CITY OF OSAGE BEACH, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR

JANUARY 1, 2017 - DECEMBER 31, 2017

CITY OF OSAGE BEACH, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

Prepared by:

Karri Bell
City Treasurer

CITY OF OSAGE BEACH, MISSOURI
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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City of Osage Beach
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May 17, 2018

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, 2017, 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, 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 represent 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 the 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 4,456; however, it is estimated that there are more than 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, Public Works Director 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 streets, water, sewer, airports, engineering, public safety, ambulance services, and general administration.

The City offers its residents and visitors two City parks. Peanick Park is a 13 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 Hatchery Road adjacent to the outlet mall. The park has lake access, a stocked fishing pond (currently unavailable), three soccer fields, sand volleyball courts, three pavilions, a playground and a Sports Complex complete with three 300' baseball/softball fields and concession facilities.

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 units. The component unit is the Tax Increment Financing Districts 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 is a distinct and separate self-balancing entity.

The City's financial records utilize two bases 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 we pride ourselves in being the heart of Lake of the Ozarks. The Lake of the Ozarks was awarded Best Recreational Lake by USA Today readers. Osage Beach is part of the ever-growing and popular lake community, supporting a vital economy along with growing diversity in its economic base. While both population and local economic activity continue to peak in the summer season, the increasing number of second homeowners, the expansion in retail goods and the promotion of non-peak activities is smoothing out the sharpness of the peaks.

Long-term Financial Planning and Policies

On December 1, 2016, the Board of Aldermen approved Bill 16-85 – Ordinance of the City establishing Section 135.020.C. Reserves. This section was added to the City's code of ordinances adopting reserve target levels for most funds. The Reserve Policy outlines fund reserve target levels for the General Fund, Transportation Fund, Water and Sewer Combined Funds, Lee C. Fine Airport Fund and the Grand Glaize Airport Fund.

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 year's 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 Parkway West Study – August 2016, the Board of Aldermen approved the recommendation of the Osage Beach Parkway West Committee and approved a contract with HDR Engineering for Phase I of the Osage Beach Parkway West Study. Phase I was completed and presented to the committee members April 27, 2017, with a proposal for Phase II. The Phase II project is to use the data and public feedback gathered in Phase I to develop an Osage Beach Parkway West Plan. The plan will lay out the City's goals for the corridor, identify a set of short and long-term strategies to achieve those goals, and include an implementation plan to prioritize and realize those strategies. On June 22, 2017, the Board of Aldermen discussed the overall Draft Scope of the consultant's (HDR) Osage Beach Parkway West Study – Phase II. It was the consensus when moving forward with various tasks that all the City would be included and not be limited to the west side. Twelve tasks were recommended and most of them would be completed by City staff.

TSG Osage Beach, LLC Tax Increment Financing (TIF) – City Ordinance 17.43 adopted the TSG Osage Beach, LLC TIF Plan as amended with recommendations from the Osage Beach TIF Commission on May 11, 2017. The project will redevelop the 13.71 acre site previously known as The Golden Door motel, Jake's Steak and Fish restaurant and two abandoned single-family homes. The financing proposed for this TIF is a "pay as you go" plan. The developer's investment is proposed to be $30,500,000. The approved reimbursable project cost is estimated at $4,550,000 which is 14.9% of the total project costs.

City Park – Peanick Park will receive new bleachers during the year. Other purchases for the parks will be portable pitching mounds, new landscaping, water softener and a new field sprayer.

Technology upgrades include two computers, twenty-five VMClient device replacements, time clock system, one data storage/backup devices replacement, team viewer remote licenses, Vcenter license, Microsoft datacenter license, scanners for City Clerk, four replacement printers, battery backups and three network switches for a total estimated cost of $225,456.

Built in 1990, the City's Public Works building, which currently houses offices for Water, Sewer and Transportation staff, completed a major upgrade in 2015. The City will spend $22,200 to replace the furnace in the vehicle storage building. The City will be reimbursed 90% through District T grant.

Transportation – Street improvement projects, including engineering, land purchases, and streetlights, totaling $2,288,881, are included in the 2018 budget. This includes various land purchases, street lights, Mace Road Phase I ($930,733), Dude Ranch Sidewalk/Trail ($446,728), Zebra Connector, Ozark Meadows and Beach Drive. In a joint effort with the City, the Special Road District will reimburse the City $335,000 for projects that benefit the District (Dorothy Lane and miscellaneous projects). The City provides the administrative and engineering services and the Special Road District provides the construction funds for the various projects.

Public Works – Water, Sewer and Transportation will share in the purchase of two tablets, laser printer, GPS equipment, hot water pressure washer, rock skid steer attachment and vehicle lift.

Water – Maintenance of the City's water system will include water tower cleaning at Columbia College and Bluff Tower.

Water projects, including engineering and land purchases totaling $757,000, are included in the 2018 budget. This includes west side water well construction ($620,000), new connections and extension of service to Antioch Lane.

Sewer projects, including engineering and land purchases totaling $351,000, are included in the 2018 budget. This includes various lift station improvements, Highway 42 project, new connections at Antioch Lane, inflow/infiltration improvements.

Lee C. Fine Airport – The Board of Aldermen authorized the Mayor to execute Amendment 1 to the State Block Grant Agreement, project 16-046B-1 LCF Taxiway Project Phase II, with the Missouri Highways and Transportation Commission that was executed August 3, 2017. This grant agreement provides the City reimbursements for Taxiway Project – Phase II at Lee C. Fine Airport. Federal Aviation Administration through Missouri Department of Transportation Aviation will be reimbursing the City 90% of the cost of this project, estimated at $140,000.

Grand Glaize – The Board of Aldermen, authorized the Mayor to execute State Block Grant Agreement for project 17-045A-1 Grand Glaize pavement maintenance and installation of Hold sign project, with the Missouri Highways and Transportation Commission was executed May 18, 2017. This grant agreement provides the City reimbursements for engineering services of the pavement maintenance and installation of Hold signs. Federal Aviation Administration through Missouri Department of Transportation Aviation will be reimbursing the City 90% of the cost of this project. Engineering estimated at $17,129 and the project's estimated at $237,811. This project is scheduled for completion in 2018.

Economy – The lake area, including the City of Osage Beach, has been awarded both the 2018 and 2020 Can-Am Police Fire Games. Roughly 1,200 participants will come to the Lake from across the United States and Canada to participate in various competitive events. This is confirmation that the City of Osage Beach and the lake area continues to grow and attract new visitors.

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* if the City spends $750,000 or more in federal funding. In 2017, the City spent $1,848,326 federal funding; therefore, a single audit was performed; Information related to this 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 located on page 73.

