

CITY OF OSAGE BEACH, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR

JANUARY 1, 2014 - DECEMBER 31, 2014



CITY OF OSAGE BEACH, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

Prepared by:

Karri Bell
City Treasurer

CITY OF OSAGE BEACH, MISSOURI
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2014

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INTRODUCTORY SECTION



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

June 2, 2015

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 (the City), for the fiscal year ended December 31, 2014, is herewith submitted. The information presented in the CAFR is the responsibility of the City's management. The City Treasurer's Department prepared this report and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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.

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 4,372; 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.

The City provides a full range of municipal services including water, sewer, airports, public safety, ambulance services, 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 Sports Complex complete with three 300' baseball/softball fields, press box, concession facilities, three soccer fields, two pavilions and a playground.

Utility service in the City is mixed between public and private companies. Water and sanitary sewerage utilities are operated by the City of Osage Beach. Water and sewerage rates are established to meet the total revenue requirements of the utilities. Natural gas is supplied by Summit Natural Gas of Missouri, electricity by Ameren Missouri. Both traditional and cellular phone service is provided by numerous companies.

Although legally separate from the City, the financial statements include its component unit. The component unit is the Tax Increment Financing Districts, which are responsible for encouraging development of commercial enterprises in the District. The Districts are fiscally dependent upon the City because the City must approve any debt issuances.

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 is recognized as both a retail center and a tourist destination, and retail sales exceed the norm for cities of comparable size. Conveniently located in the heart of Missouri, the Lake of the Ozarks is the Midwest's premier lake resort destination. Osage Beach is the home of the Osage Beach Premium Outlet center with over 90 stores, numerous national chains and locally owned specialty retail. 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 are 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 - The City will continue engineering and repairs to the pond with a \$100,000 dredging project, which will be funded with the assistance of a \$60,000 park grant. The City parks will also build a new basketball court and dog park.

Technology upgrades to improve workstation efficiency and data security safety, and updates to battery backup systems, backup servers and the virtual system, are estimated to cost \$214,000.

Built in 1990, the City's Public Works building, which currently houses offices for water, sewer and transportation staff, is scheduled to undergo a major upgrade. The project consists of demolition, remodeling the lower level offices, restrooms and break room, and the addition of a lobby. Included in the improvements are upgrades to the heating/cooling system, electrical system, and the addition of two offices, a map room, a foremen's office and a restroom in the upper level of the building.

Street improvement projects, including engineering, land purchases, and streetlights totaling \$2,444,714, are included in the 2015 budget. This includes Nichols Road improvements, the Zebra Connector and miscellaneous street/road projects. In a joint effort with the City, the Special Road District will reimburse the City \$283,714 for projects that benefit the District (Coral Lane and Winn Road). The City provides the administrative and engineering services and the Special Road District provides the construction funds for the various projects. The City is purchasing a crack seal machine, budgeted at \$35,000, and a striping machine, budgeted at \$32,000, to do smaller projects in-house.

Water – The Swiss Village water tower is scheduled to be painted at a cost of \$600,000.

Water and Sewer - The utility system is currently in the middle of a major upgrade to the supervisory control and data acquisition (SCADA) system. This system is used to monitor sewer lift-stations and water wells/towers. This remote technology is used to assist with maintenance, safety, and any failure issues occurring in the system. The City is expected to spend another \$217,732 in 2015 to upgrade this system.

Sewer projects, including engineering and land purchases totaling \$1,580,180 are included in the 2015 budget. This includes various lift station improvements and sewer connections, sewer upgrades, sewer extensions to Shadow Circle, Spring Valley (outside City limits), Port Lane, I & I and SCADA improvements.

Single Audit

The City of Osage Beach is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and related amendments and the U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on internal controls

and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

Independent Audit

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, 2014, 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 unmodified opinion for the year ended December 31, 2014, which can be found in the first report on the financial section of this document.

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, 2013. This was the fifteenth 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's 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 signature is written in a cursive, flowing style.

Karri Bell
City Treasurer



Government Finance Officers Association

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

Presented to

**City of Osage Beach
Missouri**

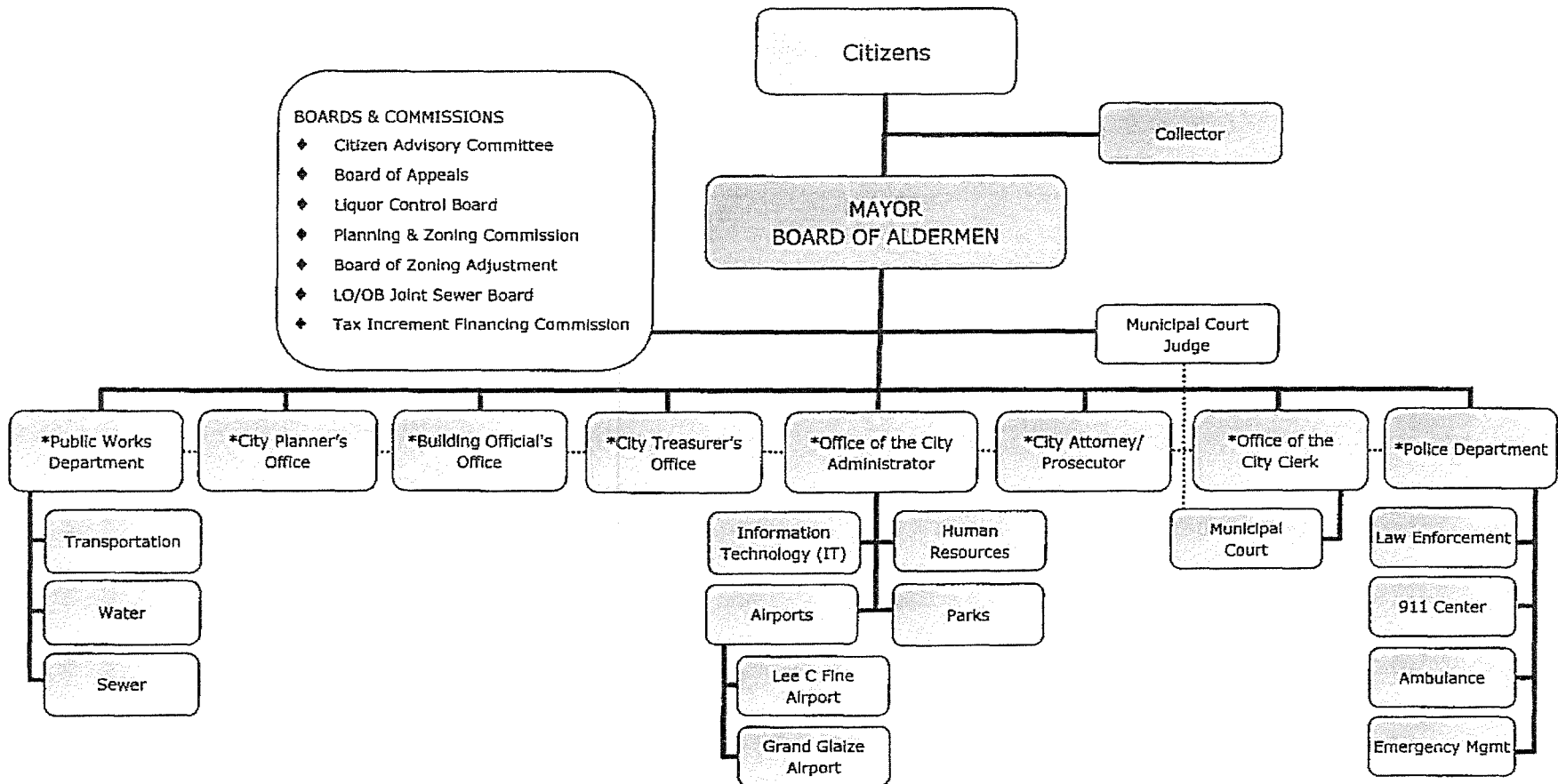
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

City of Osage Beach

Organizational Chart



*Managers of stated departments are Appointed Officials of the City; 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
.....	Jeff Bethurem
Ward Three	John Olivarri
.....	Tom Walker
City Collector	John M. Berry

Management Team

City Administrator.....	Jeana Woods
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	Mike Welty
Human Resources Generalist	Cindy Leigh
Information Systems Operations Manager.....	James Davis
Airport Manager	Ty Dinsdale
Park Manager.....	Vacant

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams-Keepers LLC

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund for the City of Osage Beach, Missouri (the City), as of and for the year ended December 31, 2014, 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Osage Beach, Missouri, as of December 31, 2014, 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.

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 schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, this information is fairly stated in all material respects in relation to the financial statements as a whole.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2015, on our consideration of the City of Osage Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Osage Beach's internal control over financial reporting and compliance.

Williams Keepers LLC

June 2, 2015

City of Osage Beach, Missouri
Management Discussion and Analysis
December 31, 2014

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, 2014. 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 \$92,873,876 (net position). Of this amount, \$9,321,998 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$536,709 from 2013. This is a total decrease of \$709,437 from the City's governmental activities and an increase of \$1,246,146 from the business-type activities. The overall decrease in governmental activities was primarily due to increases in depreciation expense (non-cash) associated with the acceptance of the 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 in 2013. The increase in business-type activities was primarily due to a State Block Grant from the Missouri Highway and Transportation Commission for the construction of hangars at Lee C. Fine Airport. The construction of hangars added \$734,979 to the City's capital asset inventory.
- The City's gross sales tax (on cash basis) increased 2.5%, from \$4,414,542 in fiscal year 2013 in the General Fund compared to \$4,522,836 in fiscal year 2014.
- In August 2013, the Osage Beach City Park was hit by a flood which caused the pond levee to breach and resulted in severe damage to much of the park. In August 2014, the City awarded a contract to restore the park in the amount of \$227,932. The project includes removal and replacement of the asphalt parking lot, repair of the earthen dam, construction of an emergency spillway, dredging of pond, removal of debris and other repairs. This project is expected to be completed in 2015 with the expense being offset by funds from FEMA/SEMA.
- Osage Beach Parks and Recreation Department received a donation of \$1,000 from RP Lumber, to be used for any need of the park(s).
- The Employee Pay Plan, reviewed annually, was adjusted up 4.4%, the first time since 2009.
- A number of building maintenance items were completed at City Hall, including new board/court room carpet, new fitness room flooring, parking lot repairs, HVAC system repairs and additional secured storage.
- The Dierbergs Tax Increment Financing (TIF) – In addition to Dierbergs Market, JJ Twiggs, Eyes on Missouri, Great Clips, UPS Store, Dick's Sporting Goods and Bed Bath & Beyond, CATO and Dollar Tree were added to the shopping center in the current year.
- Economic Development – This year the City held meetings with the Citizen Advisory Committee and held a public forum to consider several issues relating to the economic future of the City; in particular, the business area along the Osage Beach Parkway west of the Grand Glaize Bridge. Some of the ideas from these meetings included a promotional video, streamline permit process for events, open the parkway from Camdenton, clean-up exit area west to east and more. The City entered into a

media partnership with the Tri-County Lodging Association to promote Osage Beach. The City held white goods recycling events, hosted the 14th Annual Fall Festival, purchased new holiday light displays, and advertising City activities on electronic billboards on each side of the Grand Glaize Bridge.

