747 including business-type activities. Unrestricted net position decreased \$702,215, primarily in business-type activities, and the majority is due to investing available cash into several sewer projects totaling \$586,318. As required by the implementation of GASB 65, deferred outflows/inflows of resources have been added to the Statement of Net Position, which resulted in a \$943,313 balance related to deferred charges on refunding of debt for the business-type activities. Additional information regarding deferred outflows/inflows of resources can be found in Note 1 (J).

Total net position of \$92,337,167 is comprised of \$75,184,484 invested in capital assets, net of related debt; \$8,305,936 is restricted for capital projects, debt service and other purposes; \$3,308,811 is unrestricted and available for general governmental purposes; and \$5,537,936 is unrestricted and available for the City's business-type activities.

Changes in Net Position

The following table reflects the revenues and expenses from the City's activities for the years ended December 31, 2013 and December 31, 2012:

City of Osage Beach Statement of Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$522,520	\$404,885	\$4,907,815	\$4,815,768	\$5,430,335	\$5,220,653
Operating grants and contributions	80,180	13,961	712,858	762,814	793,038	776,775
Capital grant and contributions	13,134,610	710,078	429,451	739,451	13,564,061	1,449,529
General Revenues:						
Sales taxes	8,745,521	8,765,944			8,745,521	8,765,944
Franchise taxes	941,599	851,346			941,599	851,346
Other taxes	227,257	223,701			227,257	223,701
Unrestricted investment earnings	50,401	52,263	49,346	49,697	99,747	101,960
Other revenues	558,548	528,215	4,460	130,000	563,008	658,215
Gain on sale of assets	543	11,218	3,883	24,226	4,426	35,444
Total revenues	24,261,179	11,561,611	6,107,813	6,521,956	30,368,992	18,083,567
Expenses:						
General Government	2,795,702	2,634,466			2,795,702	2,634,466
Public Safety	3,091,649	3,023,822			3,091,649	3,023,822
Streets and Highways	2,967,447	2,911,893			2,967,447	2,911,893
Park and recreation	458,198	510,657			458,198	510,657
Information Technology	331,982	379,314			331,982	379,314
Water and Sewer			5,140,506	4,926,973	5,140,506	4,926,973
Ambulance			549,256	502,076	549,256	502,076
Airports			1,267,451	1,453,944	1,267,451	1,453,944
Interest -- Long Term Debt			1,243,608	1,341,017	1,243,608	1,341,017
Total expenses	9,644,978	9,460,152	8,200,821	8,224,040	17,845,799	17,684,192
Increase (decrease) in net position before transfers	14,616,201	2,101,459	(2,093,008)	(1,702,054)	12,523,193	399,405
Transfers	(2,308,000)	(2,405,000)	2,308,000	2,405,000		
Increase (decrease) in net position after transfers	12,308,201	(303,541)	214,992	702,946	12,523,193	399,405
Net Position, beginning of year, as restated	37,249,903	37,553,444	42,564,071	41,861,125	79,813,974	79,414,569
Net Position, end of year	\$49,558,104	\$37,249,903	\$42,779,063	\$42,564,071	\$92,337,167	\$79,813,974

Governmental Activities

Governmental activities increased the City's net position by \$12,308,201. This increase is primarily a result of a capital contribution by the Missouri Department of Transportation giving ownership of the Osage Beach Parkway to the City. Sales tax revenue, the City's largest general revenue, is \$8,745,521. Sales tax revenue was .2% less than the total of \$8,765,944 in 2012. Interest revenue decreased from \$52,263 in 2012 to \$50,401 in 2013. Interest rates on the City's certificates of deposit remained low at an average of .75%. Charges for services increased 23% from \$404,885 in 2012 to \$522,520 in 2013. One of the largest areas of increase within charges for services was building permits; the total value of permits issued increased from \$16,957,616 in 2012 to \$33,884,622 in 2013, mainly attributable to several new commercial properties obtaining permits during the year. The largest of these were Dierbergs, Osage Beach Elementary School, and a new nursing home. For the fiscal year ended December 31, 2013, revenues totaled \$30,368,992 (governmental and business-type). Revenues from governmental activities totaled \$24,261,179 or 80% of total City revenues.

Governmental activities expenses increased \$184,826 (2%) for the fiscal year ended December 31, 2013, compared to the fiscal year ended December 31, 2012. Increases occurred in General Government, Public Safety, and Streets and Highways. These increases were spread over most accounts including salaries, overtime and health insurance.

The following table shows expenses and program revenues of the governmental activities for the year ending December 31, 2013. The purpose of this statement is to measure gross expenses against charges for services and grants and other funding.

Net Cost of Osage Beach's Governmental Activities

	Total costs of services	Net costs of services
General government	\$2,795,702	\$(2,497,747)
Public safety	3,091,649	(2,860,464)
Parks and recreation	458,198	(454,139)
Information technology	331,982	(331,982)
Streets and highways	2,967,447	10,236,664
Total	<u>\$9,644,978</u>	<u>\$ 4,092,332</u>

As previously noted, expenses from governmental activities totaled \$9,644,978. However, net costs of these services were \$4,092,332. The difference represents direct revenues received from charges for services of \$522,520, operating grants of \$80,180 and capital grants and contributions of \$13,134,610. Operating grants include overtime reimbursements associated with DWI programs and a solid waste grant. Net costs of services decreased \$12,423,560, as a reflection of Capital Grants and Contributions. The total of \$13,134,610 includes \$172,535 from the Special Road District for road and sidewalk projects, \$26,704 from Missouri Highway Safety Division grant for sidewalks and \$12,625,371 (value of Osage Beach Parkway) from transferring ownership from the Missouri Department of Transportation to the City.

Business-Type Activities

Business-type activities net position increased by \$214,992. Total revenues decreased \$414,143 (6%) and total expenses decreased \$63,739 (1%) compared to the prior year. Capital grants and contributions decreased significantly for Water/Sewer due to Highway 54 projects being completed and, therefore, utility relocates not required in the current year. Capital grants for the City's two airports remain consistent with prior year. Charges for services increased \$92,047 (2%) from \$4,815,768 in 2012 to \$4,907,815 in 2013. Charges for services revenue increased slightly for Ambulance and Water/Sewer. There were no rate increases made during the year for any of the business-type activities. Total expenses slightly decreased \$63,739 (1%), from \$8,264,561 in 2012 to \$8,200,821 in 2013; the decrease was spread over multiple accounts. Due to the adoption of GASB No. 65, the net position at the beginning of the year was reduced by \$427,771. Additional information regarding this restatement can be found in Note 15.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

As noted earlier, the City of Osage Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Osage Beach's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Osage Beach's financial requirements.

General Fund - The General Fund is the chief operating fund of the City of Osage Beach. The General Fund includes legislative expenses, General Administration, City Attorney, Engineering, City Treasurer, City Clerk, Building Official, Police, Communications, Parks, Economic Development, and Planning activities of the City. All of these activities are provided to and benefit all of the citizens equally and equitably. This area tends to work on the quality of life and the protection of the citizens and assets of the citizens as a group. At the end of the current fiscal year, total fund balance of the General Fund was \$3,467,352, a decrease of \$21,122 under the beginning balance of \$3,488,474. General Fund total revenue increased 4% and expenses decreased 3%, leaving Fund Balance consistent with prior year. General Fund expenditures included four Ford Explorers and set-up for the police department, totaling \$119,200, and \$81,668 was spent on improvement to City Hall's lower level. The Highway Patrol contributed \$29,008 to finish the lower level and will lease it for a minimum of five years. The unassigned General Fund balance at year-end was \$3,467,352.

Transportation Fund - This Fund is established pursuant to the Missouri Constitution Article IV, Section 30(a)(2) [State Gas Tax], Revised Missouri Statutes 94.745 (City ½ cent sales tax). It is used for transportation purposes within the City of Osage Beach. This Fund provides for the maintenance and expansion of transportation needs of our citizens. Included in this Fund are repair and maintenance of the existing public road system and upgrades to the local transportation system. At the end of the current fiscal year, total fund balance of the Transportation Fund was \$4,311,642, an increase of \$689,619 from the beginning balance of \$3,622,023. All of the Transportation Fund balance was restricted for highways and streets at year-end. The fund balance increase was mainly due to capital projects not completed as originally budgeted; such projects were rebudgeted for 2014. The City invested \$1,005,954 in transportation projects across the City.

Capital Improvements Tax Fund - This Fund is established as required under the Revised Missouri Statutes 94.577. The monies collected here are from a ½ cent general sales tax. The Mayor and Board of Aldermen, by ordinance, have committed these funds to help offset the debt service cost of the water and sewer system. As of the close of the current fiscal year, the City of Osage Beach's Capital Improvement Fund reported an ending fund balance of \$1,187,526, a decrease of \$15,016 from the beginning balance of \$1,202,542. All of the Capital Improvement Fund fund balance was restricted for capital improvements/debt service at year-end. The fund balance decrease was primarily due to an increase in transfers to water/sewer for the year.

General Fund Budget Highlights - Each fiscal year, the City formally adopts its budget prior to the beginning of the fiscal year. If necessary, the original budget is amended to re-appropriate unspent funds before the current fiscal year ends. The total original expenditure budget of \$7,254,298 was not amended during the fiscal year. On a budgetary basis, which can be found in the Required Supplementary Information, the revenues and other sources compared to expenditures and other uses resulted in a decrease of \$21,122 in fund balance. Actual revenue was more than budgeted revenue by \$63,845, due mainly to under budgeting of electric franchise fees and building permits. Actual expenditures were under the budgeted amount by \$764,738; the main reason for this reduction was the Osage Beach Welcome Sign budget of \$400,000 was cancelled and replaced with the rental of electronic signs.

Proprietary Funds

Combined Water and Sewer Fund – The Sewer Fund was created in 1985 to track revenue and expenses associated with the operation of the sewer system. A City water system was started in 1998 and changed the Sewer Fund into a combined fund. This Fund was established under the Bond Ordinances to segment the operations of the Combined Water and Sewer Fund from other activities of the City. The Combined Water and Sewer Funds are based on a user fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of the water and sewer utilities. This fee is subsidized by revenue transferred in from the Capital Improvements Tax Fund to offset debt service costs. At the end of the current fiscal year, total net position of the Water and Sewer Fund was \$39,274,450, an increase of \$238,927 over the beginning (restated for change in accounting principle) balance of \$39,035,523. The unrestricted net position in the Water and Sewer Fund at year-end was \$5,221,224. No water or sewer rates were changed during the year.

Ambulance Fund – This Fund was established by Board directive in order to track the costs of ambulance service to the citizens of Osage Beach. The City of Osage Beach began operating an ambulance service in 1984. The Fund receives its revenue from user fees. Fees are not sufficient to cover the cash flow of operation, nor do they cover the non-cash cost (depreciation). The differences in cash payouts are made up by transfers from General Fund. At the end of the current fiscal year, total net position of the Ambulance Fund was \$161,787. The unrestricted Ambulance net position at year-end was \$77,788. The decrease in net position of \$47,560 is the result of transfers from General Fund decreasing \$57,000 compared to 2012. Calls for service were down 13 compared to 2012, resulting in fewer billable trips.

Lee C. Fine Airport Fund – This Fund was established in 1999 by Board directive in order to track the costs of airport service to the public. The Fund receives its revenue from user fees and grants. The differences in cash payouts are made up by transfers from the General Fund. At the end of the current fiscal year, the total net asset balance of the Lee C. Fine Airport Fund was \$2,393,155, a decrease of \$165,233 from the beginning balance of \$2,558,388. The unrestricted net position of the Lee C. Fine Airport Fund at year-end was \$164,926. During the year, the City approved a construction contract to build four hangars. This project is grant funded, but requires up to 10% matching funds by the City. The project will start and be completed in 2014. The decrease in net position is a result of operating costs being more than revenues and receiving zero transfers from General Fund for the year.

Grand Glaize Airport Fund – This Fund was established in 1999 by Board directive in order to track the costs of airport service to the public. The Fund receives its revenue from user fees and grants. The differences in cash payouts are made up by transfers from the General Fund. At the end of the current fiscal year, total net position of the Grand Glaize Airport Fund was \$949,671, an increase of \$188,858 from the beginning balance of \$760,813. The unrestricted net position of Grand Glaize Fund was \$73,998. Operating revenue increased slightly and expenses increased 13%, primarily due to repairs and maintenance. The increase in net position is a result of grant funding of land totaling \$285,943; the City's contribution was 5%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The amount invested in capital assets for the City as of December 31, 2013 is \$100,819,122, net of accumulated depreciation. This amount includes all infrastructure assets acquired during 2013 and prior years (construction in progress) for water, sewer, and street infrastructure. Capital assets increased \$7,742,361 or 8% during the year. This change reflects a gain of net position in governmental activities and a reduction of net position in the business-type activities. The City is investing in water and sewer projects, but not at a pace that equals depreciation at this time. The following chart breaks down the City's capital asset balance into the various categories of assets. Additional information regarding the City's capital assets can be found in Note 6.