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, 2017, 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, 2017, 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 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, 2016. This was the eighteenth 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 service of many City employees. I want to especially express my appreciation to the City Treasurer's staff for assisting and contributing with 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,

Karri Bell

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

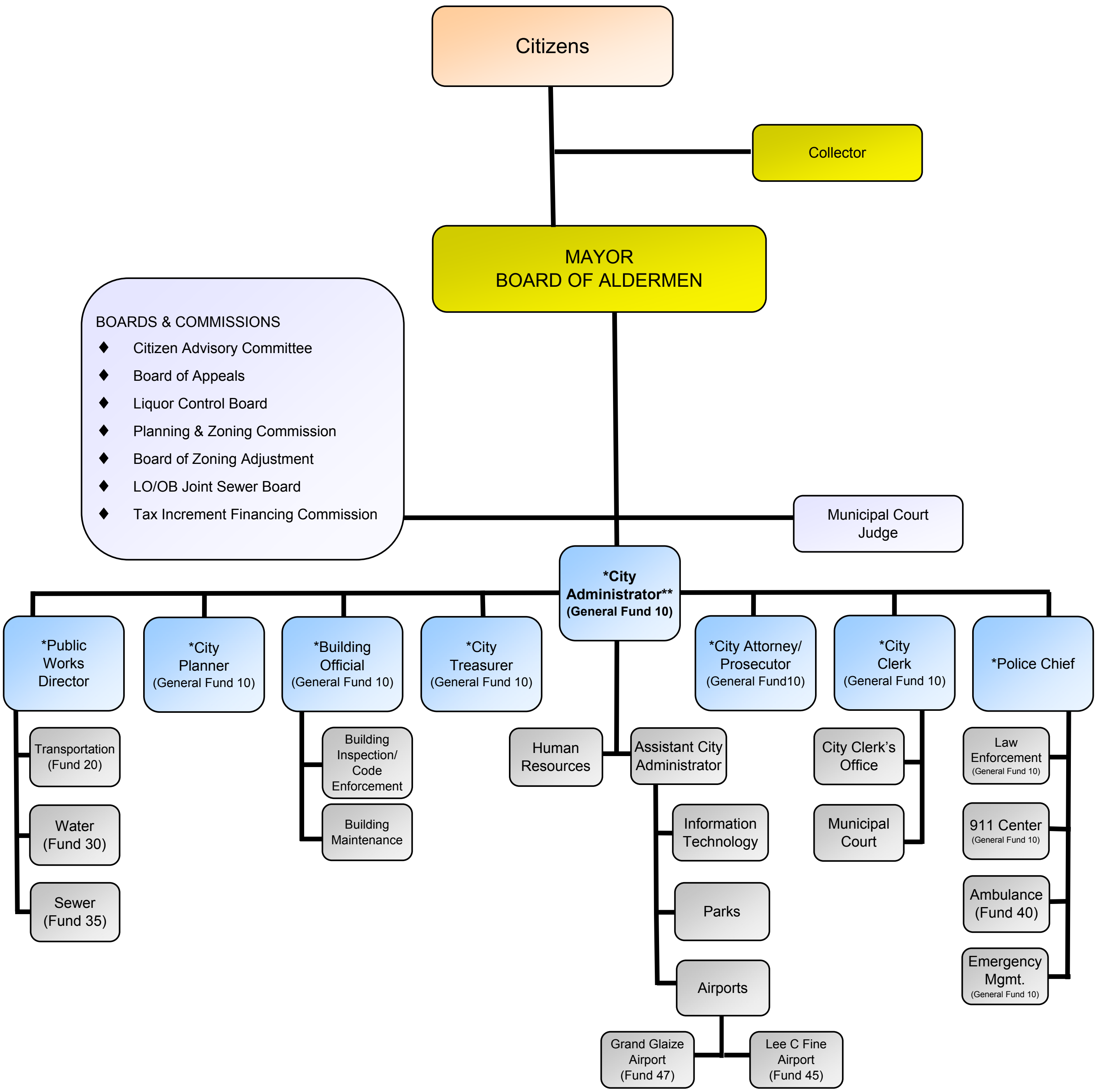
December 31, 2016

Christopher P. Morrill

Executive Director/CEO

City of Osage Beach

Organizational Chart



*Appointed Officials of the City; per City code Chapter 115.
**The City Administrator coordinates and supervises the operations of all departments; per City code 115.170
(The specific department's fund as outlined in the annually adopted budget is indicated in parenthesis.)

City of Osage Beach, Missouri

Elected Officials

Mayor	John Olivarri
Ward One	Kevin Rucker
	Greg Massey
Ward Two	Phyllis Marose
	Jeff Bethurem
Ward Three	Richard Ross
	Tom Walker
City Collector	Lee Schuman

Management Team

City Administrator	Jeana Woods
City Clerk	Cynthia Lambert
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	Kellie Atkins
Airport Manager	Ty Dinsdale
Park Manager	Matt Vandevoort

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams-Keepers LLC

FINANCIAL SECTION

WILLIAMS KEEPERS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Suite 100, Columbia, MO 65203
OFFICE (573) 442-6171 FAX (573) 777-7800
3220 West Edgewood, Suite E, Jefferson City, MO 65109
OFFICE (573) 635-6196 FAX (573) 644-7240
www.williamskeepers.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund for the City of Osage Beach, Missouri (the City), as of and for the year ended December 31, 2017, 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City of Osage Beach, Missouri, as of December 31, 2017, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

Williams Keepers LLC

May 17, 2018

City of Osage Beach, Missouri
Management Discussion and Analysis
December 31, 2017

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, 2017. 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 $92,758,896 (net position). Of this amount, $7,360,789 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased $783,125 from 2016. This is a combined total of a decrease of $1,260,426 from the City's governmental activities and an increase of $2,043,551 from the business-type activities.
- The overall decrease (1.5%) in governmental activities was due to expense increases that included expanded internet and professional information technology services and a reduction of grant revenue associated with the completion of sidewalk projects.
- The increase in business-type activities of $2,043,551 (5%) was due to State Block Grant funding from the Missouri Highway and Transportation Commission for the construction of a taxiway at Lee C. Fine Airport. The construction of the taxiway added to the City's fixed asset inventory.
- Of the $10,889,384 of governmental expenses, depreciation expense (non-cash) was $2,942,091. Of this depreciation total, $631,269 (21%) is associated with the acceptance of Osage Beach Parkway/Business Route 54 from the Missouri Transportation Commission for a contribution amount of $12,625,371 added to the City's capital asset inventory in 2013. This asset will be depreciated over 20 years. Additional information regarding capital assets can be found in Note 6 and additional information about changes in net position can be found on Table 2 in the Statistical Section.
- The City's gross sales tax (on cash basis) increased 5.6% from $4,599,545 in fiscal year 2016 (General Fund) to $4,861,163 in fiscal year 2017 and exceeds the City's highest annual amount of $4,753,341 (2007).
- TSG Osage Beach, LLC Tax Increment Financing (TIF) – City Ordinance 17.43 adopted the TSG Osage Beach, LLC TIF Plan as amended with recommendations from the Osage Beach TIF Commission on May 11, 2017. The project will redevelop the 13.71-acre site previously known as The Golden Door motel, Jake's Steak and Fish restaurant and two abandoned single-family homes. The financing proposed for this TIF is a "pay as you go" plan. The developer's investment is proposed to be $30,500,000. The approved reimbursable project cost is estimated at $4,550,000 which is 14.9% of the total project costs. As of December 31, 2017, no economic activity taxes or payments in lieu of taxes had been collected.
- To promote economic development, the City continued its partnership for a third year with the Tri-County Lodging Association to promote Osage Beach. The City held white goods recycling events, hosted the 3rd Annual Easter Egg Hunt in partnership with First Family Church, hosted the 1st Annual National Night Out and hosted the 17th Annual Fall Festival.