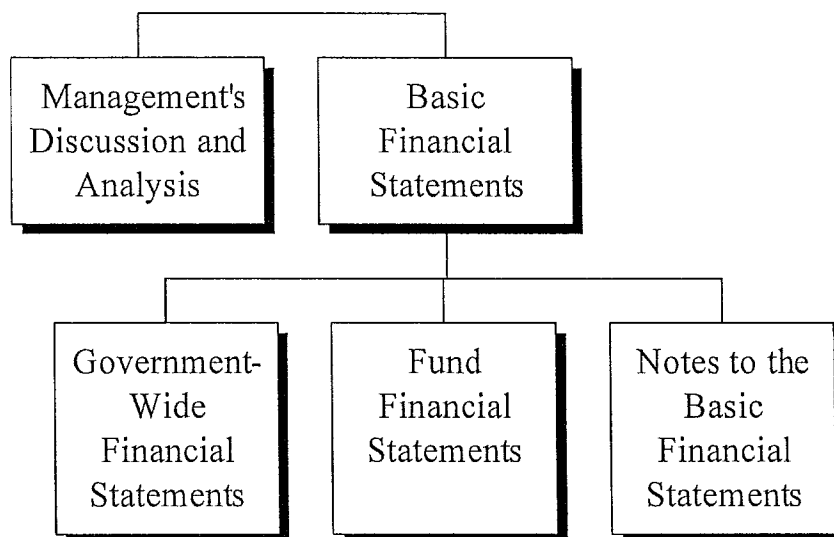
- Key Largo Road – The City entered into a Cost Apportionment Agreement with the Missouri Highways and Transportation Commission for the intersection of Route 54 and Key Largo Road improvements in 2013. This project included slightly more than a quarter-mile of safety improvements, lighting and truss-mounted overhead sign. The City contributed \$99,318 toward the \$538,698 project, which was completed in 2014.
- The Osage Beach Special Road District contributed \$186,304 for the Sunset Drive sidewalk project.
- Water - The City received a 100% grant in the amount of \$9,711 from Missouri Department of Natural Resources to plug two wells.
- Water and Sewer - The utility system is currently in the middle of a major upgrade to the supervisory control and data acquisition (SCADA) system. This system is used to monitor sewer lift-stations and water wells/towers. This remote technology is used to assist with maintenance, safety, and any failure issues occurring in the system. The City spent \$156,073 in the current year, and is expected to spend another \$217,732 in 2015 to upgrade this system.
- Water and Sewer -- Numerous INCODE (the City-wide intergraded software system) upgrades were completed to improve efficiency among various departments, including the Work Order Module, the Inventory Module, and the implementation of the Backflow Device Database.

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 the statement 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, 2014, the City of Osage Beach’s assets and deferred outflows of resources exceed liabilities by \$92,873,876. The largest portion of the City’s net position, \$74,645,221 (80%), reflects its investment in capital assets (i.e., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The 80% of capital assets decreased 1% from 2013. This slight decrease reflects the City’s balanced approach in spending to operate versus investment in capital assets. 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, 2014 and December 31, 2013:

CITY OF OSAGE BEACH STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 10,312,743	\$ 9,575,933	\$ 9,718,686	\$ 9,371,330	\$ 20,031,429	\$ 18,947,263
Capital assets	39,307,279	40,750,125	58,900,369	60,068,997	98,207,648	100,819,122
Total assets	49,620,022	50,326,058	68,619,055	69,440,327	118,239,077	119,766,385
Deferred charge on refunding	-	-	833,412	943,313	833,412	943,313
Total deferred outflows	-	-	833,412	943,313	833,412	943,313
Long-term liabilities	140,913	112,860	22,263,834	24,529,892	22,404,747	24,642,752
Other liabilities	630,442	655,094	3,163,424	3,074,685	3,793,866	3,729,779
Total liabilities	771,355	767,954	25,427,258	27,604,577	26,198,613	28,372,531
Net position						
Net investment in						
capital assets	39,307,279	40,750,125	35,337,942	34,434,359	74,645,221	75,184,484
Restricted	6,010,852	5,499,168	2,895,805	2,806,768	8,906,657	8,305,936
Unrestricted	3,530,536	3,308,811	5,791,462	5,537,936	9,321,998	8,846,747
Total net position	\$ 48,848,667	\$ 49,558,104	\$ 44,025,209	\$ 42,779,063	\$ 92,873,876	\$ 92,337,167

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the City both per fund and as a whole. The City's combined net position increased to \$92,873,876 from \$92,337,167. This small increase of .6% reflects the City's consistent management of financial resources compared to last year. The City's unrestricted net position for governmental activities was \$3,530,536. Total unrestricted net position was \$9,321,998 including business-type activities. Unrestricted net position increased \$475,251, almost equally in both governmental and business-type activities. Deferred outflows of resources decreased \$109,901 from 2013 as the amount of the 2002 refunded Water Bond issue is amortized over the balance of its remaining life. Additional information regarding deferred outflows/inflows of resources can be found in Note 1 (J).

Total net position of \$92,873,876 is comprised of \$74,645,221 invested in capital assets, net of related debt; \$8,906,657 is restricted for capital projects, debt service and other purposes; \$3,530,536 is unrestricted and available for general governmental purposes; and \$5,791,462 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, 2014 and December 31, 2013:

CITY OF OSAGE BEACH CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 443,419	\$ 522,520	\$ 5,175,667	\$ 4,907,815	\$ 5,619,086	\$ 5,430,335
Operating grants and contributions	10,588	80,180	661,112	712,858	671,700	793,038
Capital grants and contributions	663,157	13,134,610	706,897	429,451	1,370,054	13,564,061
General revenues:						
Sales taxes	9,065,925	8,745,521	-	-	9,065,925	8,745,521
Franchise taxes	952,678	941,599	-	-	952,678	941,599
Other taxes	231,971	227,257	-	-	231,971	227,257
Unrestricted investment earnings	36,444	50,401	32,889	49,346	69,333	99,747
Other revenues	257,938	558,548	13,620	4,460	271,558	563,008
Sales of capital assets	85,639	543	8,900	3,883	94,539	4,426
Total revenues	11,747,759	24,261,179	6,599,085	6,107,813	18,346,844	30,368,992
Expenses:						
General government	2,652,546	2,795,702	-	-	2,652,546	2,795,702
Public safety	2,978,236	3,091,649	-	-	2,978,236	3,091,649
Streets and highways	3,613,537	2,967,447	-	-	3,613,537	2,967,447
Parks and recreation	529,212	458,198	-	-	529,212	458,198
Information technology	328,665	331,982	-	-	328,665	331,982
Water and sewer	-	-	4,870,966	5,140,506	4,870,966	5,140,506
Ambulance	-	-	550,425	549,256	550,425	549,256
Airport	-	-	1,152,138	1,267,451	1,152,138	1,267,451
Interest - long term debt	-	-	1,134,410	1,243,608	1,134,410	1,243,608
Total expenses	10,102,196	9,644,978	7,707,939	8,200,821	17,810,135	17,845,799
Change in net position before transfers	1,645,563	14,616,201	(1,108,854)	(2,093,008)	536,709	12,523,193
Transfers	(2,355,000)	(2,308,000)	2,355,000	2,308,000	-	-
Change in net position	(709,437)	12,308,201	1,246,146	214,992	536,709	12,523,193
Net position, beginning	49,558,104	37,249,903	42,779,063	42,564,071	92,337,167	79,813,974
Net position, ending	\$ 48,848,667	\$ 49,558,104	\$ 44,025,209	\$ 42,779,063	\$ 92,873,876	\$ 92,337,167

Governmental Activities

Governmental activities decreased the City's net position by \$709,437. This decrease is primarily a result of an increased depreciation expense associated with the Osage Beach Parkway contribution by the Missouri Department of Transportation last year. Sales tax revenue, the City's largest general revenue, is \$9,065,925. Sales tax revenue was 3.7% more than the total of \$8,745,521 in 2013. Interest revenue decreased from \$50,401 in 2013 to \$36,444 in 2014. Interest rates on the City's certificates of deposit remained low at an average of .4%. Charges for services decreased 15% from \$522,520 in 2013 to \$443,419 in 2014. One of the largest areas of decrease was building permits; the total value of permits issued decreased from \$33,884,622 in 2013 to \$13,544,770 in 2014. The value of permits decreased because last year a new school was permitted; however, the actual number of permits remained comparable to prior year. Other revenues decreased \$300,610, or 54%, primarily because the engineering department activities were removed from general government and split between the water/sewer fund and streets and highways. This caused the transfers to reimburse the General Fund to be reduced. Revenues totaled \$18,346,844 (governmental and business-type). Revenues from governmental activities totaled \$11,747,759 or 64% of total City revenues.

Governmental activities expenses increased \$457,218 (4.5%) for the fiscal year ended December 31, 2014 compared to the fiscal year ended December 31, 2013. As previously mentioned, the primary increase occurred in streets and highway's depreciation expense.

The following table shows expenses and program revenues of the governmental activities for the year ended December 31, 2014. The purpose of this statement is to measure gross expenses against charges for services and grants and other funding.

**CITY OF OSAGE BEACH
NET COST OF GOVERNMENTAL ACTIVITIES**

	Total Cost of Service	Net Cost of Service
General government	\$ 2,652,546	\$ (2,448,783)
Public safety	2,978,236	(2,735,114)
Parks and recreation	529,212	(363,391)
Information technology	328,665	(328,665)
Streets and highways	3,613,537	(3,109,079)
Total cost	\$ 10,102,196	\$ (8,985,032)

As previously noted, expenses from governmental activities totaled \$10,102,196. However, net costs of these services were \$(8,985,032). The difference represents direct revenues received from charges for services of \$443,419, operating grants of \$10,588 and capital grants and contributions of \$663,157. Operating grants include overtime reimbursements associated with DWI programs. Net costs of services increased \$13,077,364 from last year as a reflection of reduced capital grants and contributions. The total capital grants and contributions received in 2014 was \$663,157, which includes \$158,699 from SEMA/FEMA park storm damage reimbursement, \$228,976 from the Special Road District for road projects, and \$275,482 grant reimbursement from Missouri Highway Safety Division for City sidewalks.

Business-Type Activities

Business-type activities net position increased by \$1,246,146. Total revenues increased \$491,272 (8%) and total expenses decreased \$492,882 (6%) compared to the prior year. Capital grants and contributions decreased \$104,738, or 92%, for Water/Sewer due to Highway 54 projects being completed and utility relocates no longer being needed. Developer contributions of sewer lift-stations were also less in 2014. Capital grants for the City's two airports increased from \$314,982 in 2013 to \$697,186 in 2014, primarily due to a hangar project at Lee C. Fine Airport. Charges for services increased \$267,852 (5%) from \$4,907,815 in 2013 to \$5,175,667 in 2014. Charges for services revenue increased for Ambulance (16%) due to billing efficiencies. Water/Sewer increased 5.4%; this is a reflection of a rate increase that took effect January 1, 2014 and a 3.7% increase in consumption. Total expenses decreased \$492,882 (6%), from \$8,200,821 in 2013 to \$7,707,939 in 2014; the decrease reflects new management changes that better tracked the purchase and use of inventory, moving it to an asset category instead of expensing it, and a decrease in interest expense due to the pay down of debt.

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 \$3,345,503, a decrease of \$121,849 under the beginning balance of \$3,467,352. General Fund total revenue decreased 3% and expenses increased 1%. General Fund expenditures included the "Employee Pay Plan," continued City of Osage Beach billboard advertisements, holiday displays, park flood damage repairs and technology upgrades. The unassigned general fund balance at year-end was \$3,274,396.

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 \$4,939,998, an increase of \$628,356 from the beginning balance of \$4,311,642. Transportation Fund total revenue increased 7% and expenses increased 13%. All of the Transportation Fund balance was restricted for highways and streets at year-end, other than the nonspendable portion of \$5,726 related to prepaid expenses. The fund balance increase was mainly due to an increase in sales tax revenue and transportation grants during the current year. The City invested \$1,069,691 in transportation projects across the City.

Capital Improvements Sales 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 Sales Tax Fund reported an ending fund balance of \$1,076,580, a decrease of \$110,946 from the beginning balance of \$1,187,526. All of the Capital Improvement Sales Tax fund balance was restricted for capital improvements/debt service at year-end. The fund balance decrease was primarily due to a transfer of \$150,000 to the General Fund, which was used for park improvements.