City of Osage Beach's Capital Assets
(Net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Land	\$1,830,330	\$1,830,330	\$897,793	\$552,250	\$2,728,123	\$2,382,580
Construction in Progress	267,101	117,452	147,776	93,201	414,877	210,653
Buildings and Improvements	7,367,339	7,274,553	4,182,575	4,242,075	11,549,914	11,516,628
Equipment	3,771,529	3,726,477	1,594,702	1,591,889	5,366,231	5,318,366
Infrastructure	51,423,080	38,069,345			51,423,080	38,069,345
Water System			35,043,639	35,043,639	35,043,639	35,043,639
Sewer System			57,736,557	57,275,192	57,736,557	57,275,192
Sub-Total	64,659,379	51,018,157	99,603,042	98,798,246	164,262,421	149,816,403
Less accumulated depreciation	(23,909,254)	(21,881,185)	(39,534,045)	(36,949,685)	(63,443,299)	(58,830,870)
Capital assets net of depreciation	\$40,750,125	\$29,136,972	\$60,068,997	\$61,848,561	\$100,819,122	\$90,985,533

Major capital asset transactions during the year include the following:

- The Police Department purchased and set-up four 2013 Ford Explorers for \$119,200.
- City Hall expanded its finished office space in the lower level at a cost of \$81,668. The Highway Patrol contributed \$29,008 to this expense and will lease it for a minimum of five years.
- A new storage building at Osage Beach City Park at a cost of \$11,119.
- Missouri Highways and Transportation Commission, per agreement, transferred ownership of Osage Beach Parkway to the City. The contributed value of the Osage Beach Parkway is \$12,625,371.
- Transportation projects the City completed include Ozark Meadows costing \$88,646 and engineering and design work for reconstruction of Nichols Road between the expressway and the Osage Beach Parkway costing \$116,269. City projects where the Osage Beach Special Road District contributed funds were Dude Ranch sidewalk, \$136,198, Harper Lane, \$36,337, and miscellaneous storm drainage projects, \$89,781. A private road named Parkwood Circle was accepted by the City and valued at \$310,000.
- A new storage building at Public Works for use by the Transportation Department for \$54,235.
- The Transportation Department purchased one Ford Dump Truck with plow for \$49,504.
- Sewer Infrastructure included providing service to Mace Road (Osage Beach City residents formerly served by the City of Lake Ozark), a section of force main replacement, several lift/grinder station upgrades, and pump/panel replacement program for a total investment of \$586,318.
- Grand Glaize Airport purchased land for \$285,943 and was reimbursed 95% by a grant from the Missouri Highways and Transportation Commission.

Debt Administration

The gross debt at December 31, 2013, was \$25,920,000, a decrease of \$2,030,000. The debt consists of Sewerage and Waterworks Revenue Bonds. The final payoff year for these bonds is 2027.

City of Osage Beach Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Revenue bonds			\$25,920,000	\$27,950,000	\$25,920,000	\$27,950,000
Total			\$25,920,000	\$27,950,000	\$25,920,000	\$27,950,000

Missouri statutes limit the amount of general obligation debt that a unit of government can issue to twenty percent of the total assessed value of taxable property located within the City's boundaries. The legal debt limit for the City of Osage Beach was \$55,091,515. Additional information regarding the City's long-term debt can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Osage Beach is experiencing improved growth compared to past years. At the end of 2013, the City issued 649 business licenses to various businesses, 473 contractor's licenses, 78 liquor licenses and 18 dog licenses. The Building Inspection Department issued 72 commercial permits and 67 residential permits, representing investment in our community of \$33,884,622. Camdenton School District's construction of a new Osage Beach Elementary School represents a \$12,902,314 investment in our community. The project will provide classroom space for four sections of each grade level up to fourth grade. This new school will increase traffic on the west side of the City.

The City depends greatly on sales tax revenue. The City of Osage Beach is recognized as both a retail center and a tourist destination, and retail sales exceed the norm for cities of comparable size. Osage Beach is the home of the Osage Beach Premium Outlet Center with over 90 stores, numerous national chains and locally owned specialty retail. The permanent and second homeowner population of Osage Beach continues to grow. This growth in turn will increase retail sales in the future.

The above factors were considered in preparing the City of Osage Beach's budget for the 2014 fiscal year.

The City of Osage Beach has appropriated \$7,578,411 for spending in the General Fund 2014 fiscal year budget. Compared to the 2013 actual of \$6,489,860, budgeted expenses will increase 14%. Of the total appropriated in General Fund, \$1,056,973 is budgeted for capital expenditures. The budget includes a 2% increase in sales tax revenue during the 2014 fiscal year compared to estimated revenue in 2013. Merit increases will be granted to employees in 2014, based on the Matrix Plan and employee job performance. The City capital expenditure includes \$625,000 for City Park repairs/improvements.

The City's water and sewer rates, approved by the Mayor and Board of Aldermen, increased January 1, 2014, at an average of 3%.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Karri Bell, City Treasurer, City of Osage Beach, 1000 City Parkway, Osage Beach, MO 65065.

**City of Osage Beach
Statement of Net Position
December 31, 2013**

	Governmental Activities	Business-type Activities	Total	Tax Increment Financing District
ASSETS				
Cash and cash equivalents	\$ 2,481,563	\$ 5,146,227	\$ 7,627,790	\$ 1,592
Investments	5,000,000	-	5,000,000	-
Receivables, net	1,394,148	326,137	1,720,285	763,691
Due from other governments	3,948	49,638	53,586	-
Inventories	-	368,029	368,029	-
Restricted assets:				
Cash and cash equivalents	694,992	2,063,915	2,758,907	2,198,500
Investments	1,282	1,417,384	1,418,666	875,142
Capital assets:				
Non-depreciable	2,097,431	1,045,569	3,143,000	-
Depreciable, net	38,652,694	59,023,428	97,676,122	-
Total assets	<u>50,326,058</u>	<u>69,440,327</u>	<u>119,766,385</u>	<u>3,838,925</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	943,313	943,313	180,651
Total deferred outflows of resources	<u>-</u>	<u>943,313</u>	<u>943,313</u>	<u>180,651</u>
LIABILITIES				
Accounts payable	362,630	239,472	602,102	66,522
Accrued liabilities	142,717	45,978	188,695	-
Accrued interest	-	652,039	652,039	136,878
Restricted customer deposits	24,546	-	24,546	-
Funds held for others	10,026	-	10,026	-
Long-term liabilities				
Due within one year				
Bonds payable	-	2,110,000	2,110,000	1,010,000
Compensated absences	115,175	27,196	142,371	-
Due in more than one year				
Bonds payable	-	24,467,951	24,467,951	16,344,769
Other post employment benefits obligation	112,860	39,449	152,309	-
Arbitrage rebate payable	-	22,492	22,492	-
Total liabilities	<u>767,954</u>	<u>27,604,577</u>	<u>28,372,531</u>	<u>17,558,169</u>
NET POSITION				
Net investment in capital assets	40,750,125	34,434,359	75,184,484	-
Restricted for:				
Highways and streets	4,311,642	-	4,311,642	-
Debt service	661,702	1,047,912	1,709,614	3,073,642
Depreciation and replacement	-	1,758,856	1,758,856	-
Capital improvements	525,824	-	525,824	-
Unrestricted	<u>3,308,811</u>	<u>5,537,936</u>	<u>8,846,747</u>	<u>(16,612,235)</u>
Total net position	<u>\$ 49,558,104</u>	<u>\$ 42,779,063</u>	<u>\$ 92,337,167</u>	<u>\$ (13,538,593)</u>

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General government	\$ 2,795,702	\$ 287,269	\$ 10,686	\$ -	\$ (2,497,747)		\$ (2,497,747)	
Public safety	3,091,649	231,185	-	-	(2,860,464)		(2,860,464)	
Parks and recreation	458,198	4,059	-	-	(454,139)		(454,139)	
Information technology	331,982	-	-	-	(331,982)		(331,982)	
Streets and highways	2,967,447	7	69,494	13,134,610	10,236,664		10,236,664	
Total governmental activities	9,644,978	522,520	80,180	13,134,610	4,092,332		4,092,332	
Business-type activities								
Water/Sewer	6,384,114	3,813,025	712,858	114,469		(1,743,762)	(1,743,762)	
Ambulance	549,256	178,696	-	-		(370,560)	(370,560)	
Airports	1,267,451	916,094	-	314,982		(36,375)	(36,375)	
Total business-type activities	8,200,821	4,907,815	712,858	429,451		(2,150,697)	(2,150,697)	
Total primary government	\$ 17,845,799	\$ 5,430,335	\$ 793,038	\$ 13,564,061	4,092,332	(2,150,697)	1,941,635	
Component Units								
Tax Increment Financing District	\$ 1,167,676	\$ -	\$ -	\$ -				\$ (1,167,676)
General revenues:								
Taxes								
County road taxes					69,622	-	69,622	-
Property taxes					-	-	-	503,617
Sales taxes					8,745,521	-	8,745,521	1,948,334
Franchise taxes					941,599	-	941,599	-
Motor vehicle fuel and license taxes					157,635	-	157,635	-
Payments from enterprise funds					479,312	-	479,312	-
Unrestricted investment earnings					50,401	49,346	99,747	12,784
Other income					79,236	4,460	83,696	-
Gain on sale of capital assets					543	3,883	4,426	-
Transfers					(2,308,000)	2,308,000	-	-
Total general revenues, special items, and transfers					8,215,869	2,365,689	10,581,558	2,464,735
Change in net position					12,308,201	214,992	12,523,193	1,297,059
Net position - beginning, as restated for cumulative effect of change in accounting principle					37,249,903	42,564,071	79,813,974	(14,835,652)
Net position - ending					\$ 49,558,104	\$ 42,779,063	\$ 92,337,167	\$ (13,538,593)

See accompanying notes to the basic financial statements.

**City of Osage Beach
Balance Sheet
Governmental Funds
December 31, 2013**

	<u>General</u>	<u>Transportation</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 564,984	\$ 1,660,743	\$ 255,836	\$ 2,481,563
Restricted	34,572	-	660,420	694,992
Investments				
Unrestricted	2,500,000	2,500,000	-	5,000,000
Restricted	-	-	1,282	1,282
Receivables				
Taxes	695,776	309,170	309,170	1,314,116
Receivable from other governments	-	3,948	-	3,948
Other	10,538	69,494	-	80,032
Total assets	<u>\$ 3,805,870</u>	<u>\$ 4,543,355</u>	<u>\$ 1,226,708</u>	<u>\$ 9,575,933</u>
LIABILITIES				
Accounts payable	\$ 177,559	\$ 145,889	\$ 39,182	\$ 362,630
Accrued payroll	126,387	16,330	-	142,717
Payable from restricted assets:				
Due to others	10,026	-	-	10,026
Bail bond deposits	12,546	-	-	12,546
Building deposits	12,000	-	-	12,000
Total liabilities	<u>338,518</u>	<u>162,219</u>	<u>39,182</u>	<u>539,919</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Special Road District reimbursement	-	69,494	-	69,494
Total deferred inflows of resources	<u>-</u>	<u>69,494</u>	<u>-</u>	<u>69,494</u>
FUND BALANCES				
Restricted for:				
Debt service	-	-	661,702	661,702
Highways and streets	-	4,311,642	-	4,311,642
Capital improvements	-	-	525,824	525,824
Unassigned	3,467,352	-	-	3,467,352
Total fund balances	<u>3,467,352</u>	<u>4,311,642</u>	<u>1,187,526</u>	<u>8,966,520</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,805,870</u>	<u>\$ 4,543,355</u>	<u>\$ 1,226,708</u>	<u>\$ 9,575,933</u>

See accompanying notes to the basic financial statements.

City of Osage Beach

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2013**

Fund balances - total governmental funds		\$ 8,966,520
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	64,659,379	
Less accumulated depreciation	<u>(23,909,254)</u>	
		40,750,125
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Unavailable revenue		69,494
Long-term liabilities, including interest payable, bonds payable, accrued compensated absences, and other post employment benefits obligation, are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds:		
Accrued compensated absences		(115,175)
Other post employment benefits obligation		<u>(112,860)</u>
Net position of governmental activities		<u>\$ 49,558,104</u>

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	<u>General</u>	<u>Transportation</u>	<u>Capital Improvement</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Sales	\$ 4,406,214	\$ 2,169,653	\$ 2,169,654	\$ 8,745,521
Franchise	941,599	-	-	941,599
Motor vehicle fuel and license	-	157,635	-	157,635
County road taxes	-	69,622	-	69,622
Licenses, fines, permits and fees	522,513	7	-	522,520
Intergovernmental	10,686	199,239	-	209,925
Interest	25,633	19,128	5,640	50,401
Payments from enterprise funds	479,312	-	-	479,312
Miscellaneous	79,236	-	-	79,236
Total revenues	<u>6,465,193</u>	<u>2,615,284</u>	<u>2,175,294</u>	<u>11,255,771</u>
EXPENDITURES				
Current:				
General government	2,252,637	-	-	2,252,637
Public safety	2,973,390	-	-	2,973,390
Park and recreation	250,501	-	-	250,501
Information technology	272,124	-	-	272,124
Streets and highways	-	919,711	-	919,711
Capital improvements	-	-	265,310	265,310
Capital outlay				
Projects and equipment	358,208	-	-	358,208
Streets and highways	-	1,005,954	-	1,005,954
Total expenditures	<u>6,106,860</u>	<u>1,925,665</u>	<u>265,310</u>	<u>8,297,835</u>
Excess of revenues over expenditures	<u>358,333</u>	<u>689,619</u>	<u>1,909,984</u>	<u>2,957,936</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(383,000)	-	(1,925,000)	(2,308,000)
Sale of capital assets	3,545	-	-	3,545
Total other financing sources (uses)	<u>(379,455)</u>	<u>-</u>	<u>(1,925,000)</u>	<u>(2,304,455)</u>
Net change in fund balances	(21,122)	689,619	(15,016)	653,481
Fund balances - beginning	3,488,474	3,622,023	1,202,542	8,313,039
Fund balances - ending	<u>\$ 3,467,352</u>	<u>\$ 4,311,642</u>	<u>\$ 1,187,526</u>	<u>\$ 8,966,520</u>

See accompanying notes to the basic financial statements.

City of Osage Beach
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds: \$ 653,481

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

Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays were more than the depreciation in the current period.