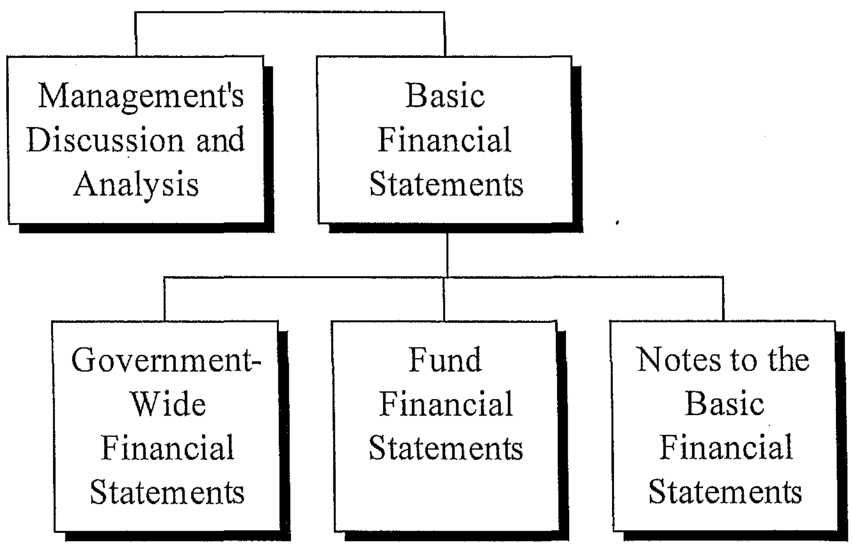
- The City charges a Sewer Development Charge. This permit charge is based on one equivalent dwelling unit (1 EDU) and nine different Benefit areas. Benefit Area 2 was updated and lowered from $2,975 to $2,614 to reflect actual cost of projects in this area. All other Benefit Areas charges remained unchanged.
- The City supported events through the "Community Event Support Program." During the year, the City supported Firefighter Combat Challenge, Bikefest, Festival of Speed, Good Fellaz Car Rollin, Museum War Reenactment and Aquapolooza for a total of $10,500.
- City Hall was built in 1997 and required a major repair and replacement for the HVAC system. The project cost the City $192,200.
- The City's Transportation Department completed maintenance projects including slurry seal, asphalt overlay and road striping throughout the City, totaling $199,334.
- On March 2, 2017, the Board of Aldermen approved the acceptance of Inlet Lane, formerly a private street, in the City street inventory.
- On May 18, 2017, the Board of Aldermen approved a grant agreement with the Missouri Highway and Transportation Commission for engineering services for pavement maintenance and installation of a Hold sign at the Grand Glaize Airport. This grant will reimburse the City 90% of the project costs. This project has been included in the 2018 Budget for a total of $264,234.
- The City received a settlement payment from Tracfone Wireless, Inc. in the amount of $7,768. The Board of Aldermen approved payment of $388 to Missouri Municipal League to be used to cover costs and intervention in cases impacting municipalities in the future.
- The City is conducting a Osage Beach Parkway West Study. On June 22, 2017, the Board of Aldermen discussed the overall Draft Scope of the consultant's, HDR, Osage Beach Parkway West Study – Phase II. It was the consensus when moving forward with various tasks that all the City would be included and not be limited to the west side. Twelve tasks were recommended and most of them would be completed by City staff.
- On July 20, 2017, the Board of Aldermen approved a 20-year contract with Ameren Missouri to provide electric service for the City's streets and other public area lighting.
- The Osage Beach Special Road District contributed a total of $114,421 during the year to assist with Mace Road engineering and other projects. On September 7, 2017, the Board of Aldermen approved assisting the Road District with engineering services for Dorothy Lane roadway improvements.
- On September 21, 2017, the Board of Aldermen approved the purchase of a used fuel truck and the repair of the existing truck locally. The final cost of the used fuel truck was $17,975 and repairs to the existing truck to date are $15,455 (2018).
- On October 19, 2017, the Board of Aldermen approved the purchase of a new warning siren. This warning siren was installed on a recently acquired easement on Highway KK, just east of Ozark Distillery. This additional siren will expand coverage for the City's warning system. The cost of the new warning siren was $32,217.
- The City of Osage Beach received a final payment from the Federal Emergency Management Agency (FEMA) for $32,375 to reimburse the City for damages caused by a flood at the City park in 2013. The total received over the three-year period was $224,731.
- The City's Water Fund received a grant in the amount of $6,440, which was 100% funded by the Missouri Department of Natural Resources, to plug wells.

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 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 and schedule of funding progress.

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 as well as the City's component unit 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 fees 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.

Component Unit – The City's component unit activities are reported in this category.

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 governmental 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 Statements 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 and schedule of funding progress.

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, 2017, the City of Osage Beach's assets and deferred outflows of resources exceeded liabilities by $92,758,896. The largest portion of the City's net position, $75,259,476 (81%), 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 81% of capital assets increased 1% from 2016. This 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, 2017 and December 31, 2016:

CITY OF OSAGE BEACH
STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 10,159,523	$ 10,377,692	$ 9,041,473	$ 9,219,645	$ 19,200,996	$ 19,597,337
Capital assets	36,556,436	37,500,016	55,524,418	55,662,574	92,080,854	93,162,590
Total assets	**46,715,959**	**47,877,708**	**64,565,891**	**64,882,219**	**111,281,850**	**112,759,927**
Deferred charge on refunding	-	-	503,711	613,612	503,711	613,612
Total deferred outflows	**-**	**-**	**503,711**	**613,612**	**503,711**	**613,612**
Long-term liabilities	196,611	185,466	14,841,780	17,471,455	15,038,391	17,656,921
Other liabilities	664,015	576,483	3,324,259	3,164,364	3,988,274	3,740,847
Total liabilities	**860,626**	**761,949**	**18,166,039**	**20,635,819**	**19,026,665**	**21,397,768**
Net position						
Net investment in capital assets	36,556,436	37,500,016	38,703,040	36,440,536	75,259,476	73,940,552
Restricted	6,927,365	6,502,607	3,211,266	3,004,278	10,138,631	9,506,885
Unrestricted	2,371,532	3,113,136	4,989,257	5,415,198	7,360,789	8,528,334
Total net position	**$ 45,855,333**	**$ 47,115,759**	**$ 46,903,563**	**$ 44,860,012**	**$ 92,758,896**	**$ 91,975,771**

Overall, assets decreased primarily due to a decrease in capital assets of $1,081,736 as a result of depreciation expense exceeding additions for 2017. Total long-term liabilities decreased $2,618,530 (15%), primarily as a result of principal payments on the City's water and sewer bonds. Deferred outflows of resources decreased $109,900 from 2016 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)*.