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 \$7,148,411 was amended to \$7,164,561 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 an increase of \$108,240 in fund balance. Actual revenue was less than budgeted revenue by \$438,606, due mainly to FEMA/SEMA reimbursement for park storm damage not being received by the City until 2015. Actual expenditures were under the budgeted amount by \$1,020,000; the reason for this reduction was a combination of Public Safety's vacant positions and park storm repair project expenditure being less than budgeted. The storm repair project is expected to be completed in 2015.

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 Sales 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 \$39,954,052, an increase of \$679,602 over the beginning balance of \$39,274,450. This increase was primarily due to water and sewer rate increases that were implemented January 2014. The unrestricted net position in the Water and Sewer Fund at year-end was \$5,554,574.

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 \$149,616. The unrestricted Ambulance Fund net position at year-end was \$90,543. The decrease in net position of \$12,171 is the result of transfers from General Fund remaining steady at \$325,000, and revenues not being sufficient to cover current year expenses.

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 \$2,696,690, an increase of \$576,805 from the beginning balance of \$2,393,155. The unrestricted net position of the Lee C. Fine Airport Fund at year-end was \$48,507. As of yearend, the City's construction contract to build four hangars is 95% complete and leasing of spaces began in March 2015. The increase in net position is a result of receiving a capital grant to pay for the construction of the hangars.

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 \$951,581, an increase of \$1,910 from the beginning balance of \$949,671. The unrestricted net position of Grand Glaize Fund was \$97,838. Operating revenue increased and expenses decreased moderately during fiscal year 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The amount invested in capital assets for the City as of December 31, 2014 was \$98,207,648, net of accumulated depreciation. This amount includes all infrastructure assets acquired during 2014 and prior years (construction in progress) for water, sewer, and street infrastructure. Capital assets decreased \$2,611,474 or 3% during the year. This change reflects a loss of net position in both governmental activities and business-type activities. The City is currently investing in capital assets and accepting capital grants/contributions, but not at a pace that equaled depreciation during the year. 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
CAPITAL ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,830,330	\$ 1,830,330	\$ 897,793	\$ 897,793	\$ 2,728,123	\$ 2,728,123
Construction in progress	502,581	267,101	734,979	147,776	1,237,560	414,877
Buildings and improvements	7,388,068	7,367,339	4,228,540	4,182,575	11,616,608	11,549,914
Equipment	3,845,197	3,771,529	1,564,277	1,594,702	5,409,474	5,366,231
Infrastructure	52,005,815	51,423,080	-	-	52,005,815	51,423,080
Water system	-	-	35,072,202	35,043,639	35,072,202	35,043,639
Sewer system	-	-	58,479,482	57,736,557	58,479,482	57,736,557
Less accumulated depreciation	(26,264,712)	(23,909,254)	(42,076,904)	(39,534,045)	(68,341,616)	(63,443,299)
Total capital assets	\$ 39,307,279	\$ 40,750,125	\$ 58,900,369	\$ 60,068,997	\$ 98,207,648	\$ 100,819,122

Major capital asset transactions during the year include the following:

- The Police Department purchased and set-up four 2014 Ford Explorers for \$125,470.
- Technology of \$97,204 was purchased to improve workstation efficiency and data security.
- The storage building at the Osage Beach City Park was upgraded with electrical service for \$9,075.
- City-wide security systems were upgraded and cameras added to various locations at a cost of \$60,758.
- The City completed a sidewalk project in 2014 on Osage Beach Parkway totaling \$327,414, which was 80% grant funded through Missouri Department of Transportation; City projects where the Osage Beach Special Road District contributed funds were the Sunset Drive sidewalk in the amount of \$186,304 and road improvements to Ozark Meadows and Zebra in the amount of \$93,420.
- Two portable message and two arrow signs were purchased for \$32,336 to assist with project safety and community notification.
- The Transportation Department purchased one Ford dump truck with plow for \$52,887.
- Water and Sewer invested \$154,079 into its SCADA system, with more to follow in 2015.
- Water fencing was completed at El Terra for \$23,168.
- Sewer lift-station improvements of \$145,822 were completed during the year and \$166,000 was spent to purchase sewer pump replacement inventory.
- The Sewer Department purchased a Ford pickup with crane to replace the old truck for \$43,757 and a new Ford F550 pump truck for \$74,891.
- Lee C. Fine hangar project added \$734,979 to construction in progress and \$45,869 in infrastructure for in-ground work completed.
- Lee C. Fine purchased a Case IH Farmall tractor for \$39,720.

Debt Administration

The gross debt at December 31, 2014, was \$23,810,000, a decrease of \$2,110,000. The debt consists of Sewerage and Waterworks Revenue Bonds. The final payoff year for these bonds is 2027.

CITY OF OSAGE BEACH OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ -	\$ -	\$ 23,810,000	\$ 25,920,000	\$ 23,810,000	\$ 25,920,000
Total debt	\$ -	\$ -	\$ 23,810,000	\$ 25,920,000	\$ 23,810,000	\$ 25,920,000

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 \$57,307,294. 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 2014, the City issued 659 business licenses to various businesses; 514 contractor's licenses, 77 liquor licenses and 30 dog licenses. The Building Inspection Department issued 73 commercial permits and 77 residential permits, representing investment in our community of \$13,544,770.

The City is recognized as both a retail and a tourist destination and, like all communities, is impacted by the state and national economic activity; however, the City has continued to experience slight improved growth over the past years. Sales tax, the principle source of funding for the City, was at its highest in 2014 since 2008. The 2015 fiscal year budget represents a continued growth in the economy for the City. To help facilitate projected growth, the City has committed to stepping up its economic and community development efforts in 2015. For example, community event efforts, City promotional efforts, and economic development programs will be enhanced in 2015.

The above factors were considered in preparing the City of Osage Beach's budget for the 2015 fiscal year.

The City of Osage Beach has appropriated \$6,848,913 for spending in the General Fund 2015 fiscal year budget. Compared to the 2014 actual of \$6,144,561, budgeted expenses will increase 11%. Of the total appropriated in General Fund, \$779,389 is budgeted for capital expenditures. The budget includes a 1% increase in sales tax revenue during the 2015 fiscal year compared to estimated revenue in 2014. Merit increases will be granted to employees in 2015, based on the Matrix Plan and employee job performance. The City's capital expenditure includes \$205,000 for City Park repairs/improvements.

The City's water and sewer rates are scheduled for a rate review in 2015 fiscal year.

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, 2014

	Governmental Activities	Business-type Activities	Total	Tax Increment Financing District
ASSETS				
Cash and cash equivalents	\$ 2,642,175	\$ 5,162,281	\$ 7,804,456	\$ 484
Investments	5,000,000	-	5,000,000	-
Receivables, net	1,475,259	335,861	1,811,120	861,239
Due from other governments	426,556	33,536	460,092	-
Inventories	-	630,408	630,408	-
Prepays items	76,833	29,789	106,622	-
Restricted assets:				
Cash and cash equivalents	691,055	2,069,710	2,760,765	2,198,500
Investments	865	1,457,101	1,457,966	765,490
Capital assets:				
Non-depreciable	2,332,911	1,632,772	3,965,683	-
Depreciable, net	36,974,368	57,267,597	94,241,965	-
Total assets	49,620,022	68,619,055	118,239,077	3,825,713
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	833,412	833,412	160,579
Total deferred outflows of resources	-	833,412	833,412	160,579
LIABILITIES				
Accounts payable	467,855	327,406	795,261	143,776
Accrued liabilities	31,873	13,546	45,419	-
Accrued interest	-	598,270	598,270	125,448
Restricted customer deposits	22,387	-	22,387	-
Funds held for others	8,248	-	8,248	-
Long-term liabilities:				
Due within one year				
Bonds payable	-	2,200,000	2,200,000	1,080,000
Compensated absences	100,079	24,202	124,281	-
Due in more than one year				
Bonds payable	-	22,195,839	22,195,839	14,858,224
Other post employment benefits obligation	140,913	35,259	176,172	-
Arbitrage rebate payable	-	32,736	32,736	-
Total liabilities	771,355	25,427,258	26,198,613	16,207,448
NET POSITION				
Net investment in capital assets	39,307,279	35,337,942	74,645,221	-
Restricted for:				
Highways and streets	4,934,272	-	4,934,272	-
Debt service	661,285	1,132,243	1,793,528	2,963,990
Depreciation and replacement	-	1,763,562	1,763,562	-
Capital improvements	415,295	-	415,295	-
Unrestricted	3,530,536	5,791,462	9,321,998	(15,185,146)
Total net position	\$ 48,848,667	\$ 44,025,209	\$ 92,873,876	\$ (12,221,156)

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Activities
For the Year Ended December 31, 2014

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			
					Governmental Activities	Business-type Activities	Total	Component Unit
Primary government								
Governmental Activities								
General government	\$ 2,652,546	\$ 193,175	\$ 10,588	\$ -	\$ (2,448,783)	\$ -	\$ (2,448,783)	\$ -
Public safety	2,978,236	243,122	-	-	(2,735,114)	-	(2,735,114)	-
Parks and recreation	529,212	7,122	-	158,699	(363,391)	-	(363,391)	-
Information technology	328,665	-	-	-	(328,665)	-	(328,665)	-
Streets and highways	3,613,537	-	-	504,458	(3,109,079)	-	(3,109,079)	-
Total governmental activities	10,102,196	443,419	10,588	663,157	(8,985,032)	-	(8,985,032)	-
Business-type activities								
Water/Sewer	6,005,376	4,040,992	661,112	9,711	-	(1,293,561)	(1,293,561)	-
Ambulance	550,425	213,254	-	-	-	(337,171)	(337,171)	-
Airports	1,152,138	921,421	-	697,186	-	466,469	466,469	-
Total business-type activities	7,707,939	5,175,667	661,112	706,897	-	(1,164,263)	(1,164,263)	-
Total primary government	\$ 17,810,135	\$ 5,619,086	\$ 671,700	\$ 1,370,054	(8,985,032)	(1,164,263)	(10,149,295)	-
Component Unit								
Tax Increment Financing District	\$ 1,389,599	\$ -	\$ -	\$ -				(1,389,599)
General revenues:								
Taxes								
County road taxes					67,902	-	67,902	-
Property taxes					-	-	-	505,710
Sales taxes					9,065,925	-	9,065,925	2,188,530
Franchise taxes					952,678	-	952,678	-
Motor vehicle fuel and license taxes					164,069	-	164,069	-
Payments from enterprise funds					194,600	-	194,600	-
Unrestricted investment earnings					36,444	32,889	69,333	12,796
Other income					63,338	13,620	76,958	-
Gain on sale of capital assets					85,639	8,900	94,539	-
Transfers					(2,355,000)	2,355,000	-	-
Total general revenues, special items, and transfers					8,275,595	2,410,409	10,686,004	2,707,036
Change in net position					(709,437)	1,246,146	536,709	1,317,437
Net position - beginning					49,558,104	42,779,063	92,337,167	(13,538,593)
Net position - ending					\$ 48,848,667	\$ 44,025,209	\$ 92,873,876	\$ (12,221,156)

See accompanying notes to the basic financial statements.