Depreciation expense	(2,158,940)	
Capital outlay capitalized as assets	839,723	
		(1,319,217)

Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated assets	12,935,371	
Intergovernmental	69,494	
		13,004,865

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Compensated absences	(12,173)	
Loss on disposal of capital assets	(3,000)	
Other post employment benefits obligation	(15,755)	
Change in net position of governmental activities		\$ 12,308,201

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Net Position
Proprietary Funds
December 31, 2013

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,923,908	\$ 60,216	\$ 101,589	\$ 60,514	\$ 5,146,227
Receivables (net of allowances for uncollectibles)					
Accounts	284,195	41,349	200	393	326,137
Receivable from other governments	-	-	37,991	11,647	49,638
Inventories	295,979	-	44,808	27,242	368,029
Total current assets	5,504,082	101,565	184,588	99,796	5,890,031
Non-current assets:					
Restricted cash and cash equivalents	2,063,915	-	-	-	2,063,915
Restricted investments	1,417,384	-	-	-	1,417,384
Capital assets:					
Non-depreciable	677,104	-	22,922	345,543	1,045,569
Depreciable, net	56,203,992	83,999	2,205,307	530,130	59,023,428
Total non-current assets	60,362,395	83,999	2,228,229	875,673	63,550,296
Total assets	65,866,477	185,564	2,412,817	975,469	69,440,327
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	943,313	-	-	-	943,313
Total deferred outflows of resources	943,313	-	-	-	943,313
LIABILITIES					
Current liabilities:					
Accounts payable	215,830	3,804	7,207	12,631	239,472
Accrued payroll	23,692	11,876	4,524	2,804	42,896
Accrued interest payable	652,039	-	-	-	652,039
Other accrued expenses	3,082	-	-	-	3,082
Compensated absences	16,252	4,718	1,652	4,574	27,196
Bonds, notes and loans payable	2,110,000	-	-	-	2,110,000
Total current liabilities	3,020,895	20,398	13,383	20,009	3,074,685
Non-current liabilities:					
Bonds, notes and loans payable	24,467,951	-	-	-	24,467,951
Other post employment benefits payable	24,002	3,379	6,279	5,789	39,449
Arbitrage rebate payable	22,492	-	-	-	22,492
Total non-current liabilities	24,514,445	3,379	6,279	5,789	24,529,892
Total liabilities	27,535,340	23,777	19,662	25,798	27,604,577
NET POSITION					
Net investment in capital assets	31,246,458	83,999	2,228,229	875,673	34,434,359
Restricted for:					
Debt service	1,047,912	-	-	-	1,047,912
Depreciation and replacement	1,758,856	-	-	-	1,758,856
Unrestricted	5,221,224	77,788	164,926	73,998	5,537,936
Total net position	\$ 39,274,450	\$ 161,787	\$ 2,393,155	\$ 949,671	\$ 42,779,063

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
REVENUES					
Charges for services	\$ 3,813,025	\$ 178,696	\$ 644,725	\$ 128,623	\$ 4,765,069
Rental income	-	-	87,815	54,931	142,746
Operating grants and contributions	712,858	-	-	-	712,858
Total operating revenues	4,525,883	178,696	732,540	183,554	5,620,673
OPERATING EXPENSES					
Cost of sales and services	953,182	31,488	535,987	113,242	1,633,899
Administration	291,431	52,064	2,746	15,449	361,690
Personnel services	719,629	412,249	192,994	124,082	1,448,954
Repairs and maintenance	426,489	8,071	66,230	41,641	542,431
Other supplies and expenses	1,103	-	-	-	1,103
Insurance	71,846	20,391	14,884	15,309	122,430
Depreciation and amortization	2,525,187	24,993	115,993	25,275	2,691,448
Miscellaneous expenses	-	-	1,667	1,952	3,619
Total operating expenses	4,988,867	549,256	930,501	336,950	6,805,574
Operating loss	(462,984)	(370,560)	(197,961)	(153,396)	(1,184,901)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	49,346	-	-	-	49,346
Interest expense	(1,243,608)	-	-	-	(1,243,608)
Miscellaneous revenue	4,460	-	-	-	4,460
Gain on sale of capital assets	3,883	-	-	-	3,883
Bond and financial services fees	(151,639)	-	-	-	(151,639)
Total non-operating revenue (expenses)	(1,337,558)	-	-	-	(1,337,558)
Loss before contributions and transfers	(1,800,542)	(370,560)	(197,961)	(153,396)	(2,522,459)
Capital grants and contributions	114,469	-	32,728	282,254	429,451
Transfers in	1,925,000	323,000	-	60,000	2,308,000
Change in net assets	238,927	(47,560)	(165,233)	188,858	214,992
Total net position - as restated for cumulative effect of change in accounting principle	39,035,523	209,347	2,558,388	760,813	42,564,071
Total net position - ending	\$ 39,274,450	\$ 161,787	\$ 2,393,155	\$ 949,671	\$ 42,779,063

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Cash Flows
For the Year Ended December 31, 2013

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Collections from customers and users	\$ 3,826,319	\$ 187,635	\$ 700,136	\$ 173,216	\$ 4,887,306
Payments for goods and services	(1,685,674)	(74,594)	(646,855)	(188,310)	(2,595,433)
Payments on behalf of employees for services	(715,726)	(412,856)	(191,267)	(124,106)	(1,443,955)
Payments for interfund services used	(165,000)	(35,400)	-	-	(200,400)
Other operating revenues	565,679	-	-	-	565,679
Net cash provided (used) by operating activities	1,825,598	(335,215)	(137,986)	(139,200)	1,213,197
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund transfers	1,925,000	323,000	-	60,000	2,308,000
Net cash provided by noncapital financing activities	1,925,000	323,000	-	60,000	2,308,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(493,116)	-	(22,922)	(285,942)	(801,980)
Capital grants and contributions	114,469	-	32,728	282,254	429,451
Sale of capital assets	3,883	-	-	-	3,883
Principal paid on capital debt	(1,950,000)	-	-	-	(1,950,000)
Interest paid on capital debt	(1,395,720)	-	-	-	(1,395,720)
Net cash provided (used) by capital and related financing activities	(3,720,484)	-	9,806	(3,688)	(3,714,366)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	49,346	-	-	-	49,346
Net change in short-term money market mutual funds	(18,054)	-	-	-	(18,054)
Proceeds from maturity of guaranteed investment contracts	38,298	-	-	-	38,298
Purchase of guaranteed investment contracts	(27,083)	-	-	-	(27,083)
Reinvestment of investment income	925	-	-	-	925
Net cash provided by investing activities	43,432	-	-	-	43,432
Net increase (decrease) in cash and cash equivalents	73,546	(12,215)	(128,180)	(82,888)	(149,737)
Cash and cash equivalents-beginning of year	6,914,277	72,431	229,769	143,402	7,359,879
Cash and cash equivalents-end of year	\$ 6,987,823	\$ 60,216	\$ 101,589	\$ 60,514	\$ 7,210,142
Reconciliation of operating loss to net cash provided by operating activities:					
Operating loss	\$ (462,984)	\$ (370,560)	\$ (197,961)	\$ (153,396)	\$ (1,184,901)
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Miscellaneous revenue	(147,179)	-	-	-	(147,179)
Depreciation and amortization	2,525,187	24,993	115,993	25,275	2,691,448
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	13,294	8,939	(32,404)	(10,337)	(20,508)
(Increase) decrease in inventory	(164,333)	-	(10,445)	(9,592)	(184,370)
Increase (decrease) in accounts payable and accrued liabilities	61,613	1,413	(13,169)	8,850	58,707
Total adjustments	2,288,582	35,345	59,975	14,196	2,398,098
Net cash provided (used) by operating activities	\$ 1,825,598	\$ (335,215)	\$ (137,986)	\$ (139,200)	\$ 1,213,197
Reconciliation of cash and cash equivalents to Statement of Net Position:					
Cash and cash equivalents	\$ 4,923,908	\$ 60,216	\$ 101,589	\$ 60,514	\$ 5,146,227
Restricted cash and cash equivalents	2,063,915	-	-	-	2,063,915
	\$ 6,987,823	\$ 60,216	\$ 101,589	\$ 60,514	\$ 7,210,142

See accompanying notes to the basic financial statements.

CITY OF OSAGE BEACH

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments*.

A. Reporting Entity

The City of Osage Beach, Missouri (City) was incorporated in 1959 and covers an area of approximately ten square miles in Camden and Miller Counties, Missouri. The City is governed by an elected mayor and an elected six-member Board of Aldermen, who in turn appoint a City Administrator, City Clerk, Police Chief, Building Official, City Treasurer, City Planner, City Engineer and City Attorney. The City provides services to its more than four thousand residents in many areas including: law enforcement, water and sewer services, ambulance, airports, and economic development. These services do not include education, which is provided by separate governmental entities.

The basic financial statements of the City include all of the funds relevant to the operations of the City of Osage Beach. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Osage Beach that have been determined not to be component units as defined by Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity: Omnibus" (GASB 61).

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 able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading if excluded.

As required by generally accepted accounting principles, 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 Tax Increment Financing (TIF) District is responsible for encouraging development of commercial enterprises in the District. The members of the District's governing board are appointed by various political subdivisions which levy taxes in the District. The City is financially accountable for the District as the City appoints a voting majority to the District's board and is able to impose its will on the organization through approval or rejection of plans and projects recommended by the District's governing board.

The District is presented as a discretely presented component unit in the basic financial statements. The District maintains only one fund, a governmental fund type, and does not issue separately prepared financial statements.

B. Fund Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the City. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues,

and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Each individual fund of the City is considered to be a major fund.

The City uses funds to report its financial position and results of its operations in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. The City has no fiduciary funds.

The City reports the following major governmental funds:

General Fund – This 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.

Transportation Fund – This special revenue fund was established to account for the ongoing maintenance and construction of streets and receives revenue generated by a one-half of one percent sales tax.

Capital Improvement Sales Tax Fund – This special revenue fund was established to subsidize debt service for the water and sewer systems and receives revenue generated by a one-half of one percent sales tax. In addition, this fund may be used in the future for other capital projects, as voter approved.

The City reports the following major proprietary funds:

Water and Sewer Fund – This enterprise fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and collection.

Ambulance Fund – This enterprise fund accounts for the operation of the City's ambulance response service.

Lee C. Fine and Grand Glaize Funds – These enterprise funds account for the operation of the City's two airports.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related

cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt is recognized when due.

Sales tax, franchise tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

D. Budgets

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental fund types on the modified accrual basis. All annual appropriations lapse at fiscal year end.

E. Pooled Cash and Cash Equivalents

The City maintains a cash money-market pool that is used by all funds. Interest income is allocated to each fund in proportion to each fund's ownership of the pool each month.

Investments are stated at fair value, determined by quoted market prices. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, collateralized certificates of deposit and the State Treasurer's Investment Pool.

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents. Because a statement of cash flows is prepared only for proprietary funds under generally accepted accounting principles, cash and cash equivalents are distinguished only for those funds.

F. Receivables

Receivables consist primarily of taxes, franchise fees, interest, and water and sewer charges. They are shown net of an allowance for estimated uncollectible amounts.

G. Inventories

Inventories, which consist of airport fuel and materials and supplies, are stated at cost using the first-in, first-out method.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased and capitalized in the proprietary fund statements. All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Capital assets are defined by the City as assets with an initial individual cost of \$2,000 or more and an estimated useful life in excess of five years. Additions or improvements and other capital outlays that significantly extend the useful life of an asset or that significantly increase the efficiency or capacity of an asset are capitalized. Other costs, such as capital outlays incurred for repairs and maintenance, are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 – 40 years
Office furniture, fixture, and equipment	5 – 10 years
Transportation equipment	5 years
Sewage collection systems	20 – 40 years
Treatment plant	40 years
Water systems	40 years

It is the City's policy to capitalize interest incurred on debt during the construction of Enterprise Fund capital assets, when appropriate. Interest incurred in the construction or acquisition of governmental capital assets is not capitalized, in accordance with the provisions of GASB Statement No. 37.

The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the basic financial statements.

Fully depreciated capital assets are included in the capital assets accounts until their disposal.

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and personal pay benefits. All unused vacation must be used within one year. There is no liability for unpaid accumulated personal leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of an employee resignation or retirements.

J. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category, which is the deferred charge on refunding reported in the government-wide statement of net position and statement of net position – proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City did not have any items that qualified for reporting in this category.

K. Long-Term Obligations

General long-term obligations consist of the non-current portion of bonds payable, compensable leave, other post-employment benefits, and other long-term liabilities. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in all statements as incurred.

In the governmental fund financial statements, general long-term obligations are not reported as liabilities because they do not require the use of current resources. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuance are reported as other financing uses. Principal repayments are reported as debt service expenditures.

L. Equity

In the governmental fund financial statements, equity is displayed in five components as follows:

Nonspendable - This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are constrained to specific purposes by their providers, through constitutional or contractual provisions or by enabling legislation.

Committed - This consists of amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the Board of

Aldermen) by the end of the fiscal year. The Board of Alderman can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned - This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Alderman can assign fund balance; however, an additional formal action does not have to be taken for the removal of the assignment.

Unassigned – This consists of amounts that are available for any purpose and can only be reported in the General Fund.

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 improvements of those assets.

Restricted – This consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

M. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

2. LEGAL COMPLIANCE - BUDGET

The City’s policy is to prepare the operating budgets in accordance with U.S. generally accepted accounting principles. The City prepared budgets for all governmental fund types for the year ended December 31, 2013.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to January 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal period commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) The City utilizes multiple public budget workshops that the public is invited to attend and make comments. The proposed budget is available for public inspection prior to the budget workshops.
- 3) Prior to December 31, the budget is legally enacted through passage of an ordinance.
- 4) The City Administrator is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board.
- 5) All appropriations lapse at year end.

The reported budgetary data represents the final approved budget after amendments as adopted by the Board of Aldermen. The budget was amended during the year.

3. CASH AND INVESTMENTS

Deposits

Missouri State Statutes authorize the City to deposit funds in obligations of the U.S Treasury, federal agencies and instrumentalities; certificates of deposit; and repurchase agreements. Custodial credit risk for deposits is the risk that, in event of a bank failure, the government's deposits may not be returned to it. The City's deposit policy for custodial credit risk is set by statute. Statutes require that collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities, which are the same type as authorized for investment by the City, are limited to the following as prescribed by state statutes:

- Bonds of the State of Missouri, of the United States, or of any wholly owned corporation of the United States.
- Other short term obligations of the United States.

The City of Osage Beach maintains a cash and investment pool which is available for use by all funds for the purpose of increasing income through investment activities. Interest is allocated to the various funds based on average cash or investment balances. The pool includes money market funds and certificates of deposit. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents" under each fund's caption.