The City's unrestricted net position for governmental activities was $2,371,532. Total unrestricted net position was $7,360,789, including business-type activities. Unrestricted net position decreased $1,167,545; 64% of the decrease was in governmental activities.

At the end of the current fiscal year, the City reports positive balances in all categories of net position for the City, both per fund and in total. The City's combined net position increased to $92,758,896 from $91,975,771. This small increase of 1% reflects the City's consistent management of financial resources. Total net position of $92,758,896 is comprised of $75,259,476 invested in capital assets, net of related debt; $10,138,631 restricted for capital projects, debt service and other purposes; $2,371,532 unrestricted and available for general governmental purposes and $4,989,257 unrestricted and available for the City's business-type activities.

Change in Net Position

The following table reflects the revenues and expenses from the City's activities for the years ended December 31, 2017 and 2016:

CITY OF OSAGE BEACH
CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	$ 488,755	$ 431,873	$ 5,457,707	$ 5,337,314	$ 5,946,462	$ 5,769,187
Operating grants and contributions	54,362	25,322	487,820	537,637	542,182	562,959
Capital grants and contributions	362,027	709,092	1,782,273	622,107	2,144,300	1,331,199
General revenues:						
Sales taxes	9,428,003	9,424,674	-	-	9,428,003	9,424,674
Franchise taxes	938,888	943,737	-	-	938,888	943,737
Other taxes	246,028	242,930	-	-	246,028	242,930
Unrestricted investment earnings	55,480	38,010	55,940	28,409	111,420	66,419
Other revenues	458,335	390,231	12,174	87,415	470,509	477,646
Sales of capital assets	28,080	10,052	2,059	3,026	30,139	13,078
Total revenues	12,059,958	12,215,921	7,797,973	6,615,908	19,857,931	18,831,829
Expenses:						
General government	2,986,937	2,908,660	-	-	2,986,937	2,908,660
Public safety	3,081,476	3,143,046	-	-	3,081,476	3,143,046
Streets and highways	3,679,606	3,536,724	-	-	3,679,606	3,536,724
Parks and recreation	614,335	610,252	-	-	614,335	610,252
Information technology	527,030	381,851	-	-	527,030	381,851
Water and sewer	-	-	5,664,709	5,789,379	5,664,709	5,789,379
Ambulance	-	-	585,358	599,568	585,358	599,568
Airport	-	-	1,147,180	1,217,135	1,147,180	1,217,135
Interest - long term debt	-	-	788,175	895,512	788,175	895,512
Total expenses	10,889,384	10,580,533	8,185,422	8,501,594	19,074,806	19,082,127
Change in net position before transfers	1,170,574	1,635,388	(387,449)	(1,885,686)	783,125	(250,298)
Transfers	(2,431,000)	(2,335,500)	2,431,000	2,335,500	-	-
Change in net position	(1,260,426)	(700,112)	2,043,551	449,814	783,125	(250,298)
Net position, beginning	47,115,759	47,815,871	44,860,012	44,410,198	91,975,771	92,226,069
Net position, ending	$ 45,855,333	$ 47,115,759	$ 46,903,563	$ 44,860,012	$ 92,758,896	$ 91,975,771

Governmental Activities

Governmental activities decreased the City's net position by $1,260,426 due to a combination of increases in expenses (3%) and decreases in program revenue (22%). The program revenues decreased $261,143 primarily due to park and sidewalk projects being completed in 2016 and a reduction of grant revenue for those projects. Charges for services increased 13% from $431,873 in 2016 to $488,755 in 2017. The overall increase of $56,882 is primarily due to increases in building permit fees. During the year, the City experienced an increase in commercial construction, for example: a new O'Reilly Auto Parts store and construction of a nursing home/skilled nursing facility. Sales tax revenue, the City's largest general revenue, was $9,428,003. Sales tax revenue was .1% more (accrual basis) than the total of $9,424,674 in 2016. Interest revenue increased 46%, from $38,101 in 2016 to $55,480 in 2017. Interest rates on the City's certificates of deposit increased from an average of .5% in 2016 to a range of .5% to 1.5% during 2017. Other income increased $49,604, or 42%. Other revenue consists of payments from enterprise funds, reimbursements from TIF developers, insurance settlements and rental of public property. The City received $73,662 from the TSG (Osage Beach Commons) developer to reimburse the City for costs associated with the Tax Increment Financing (TIF) proposal. Revenues totaled $19,857,931 (governmental and business-type). Revenues from governmental activities totaled $12,059,958 or 61% of total City revenues.

Governmental activities expenses increased $308,851 or 3% for the fiscal year ended December 31, 2017, compared to the fiscal year ended December 31, 2016. The largest increase in expenses was Information Technology. During the year, internet service was expended to both City airports and park locations. It was also improved to provide backup and redundancy to the City's Public Safety activity. Expenses for Public Safety decreased $61,570. Some of the increases of expenses in the general government related to the upgrade and maintenance of the City Hall HVAC system, a new part-time maintenance position, worker's compensation, property/liability insurance and unemployment compensation.

The following table shows expenses and program revenues of the governmental activities for the year ended December 31, 2017. 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	$ 2,986,937	$ 2,681,046
Public safety	3,081,476	2,877,985
Parks and recreation	614,335	548,225
Information technology	527,030	527,030
Streets and highways	3,679,606	3,349,954
Total cost	**$ 10,889,384**	**$ 9,984,240**

As previously noted, expenses from governmental activities totaled $10,889,384. However, net costs of these services were $9,984,240. The difference represents direct revenues received from charges for services of $488,755, operating grants of $54,362 and capital grants and contributions of $362,027. Operating grants and contributions include overtime reimbursements associated with DWI programs and contributions for the City's events. Net costs of services increased $569,994 from last year due to a combined increase in cost of services provided (3%), an increase of charges for services of $56,882 (13%) and a decrease of capital grants received of $347,065 (49%).

Business-Type Activities

Business-type activities net position increased by $2,043,551. Program revenue increased $1,230,742 (19%) and total expenses decreased $316,172 (4%) compared to the prior year. Capital grants and contributions increased $1,160,166, or 186%. Capital grants increased due to the reconstruction of a taxiway at Lee C. Fine

Airport. The construction of the taxiway added $1,866,491 to the City's fixed asset inventory. The balance of capital grants was reimbursement for well plugging during the year. Charges for services increased $120,393 (2%) from $5,337,314 in 2016 to $5,457,707 in 2017. Charges for services revenue increased 8% for Ambulance and decreased 4% for Lee C. Fine and Grand Glaize airports combined. The decrease at the airports was primarily associated with fuel sales which was matched with a decrease in the cost of fuel purchased. Water/Sewer increased 3%; this increase is primarily due to an increase in rates for both water and sewer. Total expenses decreased $316,172 (4%), from $8,501,594 in 2016 to $8,185,422 in 2017. Water and sewer had a net decrease of 3%, interest and financial services costs decreased by $119,570.