City of Osage Beach
Balance Sheet
Governmental Funds
December 31, 2014

	General	Transportation	Capital Improvement Sales Tax	Total Governmental Funds
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 302,727	\$ 2,211,361	\$ 128,087	\$ 2,642,175
Restricted	30,635	-	660,420	691,055
Investments				
Unrestricted	2,500,000	2,500,000	-	5,000,000
Restricted	-	-	865	865
Receivables				
Taxes	740,073	332,711	332,711	1,405,495
Receivable from other governments	164,956	261,600	-	426,556
Other	27,091	42,673	-	69,764
Prepaid expenses	71,107	5,726	-	76,833
Total assets	<u>\$ 3,836,589</u>	<u>\$ 5,354,071</u>	<u>\$ 1,122,083</u>	<u>\$ 10,312,743</u>
LIABILITIES				
Accounts payable	\$ 274,137	\$ 148,215	\$ 45,503	\$ 467,855
Accrued payroll	27,615	4,258	-	31,873
Payable from restricted assets:				
Due to others	8,248	-	-	8,248
Bail bond deposits	10,387	-	-	10,387
Building deposits	12,000	-	-	12,000
Total liabilities	<u>332,387</u>	<u>152,473</u>	<u>45,503</u>	<u>530,363</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - federal grant reimbursement	158,699	261,600	-	420,299
Total deferred inflows of resources	<u>158,699</u>	<u>261,600</u>	<u>-</u>	<u>420,299</u>
FUND BALANCES				
Nonspendable:				
Prepays	71,107	5,726	-	76,833
Restricted for:				
Debt service	-	-	661,285	661,285
Highways and streets	-	4,934,272	-	4,934,272
Capital improvements	-	-	415,295	415,295
Unassigned	3,274,396	-	-	3,274,396
Total fund balances	<u>3,345,503</u>	<u>4,939,998</u>	<u>1,076,580</u>	<u>9,362,081</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,836,589</u>	<u>\$ 5,354,071</u>	<u>\$ 1,122,083</u>	<u>\$ 10,312,743</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, 2014

Fund balances - total governmental funds \$ 9,362,081

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	65,571,991	
Less accumulated depreciation	<u>(26,264,712)</u>	
		39,307,279

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the governmental funds:

Unavailable revenue	420,299
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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	(100,079)
Other post employment benefits obligation	<u>(140,913)</u>

Net position of governmental activities	<u>\$ 48,848,667</u>
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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, 2014

	General	Transportation	Capital Improvement Sales Tax	Total Governmental Funds
REVENUES				
Taxes				
Sales	\$ 4,569,918	\$ 2,248,003	\$ 2,248,004	\$ 9,065,925
Franchise	952,678	-	-	952,678
Motor vehicle fuel and license	-	164,069	-	164,069
County road taxes	-	67,902	-	67,902
Licenses, fines, permits and fees	443,419	-	-	443,419
Intergovernmental	10,588	312,352	-	322,940
Interest	18,260	14,629	3,555	36,444
Payments from enterprise funds	194,600	-	-	194,600
Miscellaneous	63,338	-	-	63,338
Total revenues	<u>6,252,801</u>	<u>2,806,955</u>	<u>2,251,559</u>	<u>11,311,315</u>
EXPENDITURES				
Current:				
General government	2,109,753	-	-	2,109,753
Public safety	2,859,619	-	-	2,859,619
Park and recreation	253,983	-	-	253,983
Information technology	282,989	-	-	282,989
Streets and highways	-	1,152,841	-	1,152,841
Capital improvements	-	-	287,505	287,505
Capital outlay				
Projects and equipment	638,217	-	-	638,217
Streets and highways	-	1,069,691	-	1,069,691
Total expenditures	<u>6,144,561</u>	<u>2,222,532</u>	<u>287,505</u>	<u>8,654,598</u>
Excess of revenues over expenditures	<u>108,240</u>	<u>584,423</u>	<u>1,964,054</u>	<u>2,656,717</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	-	-	150,000
Transfers out	(430,000)	-	(2,075,000)	(2,505,000)
Sale of capital assets	49,911	43,933	-	93,844
Total other financing sources (uses)	<u>(230,089)</u>	<u>43,933</u>	<u>(2,075,000)</u>	<u>(2,261,156)</u>
Net change in fund balances	(121,849)	628,356	(110,946)	395,561
Fund balances - beginning	<u>3,467,352</u>	<u>4,311,642</u>	<u>1,187,526</u>	<u>8,966,520</u>
Fund balances - ending	<u>\$ 3,345,503</u>	<u>\$ 4,939,998</u>	<u>\$ 1,076,580</u>	<u>\$ 9,362,081</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, 2014

Net change in fund balances - total governmental funds: \$ 395,561

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	(2,707,427)	
Capital outlay capitalized as assets	<u>1,272,786</u>	
		(1,434,641)

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

Intergovernmental	<u>350,805</u>	
		350,805

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		15,096
Loss on disposal of capital assets		(8,205)
Other post employment benefits obligation		<u>(28,053)</u>
Change in net position of governmental activities	<u>\$</u>	<u>(709,437)</u>

See accompanying notes to the basic financial statements.

**City of Osage Beach
Statement of Net Position
Proprietary Funds
December 31, 2014**

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,909,193	\$ 65,573	\$ 116,264	\$ 71,251	\$ 5,162,281
Receivables (net of allowances for uncollectibles)					
Accounts	301,311	33,839	225	486	335,861
Receivable from other governments	-	-	11,910	21,626	33,536
Inventories	582,486	-	31,156	16,766	630,408
Prepaid Expenses	24,245	1,157	2,887	1,500	29,789
Total current assets	5,817,235	100,569	162,442	111,629	6,191,875
Non-current assets:					
Restricted cash and cash equivalents	2,069,710	-	-	-	2,069,710
Restricted investments	1,457,101	-	-	-	1,457,101
Capital assets:					
Non-depreciable	552,250	-	734,979	345,543	1,632,772
Depreciable, net	54,513,850	59,073	2,186,474	508,200	57,267,597
Total non-current assets	58,592,911	59,073	2,921,453	853,743	62,427,180
Total assets	64,410,146	159,642	3,083,895	965,372	68,619,055
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	833,412	-	-	-	833,412
Total deferred outflows of resources	833,412	-	-	-	833,412
LIABILITIES					
Current liabilities:					
Accounts payable	211,580	3,112	106,191	6,523	327,406
Accrued payroll	5,857	2,918	838	801	10,414
Accrued interest payable	598,270	-	-	-	598,270
Other accrued expenses	3,132	-	-	-	3,132
Compensated absences	16,904	3,255	2,680	1,363	24,202
Bonds, notes and loans payable	2,200,000	-	-	-	2,200,000
Total current liabilities	3,035,743	9,285	109,709	8,687	3,163,424
Non-current liabilities:					
Bonds, notes and loans payable	22,195,839	-	-	-	22,195,839
Other post employment benefits payable	25,188	741	4,226	5,104	35,259
Arbitrage rebate payable	32,736	-	-	-	32,736
Total non-current liabilities	22,253,763	741	4,226	5,104	22,263,834
Total liabilities	25,289,506	10,026	113,935	13,791	25,427,258
NET POSITION					
Net investment in capital assets	31,503,673	59,073	2,921,453	853,743	35,337,942
Restricted for:					
Debt service	1,132,243	-	-	-	1,132,243
Depreciation and replacement	1,763,562	-	-	-	1,763,562
Unrestricted	5,554,574	90,543	48,507	97,838	5,791,462
Total net position	\$ 39,954,052	\$ 149,616	\$ 2,969,960	\$ 951,581	\$ 44,025,209

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, 2014

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
REVENUES					
Charges for services	\$ 4,040,992	\$ 213,254	\$ 640,039	\$ 144,611	\$ 5,038,896
Rental income	-	-	82,369	54,402	136,771
Operating grants and contributions	661,112	-	-	-	661,112
Total operating revenues	4,702,104	213,254	722,408	199,013	5,836,779
OPERATING EXPENSES					
Cost of sales and services	997,587	35,843	493,378	117,574	1,644,382
Administration	67,338	59,725	2,750	16,927	146,740
Personnel services	881,329	408,758	210,337	105,466	1,605,890
Repairs and maintenance	144,473	5,841	21,832	19,056	191,202
Other supplies and expenses	2,200	-	-	-	2,200
Insurance	79,316	15,331	12,897	10,445	117,989
Depreciation and amortization	2,557,972	24,927	104,518	21,930	2,709,347
Miscellaneous expenses	-	-	14,971	57	15,028
Total operating expenses	4,730,215	550,425	860,683	291,455	6,432,778
Operating loss	(28,111)	(337,171)	(138,275)	(92,442)	(595,999)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	32,889	-	-	-	32,889
Interest expense	(1,134,410)	-	-	-	(1,134,410)
Miscellaneous revenue	13,620	-	-	-	13,620
Gain on sale of capital assets	1,654	-	4,873	2,373	8,900
Bond and financial services fees	(140,751)	-	-	-	(140,751)
Total non-operating revenue (expenses)	(1,226,998)	-	4,873	2,373	(1,219,752)
Loss before contributions and transfers	(1,255,109)	(337,171)	(133,402)	(90,069)	(1,815,751)
Capital grants and contributions	9,711	-	687,207	9,979	706,897
Transfers in	1,925,000	325,000	23,000	82,000	2,355,000
Change in net assets	679,602	(12,171)	576,805	1,910	1,246,146
Total net position	39,274,450	161,787	2,393,155	949,671	42,779,063
Total net position - ending	\$ 39,954,052	\$ 149,616	\$ 2,969,960	\$ 951,581	\$ 44,025,209

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Collections from customers and users	\$ 4,023,876	\$ 220,764	\$ 722,383	\$ 198,920	\$ 5,165,943
Payments for goods and services	(1,612,986)	(76,791)	(436,076)	(161,191)	(2,287,044)
Payments on behalf of employees for services	(897,326)	(421,816)	(215,050)	(111,365)	(1,645,557)
Payments for interfund services used	(36,400)	(41,800)	-	-	(78,200)
Other operating revenues	533,981	-	-	-	533,981
Net cash provided (used) by operating activities	2,011,145	(319,643)	71,257	(73,636)	1,689,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund transfers	1,925,000	325,000	23,000	82,000	2,355,000
Net cash provided by noncapital financing activities	1,925,000	325,000	23,000	82,000	2,355,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(633,076)	-	(797,743)	-	(1,430,819)
Capital grants and contributions	9,707	-	713,288	-	722,995
Sale of capital assets	1,654	-	4,873	2,373	8,900
Principal paid on capital debt	(2,020,000)	-	-	-	(2,020,000)
Interest paid on capital debt	(1,296,522)	-	-	-	(1,296,522)
Net cash provided (used) by capital and related financing activities	(3,938,237)	-	(79,582)	2,373	(4,015,446)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	32,889	-	-	-	32,889
Net change in short-term money market mutual funds	(22,622)	-	-	-	(22,622)
Proceeds from maturity of guaranteed investment contracts	14,907	-	-	-	14,907
Purchase of guaranteed investment contracts	(31,943)	-	-	-	(31,943)
Reinvestment of investment income	(59)	-	-	-	(59)
Net cash used by investing activities	(6,828)	-	-	-	(6,828)
Net increase (decrease) in cash and cash equivalents	(8,920)	5,357	14,675	10,737	21,849
Cash and cash equivalents-beginning of year	6,987,823	60,216	101,589	60,514	7,210,142
Cash and cash equivalents-end of year	\$ 6,978,903	\$ 65,573	\$ 116,264	\$ 71,251	\$ 7,231,991
Reconciliation of operating loss to net cash provided by operating activities:					
Operating loss	\$ (28,111)	\$ (337,171)	\$ (138,275)	\$ (92,442)	\$ (595,999)
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Miscellaneous revenue	(127,131)	-	-	-	(127,131)
Depreciation and amortization	2,557,972	24,927	104,518	21,930	2,709,347
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	(17,116)	7,510	(25)	(93)	(9,724)
(Increase) decrease in inventory	(286,507)	-	13,652	10,476	(262,379)
(Increase) decrease in prepaids	(24,245)	(1,157)	(2,887)	(1,500)	(29,789)
Increase (decrease) in accounts payable and accrued liabilities	(63,717)	(13,752)	94,274	(12,007)	4,798
Total adjustments	2,039,256	17,528	209,532	18,806	2,285,122
Net cash provided (used) by operating activities	\$ 2,011,145	\$ (319,643)	\$ 71,257	\$ (73,636)	\$ 1,689,123
Reconciliation of cash and cash equivalents to Statement of Net Position:					
Cash and cash equivalents	\$ 4,909,193	\$ 65,573	\$ 116,264	\$ 71,251	\$ 5,162,281
Restricted cash and cash equivalents	2,069,710	-	-	-	2,069,710
	\$ 6,978,903	\$ 65,573	\$ 116,264	\$ 71,251	\$ 7,231,991

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. 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.