The City's deposits are categorized to give an indication of the level of custodial risk assumed by the City at December 31, 2013. Deposits, categorized by level of custodial risk, were as follows as of December 31, 2013:

	Cash and Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	\$ 263,477	\$ -	\$ -	\$ 263,477
Collateralized with securities pledged by the financial institution in the entity's name	2,050,652	7,182,111	-	9,232,763
Collateralized by securities held by the pledging financial institutions' trust department or agent but not in the depositor government's name	305,059	2,858,920	-	3,163,979
Uncollateralized	-	-	-	-
	<u>\$ 2,619,188</u>	<u>\$ 10,041,031</u>	<u>\$ -</u>	<u>\$ 12,660,219</u>
Carrying value	<u>\$ 2,543,233</u>	<u>\$ 10,041,031</u>	<u>\$ 2,525</u>	<u>\$ 12,586,789</u>

A reconciliation of cash and cash equivalents as shown on the government-wide statement of net position is as follows:

	Government-Wide Statement of Net Assets		
	Primary Government	Component Unit	Total
Cash and cash equivalents	\$ 7,627,790	\$ 1,592	\$ 7,629,382
Restricted assets:			
Cash and cash equivalents	2,758,907	2,198,500	4,957,407
Total	<u>\$ 10,386,697</u>	<u>\$ 2,200,092</u>	<u>\$ 12,586,789</u>

Investments

The City had the following investments as of December 31:

	Investment Maturities (in years)			Fair Value	Carrying Value
	Less than 1	1-5	Over 5		
Money market mutual funds					
Restricted	\$ 1,349,075	\$ -	\$ -	\$ 1,349,075	\$ 1,349,075
Guaranteed investment contracts					
Restricted	-	-	944,733	944,733	944,733
U.S. Treasury Bills					
Unrestricted	5,000,000	-	-	5,000,000	5,000,000
Total investments	<u>\$ 6,349,075</u>	<u>\$ -</u>	<u>\$ 944,733</u>	<u>\$ 7,293,808</u>	<u>\$ 7,293,808</u>

A reconciliation of investments as shown on the government-wide statement of net position is as follows:

	Government-Wide Statement of Net Assets		
	Primary Government	Component Unit	Total
Investments	\$ 5,000,000	\$ -	\$ 5,000,000
Restricted assets:			
Investments	1,418,666	875,142	2,293,808
Total	<u>\$ 6,418,666</u>	<u>\$ 875,142</u>	<u>\$ 7,293,808</u>

Interest rate risk – Interest rate risk is the risk that the fair values of investments will be adversely affected by a change in interest rates. The City does not have a formal interest rate risk policy.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. State statutes authorize the City to invest in obligations of the U.S. Treasury, and federal agencies and instrumentalities; certificates of deposit issued by Missouri banks; and repurchase agreements. The City has no investment policy that would further limit its investment choice. Of the total guaranteed investment contracts balance of \$944,733, \$942,792 is rated A2 and \$1,941 is rated Baa2 by Moody's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. Of the City’s total investments, 18.5% are money market mutual funds, 12.95% are guaranteed investment contracts (substantially issued by Natixis Global Asset Management), and 68.55% are U.S. Treasury bills.

Custodial credit risk – investments – For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The City does not have any custodial risk in investments.

4. RESTRICTED CASH AND INVESTMENTS

At December 31, 2013, cash and investments were restricted for various uses as follows:

General Fund	
Restricted for bail bond deposits	\$ 12,546
Restricted for building permit deposits	12,000
Amounts held for others	10,026
Capital Improvement Fund	
Reserved for bond requirements	661,702
Water and Sewer Fund	
Restricted for bond requirements	3,481,299
TIF Fund	
Restricted for bond requirements	3,073,642

5. RECEIVABLES

Receivables are composed of the following at December 31, 2013:

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Taxes receivable	\$ 1,314,116	\$ -	\$ 1,314,116	\$ 793,521
Accounts receivable	-	390,114	390,114	-
Other receivable	80,032	-	80,032	-
	1,394,148	390,114	1,784,262	793,521
Allowance for uncollectible accounts	-	(63,977)	(63,977)	(29,830)
Accounts receivable	\$ 1,394,148	\$ 326,137	\$ 1,720,285	\$ 763,691

6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance December 31, 2012	Additions	Retirements	Transfers	Balance December 31, 2013
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,830,330	\$ -	\$ -	\$ -	\$ 1,830,330
Construction in progress	117,452	149,649	-	-	267,101
Total capital assets, not being depreciated	1,947,782	149,649	-	-	2,097,431
Capital assets, being depreciated:					
Buildings and improvements	7,274,553	92,786	-	-	7,367,339
Machinery and equipment	3,726,477	178,924	104,980	(28,892)	3,771,529
Infrastructure	38,069,345	13,353,735	-	-	51,423,080
Total capital assets, being depreciated	49,070,375	13,625,445	104,980	(28,892)	62,561,948
Less accumulated depreciation for:					
Buildings and improvements	3,113,611	200,611	-	-	3,314,222
Machinery and equipment	2,908,991	275,148	101,979	(28,892)	3,053,268
Infrastructure	15,858,583	1,683,181	-	-	17,541,764
Total accumulated depreciation	21,881,185	2,158,940	101,979	(28,892)	23,909,254
Total capital assets being depreciated, net	27,189,190	11,466,505	3,001	-	38,652,694
Total capital assets, net	\$ 29,136,972	\$ 11,616,154	\$ 3,001	\$ -	\$ 40,750,125

During the fiscal year, the City's governmental activities received contributed capital assets of approximately \$12,935,000.

	Balance December 31, 2012	Additions	Retirements	Transfers	Balance December 31, 2013
Business-type activities:					
Capital assets, not being depreciated:					
Land and easements	\$ 611,850	\$ 285,943	\$ -	\$ -	\$ 897,793
Construction in progress	93,201	147,776	-	(93,201)	147,776
Total capital assets, not being depreciated	645,451	433,719	-	(93,201)	1,045,569
Capital assets, being depreciated:					
Buildings and improvements	4,182,575	-	-	-	4,182,575
Equipment	1,591,889	-	26,079	28,892	1,594,702
Water system, tower and lines	35,043,639	-	-	-	35,043,639
Sewage collection system and treatment plant	57,275,192	368,164	-	93,201	57,736,557
Total capital assets, being depreciated	98,152,795	368,164	26,079	122,093	98,557,473
Less accumulated depreciation for:					
Buildings and improvements	1,220,016	146,999		-	1,367,015
Equipment	1,130,211	82,315	26,079	28,892	1,215,339
Water system, tower and lines	8,714,650	895,190		-	9,609,840
Sewage collection system and treatment plant	25,884,808	1,457,043		-	27,341,851
Total accumulated depreciation	36,949,685	2,581,547	26,079	28,892	39,534,045
Total capital assets being depreciated, net	61,203,110	(2,213,383)	-	93,201	59,023,428
Business-type activities capital assets, net	\$ 61,848,561	\$ (1,779,664)	\$ -	\$ -	\$ 60,068,997

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General administration	248,936
Public safety	102,034
Streets and highways	1,605,172
Parks and recreation	202,798
Total depreciation expense - governmental activities:	<u>\$ 2,158,940</u>
Business-type activities:	
Water/Sewer	2,415,286
Ambulance	24,993
Airports	141,268
Total depreciation expense - business-type activities:	<u>\$ 2,581,547</u>

7. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in one year
Primary Government:					
General Long-Term Debt					
Compensated absences	\$ 103,002	\$ 29,126	\$ 16,953	\$ 115,175	\$ 115,175
Enterprise Funds					
Revenue bonds	27,950,000	-	2,030,000	25,920,000	2,110,000
Compensated absences	33,260	8,493	14,557	27,196	27,196
	<u>\$ 28,086,262</u>	<u>\$ 37,619</u>	<u>\$ 2,061,510</u>	<u>\$ 26,062,371</u>	<u>\$ 2,252,371</u>
Component Unit:					
Revenue bonds	<u>\$ 18,815,000</u>	<u>\$ -</u>	<u>\$ 1,430,000</u>	<u>\$ 17,385,000</u>	<u>\$ 1,010,000</u>

Accrued compensated absences are generally liquidated by the General Fund.

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm wastewater systems, and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property.

Based on the assessed valuation as of January 1, 2013, of \$275,457,574, the constitutional total general obligation debt limit was \$55,091,515, which provides a general obligation debt margin of \$55,091,515.

State Revolving Loans

In 2001, 2002, 2003, 2005, and 2007, the City issued \$5,000,000 (Series 2001A), \$24,585,000 (Series 2002B), \$6,075,000 (Series 2003B), \$4,950,000 (Series 2005C), and \$2,550,000 (Series 2007A) in State Environmental Improvement and Energy Resources Authority Water Pollution Revenue Bonds and Public Drinking Water Bonds for the purpose of financing construction of certain wastewater treatment, sanitary sewerage or water facilities and costs associated with the issuance of the bonds. In connection with the issuance of these bonds, the City participates in a revolving loan program established by the Missouri Department of Natural Resources (DNR). The State of Missouri manages and invests the bond proceeds on behalf of the City. As the City incurs approved expenditures, DNR reimburses the City for the expenditures from the construction escrow fund. Additionally, an amount (83.33% of which is federal funding) representing 70% of the construction costs is deposited into a bond reserve fund in the City's name and is held as a guarantee against the outstanding bond obligation. Interest earned from this reserve fund can be used by the City to fund interest payments on the revenue bonds. A portion of the reserve fund is transferred back to the State as principal payments are made on the revenue bonds. The costs of operation and maintenance of the wastewater treatment and sewerage facilities and the debt service is payable from operating revenues.

The City has pledged future utility customer revenues and capital improvement sales tax collections, net of current specified operating expenses, to repay \$25.9 million in revenue bonds. Proceeds from the bonds provided financing for the construction of a new water system and expansion of sewerage facilities. The bonds are payable from utility customer net revenues and capital improvement sales tax net collections and are payable through 2026. Net revenues available for debt service are not to be less than 110% of the amount required to be paid annually of principal and interest. Net revenues for 2013 are over 123% of the annual principal and interest payments made in 2013. The total principal and interest remaining to be paid on the bonds is \$33,440,112. Principal and interest paid for the current year and total net revenues were \$3,273,608 and \$4,015,893, respectively.

Revenue bonds payable are comprised of the following individual issues:

	Original Amount	Interest Rate	Final Maturity Date	Balance December 31, 2013
2001A, Clean Water	\$ 5,000,000	4.0%-5.0%	1/1/2022	\$ 2,460,000
2002B, Drinking Water	24,585,000	3.25%-5.5%	7/1/2022	13,870,000
2003B, Drinking Water	6,075,000	2.5%-5.125%	1/1/2024	4,470,000
2005C, Clean Water	4,950,000	3.0%-5.25%	7/1/2025	3,240,000
2007A, Drinking Water	2,550,000	4.0%-4.75%	1/1/2027	1,880,000
				<u>\$ 25,920,000</u>

The following is a summary of net revenue bonds payable for December 31, 2013:

Bonds payable at December 31, 2013	\$ 25,920,000
Unamortized premiums (net of accumulated amortization of \$768,064)	657,951
	<u>26,577,951</u>
Less amount due within one year	(2,110,000)
Net revenue bonds payable December 31, 2013	<u>\$ 24,467,951</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31	Principal	Interest	Total
2014	\$ 2,110,000	\$ 1,289,351	\$ 3,399,351
2015	2,200,000	1,181,323	3,381,323
2016	2,300,000	1,069,765	3,369,765
2017	2,410,000	953,059	3,363,059
2018	2,505,000	828,256	3,333,256
2019-2023	12,310,000	2,079,496	14,389,496
2024-2027	2,085,000	118,862	2,203,862
Total	<u>\$ 25,920,000</u>	<u>\$ 7,520,112</u>	<u>\$ 33,440,112</u>

Tax Increment Financing

On February 28, 2002, the City issued Tax Increment Bonds Series 2002 in the aggregate principal amount of \$7,775,000 to finance roads, water and sewer infrastructure in the Prewitt's Point redevelopment area. These bonds were issued for the City's component unit, the Tax Increment Financing District. These bonds are limited obligations of the City, payable solely from bond proceeds, payments in lieu of taxes, economic activity tax revenue and monies on deposit in a debt service reserve fund. The application of economic activity tax revenues to the payment of the Series 2002 bonds is subject to annual appropriation by the City.

On September 18, 2012, the City issued \$4,410,000 of Tax Increment Bonds Series 2012 for the refunding of the \$4,510,000 remaining balance of the February 28, 2002 issuance. The refunding was undertaken to reduce the total future debt service payments. The transaction also resulted in an economic gain of \$486,595 and a reduction of \$302,665 in future debt service payments. Although the outstanding principle balance of \$3,905,000 is not due until 2023, it is the City's intent to make annual principal payments using TIF revenue received each year.

On December 31, 2006, the City issued Tax Increment Bonds Series 2006 in the aggregate principal amount of \$18,590,000 to finance roads, water and sewer infrastructure in the Prewitt's Point redevelopment area. These bonds were issued for the City's component unit, the Tax Increment Financing District. These bonds are limited obligations of the City, payable solely from bond proceeds, payments in lieu of taxes, economic activity tax revenue and monies on deposit in a debt service reserve fund. The application of economic activity tax revenues to the payment of the Series 2006 bonds is subject to annual appropriation by the City. The amount of the bonds outstanding as of December 31, 2013, is \$13,480,000.

The bond issues are structured so that bonds are redeemed as funds become available; accordingly, debt coverage will not exceed 100% over the life of the bonds. Principal and interest payments on the bonds are due semiannually. Debt service on principal and interest cannot exceed the life of the redevelopment area of May 1, 2023. For the current year, principal and interest paid and total incremental tax revenues for the TIF bonds are \$2,277,145 and \$2,163,634, respectively.