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, Municipal Court, City Treasurer, City Clerk, Building Official, Police, Communications, Parks, Economic Development, Planning and Information Technology activities of the City. All these activities are provided to and benefit all 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 $2,636,796, a decrease of $613,330 under the beginning balance of $3,250,126. General Fund total revenue decreased 1%, sales tax was up .01% and most other categories were flat for the year. One revenue increase (118%) was building permits due to new commercial construction during the year. General Fund expenses increased 7% for the year. Expenses include the "Employee Pay Plan," new part-time maintenance position in the Building Department, new HVAC system for City Hall, upgraded internet system, upgraded 911 equipment and network and continued partnership with Tri-County Lodging Association. The unrestricted General Fund balance at year-end was $2,493,0023.

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 $5,864,012, an increase of $321,511 from the beginning balance of $5,542,501. Transportation Fund total revenue decreased 3% primarily due to a reduction of grant funding associated with sidewalk projects in past years. Expenses decreased 24% due to capital outlay projects being less during the year. Engineering was $78,121 more during the year as the City prepares for larger construction projects, such as Mace Road, a major reconstruction project budgeted in 2018. The Transportation Fund balance was restricted for highways and streets at year-end other than the nonspendable portion of $8,172 related to prepaid expenses and $10,071 invested in inventory. The fund balance increase reflects the City's goal to plan and save for major construction projects. The fund balance remaining will be used for future street/sidewalk projects. The City spent $1,638,454 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 $1,081,596, an increase of $90,679 from the beginning balance of $990,917. The Capital Improvement Sales Tax Fund balance was restricted for capital improvements/debt service at year-end. The fund balance increase was primarily due to the elimination of transfers to General Fund for the year.

General Fund Budget Highlights - Each fiscal year, the City formally adopts its budget prior to the beginning of the fiscal year. If necessary, the original budget is amended to reappropriate unspent funds before the current fiscal year ends. The total original expenditure budget of $7,282,868 was amended to $7,484,168 during the fiscal year. On a budgetary basis, which can be found in the Required Supplementary Information, the revenues and other sources compared to expenditures and other uses, resulted in a decrease of $613,330 in fund balance. Actual revenue was more than budgeted revenue by $61,149, primarily due to reimbursement payments from developers for TIF expenses. Actual expenditures were under the budgeted amount by $597,855. Some of the reasons for this was a reduction/delay in Park projects, reduction/delay in capital outlay for the Information Technology Department, public safety vacancies or new hires at lower pay levels.

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 Fund is based on a user fee system where the individuals and businesses utilizing the services 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 $40,572,465, an increase of $384,815 over the beginning balance of $40,187,650. The increase of net position is mainly a result of less interest expense and $370,264 less spent on water tower improvements. The unrestricted net position in the Water and Sewer Fund at year-end was $4,787,948.

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 $203,449. The unrestricted Ambulance Fund net position at year-end was $134,079, an increase of $62,905. Charges for services increased 8% and operating expenses decreased 2% compared to last year. The City approved rate increases for all categories of service and added charges for no-transport services. The increase in charges took effect January 2017. Although the operating loss was less for the year, transfers from General Fund ($95,000 increase) were still necessary.

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. 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 position balance of the Lee C. Fine Airport Fund was $5,097,646, an increase of $1,620,189 from the beginning balance of $3,477,457. The net position increase is a result of a newly constructed taxiway paid for with grant funds. The unrestricted net position of the Lee C. Fine Airport Fund at year-end was $68,339. The profit margin for aviation fuel was up 1% and jet fuel was down 15% compared to 2016. Operating revenues were down 3% and operating expenses were up 9%. General Fund made no transfers to Lee C. Fine airport during the year.

Grand Glaize Airport Fund – This fund was established in 1999 by Board directive in order to track the costs of airport service to the public. The fund receives its revenue from user fees. 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 $1,030,003, a decrease of $24,358 from the beginning balance of $1,054,361. The unrestricted net position of Grand Glaize Fund was a deficit of $1,109. General Fund transferred $101,000 to offset the operating loss of $152,321.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The amount invested in capital assets for the City as of December 31, 2017, was $92,080,854, net of accumulated depreciation. This amount includes all infrastructure assets acquired during 2017 and prior years (construction in progress) for water, sewer, and street infrastructure. Capital assets decreased $1,081,736 or 1% 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 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	
	2017	2016	2017	2016	2017	2016
Land	$ 1,834,178	$ 1,834,178	$ 897,793	$ 897,793	$ 2,731,971	$ 2,731,971
Construction in progress	84,261	1,144,580	2,308,988	260,227	2,393,249	1,404,807
Buildings and improvements	7,822,238	7,539,223	6,036,019	5,771,592	13,858,257	13,310,815
Equipment	4,265,271	4,072,470	1,916,922	1,820,306	6,182,193	5,892,776
Infrastructure	56,617,321	54,215,504	-	-	56,617,321	54,215,504
Water system	-	-	35,121,567	35,121,567	35,121,567	35,121,567
Sewer system	-	-	59,295,253	59,062,912	59,295,253	59,062,912
Less accumulated depreciation	(34,066,833)	(31,305,939)	(50,052,124)	(47,271,823)	(84,118,957)	(78,577,762)
Total capital assets	**$ 36,556,436**	**$ 37,500,016**	**$ 55,524,418**	**$ 55,662,574**	**$ 92,080,854**	**$ 93,162,590**

Major capital asset transactions during the year included the following:

- The Police Department purchased and set-up two 2017 Ford Interceptors, for a total of $73,872.
- The Communication Department purchased thirty APX6000 Model 2.5 portable radios including accessories and software for a total cost of $69,860. These new radios replaced aging equipment and provide the City with the most up-to-date technology.
- The City installed a new warning siren to expand coverage on Highway KK for a total of $32,217.
- Technology equipment of $24,440 was added to capital assets during the year and benefits all City departments.
- Police, Ambulance and Information Technology shared the purchase of four mobile laptop computers/Toughbooks. This purchase included accessories and warranties for a total cost of $9,400.
- A new playground in the amount of $70,161 was installed at Peanick Park. This project was grant funded (45%) by the Land and Water Conservation Fund.
- Two new volleyball courts totaling $23,990 were constructed at Osage Beach City Park.
- Osage Beach City Park purchased a Kubota Tractor with attachments for $29,037, a Landpride tractor/mower for $6,778 and a turf rake for $21,500.