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.

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 average cost 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 has one item that qualifies for reporting in this category, which is grant reimbursements for the fiscal year that were not collected within 60 days of fiscal year end. This deferred inflow is reported in the governmental fund financial statements.

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, 2014.

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, 2014. Deposits, categorized by level of custodial risk, were as follows as of December 31, 2014:

	Cash and Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	\$ 262,000	\$ -	\$ -	\$ 262,000
Collateralized with securities pledged by the financial institution in the entity's name	2,439,177	7,058,000	-	9,497,177
Collateralized by securities held by the pledging financial institutions' trust department or agent but not in the depositor government's name	306,148	2,858,920	-	3,165,068
Uncollateralized	-	-	-	-
	<u>\$ 3,007,325</u>	<u>\$ 9,916,920</u>	<u>\$ -</u>	<u>\$ 12,924,245</u>
Carrying value	<u>\$ 2,844,760</u>	<u>\$ 9,916,920</u>	<u>\$ 2,525</u>	<u>\$ 12,764,205</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	\$ 7,804,456	\$ 484	\$ 7,804,940
Restricted assets:			
Cash and cash equivalents	2,760,765	2,198,500	4,959,265
Total	\$ 10,565,221	\$ 2,198,984	\$ 12,764,205

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	\$ 1,262,047	\$ -	\$ -	\$ 1,262,047	\$ 1,262,047
Guaranteed investment contracts					
Restricted	-	-	961,409	961,409	961,409
U.S. Treasury Bills					
Unrestricted	5,000,000	-	-	5,000,000	5,000,000
Total investments	\$ 6,262,047	\$ -	\$ 961,409	\$ 7,223,456	\$ 7,223,456

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	1,457,966	765,490	2,223,456
Total	\$ 6,457,966	\$ 765,490	\$ 7,223,456

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 \$961,767, \$959,194 is rated Aa1 and \$2,215 is rated A2 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, 17.5% are money market mutual funds, 13.3% are guaranteed investment contracts (substantially issued by Natixis Global Asset Management), and 69.2% 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, 2014, cash and investments were restricted for various uses as follows:

General Fund	
Restricted for bail bond deposits	\$ 10,387
Restricted for building permit deposits	12,000
Amounts held for others	8,248
Capital Improvement Sales Tax Fund	
Reserved for bond requirements	661,285
Water and Sewer Fund	
Restricted for bond requirements	3,526,811
TIF Fund	
Restricted for bond requirements	2,963,990

5. RECEIVABLES

Receivables are composed of the following at December 31, 2014:

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Taxes receivable	\$ 1,405,495	\$ -	\$ 1,405,495	\$ 893,058
Accounts receivable	-	400,886	400,886	-
Other receivable	69,764	-	69,764	-
	1,475,259	400,886	1,876,145	893,058
Allowance for uncollectible accounts	-	(65,025)	(65,025)	(31,819)
Accounts receivable	\$ 1,475,259	\$ 335,861	\$ 1,811,120	\$ 861,239

6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance December 31, 2013	Additions	Retirements	Transfers	Balance December 31, 2014
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,830,330	\$ -	\$ -	\$ -	\$ 1,830,330
Construction in progress	267,101	235,480	-	-	502,581
Total capital assets, not being depreciated	2,097,431	235,480	-	-	2,332,911
Capital assets, being depreciated:					
Buildings and improvements	7,367,339	20,729	-	-	7,388,068
Machinery and equipment	3,771,529	384,338	360,174	49,504	3,845,197
Infrastructure	51,423,080	632,239	-	(49,504)	52,005,815
Total capital assets, being depreciated	62,561,948	1,037,306	360,174	-	63,239,080
Less accumulated depreciation for:					
Buildings and improvements	3,314,222	199,229	-	-	3,513,451
Machinery and equipment	3,053,268	245,047	351,969	12,376	2,958,722
Infrastructure	17,541,764	2,263,151	-	(12,376)	19,792,539
Total accumulated depreciation	23,909,254	2,707,427	351,969	-	26,264,712
Total capital assets being depreciated, net	38,652,694	(1,670,121)	8,205	-	36,974,368
Total capital assets, net	\$ 40,750,125	\$ (1,434,641)	\$ 8,205	\$ -	\$ 39,307,279

	Balance December 31, 2013	Additions	Retirements	Transfers	Balance December 31, 2014
Business-type activities:					
Capital assets, not being depreciated:					
Land and easements	\$ 897,793	\$ -	\$ -	\$ -	\$ 897,793
Construction in progress	147,776	734,979	-	(147,776)	734,979
Total capital assets, not being depreciated	<u>1,045,569</u>	<u>734,979</u>	<u>-</u>	<u>(147,776)</u>	<u>1,632,772</u>
Capital assets, being depreciated:					
Buildings and improvements	4,182,575	23,043	-	22,922	4,228,540
Equipment	1,594,702	345,309	55,821	(319,913)	1,564,277
Water system, tower and lines	35,043,639	28,563	-	-	35,072,202
Sewage collection system and treatment plant	<u>57,736,557</u>	<u>298,158</u>	<u>-</u>	<u>444,767</u>	<u>58,479,482</u>
Total capital assets, being depreciated	<u>98,557,473</u>	<u>695,073</u>	<u>55,821</u>	<u>147,776</u>	<u>99,344,501</u>
Less accumulated depreciation for:					
Buildings and improvements	1,367,015	126,778	-	-	1,493,793
Equipment	1,215,339	71,568	55,821	(174,160)	1,056,926
Water system, tower and lines	9,609,840	895,592	-	-	10,505,432
Sewage collection system and treatment plant	<u>27,341,851</u>	<u>1,504,742</u>	<u>-</u>	<u>174,160</u>	<u>29,020,753</u>
Total accumulated depreciation	<u>39,534,045</u>	<u>2,598,680</u>	<u>55,821</u>	<u>-</u>	<u>42,076,904</u>
Total capital assets being depreciated, net	<u>59,023,428</u>	<u>(1,903,607)</u>	<u>-</u>	<u>147,776</u>	<u>57,267,597</u>
Business-type activities capital assets, net	<u>\$ 60,068,997</u>	<u>\$ (1,168,628)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,900,369</u>

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

Governmental activities:

General administration	249,362
Public safety	87,358
Streets and highways	2,167,455
Parks and recreation	<u>203,252</u>
Total depreciation expense - governmental activities:	<u>\$ 2,707,427</u>

Business-type activities:

Water/Sewer	2,447,305
Ambulance	24,927
Airports	<u>126,448</u>
Total depreciation expense - business-type activities:	<u>\$ 2,598,680</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, 2014:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in one year
Primary Government:					
General Long-Term Debt					
Compensated absences	\$ 115,175	\$ 29,434	\$ 44,530	\$ 100,079	\$ 100,079
Enterprise Funds					
Revenue bonds	25,920,000	-	2,110,000	23,810,000	2,200,000
Compensated absences	27,196	13,683	16,677	24,202	24,202
	<u>\$ 26,062,371</u>	<u>\$ 43,117</u>	<u>\$ 2,171,207</u>	<u>\$ 23,934,281</u>	<u>\$ 2,324,281</u>
Component Unit:					
Revenue bonds	<u>\$ 17,385,000</u>	<u>\$ -</u>	<u>\$ 1,420,000</u>	<u>\$ 15,965,000</u>	<u>\$ 1,080,000</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, 2014, of \$286,536,473, the constitutional total general obligation debt limit was \$57,307,294, which provides a general obligation debt margin of \$57,307,294.

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 \$23.8 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 2014 are over 139% of the annual principal and interest payments made in 2014. The total principal and interest remaining to be paid on the bonds is \$30,040,759. Principal and interest paid for the current year and total net revenues were \$3,244,410 and \$4,483,060, respectively.

Revenue bonds payable are comprised of the following individual issues:

	Original Amount	Interest Rate	Final Maturity Date	Balance December 31, 2014
2001A, Clean Water	\$ 5,000,000	4.0%-5.0%	1/1/2022	\$ 2,210,000
2002B, Drinking Water	24,585,000	3.25%-5.5%	7/1/2022	12,615,000
2003B, Drinking Water	6,075,000	2.5%-5.125%	1/1/2024	4,225,000
2005C, Clean Water	4,950,000	3.0%-5.25%	7/1/2025	3,000,000
2007A, Drinking Water	2,550,000	4.0%-4.75%	1/1/2027	1,760,000
				<u>\$ 23,810,000</u>

The following is a summary of net revenue bonds payable for December 31, 2014:

Bonds payable at December 31, 2014	\$ 23,810,000
Unamortized premiums (net of accumulated amortization of \$819,558)	585,839
	<u>24,395,839</u>
Less amount due within one year	(2,200,000)
Net revenue bonds payable December 31, 2014	<u>\$ 22,195,839</u>

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

Year Ending December 31	Principal	Interest	Total
2015	\$ 2,200,000	\$ 1,181,323	\$ 3,381,323
2016	2,300,000	1,069,765	3,369,765
2017	2,410,000	953,056	3,363,056
2018	2,505,000	828,256	3,333,256
2019	2,620,000	705,219	3,325,219
2020-2024	11,020,000	1,447,568	12,467,568
2025-2027	755,000	45,572	800,572
Total	<u>\$ 23,810,000</u>	<u>\$ 6,230,759</u>	<u>\$ 30,040,759</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 \$3,495,000 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, 2014, is \$12,470,000.

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 \$2,206,830 and \$2,132,501, respectively.

The following is a summary of net bonds payable for December 31, 2014:

Bonds payable at December 31, 2014	\$ 15,965,000
Unamortized discount (net of accumulated amortization of \$7,774)	(26,776)
	<u>15,938,224</u>
Less amount due within one year	<u>(1,080,000)</u>
Net revenue bonds payable December 31, 2014	<u><u>\$ 14,858,224</u></u>

The annual requirements to amortize debt outstanding in the as of December 31, 2014, including interest payments, are as follows:

Year Ending December 31	Series 2006		Series 2012		Total
	Principal	Interest	Principal	Interest	
2015	\$ 1,080,000	\$ 593,170	\$ -	\$ 133,600	\$ 1,806,770
2016	1,125,000	540,250	-	133,600	1,798,850
2017	1,095,000	485,875	-	133,600	1,714,475
2018	1,170,000	429,250	-	133,600	1,732,850
2019	1,250,000	368,750	995,000	133,600	2,747,350
2020-2023	6,750,000	755,500	2,500,000	400,800	10,406,300
Total	\$ 12,470,000	\$ 3,172,795	\$ 3,495,000	\$ 1,068,800	\$ 20,206,595

The Series 2012 bonds do not have a required redemption schedule, but require 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, 2014, follows:

TRANSFERRED FROM	TRANSFERRED TO					
	Governmental	Enterprise Funds				
	Funds					
	General	Water/Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
Fund	Fund	Fund	Fund	Airport Fund		
Governmental Funds:						
General Fund	\$ -	\$ -	\$ 325,000	\$ 23,000	\$ 82,000	\$ 430,000
Capital Improvement Sales Tax Fund	150,000	1,925,000	-	-	-	2,075,000
	\$ 150,000	\$ 1,925,000	\$ 325,000	\$ 23,000	\$ 82,000	\$ 2,505,000

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 Sales Tax Fund to the General Fund was to help fund current year park repairs as a result of flood damage. The purpose of the transfer from the Capital Improvement Sales Tax 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	\$ 46,800
Water/Sewer Fund	36,400
Ambulance Fund	41,800
Lee C. Fine Airport Fund	57,900
Grand Glaize Airport Fund	11,700
	<u>\$ 194,600</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, 2014, commitments under contracts were as follows:

Project	Spent-to-Date	Remaining Commitment
General Fund- Park	\$ 80,436	\$ 149,630
Lee C Fine Airport	661,481	124,986
	<u>\$ 741,917</u>	<u>\$ 274,616</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 2014.