The following is a summary of net bonds payable for December 31, 2013:

Bonds payable at December 31, 2013	\$ 17,385,000
Unamortized discount (net of accumulated amortization of \$4,319)	<u>(30,231)</u>
	17,354,769
Less amount due within one year	<u>(1,010,000)</u>
Net revenue bonds payable December 31, 2013	<u><u>\$ 16,344,769</u></u>

The annual requirements to amortize debt outstanding in the as of December 31, 2013, including interest payments, are as follows:

Year Ending December 31	Series 2006		Series 2012		Total
	Principal	Interest	Principal	Interest	
2014	\$ 1,010,000	\$ 643,330	\$ -	\$ 145,900	\$ 1,799,230
2015	1,080,000	593,170	-	145,900	1,819,070
2016	1,125,000	540,250	-	145,900	1,811,150
2017	1,095,000	485,875	-	145,900	1,726,775
2018	1,170,000	429,250	-	145,900	1,745,150
2019-2023	8,000,000	1,124,250	3,905,000	560,900	13,590,150
Total	\$ 13,480,000	\$ 3,816,125	\$ 3,905,000	\$ 1,290,400	\$ 22,491,525

The Series 2012 bonds do not have a required redemption schedule, but required a balloon payment on May 1, 2019 and May 1, 2023. Interest payments are made on May 1 and November 1 each year. The City will pay interest ranging from 3.0% to 4.15% on the outstanding loan balance annually over the life of the loan.

Arbitrage Liability

The arbitrage liability is established as the Arbitrage Rebate Payable on the balance sheet to set aside funds for the future potential interest rebate due the Internal Revenue Service (IRS). Separate trust accounts have been established for the Series 2001A, Series 2005C, and Series 2007A bonds. Pursuant to certain Internal Revenue Code requirements, the City is required to expend funds for designated purposes within time frames established by the IRS. In the event the "spend-down" schedule is not met, a rebate of excess interest earnings must be made. Excess interest earnings accrue if the interest rate on invested bond proceeds exceeds the interest rate paid to investors. The liability is estimated by the City's bond counsel.

8. INTERFUND TRANSACTIONS

Interfund balances and transfers between governmental funds are not included in the government-wide statement of net position or the government-wide statement of activities.

A summary of interfund transfers for the year ended December 31, 2013, follows:

TRANSFERRED FROM	TRANSFERRED TO			
	Enterprise Funds			
	Water/Sewer Fund	Ambulance Fund	Grand Glaize Airport Fund	Total
Governmental Funds:				
General Fund	\$ -	\$ 323,000	\$ 60,000	\$ 383,000
Capital Improvement Fund	1,925,000	-	-	1,925,000
	<u>\$ 1,925,000</u>	<u>\$ 323,000</u>	<u>\$ 60,000</u>	<u>\$ 2,308,000</u>

The purpose of the transfers from the General Fund to the Ambulance Fund and Grand Glaize Airport Fund is to subsidize the operations of these funds. The purpose of the transfer from the Capital Improvement Fund to the Water/Sewer Fund is to subsidize the payment of the Water/Sewer Revenue Bonds.

Interfund Charges for Support Services

Interfund charges for support services paid to the General Fund were as follows:

Transportation Fund	\$ 188,000
Water/Sewer Fund	213,000
Ambulance Fund	35,400
Lee C. Fine Airport Fund	32,912
Grand Glaize Airport Fund	10,000
	<u>\$ 479,312</u>

9. COMMITMENTS AND CONTINGENCIES

A Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workman's compensation; liability, crime, and employee errors and omissions; and natural disasters. The City purchases commercial insurance to provide coverage for general liability, property damage, and workers' compensation. Settled claims have not exceeded this commercial insurance coverage in any of the past four years.

B. Litigation

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

C. Contracts for Construction

The City has entered into agreements with contractors for various projects for street construction, park improvements, construction of water and sewer facilities, and airport construction. As of December 31, 2013, commitments under contracts were as follows:

Project	Spent-to-Date	Remaining Commitment
Transportation	\$ 174,454	\$ 377,466
Water/Sewer	20,140	4,360
Lee C Fine Airport	-	688,272
	<u>\$ 194,594</u>	<u>\$ 1,070,098</u>

D. Tax Increment Financing

On November 1, 2007, the Board of Aldermen approved the Marina View Tax Increment Financing Plan. This plan consists of the construction of a hotel on approximately 28 acres and includes a future bond issuance of approximately \$3.7 million plus interest and other miscellaneous costs. No activity occurred for this project during 2013.

On December 16, 2010, the Board of Aldermen approved the Dierbergs Osage Beach Tax Increment Financing Plan for a shopping center. This center consists of a Dierbergs Market, Dicks, Bed Bath & Beyond and miscellaneous stores. The 2011 notes payable represent special, limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by Dierbergs redevelopment area. The City functions as a collecting agent for the taxes, which are then passed through to the bond trustee. As the City is not liable for this debt beyond remitting all collected taxes, it is not recorded on the Statement of Net Position as of December 31, 2013. The notes bear interest at 6.5% with final maturity on December 15, 2033. The balance at December 31, 2013, represents outstanding notes of \$5,412,241. The annual debt service repayments of the 2011 TIF notes are the combined amounts of economic activity taxes and payments in lieu of taxes collected by the special allocation fund. The notes terminate December 15, 2033, whether or not the principal and interest have been paid in full.

10. INTERGOVERNMENTAL REVENUE

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the City as of December 31, 2013.

11. PENSION PLAN

Plan Description

The City, by a Board of Aldermen resolution, created a defined contribution, single employer, retirement plan under Internal Revenue Code Section 401 for the employees of the City. The Board of Aldermen can amend the plan at their discretion. The City appointed ICMA Retirement Corporation to administer the plan. The plan is available to all full-time employees of the City. Employees are fully vested in contributions made on their behalf after 5 years.

Plan Funding

The City contributes 6% of eligible employee wages, while employees do not contribute to the plan. The City contributed \$259,559 to the plan for the year ended December 31, 2013, of which \$25,000 was funded by forfeitures used to offset the City's expense.

12. POST EMPLOYMENT BENEFITS

Effective January 1, 2008, the City adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)" (GASB 45). As a result, the financial statements reflect a long-term liability of \$111,546 and \$40,763 and related expenses of \$14,441 and \$5,967 in governmental and business-type activities, respectively, as of and for the year ended December 31, 2013. The governmental OPEB liability is generally liquidated by the General Fund.

Plan Description

In addition to providing the pension benefits described above, the City provides full time employees that retire after 10 year of service the opportunity for continuation of medical and dental insurance coverage offered through the Mid-America Regional Council Insurance Trust (MARCIT). The City provides retiree healthcare benefits through MARCIT, which is an insurance pool comprised of about 59 entity members. MARCIT functions as an agent multiple-employer plan.

Retirees who elect to continue coverage in the medical and dental plans offered through MARCIT are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the same premium as active employees each year, the City share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. The implicit rate subsidy is the difference between what the retiree actually pays and the age adjusted amount he or she would have paid for the full cost of the benefit. The benefits and benefit levels are governed by City policy and the MARCIT trust agreement.

The City maintains a trust arrangement with MARCIT to collect premiums and pay claims/administrative costs. This trust arrangement does not qualify as an "OPEB Plan" and is not treated as holding assets in order to offset GASB 45 liabilities. However, GASB does require that the "Plan" determine the valuation interest rate (or discount rate) based on expected return of the MARCIT Health and Dental Fund since it is used to pay retiree claims. The Plan is not accounted for as a trust fund since an irrevocable trust has not been established. There is no stand alone financial report for the Plan.

Funding Policy

The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group.

Annual OPEB Costs and Net OPEB Obligation

The OPEB cost is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

For the year ended December 31, 2013, the annual OPEB costs and changes in the net obligation are as follows:

Annual accrued liability	\$ 159,858
OPEB plan assets	-
Unfunded actuarial accrued liability	<u>\$ 159,858</u>
Amortization factor (Based on 30-year closed-level dollar)	<u>16.141</u>
Amortization of unfunded liability	\$ 10,656
Normal costs	<u>16,329</u>
Annual required contribution (ARC)	26,985
Interest to end of the year	6,596
Adjustment to the ARC	<u>(8,172)</u>
Annual OPEB cost	25,409
Net OPEB obligation, beginning of year	131,900
Expected employer contributions for 2013	<u>(5,000)</u>
Net OPEB obligation, end of year	<u>\$ 152,309</u>

Schedule of Employer Contributions

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Estimated Retiree Benefits for the Year	Percentage Contributed	Net OPEB Obligation
12/31/2011	\$ 28,894	\$ 5,000	17.3%	\$ 109,221
12/31/2012	25,679	3,000	11.7%	131,900
12/31/2013	25,409	5,000	19.7%	152,309

Schedule of Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

The following summarizes the funding progress for the year ended December 31, 2013:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
7/1/2011	\$ -	\$ 159,858	\$ 159,858	0%	\$ 3,809,370	4.2%

Because the City is only required to have a full actuarial valuation every two years, the *Schedule of Funding Progress* presented above will not be updated until the new valuation is completed in 2014 based on actuarial valuation date of July 1, 2013.

Actuarial Methods and Assumptions

The population valued is based on a closed group. Only current employees and retirees at a valuation date are considered; no provision is made for future new hires.

As of the July 1, 2011, actuarial valuation, the liabilities were computed using the projected unit credit method with a 30-year level open dollar amortization of the unfunded actuarial accrued liability. The actuarial assumption utilized a 5% discount rate. Actuarial assumptions also included annual healthcare cost trend rates of 10% initially, reduced by decrements to an ultimate rate of 5% after 7 years. Dental healthcare cost trend rates were included at 4%. Both rates included a 3% percent inflation factor.

13. JOINT VENTURE

On August 5, 1981, the City agreed to a joint partnership with City of Lake Ozark of a Sewage Treatment Plant (STP). The Board administering the STP consists of eight members, four from each city. Amounts to be billed to each city are based upon usage billed at identical rate structures. Costs of operation and maintenance are split proportionately between the two cities. For the year ended December 31, 2013, the City paid \$455,437 for its share of STP expenses. A separate audit is performed on this entity, and a copy may be reviewed at the City of Lake Ozark or City of Osage Beach, City Hall.

14. ASSESSED VALUE OF PROPERTY

Assessed valuation is established by the County Assessor. The City does not levy property taxes. A property tax is levied by Miller County for property located within the Prewitt's Point Project, part of the component unit. The Tax Increment Financing Fund receives 75% of incremental property tax collected. This revenue is pledged toward the repayment of the Tax Increment Bonds pursuant to bond indenture.

Assessed valuation and tax levy for the property located in the Tax Increment Financing District as of October 5, 2013, was as follows:

	For the 2013 Calendar Year
Assessed valuation for Miller County:	
Tax Increment Financing	<u>\$ 10,840,390</u>
Tax rates per \$100 assessed valuation:	
General Fund	<u>\$ 0.0441</u>

15. RESTATEMENT

Due to the adoption of GASB No. 65, bond issuance costs previously classified as other assets have been removed and expensed as shown below as of December 31, 2012:

	Water and Sewer	Tax Increment Financing District
Net position, beginning of year, originally reported	\$ 39,463,294	\$ (14,430,042)
Cumulative effect of change in accounting principle	(427,771)	(405,610)
Net position, as restated	<u>\$ 39,035,523</u>	<u>\$ (14,835,652)</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Osage Beach
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Taxes				
Sales	\$ 4,500,000	\$ 4,500,000	\$ 4,406,214	\$ (93,786)
Franchise	855,000	855,000	941,599	86,599
Licenses, fines, permits and fees	439,550	439,550	522,513	82,963
Intergovernmental	6,768	6,768	10,686	3,918
Interest	51,400	51,400	25,633	(25,767)
Payments from enterprise funds	483,000	483,000	479,312	(3,688)
Miscellaneous	65,630	65,630	79,236	13,606
Total revenues	6,401,348	6,401,348	6,465,193	63,845
EXPENDITURES				
Current:				
General government	2,406,793	2,406,793	2,252,637	154,156
Public safety	3,107,903	3,107,903	2,973,390	134,513
Park and recreation	281,293	281,293	250,501	30,792
Information technology	306,134	306,134	272,124	34,010
Capital outlay				
Projects and equipment	769,175	769,175	358,208	410,967
Total expenditures	6,871,298	6,871,298	6,106,860	764,438
Excess (deficiency) of revenues over expenditures	(469,950)	(469,950)	358,333	828,283
OTHER FINANCING SOURCES (USES)				
Transfers out	(383,000)	(383,000)	(383,000)	-
Sale of capital assets	8,000	8,000	3,545	(4,455)
Total other financing sources (uses)	(375,000)	(375,000)	(379,455)	(4,455)
Net change in fund balance	(844,950)	(844,950)	(21,122)	823,828
Fund balance - beginning	3,488,474	3,488,474	3,488,474	-
Fund balance - ending	\$ 2,643,524	\$ 2,643,524	\$ 3,467,352	\$ 823,828

City of Osage Beach
Budget and Actual (with Variances)
Transportation Fund
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Taxes				
Sales	\$ 2,250,000	\$ 2,250,000	\$ 2,169,653	\$ (80,347)
Motor vehicle fuel and license	155,000	155,000	157,635	2,635
County road taxes	68,000	68,000	69,622	1,622
Licenses, fines, permits and fees	-	-	7	7
Intergovernmental	269,188	269,188	199,239	(69,949)
Interest	30,000	30,000	19,128	(10,872)
Total revenues	2,772,188	2,772,188	2,615,284	(156,904)
EXPENDITURES				
Current:				
Streets and highways	1,100,504	1,125,283	919,711	205,572
Capital outlay				
Streets and highways	2,422,588	2,422,588	1,005,954	1,416,634
Total expenditures	3,523,092	3,547,871	1,925,665	1,622,206
Deficiency of revenues over expenditures	(750,904)	(775,683)	689,619	1,465,302
OTHER FINANCING SOURCES				
Sale of capital assets	4,000	4,000	-	(4,000)
Total other financing sources	4,000	4,000	-	(4,000)
Net change in fund balance	(746,904)	(771,683)	689,619	1,461,302
Fund balance - beginning	3,622,023	3,622,023	3,622,023	-
Fund balance - ending	\$ 2,875,119	\$ 2,850,340	\$ 4,311,642	\$ 1,461,302

City of Osage Beach
Budget and Actual (with Variances)
Capital Improvement Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
REVENUES				
Taxes				
Sales	\$ 2,250,000	\$ 2,250,000	\$ 2,169,654	\$ (80,346)
Interest	3,200	3,200	5,640	2,440
Total revenues	<u>2,253,200</u>	<u>2,253,200</u>	<u>2,175,294</u>	<u>(77,906)</u>
EXPENDITURES				
Current:				
Capital improvements	<u>273,800</u>	<u>273,800</u>	<u>265,310</u>	<u>8,490</u>
Total expenditures	<u>273,800</u>	<u>273,800</u>	<u>265,310</u>	<u>8,490</u>
Excess of revenues over expenditures	<u>1,979,400</u>	<u>1,979,400</u>	<u>1,909,984</u>	<u>(69,416)</u>
OTHER FINANCING USES				
Transfers out	<u>(1,925,000)</u>	<u>(1,925,000)</u>	<u>(1,925,000)</u>	<u>-</u>
Total other financing uses	<u>(1,925,000)</u>	<u>(1,925,000)</u>	<u>(1,925,000)</u>	<u>-</u>
Net change in fund balance	54,400	54,400	(15,016)	69,416
Fund balance - beginning	<u>1,202,542</u>	<u>1,202,542</u>	<u>1,202,542</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,256,942</u>	<u>\$ 1,256,942</u>	<u>\$ 1,187,526</u>	<u>\$ 69,416</u>

CITY OF OSAGE BEACH
Required Supplementary Information
Notes to the Budgetary Comparison Schedules

For The Year Ended December 31, 2013

Budgetary Information

The City's policy is to prepare the operating budgets in accordance with U.S. generally accepted accounting principles. The City prepared budgets for all governmental fund types for the year ended December 31, 2013.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 6) Prior to January 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal period commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
- 7) The City utilizes multiple public budget workshops that the public is invited to attend and make comments. The proposed budget is available for public inspection prior to the budget workshops.
- 8) Prior to December 31, the budget is legally enacted through passage of an ordinance.
- 9) The City Administrator is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board.
- 10) All appropriations lapse at year end.