- Transportation - The City completed Nichols Road reconstruction for a total amount of $2,009,691. Other projects completed during the year were Nichols Road sidewalk, Dude Ranch sidewalk, Creek Cove Lane and engineering for Mace Road round-a-bout. Osage Beach Special Road District contributed a total of $114,421 during the year to assist with Mace Road engineering and other projects.
- Transportation purchased a new F550 dump truck for $61,872; this replaced a 2008 truck.
- The City accepted Inlet Lane into the City's street inventory at no cost but a contributed asset value of $98,730.
- Water – Maintaining City assets, Parkview and Columbia water towers received maintenance of $22,000.
- Sewer – Utilizing City crews and a contractor the City completed a major upgrade to the Sands pump station for a total cost of $325,167, added to the City's fixed assets.
- Sewer - Various lift-station improvements, upgrades, purchases of sewer pump replacement inventory and SCADA improvement equaling $255,750 were added to capital assets for the year.
- Sewer purchased a Ford F250 truck for $26,185; this replaced a 2005 truck.
- Ambulance purchased a power loader cot for a cost of $23,242, this equipment will reduce risk of patient and employee injury.
- Lee C Fine Airport – With 90% grant funding, the City was awarded and completed 100% of the taxiway reconstruction project. The contract total was $2,042,786, currently $319,176 is being held pending concrete testing by Missouri Department of Transportation.
- Grand Glaize Airport purchased a new rotary mower for $8,900.

Debt Administration

The gross debt on December 31, 2017, was $16,955,585, a decrease of $2,438,449 compared to 2016. The debt consists of Sewerage and Waterworks Revenue Bonds and a Note for an ambulance purchase in 2015. The final payoff year for these bonds is 2027.

CITY OF OSAGE BEACH
OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue bonds	$ -	$ -	$ 16,900,000	$ 19,310,000	$ 16,900,000	$ 19,310,000
Note payable	-	-	55,585	84,034	55,585	84,034
Total debt	**$ -**	**$ -**	**$ 16,955,585**	**$ 19,394,034**	**$ 16,955,585**	**$ 19,394,034**

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 $57,153,052. 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's permit activity remained steady compared to past years. At the end of 2017, the City issued 625 business licenses to various businesses; 419 contractor's licenses; 67 liquor licenses; 8 taxi licenses; and 22 dog licenses. The Building Inspection Department issued 81 commercial permits and 75 residential permits, representing investment in our community of $28,240,032.

The City is recognized as both a retail and tourist destination and, like all communities, is impacted by the state and national economic activity; however, the City has continued to experience growth over the past several years. Sales tax, the principal source of funding for the City, was at its highest amount in 2017. The 2018 fiscal year budget represents the priorities of the City and it is a financially responsible plan for our resources to provide the superior services to our community while preserving appropriate financial reserves. The City has committed to economic and community development efforts in 2018. For example, community event efforts, City promotional efforts, and economic development programs were supported in the 2018 Operating Budget.

The above factors were considered in preparing the City of Osage Beach's budget for the 2018 fiscal year.

The City of Osage Beach has appropriated $7,355,523 for spending in the General Fund 2018 budget. Compared to the 2017 actual of $6,886,313, budgeted expenses will increase 7%. Of the total appropriated in General Fund, $383,206 is budgeted for capital expenditures. The budget includes a 2% increase in sales tax revenue during the 2018 fiscal year compared to estimated revenue in 2017. Merit increases will be granted to employees in 2018, based on the Matrix Plan and employee job performance. The City's capital expenditures will focus on information technology that benefits the whole City, computer equipment including data storage/backup devices, software, network switches, computers and printers totaling $225,456.

There are no rate increases in the 2018 Operating Budget.

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, Missouri 65065.

City of Osage Beach
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-type Activities	Total	Tax Increment Financing District
ASSETS				
Cash and cash equivalents	$ 7,837,433	$ 4,666,398	$ 12,503,831	$ 918
Receivables, net	1,410,347	420,401	1,830,748	871,239
Internal balances	1,000	(1,000)	-	-
Due from other governments	305	101,409	101,714	-
Inventories	10,071	161,927	171,998	-
Prepaids items	148,945	37,937	186,882	-
Restricted assets:				
Cash and cash equivalents	748,741	2,122,999	2,871,740	2,198,524
Investments	2,681	1,531,402	1,534,083	703,495
Capital assets:				
Non-depreciable	1,918,439	3,206,781	5,125,220	-
Depreciable, net	34,637,997	52,317,637	86,955,634	-
Total assets	46,715,959	64,565,891	111,281,850	3,774,176
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	503,711	503,711	100,362
Total deferred outflows of resources	-	503,711	503,711	100,362
LIABILITIES				
Accounts payable	488,684	309,327	798,011	191,481
Accrued liabilities	58,229	26,689	84,918	-
Accrued interest	-	423,043	423,043	87,795
Restricted customer deposits	24,890	-	24,890	-
Funds held for others	5,316	-	5,316	-
Long-term liabilities:				
Due within one year				
Note payable	-	27,721	27,721	-
Bonds payable	-	2,505,000	2,505,000	1,170,000
Compensated absences	86,896	32,479	119,375	-
Due in more than one year				
Note payable	-	27,864	27,864	-
Bonds payable	-	14,764,504	14,764,504	9,868,589
Other post employment benefits obligation	196,611	28,834	225,445	-
Arbitrage rebate payable	-	20,578	20,578	-
Total liabilities	860,626	18,166,039	19,026,665	11,317,865
NET POSITION				
Net investment in capital assets	36,556,436	38,703,040	75,259,476	-
Restricted for:				
Highways and streets	5,845,769	-	5,845,769	-
Debt service	663,101	1,407,518	2,070,619	2,902,019
Depreciation and replacement	-	1,803,748	1,803,748	-
Capital improvements	418,495	-	418,495	-
Unrestricted	2,371,532	4,989,257	7,360,789	(10,345,346)
Total net position	$ 45,855,333	$ 46,903,563	$ 92,758,896	$ (7,443,327)

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Activities
For the Year Ended December 31, 2017

		Program Revenue			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Primary government								
Governmental Activities								
General government	$ 2,986,937	$ 251,529	$ 54,362	$ -	$ (2,681,046)	$ -	$ (2,681,046)	$ -
Public safety	3,081,476	203,491	-	-	(2,877,985)	-	(2,877,985)	-
Parks and recreation	614,335	33,735	-	32,375	(548,225)	-	(548,225)	-
Information technology	527,030	-	-	-	(527,030)	-	(527,030)	-
Streets and highways	3,679,606	-	-	329,652	(3,349,954)	-	(3,349,954)	-
Total governmental activities	10,889,384	488,755	54,362	362,027	(9,984,240)	-	(9,984,240)	-
Business-type activities								
Water/Sewer	6,452,884	4,341,405	487,820	6,440	-	(1,617,219)	(1,617,219)	-
Ambulance	585,358	253,263	-	-	-	(332,095)	(332,095)	-
Airports	1,147,180	863,039	-	1,775,833	-	1,491,692	1,491,692	-
Total business-type activities	8,185,422	5,457,707	487,820	1,782,273	-	(457,622)	(457,622)	-
Total primary government	$ 19,074,806	$ 5,946,462	$ 542,182	$ 2,144,300	(9,984,240)	(457,622)	(10,441,862)	-
Component Unit								
Tax Increment Financing District	$ 1,247,615	$ -	$ -	$ -				(1,247,615)
General revenues:								
Taxes								
County road taxes					70,477	-	70,477	-
Property taxes					-	-	-	531,365
Sales taxes					9,428,003	-	9,428,003	2,409,708
Franchise taxes					938,888	-	938,888	-
Motor vehicle fuel and license taxes					175,551	-	175,551	-
Administrative fees					290,000	-	290,000	-
Unrestricted investment earnings					55,480	55,940	111,420	13,160
Other income					168,335	12,174	180,509	-
Gain on sale of capital assets					28,080	2,059	30,139	-
Transfers					(2,431,000)	2,431,000	-	-
Total general revenues, special items, and transfers					8,723,814	2,501,173	11,224,987	2,954,233
Change in net position					(1,260,426)	2,043,551	783,125	1,706,618
Net position - beginning					47,115,759	44,860,012	91,975,771	(9,149,945)
Net position - ending					$ 45,855,333	$ 46,903,563	$ 92,758,896	$ (7,443,327)

See accompanying notes to the basic financial statements.