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, 2014. The notes bear interest at 6.5% with final maturity on December 15, 2033. The balance at December 31, 2014, represents outstanding notes of \$5,655,492. 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, 2014.

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 \$263,806 to the plan for the year ended December 31, 2014, of which \$22,500 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 \$140,913 and \$35,259 and related expenses of \$28,052 and \$4,190 in governmental and business-type activities, respectively, as of and for the year ended December 31, 2014. 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, 2014, the annual OPEB costs and changes in the net obligation are as follows:

Annual accrued liability	\$ 189,869
OPEB plan assets	-
Unfunded actuarial accrued liability	<u>\$ 189,869</u>
Amortization factor (Based on 30-year closed-level dollar)	<u>17.0219</u>
Amortization of unfunded liability	\$ 11,916
Normal costs	<u>18,041</u>
Annual required contribution (ARC)	29,957
Interest to end of the year	6,854
Adjustment to the ARC	<u>(8,948)</u>
Annual OPEB cost	27,863
Net OPEB obligation, beginning of year	152,309
Expected employer contributions for 2014	<u>(4,000)</u>
Net OPEB obligation, end of year	<u>\$ 176,172</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 2014 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
12/31/2012	\$ 25,679	\$ 3,000	11.7%	\$ 131,900
12/31/2013	25,409	5,000	19.7%	152,309
12/31/2014	27,863	4,000	14.4%	176,172

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, 2014:

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
7/1/2013	\$ -	\$ 189,689	\$ 189,689	0%	\$ 3,832,178	4.9%

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 2015 based on actuarial valuation date of July 1, 2014.

The required schedule of funding progress included in required supplemental information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2013, 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 4.5% discount rate. Actuarial assumptions also included annual healthcare cost trend rates of 7% initially, reduced by decrements to an ultimate rate of 5% after 7 years. Dental healthcare cost trend rates were 4% initially, reduced by decrements to an ultimate rate of 3.75%. Both rates included a 2.5% 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, 2014, the City paid \$506,582 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 22, 2014, was as follows:

	For the 2014 Calendar Year
Assessed valuation for Miller County:	
Tax Increment Financing	<u>\$ 10,579,083</u>
Tax rates per \$100 assessed valuation:	
General Fund	<u>\$ 0.0431</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Osage Beach
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Taxes				
Sales	\$ 4,455,000	\$ 4,455,000	\$ 4,569,918	\$ 114,918
Franchise	908,400	908,400	952,678	44,278
Licenses, fines, permits and fees	426,050	426,050	443,419	17,369
Intergovernmental	490,600	490,600	10,588	(480,012)
Interest	47,000	47,000	18,260	(28,740)
Payments from enterprise funds	219,000	219,000	194,600	(24,400)
Miscellaneous	145,357	145,357	63,338	(82,019)
Total revenues	6,691,407	6,691,407	6,252,801	(438,606)
EXPENDITURES				
Current:				
General government	2,249,589	2,251,589	2,109,753	141,836
Public safety	3,246,599	3,246,599	2,859,619	386,980
Park and recreation	282,419	282,419	253,983	28,436
Information technology	324,921	324,921	282,989	41,932
Capital outlay				
Projects and equipment	1,044,883	1,059,033	638,217	420,816
Total expenditures	7,148,411	7,164,561	6,144,561	1,020,000
Excess (deficiency) of revenues over expenditures	(457,004)	(473,154)	108,240	581,394
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Transfers out	(430,000)	(430,000)	(430,000)	-
Sale of capital assets	21,000	21,000	49,911	28,911
Total other financing sources (uses)	(259,000)	(259,000)	(230,089)	28,911
Net change in fund balance	(716,004)	(732,154)	(121,849)	610,305
Fund balance - beginning	3,467,352	3,467,352	3,467,352	-
Fund balance - ending	\$ 2,751,348	\$ 2,735,198	\$ 3,345,503	\$ 610,305

City of Osage Beach
Budget and Actual (with Variances)
Transportation Fund
For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Taxes				
Sales	\$ 2,227,500	\$ 2,227,500	\$ 2,248,003	\$ 20,503
Motor vehicle fuel and license	154,500	154,500	164,069	9,569
County road taxes	68,000	68,000	67,902	(98)
Intergovernmental	613,807	613,807	312,352	(301,455)
Interest	20,000	20,000	14,629	(5,371)
Miscellaneous	50	50	-	(50)
Total revenues	3,083,857	3,083,857	2,806,955	(276,902)
EXPENDITURES				
Current:				
Streets and highways	1,291,621	1,337,812	1,152,841	184,971
Capital outlay				
Streets and highways	3,605,313	3,641,170	1,069,691	2,571,479
Total expenditures	4,896,934	4,978,982	2,222,532	2,756,450
Excess (deficiency) of revenues over expenditures	(1,813,077)	(1,895,125)	584,423	2,479,548
OTHER FINANCING SOURCES				
Sale of capital assets	6,700	6,700	43,933	37,233
Total other financing sources	6,700	6,700	43,933	37,233
Net change in fund balance	(1,806,377)	(1,888,425)	628,356	2,516,781
Fund balance - beginning	4,311,642	4,311,642	4,311,642	-
Fund balance - ending	\$ 2,505,265	\$ 2,423,217	\$ 4,939,998	\$ 2,516,781

City of Osage Beach
 Budget and Actual (with Variances)
 Capital Improvement Sales Tax Fund
 For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Taxes				
Sales	\$ 2,227,500	\$ 2,227,500	\$ 2,248,004	\$ 20,504
Interest	4,500	4,500	3,555	(945)
Total revenues	2,232,000	2,232,000	2,251,559	19,559
EXPENDITURES				
Current:				
Capital improvements	328,500	328,500	287,505	40,995
Total expenditures	328,500	328,500	287,505	40,995
Excess of revenues over expenditures	1,903,500	1,903,500	1,964,054	60,554
OTHER FINANCING USES				
Transfers out	(2,075,000)	(2,075,000)	(2,075,000)	-
Total other financing uses	(2,075,000)	(2,075,000)	(2,075,000)	-
Net change in fund balance	(171,500)	(171,500)	(110,946)	(60,554)
Fund balance - beginning	1,187,526	1,187,526	1,187,526	-
Fund balance - ending	\$ 1,016,026	\$ 1,016,026	\$ 1,076,580	\$ (60,554)

CITY OF OSAGE BEACH
Required Supplementary Information
Notes to the Budgetary Comparison Schedules
For The Year Ended December 31, 2014

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, 2014.

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, 2014

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
7/1/2009	\$ -	\$ 159,858	\$ 159,858	0%	\$ 3,944,434	4.1%
7/1/2011	-	182,405	182,405	0%	3,809,370	4.8%
7/1/2013	-	189,689	189,689	0%	3,832,178	4.9%

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 2015.

STATISTICAL SECTION

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 I

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 39,307,279
Restricted	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	6,010,852
Unrestricted	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	3,530,536
Total governmental activities net assets	<u>\$ 28,439,841</u>	<u>\$ 36,794,675</u>	<u>\$ 39,016,902</u>	<u>\$ 38,892,304</u>	<u>\$ 38,874,363</u>	<u>\$ 38,251,732</u>	<u>\$ 37,553,444</u>	<u>\$ 37,249,903</u>	<u>\$ 49,558,104</u>	<u>\$ 48,848,667</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 35,337,942
Restricted	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	2,895,805
Unrestricted	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	5,791,462
Total business-type activities net assets	<u>\$ 34,937,516</u>	<u>\$ 38,919,833</u>	<u>\$ 41,163,734</u>	<u>\$ 42,374,779</u>	<u>\$ 42,019,181</u>	<u>\$ 42,758,598</u>	<u>\$ 42,329,448</u>	<u>\$ 42,991,843</u>	<u>\$ 42,779,063</u>	<u>\$ 44,025,209</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 74,645,221
Restricted	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	8,906,657
Unrestricted	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	9,321,998
Total primary government net assets	<u>\$ 63,377,357</u>	<u>\$ 73,316,863</u>	<u>\$ 80,180,636</u>	<u>\$ 81,267,083</u>	<u>\$ 80,893,544</u>	<u>\$ 81,010,330</u>	<u>\$ 79,882,892</u>	<u>\$ 80,241,746</u>	<u>\$ 92,337,167</u>	<u>\$ 92,873,876</u>

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 2,652,546
Public Safety	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	2,978,236
Park and Recreation	255,247	144,529	182,050	199,691	210,671	420,349	456,627	510,657	458,198	529,212
Information Technology	234,900	329,674	311,734	231,929	233,441	255,380	262,973	379,314	331,982	328,665
Streets and Highways	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	3,613,537
Interest on Long-term debt	44,300	40,053	36,215	28,204	21,563	15,360	175	-	-	-
Total governmental activities expenses	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	10,102,196
Business-type activities:										
Water/Sewer	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	6,005,376
Ambulance	473,746	425,918	484,609	505,773	489,201	530,342	508,179	502,076	549,256	550,425
Airports	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	1,152,138
Total business-type activities expenses	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	7,707,939
Total primary government expenses	\$ 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	\$ 17,810,135
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	\$ 450,944	\$ 451,851	\$ 305,473	\$ 196,634	\$ 183,234	\$ 230,490	\$ 182,720	\$ 177,475	\$ 287,269	\$ 193,175
Public Safety	274,622	334,901	303,239	304,684	277,441	241,182	248,011	207,181	231,185	243,122
Parks and recreation	-	-	-	-	-	-	-	13,969	4,059	7,122
Streets and highways	-	-	-	-	-	-	-	6,260	7	-
Operating grants and contributions	-	83,969	123,189	53,876	25,642	27,658	28,289	13,961	80,180	10,588
Capital grants and contributions	-	7,203,665	2,105,975	100,000	67,520	848,628	191,983	710,078	13,134,610	663,157
Total governmental activities program revenues	725,566	8,074,386	2,837,876	655,194	553,837	1,347,958	651,003	1,128,924	13,737,310	1,117,164
Business-type activities:										
Charges for services:										
Water/Sewer	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	4,040,992
Ambulance	244,243	231,997	187,255	195,809	164,749	163,800	195,689	169,359	178,696	213,254
Airports	724,045	848,985	787,253	1,007,987	694,795	887,587	1,030,363	944,568	916,094	921,421
Operating grants and contributions	827,218	957,794	968,395	940,233	851,576	862,516	808,004	762,814	712,858	661,112
Capital grants and contributions	-	1,901,582	3,410,267	627,991	883,607	624,873	57,020	739,451	429,451	706,897
Total business-type activities program revenues	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	6,543,676
Total primary government program revenues	\$ 6,254,523	\$ 16,161,555	\$ 11,652,463	\$ 6,787,629	\$ 6,155,238	\$ 7,360,556	\$ 6,204,140	\$ 7,446,957	\$ 19,787,434	\$ 7,660,840