The primary basis of budgetary control is at the fund level.

CITY OF OSAGE BEACH
Required Supplementary Information
Schedule of Funding Progress – Retiree Health Plan

For The Year Ended December 31, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
7/1/2007	\$ -	\$ 193,781	\$ 193,781	0%	\$ 3,447,557	5.6%
7/1/2009	-	159,858	159,858	0%	3,944,434	4.1%
7/1/2011	-	159,858	159,858	0%	3,809,370	4.2%

Because the City is only required to have a full actuarial valuation every two years, the *Schedule of Funding Progress* presented above will not be updated until the new valuation is completed in 2014.

SUPPLEMENTARY INFORMATION

Statistical Section

This section of the City of Osage Beach's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends (Tables 1-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5-8)

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales taxes.

Debt Capacity (Tables 9-13)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 14-15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (Tables 16-18)

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year.

CITY OF OSAGE BEACH, MISSOURI

TABLE 1

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net investment in capital assets	\$ 14,763,649	\$ 16,012,730	\$ 24,452,788	\$ 25,282,829	\$ 27,151,876	\$ 27,731,455	\$ 27,894,023	\$ 28,345,590	\$ 29,136,972	\$ 40,750,125
Restricted	5,316,741	5,444,585	5,178,443	8,238,113	7,751,150	7,005,298	6,760,655	5,420,281	4,824,565	5,499,168
Unrestricted	6,711,585	6,982,526	7,163,444	5,495,960	3,989,278	4,137,610	3,597,054	3,787,573	3,288,366	3,308,811
Total governmental activities net asset	\$ 26,791,975	\$ 28,439,841	\$ 36,794,675	\$ 39,016,902	\$ 38,892,304	\$ 38,874,363	\$ 38,251,732	\$ 37,553,444	\$ 37,249,903	\$ 49,558,104
Business-type activities:										
Net investment in capital assets	\$ 22,500,841	\$ 16,037,165	\$ 31,692,173	\$ 31,011,943	\$ 32,056,850	\$ 32,892,194	\$ 33,970,840	\$ 34,151,316	\$ 33,596,269	\$ 34,434,359
Restricted	2,156,307	6,801,445	1,039,125	1,434,786	2,208,730	2,444,465	2,586,902	2,697,627	2,727,651	2,806,768
Unrestricted	8,863,032	12,098,906	6,188,535	8,717,005	8,109,199	6,682,522	6,200,856	5,480,505	6,667,923	5,537,936
Total Business-type activities net asset	\$ 33,520,180	\$ 34,937,516	\$ 38,919,833	\$ 41,163,734	\$ 42,374,779	\$ 42,019,181	\$ 42,758,598	\$ 42,329,448	\$ 42,991,843	\$ 42,779,063
Primary government:										
Net investment in capital assets	\$ 37,264,490	\$ 32,049,895	\$ 53,747,316	\$ 56,294,772	\$ 59,208,726	\$ 60,623,649	\$ 61,864,863	\$ 62,496,906	\$ 62,733,241	\$ 75,184,484
Restricted	7,473,048	12,246,030	6,217,568	9,672,899	9,959,880	9,449,763	9,347,557	8,117,908	7,552,216	8,305,936
Unrestricted	15,574,617	19,081,432	13,351,979	14,212,965	12,098,477	10,820,132	9,797,910	9,268,078	9,956,289	8,846,747
Total primary government net assets	\$ 60,312,155	\$ 63,377,357	\$ 73,316,863	\$ 80,180,636	\$ 81,267,083	\$ 80,893,544	\$ 81,010,330	\$ 79,882,892	\$ 80,241,746	\$ 92,337,167

Note: The City implemented GASB 65 for the fiscal year ending December 31, 2013. As a result, beginning net position for the business-type activities was reduced by \$427,771. However, prior years were not restated.

CITY OF OSAGE BEACH, MISSOURI

TABLE 2

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General government	\$ 1,986,201	\$ 2,042,939	\$ 3,001,564	\$ 3,267,483	\$ 2,717,368	\$ 2,796,047	\$ 2,836,549	\$ 2,728,669	\$ 2,634,466	\$ 2,795,702
Public Safety	2,261,432	2,456,013	2,676,484	2,864,264	3,015,379	3,001,162	3,122,315	3,057,360	3,023,822	3,091,649
Park and Recreation	190,979	255,247	144,529	182,050	199,691	210,671	420,349	456,627	510,657	458,198
Information Technology	-	234,900	329,674	311,734	231,929	233,441	255,380	262,973	379,314	331,982
Streets and Highways	1,517,385	1,456,232	1,567,449	1,997,862	2,148,466	2,411,262	2,705,865	3,018,295	2,911,893	2,967,447
Interest on Long-term debt	47,157	44,300	40,053	36,215	28,204	21,563	15,360	175	-	-
Total governmental activities expenses	6,003,154	6,489,631	7,759,753	8,659,608	8,341,037	8,674,146	9,355,818	9,524,099	9,460,152	9,644,978
Business-type activities:										
Water/Sewer	5,423,374	5,208,031	5,941,742	6,299,866	6,378,167	6,608,497	6,201,919	6,353,915	6,308,541	6,384,114
Ambulance	633,519	473,746	425,918	484,609	505,773	489,201	530,342	508,179	502,076	549,256
Airports	792,893	904,081	1,011,665	1,009,081	1,233,308	943,157	1,222,842	1,298,290	1,453,944	1,267,451
Total Business-type activities expenses	6,849,786	6,585,858	7,379,325	7,793,556	8,117,248	8,040,855	7,955,103	8,160,384	8,264,561	8,200,821
Total primary government expenses	\$ 12,852,940	\$ 13,075,489	\$ 15,139,078	\$ 16,453,164	\$ 16,458,285	\$ 16,715,001	\$ 17,310,921	\$ 17,684,483	\$ 17,724,713	\$ 17,845,799
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	\$ 472,741	\$ 450,944	\$ 451,851	\$ 305,473	\$ 196,634	\$ 183,234	\$ 230,490	\$ 182,720	\$ 177,475	\$ 287,269
Public Safety	239,394	274,622	334,901	303,239	304,684	277,441	241,182	248,011	207,181	231,185
Parks and recreation									13,969	4,059
Streets and highways									6,260	7
Operating grants and contributions	6,542	14,539	83,969	123,189	53,876	25,642	27,658	28,289	13,961	80,180
Capital grants and contributions	-	-	7,203,665	2,105,975	100,000	67,520	848,628	191,983	710,078	13,134,610
Total governmental activities program revenues	718,677	740,105	8,074,386	2,837,876	655,194	553,837	1,347,958	651,003	1,128,924	13,737,310
Business-type activities:										
Charges for services:										
Water/Sewer	3,807,186	3,733,451	4,146,811	3,461,417	3,360,415	3,006,674	3,473,822	3,462,061	3,701,841	3,813,025
Ambulance	250,202	244,243	231,997	187,255	195,809	164,749	163,800	195,689	169,359	178,696
Airports	545,889	724,045	848,985	787,253	1,007,987	694,795	887,587	1,030,363	944,568	916,094
Operating grants and contributions	917,900	827,218	957,794	968,395	940,233	851,576	862,516	808,004	762,814	712,858
Capital grants and contributions	-	-	1,901,582	3,410,267	627,991	883,607	624,873	57,020	739,451	429,451
Total business-type activities program revenues	5,521,177	5,528,957	8,087,169	8,814,587	6,132,435	5,601,401	6,012,598	5,553,137	6,318,033	6,050,124
Total primary government program revenues	\$ 6,239,854	\$ 6,269,062	\$ 16,161,555	\$ 11,652,463	\$ 6,787,629	\$ 6,155,238	\$ 7,360,556	\$ 6,204,140	\$ 7,446,957	\$ 19,787,434

CITY OF OSAGE BEACH, MISSOURI

TABLE 2

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental activities	\$ (5,284,477)	\$ (5,749,526)	\$ 314,633	\$ (5,821,732)	\$ (7,685,843)	\$ (8,120,309)	\$ (8,007,860)	\$ (8,873,096)	\$ (8,331,228)	\$ 4,092,332
Business-type activities	(1,328,609)	(1,056,901)	707,844	1,021,031	(1,984,813)	(2,439,454)	(1,942,505)	(2,607,247)	(1,946,528)	(2,150,697)
Total primary government net expenses	\$ (6,613,086)	\$ (6,806,427)	\$ 1,022,477	\$ (4,800,701)	\$ (9,670,656)	\$ (10,559,763)	\$ (9,950,365)	\$ (11,480,343)	\$ (10,277,756)	\$ 1,941,635
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
County road taxes	\$ 38,411	\$ 36,793	\$ 45,805	\$ 49,751	\$ 57,878	\$ 60,136	\$ 67,842	\$ 67,859	\$ 67,752	\$ 69,622
Sales taxes	7,906,614	8,271,408	9,461,972	9,560,428	8,910,793	8,449,041	8,388,738	8,553,918	8,765,944	8,745,521
Franchise taxes	610,049	606,054	602,872	680,236	849,517	823,723	832,706	848,634	851,346	941,599
Motor vehicle fuel & license	152,407	151,446	154,275	154,604	141,427	135,750	140,107	138,790	155,949	157,635
Payments from enterprise funds	-	-	-	133,728	143,377	500,702	465,145	390,300	459,400	479,312
Unrestricted investment earnings	176,199	378,696	546,027	571,408	317,626	137,682	72,809	69,197	52,263	50,401
Other income	63,109	152,983	178,140	170,512	31,556	89,447	44,042	208,145	68,815	79,236
Gain (loss) on sale of capital assets	-	-	(67,494)	(127,164)	5,071	1,878	16,840	9,632	11,218	543
Adjustment for Capital Assets	-	-	(509,544)	-	-	-	-	-	-	-
Transfers	(2,316,000)	(2,199,990)	(2,881,396)	(2,640,000)	(2,896,000)	(2,095,991)	(2,643,001)	(2,111,667)	(2,405,000)	(2,308,000)
Total governmental activities	6,630,789	7,397,390	7,530,657	8,553,503	7,561,245	8,102,368	7,385,228	8,174,808	8,027,687	8,215,869
Business-type activities										
Unrestricted investment earnings	122,624	274,248	408,943	356,000	226,027	88,584	56,534	55,486	49,697	49,346
Other income	-	-	-	101,309	118,827	(3,920)	(24,980)	10,944	130,000	4,460
Gain (loss) on sale of capital assets	-	-	(15,866)	13,662	(44,996)	(96,799)	7,367	-	24,226	3,883
Adjustment for Capital Assets	-	-	(1,888,101)	-	-	-	-	-	-	-
Transfers	2,316,000	2,199,990	2,881,396	2,640,000	2,896,000	2,095,991	2,643,001	2,111,667	2,405,000	2,308,000
Total business-type activities	2,438,624	2,474,238	1,386,372	3,110,971	3,195,858	2,083,856	2,681,922	2,178,097	2,608,923	2,365,689
Total primary government	\$ 9,069,413	\$ 9,871,628	\$ 8,917,029	\$ 11,664,474	\$ 10,757,103	\$ 10,186,224	\$ 10,067,150	\$ 10,352,905	\$ 10,636,610	\$ 10,581,558
Change in net position										
Governmental activities	1,346,312	1,647,864	7,845,290	2,731,771	(124,598)	(17,941)	(622,632)	(698,288)	(303,541)	12,308,201
Business-type activities	1,110,015	1,417,337	2,094,216	4,132,002	1,211,045	(355,598)	739,417	(429,150)	662,395	214,992
Total primary government	\$ 2,456,327	\$ 3,065,201	\$ 9,939,506	\$ 6,863,773	\$ 1,086,447	\$ (373,539)	\$ 116,785	\$ (1,127,438)	\$ 358,854	\$ 12,523,193

Note: The City implemented GASB 65 for the fiscal year ending December 31, 2013. As a result, no amortization of bond issuance costs was included in 2013 business-type expenses. However, prior years were not restated.