City of Osage Beach
Balance Sheet
Governmental Funds
December 31, 2017

	General	Transportation	Capital Improvement Sales Tax	Total Governmental Funds
ASSETS				
Cash and cash equivalents				
Unrestricted	$ 2,027,779	$ 5,676,660	$ 132,994	$ 7,837,433
Restricted	88,321	-	660,420	748,741
Investments				
Restricted	-	-	2,681	2,681
Receivables				
Taxes	722,870	330,906	330,906	1,384,682
Due from other funds	1,000	-	-	1,000
Receivable from other governments	305	-	-	305
Other	15,132	10,533	-	25,665
Inventories	-	10,071	-	10,071
Prepaid items	140,773	8,172	-	148,945
Total assets	$ 2,996,180	$ 6,036,342	$ 1,127,001	$ 10,159,523
LIABILITIES				
Accounts payable	$ 278,044	$ 165,235	$ 45,405	$ 488,684
Accrued payroll	51,134	7,095	-	58,229
Payable from restricted assets:				
Due to others	5,316	-	-	5,316
Bail bond deposits	12,890	-	-	12,890
Building deposits	12,000	-	-	12,000
Total liabilities	359,384	172,330	45,405	577,119
FUND BALANCES				
Nonspendable:				
Prepaids	140,773	8,172	-	148,945
Inventories	-	10,071	-	10,071
Restricted for:				
Debt service	-	-	663,101	663,101
Highways and streets	-	5,845,769	-	5,845,769
Capital improvements	-	-	418,495	418,495
Unassigned	2,496,023	-	-	2,496,023
Total fund balances	2,636,796	5,864,012	1,081,596	9,582,404
Total liabilities and fund balances	$ 2,996,180	$ 6,036,342	$ 1,127,001	$ 10,159,523

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, 2017

Fund balances - total governmental funds		$	9,582,404
Amounts reported for governmental activities in the Statement of Net Position 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	70,623,269		
Less accumulated depreciation	(34,066,833)		
			36,556,436
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			(86,896)
Other post employment benefits obligation			(196,611)
Net position of governmental activities		$	45,855,333

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, 2017

	General	Transportation	Capital Improvement Sales Tax	Total Governmental Funds
REVENUES				
Taxes				
Sales	$ 4,748,838	$ 2,339,582	$ 2,339,583	$ 9,428,003
Franchise	938,888	-	-	938,888
Motor vehicle fuel and license	-	175,551	-	175,551
County road taxes	-	70,477	-	70,477
Licenses, fines, permits and fees	488,755	-	-	488,755
Intergovernmental	80,527	448,163	-	528,690
Interest	25,355	25,713	4,412	55,480
Contributions	6,210	-	-	6,210
Administrative fees	290,000	-	-	290,000
Miscellaneous	158,242	10,093	-	168,335
Total revenues	6,736,815	3,069,579	2,343,995	12,150,389
EXPENDITURES				
Current:				
General government	2,433,501	-	-	2,433,501
Public safety	2,942,362	-	-	2,942,362
Parks and recreation	300,815	-	-	300,815
Information technology	455,477	-	-	455,477
Streets and highways	-	1,109,614	-	1,109,614
Capital improvements	-	-	318,316	318,316
Capital outlay				
Projects and equipment	754,158	-	-	754,158
Streets and highways	-	1,638,454	-	1,638,454
Total expenditures	6,886,313	2,748,068	318,316	9,952,697
Excess (deficiency) of revenues over expenditures	(149,498)	321,511	2,025,679	2,197,692
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(496,000)	-	(1,935,000)	(2,431,000)
Sale of capital assets	32,168	-	-	32,168
Total other financing (uses)	(463,832)	-	(1,935,000)	(2,398,832)
Net change in fund balances	(613,330)	321,511	90,679	(201,140)
Fund balances - beginning	3,250,126	5,542,501	990,917	9,783,544
Fund balances - ending	$ 2,636,796	$ 5,864,012	$ 1,081,596	$ 9,582,404

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, 2017

Net change in fund balances - total governmental funds:		$	(201,140)
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	(2,942,091)		
Capital outlay capitalized as assets	2,002,600		
			(939,491)
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds.			
Intergovernmental	(118,511)		
			(118,511)
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			13,949
Loss on disposal of capital assets			(4,088)
Other post employment benefits obligation			(11,145)
Change in net position of governmental activities		$	(1,260,426)

City of Osage Beach
Statement of Net Position
Proprietary Funds
December 31, 2017

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4,513,781	$ 113,951	$ 38,134	$ 532	$ 4,666,398
Accounts receivables (net of allowances for uncollectibles)	384,700	34,159	1,415	127	420,401
Receivables from other governments	-	-	101,409	-	101,409
Inventories	116,297	-	33,280	12,350	161,927
Prepaid expenses	30,025	1,975	4,120	1,817	37,937
Total current assets	5,044,803	150,085	178,358	14,826	5,388,072
Non-current assets:					
Restricted cash and cash equivalents	2,122,999	-	-	-	2,122,999
Restricted investments	1,531,402	-	-	-	1,531,402
Capital assets:					
Non-depreciable	904,030	-	1,957,208	345,543	3,206,781
Depreciable, net	48,435,014	124,955	3,072,099	685,569	52,317,637
Total non-current assets	52,993,445	124,955	5,029,307	1,031,112	59,178,819
Total assets	58,038,248	275,040	5,207,665	1,045,938	64,566,891
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	503,711	-	-	-	503,711
Total deferred outflows of resources	503,711	-	-	-	503,711
LIABILITIES					
Current liabilities:					
Accounts payable	198,585	3,214	102,930	4,598	309,327
Accrued payroll	14,137	5,792	1,410	2,106	23,445
Accrued interest payable	422,557	486	-	-	423,043
Due to other funds	-	-	-	1,000	1,000
Other accrued expenses	3,244	-	-	-	3,244
Compensated absences	25,874	5,098	581	926	32,479
Note payable	-	27,721	-	-	27,721
Bonds payable	2,505,000	-	-	-	2,505,000
Total current liabilities	3,169,397	42,311	104,921	8,630	3,325,259
Non-current liabilities:					
Note payable	-	27,864	-	-	27,864
Bonds payable	14,764,504	-	-	-	14,764,504
Other post employment benefits payable	15,015	1,416	5,098	7,305	28,834
Arbitrage rebate payable	20,578	-	-	-	20,578
Total non-current liabilities	14,800,097	29,280	5,098	7,305	14,841,780
Total liabilities	17,969,494	71,591	110,019	15,935	18,167,039
NET POSITION					
Net investment in capital assets	32,573,251	69,370	5,029,307	1,031,112	38,703,040
Restricted for:					
Debt service	1,407,518	-	-	-	1,407,518
Depreciation and replacement	1,803,748	-	-	-	1,803,748
Unrestricted	4,787,948	134,079	68,339	(1,109)	4,989,257
Total net position	$ 40,572,465	$ 203,449	$ 5,097,646	$ 1,030,003	$ 46,903,563