CITY OF OSAGE BEACH, MISSOURI

TABLE 2

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense)/revenue										
Governmental activities	\$ (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	\$ (8,985,032)
Business-type activities	(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)	(1,164,263)
Total primary government net expenses	\$ (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	\$ (10,149,295)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
County road taxes	\$ 36,793	\$ 45,805	\$ 49,751	\$ 57,878	\$ 60,136	\$ 67,842	\$ 67,859	\$ 67,752	\$ 69,622	\$ 67,902
Sales taxes	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	9,065,925
Franchise taxes	606,054	602,872	680,236	849,517	823,723	832,706	848,634	851,346	941,599	952,678
Motor vehicle fuel & license	151,446	154,275	154,604	141,427	135,750	140,107	138,790	155,949	157,635	164,069
Payments from enterprise funds	-	-	133,728	143,377	500,702	465,145	390,300	459,400	479,312	194,600
Unrestricted investment earnings	378,696	546,027	571,408	317,626	137,682	72,809	69,197	52,263	50,401	36,444
Other income	152,983	178,140	170,512	31,556	89,447	44,042	208,145	68,815	79,236	63,338
Gain (loss) on sale of capital assets	-	(67,494)	(127,164)	5,071	1,878	16,840	9,632	11,218	543	85,639
Adjustment for capital assets	-	(509,544)	-	-	-	-	-	-	-	-
Transfers	(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)	(2,355,000)
Total governmental activities	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	8,275,595
Business-type activities										
Unrestricted investment earnings	274,248	408,943	356,000	226,027	88,584	56,534	55,486	49,697	49,346	32,889
Other income	-	-	101,309	118,827	(3,920)	(24,980)	10,944	130,000	4,460	13,620
Gain (loss) on sale of capital assets	-	(15,866)	13,662	(44,996)	(96,799)	7,367	-	24,226	3,883	8,900
Adjustment for capital assets	-	(1,888,101)	-	-	-	-	-	-	-	-
Transfers	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	2,355,000
Total business-type activities	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	2,410,409
Total primary government	\$ 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	\$ 10,686,004
Change in net position										
Governmental activities	\$ 1,647,864	\$ 7,845,290	\$ 2,731,771	\$ (124,598)	\$ (17,941)	\$ (622,632)	\$ (698,288)	\$ (303,541)	\$ 12,308,201	\$ (709,437)
Business-type activities	1,417,337	2,094,216	4,132,002	1,211,045	(355,598)	739,417	(429,150)	662,395	214,992	1,246,146
Total primary government	\$ 3,065,201	\$ 9,939,506	\$ 6,863,773	\$ 1,086,447	\$ (373,539)	\$ 116,785	\$ (1,127,438)	\$ 358,854	\$ 12,523,193	\$ 536,709

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	71,107
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	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	3,274,396
Total General Fund	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	3,345,503
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	-	-	5,726
Restricted	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	6,010,852
Total all other governmental funds	\$ 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	\$ 6,016,578

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 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	\$ 10,250,574
Licenses, fines, permits	607,096	656,747	608,712	510,911	460,675	471,672	430,731	404,885	522,520	443,419
Intergovernmental	14,539	83,969	2,229,164	153,876	25,642	659,184	216,422	459,077	209,925	322,940
Interest	378,696	546,027	571,408	317,626	137,682	72,809	65,297	52,263	50,401	36,444
Pay. from enter. funds	118,470	130,005	133,728	143,377	500,702	465,145	390,300	459,400	479,312	194,600
Miscellaneous	152,983	178,140	170,512	21,963	89,447	44,042	208,145	68,815	79,236	63,338
Total Revenues	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	11,311,315
Expenditures										
General Government	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	2,397,258
Public Safety	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	2,859,619
Park and Recreation	223,003	100,418	126,692	133,371	145,046	198,755	211,405	248,085	250,501	253,983
Information Technology	234,900	329,543	270,226	225,623	228,392	254,128	258,651	264,122	272,124	282,989
Streets and Highways	724,328	789,009	736,966	770,486	816,135	1,046,961	1,064,677	1,160,715	919,711	1,152,841
Capital outlay	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	1,707,908
Debt Service										
Interest and fees	45,240	41,193	36,215	29,798	24,758	17,310	2,489	-	-	-
Principal	235,000	240,000	250,000	255,000	260,000	270,000	280,000	-	-	-
Total Expenditures	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	8,654,598
Excess of revenues over(under)	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	2,656,717
Other financing sources (uses)										
Transfers in	-	-	-	-	50,176	-	-	-	-	150,000
Transfers out	(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)	(2,505,000)
Sale of Capital Assets			34,068	38,862	17,769	23,985	9,632	11,216	3,545	93,844
Total other fin. sources	(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)	(2,261,156)
Net Change in Fund Bal.	\$ 404,931	\$ (45,905)	\$ 1,378,758	\$ (1,960,686)	\$ (588,056)	\$ (745,712)	\$ (1,123,406)	\$ (1,074,501)	\$ 653,481	\$ 395,561
Debt service as a percentage of noncapital expenditures	4.97%	4.14%	3.95%	4.19%	4.02%	3.81%	3.66%	0.00%	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
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
2014	67,902	9,065,925	952,678	164,069	10,250,574

CITY OF OSAGE BEACH, MISSOURI

TABLE 6

TAXABLE SALES BY CATEGORY
(in thousands of Dollars)

SIC Codes	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agricultural Services (07)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290	\$ -	\$ -	\$ -	\$ -
Construction Special Trade(17)	368	141	-	171	114	191	515	1,040	1,954	468
Food And Kindred Products (20)	-	-	10	-	-	-	14	-	-	57
Printing, Publishing, and Allied In (27)	-	-	-	-	-	-	-	-	119	254
Elect/Electronic Machinery, Equip. (36)	-	-	7	23	5	7	10	4	531	1,461
Meas/Analy/Con Inst/Photo/Med/Optic (38)	-	-	-	-	44	25	21	24	52	108
Misc. Manufacturing Industries (39)	48	15	58	58	98	10	8	25	26	55
Communications (48)	5,201	5,668	5,785	5,805	5,639	5,082	4,874	3,680	3,153	3,339
Wholesale Trade Durable Goods (50)	1,858	953	1,583	1,482	1,116	2,553	2,994	1,839	5,562	10,802
Wholesale Trade Nondurable Goods (51)	265	324	440	457	506	263	274	1,239	1,299	1,263
Building Materials(52)	13,406	14,452	7,092	19,336	43,186	40,662	38,383	36,299	36,423	37,523
General Merchandise Stores (53)	1,662	16,968	86,938	84,593	77,173	74,394	73,715	75,572	74,982	73,951
Food Stores (54)	31,890	33,704	34,935	36,145	36,531	37,591	38,935	38,989	47,643	48,911
Automotive Store & Service Stations (55)	6,942	7,155	6,435	7,835	7,710	8,536	9,098	10,789	10,689	12,105
Apparel & Accessory Stores (56)	49,033	54,708	60,299	69,149	74,919	71,020	76,151	80,729	70,306	67,862
Furniture & Home Furnishings (57)	68,894	73,372	73,034	64,883	24,952	24,986	27,250	27,884	28,335	33,321
Eating & Drinking (58)	51,529	51,869	51,825	50,593	48,363	46,717	45,699	46,481	50,342	53,164
Misc. Retail (59)	43,955	46,043	45,491	28,633	26,626	25,324	24,717	25,641	29,220	30,261
Real Estate (65)	-	-	-	257	466	668	691	579	555	553
Hotel, Rooming Houses, Camp/Other (70)	9,904	9,817	10,745	10,150	9,581	9,040	9,089	8,840	8,639	8,910
Personal Services (72)	-	8	7	16	130	167	237	236	224	963
Misc. Business Services (73)	2,223	2,297	2,743	2,899	3,257	3,583	3,988	4,514	3,792	4,469
Automotive Repair Services (75)	1,794	2,023	2,268	2,155	2,120	1,973	1,969	2,063	2,982	2,687
Misc. Repair Services (76)	-	-	-	-	4	-	212	276	-	364
Amusement/Recreation Services (79)	4,431	4,311	4,322	4,868	4,713	4,752	4,953	4,768	4,600	4,193
Health Services (80)	-	81	349	336	173	272	539	537	512	659
Misc. Services (89)	12,383	14,286	15,439	12,334	12,890	19,046	19,337	19,488	16,924	13,109
Suppressed Totals ¹	163,272	146,639	76,693	56,814	57,749	58,468	58,121	57,849	56,225	57,436
Total	\$ 469,058	\$ 484,834	\$ 486,498	\$ 458,992	\$ 438,065	\$ 435,330	\$ 441,794	\$ 449,385	\$ 455,089	\$ 468,246
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
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%
2014	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)

<u>SIC</u> <u>Code</u>	<u>SIC Description</u>	<u>Fiscal Year 2014</u>					<u>Fiscal Year 2005</u>				
		<u>Taxable</u>	<u>Tax</u>	<u>Entity</u>	<u>Rank</u>	<u>Percentage Of Total City Sales Tax</u>	<u>Taxable</u>	<u>Tax</u>	<u>Entity</u>	<u>Rank</u>	<u>Percentage Of Total City Sales Tax</u>
		<u>Sales</u>	<u>Collected</u>	<u>Count</u>			<u>Sales</u>	<u>Collected</u>	<u>Count</u>		
53	General Merchandise Stores	\$ 73,951	\$ 1,479	24	1	15.79%	\$ 1,662	\$ 33	24	15	0.36%
56	Apparel & Accessory Stores	\$ 67,862	\$ 1,357	70	2	14.49%	\$ 49,033	\$ 981	45	3	10.50%
58	Eating & Drinking	\$ 53,164	\$ 1,063	69	3	11.35%	\$ 51,529	\$ 1,031	70	2	11.03%
54	Food Stores	\$ 48,911	\$ 978	26	4	10.45%	\$ 31,890	\$ 638	27	5	6.83%
52	Building Materials	\$ 37,523	\$ 750	27	5	8.01%	\$ 13,406	\$ 268	15	6	2.87%
57	Furniture & Home Furnishings	\$ 33,321	\$ 666	68	6	7.12%	\$ 68,894	\$ 1,378	49	1	14.75%
59	Misc. Retail	\$ 30,261	\$ 605	238	7	6.46%	\$ 43,955	\$ 879	240	4	9.41%
89	Misc. Services	\$ 13,109	\$ 262	127	8	2.80%	\$ 12,383	\$ 248	64	7	2.65%
55	Auto Store & Service Stations	\$ 12,105	\$ 242	51	9	2.59%	\$ 6,942	\$ 139	30	9	1.49%
50	Wholesale Trade Durable Goods	\$ 10,802	\$ 216	53	10	2.31%	\$ 1,858	\$ 37	27	13	0.40%
70	Hotel, Rooming H., Camp/Other	\$ 8,910	\$ 178	53	11	1.90%	\$ 9,904	\$ 198	27	8	2.12%
73	Misc. Business Services	\$ 4,469	\$ 89	102	12	0.95%	\$ 2,223	\$ 44	36	12	0.48%
79	Amusement/Recreation Services	\$ 4,193	\$ 84	18	13	0.90%	\$ 4,431	\$ 89	11	11	0.95%
48	Communications	\$ 3,339	\$ 67	77	14	0.71%	\$ 5,201	\$ 104	68	10	1.11%
75	Automotive Repair Services	\$ 2,687	\$ 54	28	15	0.57%	\$ 1,794	\$ 36	21	14	0.38%
36	Elect/Electronic Machinery, Equip.	\$ 1,461	\$ 29	37	16	0.31%	\$ -	\$ -	-	18	0.00%
51	Wholesale Trade Nondurable Goods	\$ 1,263	\$ 25	41	17	0.27%	\$ 265	\$ 5	16	17	0.06%
80	Health Services	\$ 659	\$ 13	26	18	0.14%	\$ -	\$ -	9	19	0.00%
65	Real Estate	\$ 553	\$ 11	10	19	0.12%	\$ -	\$ -	2	20	0.00%
17	Construction Special Trade	\$ 468	\$ 9	13	20	0.10%	\$ 368	\$ -	6	16	0.00%
	Other Non Suppressed Totals	\$ 1,800	\$ 36			0.38%	\$ 48	\$ 1			0.01%
	Suppressed Totals ¹	\$ 57,436	\$ 1,149			12.27%	\$ 163,272	\$ 3,265			34.96%
	Total	\$ 468,246	\$ 9,365			100%	\$ 469,058	\$ 9,341			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	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	POPULATION	PER CAPITA	% OF PER CAPITA INCOME OF OSAGE BEACH RESIDENTS WITHIN CAMDEN CTY	% OF PER CAPITA INCOME OF OSAGE BEACH RESIDENTS WITHIN MILLER CTY
	GENERAL OBLIGATION BONDS		WATER/SEWER REVENUE BONDS						
2005	\$	1,555,000	\$	37,410,000	\$ 38,965,000	4,259	\$ 9,149	31%	39%
2006		1,315,000		36,005,000	37,320,000	4,424	8,436	27%	35%
2007		1,065,000		37,010,000	38,075,000	4,621	8,240	26%	33%
2008		810,000		35,320,000	36,130,000	4,780	7,559	23%	29%
2009		550,000		33,575,000	34,125,000	4,709	7,247	23%	28%
2010		280,000		31,760,000	32,040,000	4,351	7,364	23%	28%
2011		-		29,895,000	29,895,000	4,339	6,890	21%	25%
2012		-		27,950,000	27,950,000	4,362	6,408	18%	23%
2013		-		25,920,000	25,920,000	4,372	5,929	17%	21%
2014		-		23,810,000	23,810,000	4,372	5,446	15%	19%

Notes:

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.