CITY OF OSAGE BEACH, MISSOURI

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	6,750,885	7,027,972	7,248,199	5,567,287	4,093,564	4,251,360	3,750,291	3,967,259	3,488,474	3,467,352
Total General Fund	6,750,885	7,027,972	7,248,199	5,567,287	4,093,564	4,251,360	3,750,291	3,967,259	3,488,474	3,467,352
All Other governmental funds										
Restricted	5,316,741	5,444,585	5,178,443	8,238,113	7,751,150	7,005,298	6,760,655	5,420,281	4,824,565	5,499,168
Total all other governmental funds	\$ 5,316,741	\$ 5,444,585	\$ 5,178,443	\$ 8,238,113	\$ 7,751,150	\$ 7,005,298	\$ 6,760,655	\$ 5,420,281	\$ 4,824,565	\$ 5,499,168

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF OSAGE BEACH, MISSOURI

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 8,707,481	\$ 9,065,701	\$ 10,264,924	\$ 10,445,019	\$ 9,959,615	\$ 9,468,650	\$ 9,429,393	\$ 9,609,201	\$ 9,840,991	\$9,914,377
Licenses, fines, permits	594,822	607,096	656,747	608,712	510,911	460,675	471,672	430,731	404,885	522,520
Intergovernmental	6,542	14,539	83,969	2,229,164	153,876	25,642	659,184	216,422	459,077	209,925
Interest	176,199	378,696	546,027	571,408	317,626	137,682	72,809	65,297	52,263	50,401
Pay. from enter. funds	117,313	118,470	130,005	133,728	143,377	500,702	465,145	390,300	459,400	479,312
Miscellaneous	63,109	152,983	178,140	170,512	21,963	89,447	44,042	208,145	68,815	79,236
Total Revenues	9,665,466	10,337,485	11,859,812	14,158,543	11,107,368	10,682,798	11,142,245	10,920,096	11,285,431	11,255,771
Expenditures										
General Government	\$ 1,809,180	\$ 1,795,000	\$ 2,705,600	\$ 2,977,054	\$ 2,574,505	\$ 2,470,121	\$ 2,571,390	\$ 2,503,170	\$ 2,457,491	\$2,517,947
Public Safety	2,187,311	2,384,832	2,597,737	2,707,922	2,889,711	2,799,756	2,901,521	2,898,977	2,809,445	2,973,390
Park and Recreation	165,613	223,003	100,418	126,692	133,371	145,046	198,755	211,405	248,085	250,501
Information Technology	-	234,900	329,543	270,226	225,623	228,392	254,128	258,651	264,122	272,124
Streets and Highways	748,431	724,328	789,009	736,966	770,486	816,135	1,046,961	1,064,677	1,160,715	919,711
Capital outlay	847,251	2,090,261	2,220,821	3,068,778	3,332,422	2,448,424	2,008,876	2,722,098	3,026,290	1,364,162
Debt Service										
Interest and fees	47,891	45,240	41,193	36,215	29,798	24,758	17,310	2,489	-	-
Principal	235,000	235,000	240,000	250,000	255,000	260,000	270,000	280,000	-	-
Total Expenditures	6,040,677	7,732,564	9,024,321	10,173,853	10,210,916	9,192,632	9,268,941	9,941,467	9,966,148	8,297,835
Excess of revenues over(under)	3,624,789	2,604,921	2,835,491	3,984,690	896,452	1,490,166	1,873,304	978,629	1,319,283	2,957,936
Other financing sources (uses)										
Transfers in	-	-	-	-	-	50,176	-	-	-	-
Transfers out	(2,316,000)	(2,199,990)	(2,881,396)	(2,640,000)	(2,896,000)	(2,146,167)	(2,643,001)	(2,111,667)	(2,405,000)	(2,308,000)
Sale of Capital Assets	-	-	-	34,068	38,862	17,769	23,985	9,632	11,216	3,545
Total other fin. sources	(2,316,000)	(2,199,990)	(2,881,396)	(2,605,932)	(2,857,138)	(2,078,222)	(2,619,016)	(2,102,035)	(2,393,784)	(2,304,455)
Net Change in Fund Bal.	\$ 1,308,789	\$ 404,931	\$ (45,905)	\$ 1,378,758	\$ (1,960,686)	\$ (588,056)	\$ (745,712)	\$ (1,123,406)	\$ (1,074,501)	\$ 653,481
Debt service as a percentage of noncapital expen.	5.45%	4.97%	4.14%	3.95%	4.19%	4.02%	3.81%	3.66%	0.00%	0.00%

CITY OF OSAGE BEACH, MISSOURI

TABLE 5

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST TEN YEARS
(accrual basis of accounting)

FISCAL YEAR	COUNTY ROAD TAX	SALES TAX	FRANCHISE TAX	MOTOR VEHICLE FUEL & LICENSE TAX	TOTAL
2004	\$ 38,411	\$ 7,906,614	\$ 610,049	\$ 152,407	\$ 8,707,481
2005	36,793	8,271,408	606,054	151,446	9,065,701
2006	45,805	9,461,972	602,872	154,275	10,264,924
2007	49,751	9,560,428	680,236	154,604	10,445,019
2008	57,878	8,910,793	849,517	141,427	9,959,615
2009	60,136	8,449,041	823,723	135,750	9,468,650
2010	67,842	8,388,738	832,706	140,107	9,429,393
2011	67,859	8,553,918	848,634	138,790	9,609,201
2012	67,752	8,765,944	851,346	155,949	9,840,991
2013	69,622	8,745,521	941,599	157,635	9,914,377

CITY OF OSAGE BEACH, MISSOURI

TABLE 6

TAXABLE SALES BY CATEGORY
(in thousands of Dollars)

SIC Codes	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agricultural Services (07)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290	\$ -	\$ -	\$ -
Construction Special Trade(17)	-	368	141	-	171	114	191	515	1,040	1,954
Food And Kindred Products (20)	-	-	-	10	-	-	-	14	-	-
Printing, Publishing, and Allied In (27)	-	-	-	-	-	-	-	-	-	119
Elect/Electronic Machinery, Equip. (36)	-	-	-	7	23	5	7	10	4	531
Meas/Analy/Con Inst/Photo/Med/Optic (38)	-	-	-	-	-	44	25	21	24	52
Misc. Manufacturing Industries (39)	15	48	15	58	58	98	10	8	25	26
Communications (48)	4,868	5,201	5,668	5,785	5,805	5,639	5,082	4,874	3,680	3,153
Wholesale Trade Durable Goods (50)	922	1,858	953	1,583	1,482	1,116	2,553	2,994	1,839	5,562
Wholesale Trade Nondurable Goods (51)	169	265	324	440	457	506	263	274	1,239	1,299
Building Materials(52)	12,188	13,406	14,452	7,092	19,336	43,186	40,662	38,383	36,299	36,423
General Merchandise Stores (53)	1,358	1,662	16,968	86,938	84,593	77,173	74,394	73,715	75,572	74,982
Food Stores (54)	12,792	31,890	33,704	34,935	36,145	36,531	37,591	38,935	38,989	47,643
Automotive Store & Service Stations (55)	5,142	6,942	7,155	6,435	7,835	7,710	8,536	9,098	10,789	10,689
Apparel & Accessory Stores (56)	41,609	49,033	54,708	60,299	69,149	74,919	71,020	76,151	80,729	70,306
Furniture & Home Furnishings (57)	61,504	68,894	73,372	73,034	64,883	24,952	24,986	27,250	27,884	28,335
Eating & Drinking (58)	46,300	51,529	51,869	51,825	50,593	48,363	46,717	45,699	46,481	50,342
Misc. Retail (59)	48,240	43,955	46,043	45,491	28,633	26,626	25,324	24,717	25,641	29,220
Real Estate (65)	-	-	-	-	257	466	668	691	579	555
Hotel, Rooming Houses, Camp/Other (70)	11,249	9,904	9,817	10,745	10,150	9,581	9,040	9,089	8,840	8,639
Personal Services (72)	-	-	8	7	16	130	167	237	236	224
Misc. Business Services (73)	2,152	2,223	2,297	2,743	2,899	3,257	3,583	3,988	4,514	3,792
Automotive Repair Services (75)	1,717	1,794	2,023	2,268	2,155	2,120	1,973	1,969	2,063	2,982
Misc. Repair Services (76)	352	-	-	-	-	4	-	212	276	-
Amusement/Recreation Services (79)	3,965	4,431	4,311	4,322	4,868	4,713	4,752	4,953	4,768	4,600
Health Services (80)	-	-	81	349	336	173	272	539	537	512
Misc. Services (89)	11,788	12,383	14,286	15,439	12,334	12,890	19,046	19,337	19,488	16,924
Suppressed Totals ¹	164,184	163,272	146,639	76,693	56,814	57,749	58,468	58,121	57,849	56,225
Total	\$ 430,514	\$ 469,058	\$ 484,834	\$ 486,498	\$ 458,992	\$ 438,065	\$ 435,620	\$ 441,794	\$ 449,385	\$ 455,089
City Direct Sales Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Missouri Department of Revenue

Notes:

Missouri law prohibits the City from making the individual principal revenue remitters public, so they are presented by category. (SIC Codes)

This is the only information available from the state.

Information based on State of Missouri's fiscal year. (July 1st thru June 30th)

¹If an individual economic sector (SIC Code) has 6 or less entries they suppress the taxable sales and tax collection numbers to comply with state statutes.

CITY OF OSAGE BEACH, MISSOURI

TABLE 7

DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN YEARS

FISCAL YEAR	CITY DIRECT RATE	CAMDEN COUNTY RATE	MILLER COUNTY RATE	MILLER CO. AMBULANCE RATE	TDD PREWITT PT. RATE	TDD OSAGE STAT. RATE	TDD DIERBERGS RATE	STATE SALES TAX RATE
2004	2%	1%	1%	0.50%	0.50%	0.00%	0.00%	4.225%
2005	2%	1%	1%	0.50%	0.50%	0.75%	0.00%	4.225%
2006	2%	1%	1%	0.50%	0.50%	0.75%	0.00%	4.225%
2007	2%	1.25%	1%	0.50%	0.50%	0.75%	0.00%	4.225%
2008	2%	1.25%	1%	0.50%	0.50%	0.75%	0.00%	4.225%
2009	2%	1.25%	1%	0.50%	1.00%	0.75%	0.00%	4.225%
2010	2%	1.25%	1%	0.50%	1.00%	0.75%	0.00%	4.225%
2011	2%	1.25%	1%	0.50%	1.00%	0.75%	0.00%	4.225%
2012	2%	1.25%	1%	0.50%	1.00%	0.75%	0.00%	4.225%
2013	2%	1.25%	1%	0.50%	1.00%	0.75%	1.00%	4.225%

CITY OF OSAGE BEACH, MISSOURI

TABLE 8

PRINCIPAL REVENUE REMITTERS BY CATEGORY
CURRENT YEAR AND NINE YEARS AGO
(in thousands of Dollars)

SIC Code	SIC Description	Fiscal Year 2013					Fiscal Year 2004				
		Taxable Sales	Tax Collected	Entity Count	Rank	Percentage Of Total City Sales Tax	Taxable Sales	Tax Collected	Entity Count	Rank	Percentage Of Total City Sales Tax
53	General Merchandise Stores	\$74,982	\$1,500	23	1	16.48%	\$1,358	\$27	19	13	0.32%
56	Apparel & Accessory Stores	\$70,306	\$1,406	68	2	15.45%	\$41,609	\$832	43	4	9.66%
58	Eating & Drinking	\$50,342	\$1,007	63	3	11.06%	\$46,300	\$926	64	3	10.75%
54	Food Stores	\$47,643	\$953	28	4	10.47%	\$12,792	\$256	23	5	2.97%
52	Building Materials	\$36,423	\$728	38	5	8.00%	\$12,188	\$244	18	6	2.83%
59	Misc. Retail	\$29,220	\$584	221	6	6.42%	\$48,240	\$965	237	2	11.21%
57	Furniture & Home Furnishings	\$28,335	\$567	71	7	6.23%	\$61,504	\$1,230	48	1	14.29%
89	Misc. Services	\$16,924	\$338	107	8	3.39%	\$11,788	\$236	69	7	2.74%
55	Auto Store & Service Stations	\$10,689	\$214	46	9	2.35%	\$5,142	\$103	31	9	1.19%
70	Hotel, Rooming H., Camp/Other	\$8,639	\$173	46	10	1.90%	\$11,249	\$225	28	8	2.61%
50	Wholesale Trade Durable Goods	\$5,562	\$111	52	11	1.22%	\$922	\$18	30	15	0.21%
79	Amusement/Recreation Services	\$4,600	\$92	20	12	1.01%	\$3,965	\$79	12	11	0.92%
73	Misc. Business Services	\$3,792	\$76	96	13	0.83%	\$2,152	\$43	34	12	0.50%
48	Communications	\$3,153	\$63	73	14	0.69%	\$4,868	\$97	64	10	1.13%
75	Automotive Repair Services	\$2,982	\$60	32	15	0.66%	\$1,717	\$34	20	14	0.40%
17	Construction Special Trade	\$1,954	\$39	22	16	0.43%	\$0	\$0	0	17	0.00%
51	Wholesale Trade Nondurable Goods	\$1,299	\$26	36	17	0.29%	\$169	\$3	16	16	0.04%
65	Real Estate	\$555	\$11	8	18	0.12%	\$0	\$0	0	18	0.00%
36	Elect/Electronic Machinery, Equip.	\$531	\$11	29	19	0.94%	\$0	\$0	0	19	0.00%
80	Health Services	\$512	\$10	22	20	0.11%	\$0	\$0	0	20	0.00%
Other Non Suppressed Totals		\$421	\$8			0.09%	\$1,725	\$35			0.40%
Suppressed Totals ¹		\$56,225	\$1,125			12.35%	\$164,184	\$3,284			38.14%
Total		\$455,089	\$9,102			100%	\$430,514	\$8,610			100%

Source: Missouri Depart. of Rev.

Notes:

Missouri law prohibits the City from making the individual principal revenue remitters public, so they are presented by category. (SIC Codes) This is the only information available from the state.

Taxable sales and tax collected is presented in thousands of dollars, but percentage of total city sales tax is based on whole dollar amount.

Information based on State of Missouri's fiscal year. (July 1st thru June 30th)

¹If individual economic sector (SIC Code) has 6 or less entries the taxable sales and tax collection numbers are suppressed to comply with state statutes.

CITY OF OSAGE BEACH, MISSOURI

TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

FISCAL YEAR	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>	TOTAL PRIMARY GOVERNMENT	POPULATION	PER CAPITA
	GENERAL OBLIGATION BONDS	TIF BONDS	WATER/SEWER REVENUE BONDS			
2004	\$ 1,790,000	\$ 7,600,000	\$ 33,705,000	\$ 43,095,000	4,080	10,563
2005	1,555,000	7,070,000	37,410,000	46,035,000	4,259	10,809
2006	1,315,000	25,115,000	36,005,000	62,435,000	4,424	14,113
2007	1,065,000	24,215,000	37,010,000	62,290,000	4,621	13,480
2008	810,000	23,305,000	35,320,000	59,435,000	4,780	12,434
2009	550,000	22,110,000	33,575,000	56,235,000	4,709	11,942
2010	280,000	21,055,000	31,760,000	53,095,000	4,351	12,203
2011	-	19,945,000	29,895,000	49,840,000	4,339	11,487
2012	-	18,815,000	27,950,000	46,765,000	4,362	10,721
2013	-	17,385,000	25,920,000	43,305,000	4,362	9,928

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF OSAGE BEACH, MISSOURI

TABLE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(accrual basis of accounting)

<u>FISCAL YEAR</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>PERCENTAGE OF SALES TAX RECEIVED</u>	<u>PER CAPITA</u>
2004	\$1,790,000	22.64%	\$451.00
2005	1,555,000	18.80%	365
2006	1,315,000	13.90%	297
2007	1,065,000	11.14%	230
2008	810,000	9.09%	169
2009	550,000	6.51%	117
2010	280,000	3.34%	64
2011	-	0.00%	-
2012	-	0.00%	-
2013	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See Schedule of Demographic and Economic Statistics for personal income and population data.

Sales tax received for each year is in the schedule Governmental Activities Tax Revenue by source for the City.

CITY OF OSAGE BEACH, MISSOURI

TABLE 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2013

NAME OF GOVERNMENTAL UNIT	LONG-TERM DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY OF OSAGE BEACH ¹	AMOUNT APPLICABLE TO CITY OF OSAGE BEACH
City of Osage Beach direct debt	\$0	100%	<u>\$0</u>
Camdenton R-III School District	35,770,000	16%	5,723,200
School of the Osage R-II	18,875,000	4%	755,000
Osage Beach Fire Protection District	1,495,860	53%	<u>792,806</u>
Subtotal, overlapping debt			<u>\$7,271,006</u>
Total direct and overlapping debt			<u><u>\$7,271,006</u></u>

Sources: Debt outstanding data provided by Camden County, Miller County, Camdenton School District, School of the Osage School District and the Osage Beach Fire Protection District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Osage Beach. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using student population of both of the school districts and land area located inside or out of the Osage Beach Fire District.

CITY OF OSAGE BEACH, MISSOURI

TABLE 12

LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$37,194,816	\$43,720,535	\$46,481,936	\$53,519,002	\$55,610,030	\$55,907,389	\$55,846,465	\$55,111,829	\$54,718,090	\$55,091,515
Total Net debt applicable to limit	1,790,000	1,555,000	1,315,000	1,065,000	810,000	550,000	280,000	-	-	-
Legal debt margin	\$35,404,816	\$42,165,535	\$45,166,936	\$52,454,002	\$54,800,030	\$55,357,389	\$55,566,465	\$55,111,829	\$54,718,090	\$55,091,515
Total net debt applicable to limit as a percentage of debt limit	4.81%	3.56%	2.83%	1.99%	1.46%	0.98%	0.50%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013

Total Assessed Value	\$275,457,574
Debt limit (20% of total assessed value)	55,091,515
Debt applicable to limit:	-
Legal debt margin	\$55,091,515

Under Article VI, Sections 26 (b) and 26 © of the Missouri Constitution, the City by a vote of 2/3 of the qualified electors thereof, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed 10% of the assessed valuation of taxable intangible property within the City as asserted by the last complete assessment for state or county purposes. Under Section 26 (d) of said Article VI, the city may incur general obligation indebtedness not exceeding in the aggregate an additional 10% of the aforesaid assessed valuation for the purpose of acquiring rights of way, constructing and improving sanitary or storm sewer systems; and under Section 26 (e) of said article VI, additional general obligation indebtedness may be incurred for purchasing or constructing water-works electric or other light plants to be owned exclusively by the City, provided that the general obligation indebtedness of the City shall not exceed 20% of the assessed valuation.

CITY OF OSAGE BEACH, MISSOURI

TABLE 13

WATER/SEWER FUND
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS

FISCAL YEAR	OPERATING REVENUE ²	DIRECT OPERATING EXPENSE ³	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE RATIO	CAPT. IMPROV. TRANSFER ¹
				PRINCIPAL	INTEREST	TOTAL		
2004	\$4,705,646	\$1,960,020	\$2,745,626	\$1,185,000	\$1,608,897	\$2,793,897	0.98	\$1,725,000
2005	4,825,174	2,057,580	2,767,594	1,245,000	1,241,043	2,486,043	1.11	1,899,996
2006	4,551,764	2,127,326	2,424,438	1,405,000	1,828,613	3,233,613	0.75	2,467,396
2007	4,778,742	2,217,517	2,561,225	1,545,000	1,714,615	3,259,615	0.79	2,380,000
2008	4,522,564	2,256,072	2,266,492	1,690,000	1,630,889	3,320,889	0.68	2,340,000
2009	3,946,471	2,494,769	1,451,702	1,745,000	1,587,512	3,332,512	0.44	1,776,667
2010	4,392,279	2,302,711	2,089,568	1,815,000	1,511,165	3,326,165	0.63	1,910,001
2011	4,336,457	2,501,602	1,834,855	1,865,000	1,433,717	3,298,717	0.56	1,800,000
2012	4,660,931	2,449,339	2,211,592	1,945,000	1,341,017	3,286,017	0.67	1,855,000
2013	4,583,572	2,615,319	1,968,253	2,030,000	1,243,608	3,273,608	0.60	1,925,000

¹ The Water/Sewer Fund Deficit is subsidized by Capital Improvement Fund transfers.

² Operating Revenue includes investment income & DNR interest subsidy.

³ Excludes depreciation expense.

Principal balance found in notes of audit, on page 34

CITY OF OSAGE BEACH, MISSOURI

TABLE 14

DEMOGRAPHIC STATISTICS
LAST TEN YEARS

FISCAL YEAR	Population ¹	Personal Income ² Camden County (expressed in thousands)	Personal Income ² Miller County (expressed in thousands)	Per Capita Personal Income ² Camden County	Per Capita Personal Income ² Miller County	Unemployment Rate ³ Camden County	Unemployment Rate ³ Miller County
2004	4,058	116,158	91,165	28,624	22,465	5.6%	6.3%
2005	4,226	125,269	99,448	29,642	23,532	5.1%	5.7%
2006	4,411	137,501	107,905	31,172	24,463	4.7%	5.2%
2007	4,603	145,806	116,330	31,676	25,273	4.8%	5.2%
2008	4,698	153,591	123,967	32,693	26,387	6.0%	6.5%
2009	4,709	151,392	122,428	32,149	25,999	9.9%	11.9%
2010	4,351	139,150	116,223	31,988	26,712	10.9%	12.0%
2011	4,339	144,898	117,233	33,394	27,018	10.6%	11.1%
2012	4,362	150,486	121,796	34,499	27,922	9.0%	8.8%
2013	4,362	150,486	121,796	34,499	27,922	8.0%	7.9%

Sources:¹U.S. Census Bureau (July 1st of each estimate year).² U.S. Department Of Commerce Bureau Of Economic Analysis³ U.S. Dept. of Labor Bureau of Labor Statistics. Percentage calculated on an annual average.

Reflects revised inputs, reestimation, and new statewide controls

Notes:

Personal income and per capita personal income not available for the City of Osage Beach, so county information was utilized.

Osage Beach population is in both Camden and Miller County but the exact division of population is unknown.

Population data listed is based on estimates from the U.S. Census Bureau

CITY OF OSAGE BEACH, MISSOURI

TABLE 15

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Factory Outlet Village	800-1200	1	27.51%	800-1200	1	29.57%
Lake Regional Hospital	1100	2	25.22%	550	4	13.55%
² Camdenton R-III School District	677	3	15.52%	600	2	14.79%
¹ Tan Tar A Resort	560	4	12.84%	560	3	13.80%
Hy-Vee	435	5	9.97%	0		0.00%
Wal-Mart Supercenter	430	6	9.86%	430	5	10.60%
² School of the Osage R-II School District	250	7	5.73%	250	6	6.16%
³ Central Bank of Lake of the Ozarks	165	8	3.78%	165	7	4.07%
Lowes	152	9	3.48%	113	9	2.78%
Target	150	10	3.44%	0		0.00%
City of Osage Beach	127		2.91%	95	10	2.34%
Inn at the Grand Glaize	36		0.83%	120	8	2.96%

Sources

Lake of the Ozarks Regional Economic Development Council

Notes:

All numbers include both fulltime and parttime employment

¹Employer is not located within the Osage Beach City Limits²Employment numbers represent entire School District which includes schools outside of the Osage Beach City Limits.³Employment numbers represent all Central Bank locations of which 3 locations are within the Osage Beach City Limits.

CITY OF OSAGE BEACH, MISSOURI

TABLE 16

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
City Administrator	5	3	2	2	2	2	2	2	2	2
City Clerk's Office	4	4	4	4	4	4	4	4	3	3
Information Technology ²	0	2	2	2	2	2	2	2	2	2
City Treasurer	5	5	5	5	5	4	4	4	4	4
Municipal Court	1	1	1	1	1	1	1	1	1	1
City Attorney ³	0	0	0	0	1	1	1	1	1	1
Building Department ¹	3	3.5	3.5	3.5	4.5	3.5	3.5	3.5	3	3
Human Resources	1	1	1	1	1	1	1	1	1	1
Planning Department ¹	3	3	3	3	3	2.5	2.5	2.5	2.5	2.25
Engineering Department	4	4.5	4.5	4.5	5.5	4	4	4	4.5	4.75
Police										
Law Enforcement	28	27	30	30	30	30	30	29	29	29
911 Center	10	10	11	11	11	11	11	11	11	11
Public Works										
Parks	4	2	2	2	2	3	3	3	3	3
Transportation ¹	8	8	8	8	8	8.3	8.3	8.3	10.33	10.3
Water ¹	4	4	4.5	4.5	4.5	5.3	5.3	5.3	5.3	5.3
Sewer ¹	9	9	9.5	9.5	9.5	8.4	8.4	8.4	8.4	8.4
Ambulance	10	10	7	7	7	7	7	7	6	6
Airport										
Lee C. Fine ¹	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.6
Grand Glaize ¹	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.4
Total	105	103	104	104	107	104	104	103	103	103

Source: Annual Budget

Note:¹Some City Employee's wages are split between different departments.²The Information Technology Department was created in 2005, it was previously part of the City Administrator Department.³A full time City Attorney was hired in 2008, the City previously out sourced this service.

CITY OF OSAGE BEACH, MISSOURI

TABLE 17

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Incident Reports	1,731	2,528	2,437	2,540	2,312	2,023	1,975	1,727	1,644	1,464
Traffic Violations	1,905	2,833	3,176	2,412	2,838	1,858	1,793	1,712	1,290	1,783
Traffic Warnings	1,853	1,214	2,039	2,382	3,085	2,967	2,561	2,430	2,169	2,507
911 Center¹										
Number of Calls Answered	13,673	20,509	24,789	20,624	20,509	20,946	19,927	20,420	23,133	21,160
Ambulance										
Calls for service	988	860	815	831	875	828	888	888	825	812
Building										
<u>Permits</u>										
Residential	95	98	108	105	83	87	76	57	86	67
Commercial	139	104	129	131	78	68	79	97	92	72
Water										
² Total Water Sold (thousands of Gallons)				295,828	278,237	260,479	300,688	305,915	329,769	326,699
Wastewater										
Average Daily Sewage Treatment (thousands of Gallons)	1,339	1,292	1,254	1,302	1,300	1,229	1,093	987	1,030	1,006
Airports										
<u>Lee C. Fine:</u>										
Number of Take Offs & Landings	5,967	5,511	6,755	5,630	5,674	5,131	5,667	5,030	5,147	4,721
<u>Grand Glaize:</u>										
Number of Take Offs & Landings	4,881	6,194	5,968	5,248	4,161	3,937	3,196	3,059	2,587	2,348
Recycling										
Waste Oil gallons	2,367	1,600	1,478	962	1,763	1,673	2,138	1,750	951	551

Sources: Various Government Departments

Notes:

¹Number of Calls represents both emergency and non-emergency calls. In 2005 the Osage Beach 911 Center was extended to include calls for the Lake Ozark Fire Protection Department, and the Lake Ozark Ambulance Service.²Prior to 2007 gallons of water sold were not tracked

CITY OF OSAGE BEACH, MISSOURI

TABLE 18

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
<u>Police:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	26	21	21	22	22	22	22	21	21	21
<u>Ambulance Protection:</u>										
Number of Vehicles	2	2	2	2	2	2	2	2	2	2
Highways and Streets										
Miles of Streets Paved	36.16	36.16	36.16	37	37.38	37.38	37.78	37.78	38.08	44.65
Miles of Sidewalks	3.14	3.45	3.75	3.75	3.75	5.31	6.09	6.09	6.87	6.87
Number of Street Lights	475	485	486	495	500	517	517	538	628	638
Parks and Recreation										
Parks Acreage	102	102	102	102	102	102	102	102	102	102
Number of Parks	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (miles)	192.99	236.43	236.43	238.56	239.36	241.56	241.84	245.8	246.84	246.84
Fire Hydrants	901	904	913	915	925	927	930	969	983	983
Wells	5	5	5	5	5	5	5	5	5	5
Water Towers	3	3	4	4	4	4	4	4	4	4
Sewer										
Sanitary Sewers (miles)	132.89	135.00	135.79	140.79	141.59	143.39	143.96	148.30	149.71	149.95
Pump Stations	1,105	1,105	1,119	1,138	1,145	1,174	1,178	1,186	1,218	1,224

Sources: Various Government Departments