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 10

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS**

<u>FISCAL YEAR</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>PERCENTAGE OF SALES TAX RECEIVED</u>	<u>PER CAPITA</u>
2005	\$ 1,555,000	18.80%	\$ 392
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			
2012			
2013			
2014			

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, 2014

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	\$23,810,000	100%	<u>\$23,810,000</u>
Camdenton R-III School District	60,275,000	16%	9,644,000
School of the Osage R-II	39,250,000	4%	1,570,000
Osage Beach Fire Protection District	1,270,157	53%	<u>673,183</u>
Subtotal, overlapping debt			<u>\$11,887,183</u>
Total direct and overlapping debt			<u><u>\$35,697,183</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**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$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	\$57,307,294
Total Net debt applicable to limit	1,555,000	1,315,000	1,065,000	810,000	550,000	280,000	-	-	-	-
Legal debt margin	\$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	\$57,307,294
Total net debt applicable to limit as a percentage of debt limit	3.56%	2.83%	1.99%	1.46%	0.98%	0.50%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013

Total Assessed Value	\$286,536,473
Debt limit (20% of total assessed value)	57,307,295
Debt applicable to limit:	-
Legal debt margin	<u>\$57,307,295</u>

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		
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
2014	4,750,267	2,312,994	2,437,273	2,200,000	1,134,410	3,334,410	0.73	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 of Osage Beach Residents within Camden County*	Personal Income ² of Osage Beach Residents within Miller County *	Per Capita Personal Income ² Camden County	Per Capita Personal Income ² Miller County	Unemployment Rate ³ Camden County	Unemployment Rate ³ Miller County
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	139,182	116,223	31,988	26,712	10.9%	12.0%
2011	4,341	144,965	117,233	33,542	27,182	10.6%	11.1%
2012	4,367	150,577	121,796	34,665	28,172	9.5%	9.1%
2013	4,372	150,773	126,213	35,467	28,868	9.1%	8.7%
2014	4,372	150,773	126,213	35,467	28,868	8.0%	7.6%

Sources:

¹U.S. Census Bureau (July 1st of each estimate year).

² U.S. Department Of Commerce Bureau Of Economic Analysis

³ U.S. Dept. of Labor Bureau of Labor Statistics. Percentage calculated on an annual average.

Reflects revised inputs, reestimation, and new statewide controls

Notes:

* Denotes numbers expressed in thousands

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

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Factory Outlet Village	800-1200	1	27.51%	800-1200	1	29.57%
Lake Regional Hospital	1100	2	25.22%	1100	2	27.11%
² Camdenton R-III School District	677	3	15.52%	575	3	14.17%
¹ Tan Tar A Resort	560	4	12.84%	560	4	13.80%
Hy-Vee	435	5	9.97%	435	5	10.72%
Wal-Mart Supercenter	430	6	9.86%	430	6	10.60%
² School of the Osage R-II School District	250	7	5.73%	250	7	6.16%
³ Central Bank of Lake of the Ozarks	165	8	3.78%	165	8	4.07%
Lowes	152	9	3.48%	164	9	4.04%
Target	150	10	3.44%	150	10	3.70%
City of Osage Beach	127		2.91%	112		2.76%
Inn at the Grand Glaize	36		0.83%	120		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 Limits

²Employment 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
City Administrator	3	2	2	2	2	2	2	2	2	3
City Clerk's Office	4	4	4	4	4	4	4	3	3	3
Information Technology ²	2	2	2	2	2	2	2	2	2	3
City Treasurer	5	5	5	5	4	4	4	4	4	4
Municipal Court	1	1	1	1	1	1	1	1	1	1
City Attorney ³	0	0	0	1	1	1	1	1	1	1
Building Department ¹	3.5	3.5	3.5	4.5	3.5	3.5	3.5	3	3	3
Human Resources	1	1	1	1	1	1	1	1	1	1
Planning Department ¹	3	3	3	3	2.5	2.5	2.5	2.5	2.25	2
Engineering Department ⁴	4.5	4.5	4.5	5.5	4	4	4	4.5	4.75	0
Police										
Law Enforcement	27	30	30	30	30	30	29	29	29	33
911 Center	10	11	11	11	11	11	11	11	11	11
Public Works										
Parks	2	2	2	2	3	3	3	3	3	7
Transportation ¹	8	8	8	8	8.3	8.3	8.3	10.33	10.3	11
Water ¹	4	4.5	4.5	4.5	5.3	5.3	5.3	5.3	5.3	8.48
Sewer ¹	9	9.5	9.5	9.5	8.4	8.4	8.4	8.4	8.4	10.52
Ambulance	10	7	7	7	7	7	7	6	6	15
Airport										
Lee C. Fine ¹	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.6	5.6
Grand Glaize ¹	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.4	3.4
Total	103	104	104	107	104	104	103	103.03	103	126

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 outsourced this service.⁴In 2014 the City of Osage Beach integrated the Engineering Dept. into Public Works.

CITY OF OSAGE BEACH, MISSOURI

TABLE 17

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Incident Reports	2,528	2,437	2,540	2,312	2,023	1,975	1,727	1,644	1,464	1,660
Traffic Violations	2,833	3,176	2,412	2,838	1,858	1,793	1,712	1,290	1,783	3,956
Traffic Warnings	1,214	2,039	2,382	3,085	2,967	2,561	2,430	2,169	2,507	2,099
911 Center¹										
Number of Calls Answered	20,509	24,789	20,624	20,509	20,946	19,927	20,420	23,133	21,160	20,095
Ambulance										
Calls for service	860	815	831	875	828	888	888	825	812	777
Building										
<u>Permits</u>										
Residential	98	108	105	83	87	76	57	86	67	78
Commercial	104	129	131	78	68	79	97	92	72	73
Water										
² Total Water Sold (thousands of Gallons)			295,828	278,237	260,479	300,688	305,915	329,769	326,699	318,395
Wastewater										
Average Daily Sewage Treatment (thousands of Gallons)	1,292	1,254	1,302	1,300	1,229	1,093	987	1,030	1,006	1,226
Airports										
<u>Lee C. Fine:</u>										
Number of Take Offs & Landings	5,511	6,755	5,630	5,674	5,131	5,667	5,030	5,147	4,721	4,702
<u>Grand Glaize:</u>										
Number of Take Offs & Landings	6,194	5,968	5,248	4,161	3,937	3,196	3,059	2,587	2,348	2,387
Recycling										
Waste Oil gallons	1,600	1,478	962	1,763	1,673	2,138	1,750	951	551	634

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
<u>Police:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	21	21	22	22	22	22	21	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	37	37.38	37.38	37.78	37.78	38.08	44.65	44.65
Miles of Sidewalks	3.45	3.75	3.75	3.75	5.31	6.09	6.09	6.87	6.87	7.33
Number of Street Lights	485	486	495	500	517	517	538	628	638	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)	236.43	236.43	238.56	239.36	241.56	241.84	245.8	246.84	246.84	246.84
Fire Hydrants	904	913	915	925	927	930	969	983	983	983
Wells	5	5	5	5	5	5	5	5	5	5
Water Towers	3	4	4	4	4	4	4	4	4	4
Sewer										
Sanitary Sewers (miles)	135.00	135.79	140.79	141.59	143.39	143.96	148.30	149.71	149.95	150.95
Pump Stations	1,105	1,119	1,138	1,145	1,174	1,178	1,186	1,218	1,224	1,229

Sources: Various Government Departments

SINGLE AUDIT REPORTS



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Aldermen of the
City of Osage Beach, Missouri

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Osage Beach, Missouri (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 2, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Williams Keepers LLC

June 2, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY OMB CIRCULAR A-133**

To the Board of Aldermen of the
City of Osage Beach, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Osage Beach, Missouri (the City's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2014. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Williams Keepers LLC

June 2, 2015

CITY OF OSAGE BEACH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2014

	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation			
Passed through the State of Missouri Department of Transportation:			
DWI Enforcement	20.607	14-154-AL-075	\$ 1,394
Hazardous Moving Violation Project	20.607	14-PT-02-075	3,184
State Block Grant- Lee C. Fine Airport	20.106	12-046B-1	21,919
State Block Grant- Lee C. Fine Airport	20.106	12-046B-2	659,782
State Block Grant- Grand Glaize Airport	20.106	13-045A-1	9,979
Highway Planning and Construction - Osage Beach Parkway Sidewalk Improvement Phase 2	20.205	STP-9900 (596)	7,469
Highway Planning and Construction - Osage Beach Parkway Sidewalk Improvement Phase 3	20.205	STP-9900 (596)	261,600
Federal Emergency Management Administration			
Passed through the Emergency Management Agency:			
Disaster Grants - Public Assistance	97.036	029-55244-00	6,413
Disaster Grants - Public Assistance	97.036	CCOB02G	158,699
U.S. Department of Justice			
Passed through the Missouri Department of Public Safety:			
Officer Safety Equipment Grant	16.738	2013-LLEBG-069	4,951
U.S. Environmental Protection Agency			
Passed through the Missouri Department of Natural Resources:			
Capitalization Grant for Drinking Water State Revolving Funds	66.468	SWPDI14-DWSA-MO3011367	9,711
Total expenditures of federal awards			<u>\$ 1,145,101</u>

BASIS OF PRESENTATION:

The schedule of expenditures of federal awards includes only the current year federal grant activity of the City of Osage Beach and is presented on the accrual basis of accounting. This information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Amounts presented in this schedule as expenditures may differ from amounts presented in, or used in the preparation of, the basic financial statements, although such differences are not material.

CITY OF OSAGE BEACH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Osage Beach.
2. No deficiencies relating to the audit of the financial statements are reported in the "Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the City of Osage Beach were disclosed during the audit.
4. No deficiencies relating to the audit of the major federal award programs are reported in the "Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133."
5. The auditors' report on compliance for the major federal award programs for the City of Osage Beach expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the City of Osage Beach are reported in Part C of this Schedule.
7. The programs tested as a major program include:

	Federal CFDA Number
State Block Grant - Grand Glaize Airport	20.106
State Block Grant - Lee C. Fine Airport	20.106

8. The dollar threshold used to distinguish between Type A and B programs, as described in Section 520(b) of OMB Circular A-133, was \$300,000.
9. Using the criteria as defined in Section 530 of OMB Circular A-133, the City of Osage Beach did not qualify as a low-risk auditee for the year ended December 31, 2014.

B. FINDINGS--FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CITY OF OSAGE BEACH

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

For the Year Ended December 31, 2014

There were no audit findings relative to federal awards for the prior year.