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, 2017

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
REVENUES					
Charges for services	$ 4,341,405	$ 253,263	$ 590,000	$ 93,075	$ 5,277,743
Rental income	-	-	115,954	64,010	179,964
Operating grants and contributions	487,820	-	-	-	487,820
Total operating revenues	4,829,225	253,263	705,954	157,085	5,945,527
OPERATING EXPENSES					
Cost of sales and services	1,034,096	30,331	428,134	101,703	1,594,264
Administration	110,622	70,241	7,154	22,334	210,351
Personnel services	1,008,034	408,633	200,313	124,398	1,741,378
Repairs and maintenance	645,399	13,047	34,873	14,887	708,206
Insurance	84,159	23,818	18,896	14,375	141,248
Depreciation and amortization	2,679,748	37,746	147,703	31,273	2,896,470
Miscellaneous expenses	942	-	701	436	2,079
Total operating expenses	5,563,000	583,816	837,774	309,406	7,293,996
Operating loss	(733,775)	(330,553)	(131,820)	(152,321)	(1,348,469)
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	55,940	-	-	-	55,940
Interest expense	(786,633)	(1,542)	-	-	(788,175)
Miscellaneous revenue	12,174	-	-	-	12,174
Gain (loss) on sale of capital assets	(1,080)	-	1,864	1,275	2,059
Bond and financial services fees	(103,251)	-	-	-	(103,251)
Total non-operating revenue (expenses)	(822,850)	(1,542)	1,864	1,275	(821,253)
Loss before capital grants and transfers	(1,556,625)	(332,095)	(129,956)	(151,046)	(2,169,722)
Capital grants	6,440	-	1,750,145	25,688	1,782,273
Transfers in	1,935,000	395,000	-	101,000	2,431,000
Change in net position	384,815	62,905	1,620,189	(24,358)	2,043,551
Total net position	40,187,650	140,544	3,477,457	1,054,361	44,860,012
Total net position - ending	$ 40,572,465	$ 203,449	$ 5,097,646	$ 1,030,003	$ 46,903,563

See accompanying notes to the basic financial statements.

City of Osage Beach
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Enterprise Funds				
	Water and Sewer	Ambulance	Lee C. Fine	Grand Glaize	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Collections from customers and users	$ 4,288,581	$ 258,116	$ 706,617	$ 157,110	$ 5,410,424
Payments for goods and services	(1,669,424)	(90,424)	(383,356)	(142,281)	(2,285,485)
Payments on behalf of employees for services	(1,002,147)	(408,918)	(202,439)	(124,047)	(1,737,551)
Payments for interfund services used	(72,100)	(48,500)	(33,000)	(16,600)	(170,200)
Other operating revenues	396,743	-	-	-	396,743
Net cash provided (used) by operating activities	1,941,653	(289,726)	87,822	(125,818)	1,613,931
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund transfers	1,935,000	395,000	-	102,000	2,432,000
Net cash provided by noncapital financing activities	1,935,000	395,000	-	102,000	2,432,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(621,072)	(34,542)	(1,983,706)	(8,900)	(2,648,220)
Capital grants	6,440	-	1,930,314	25,688	1,962,442
Sale of capital assets	-	-	1,864	-	1,864
Principal paid on capital debt	(2,410,000)	(29,991)	-	-	(2,439,991)
Note proceeds	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Interest paid on capital debt	(786,633)	-	-	-	(786,633)
Net cash provided (used) by capital and related financing activities	(3,811,265)	(64,533)	(51,528)	16,788	(3,910,538)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	55,940	-	-	-	55,940
Net change in short-term money market mutual funds	22,570	-	-	-	22,570
Proceeds from maturity of guaranteed investment contracts	19,937	-	-	-	19,937
Purchase of guaranteed investment contracts	(41,477)	-	-	-	(41,477)
Net cash provided (used) by investing activities	56,970	-	-	-	56,970
Net increase (decrease) in cash and cash equivalents	122,358	40,741	36,294	(7,030)	192,363
Cash and cash equivalents-beginning of year	6,514,422	73,210	1,840	7,562	6,597,034
Cash and cash equivalents-end of year	$ 6,636,780	$ 113,951	$ 38,134	$ 532	$ 6,789,397
Reconciliation of operating loss to net cash provided by operating activities:					
Operating loss	$ (733,775)	$ (330,553)	$ (131,820)	$ (152,321)	$ (1,348,469)
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Miscellaneous revenue	(91,077)	-	-	-	(91,077)
Depreciation and amortization	2,569,848	37,746	147,703	31,273	2,786,570
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable, net	(52,824)	4,853	663	25	(47,283)
(Increase) decrease in inventory	239,928	-	1,452	(2,563)	238,817
(Increase) decrease in prepaids	(2,328)	(358)	(349)	(163)	(3,198)
Increase (decrease) in accounts payable and accrued liabilities	11,881	(1,414)	70,173	(2,069)	78,571
Total adjustments	2,675,428	40,827	219,642	26,503	2,962,400
Net cash provided (used) by operating activities	$ 1,941,653	$ (289,726)	$ 87,822	$ (125,818)	$ 1,613,931
Reconciliation of cash and cash equivalents to Statement of Net Position:					
Cash and cash equivalents	$ 4,513,781	$ 113,951	$ 38,134	$ 532	$ 4,666,398
Restricted cash and cash equivalents	2,122,999	-	-	-	2,122,999
	$ 6,636,780	$ 113,951	$ 38,134	$ 532	$ 6,789,397

See accompanying notes to the basic finanical 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 (GASB) 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 GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.*

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. Interfund services provided and used are not eliminated in the process of consolidation.

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 accounts for funds provided from a one-half of one percent sales tax restricted as to use for ongoing maintenance and construction of streets.
>
> Capital Improvement Sales Tax Fund – This special revenue fund accounts for funds provided by a one-half of one percent sales tax restricted as to use to subsidize debt service for the water and sewer systems. 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 are 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 acquisition 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
Infrastructure – streets/roads	20 – 25 years

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

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

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

I. Compensated Absences

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

J. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City did not have any item that qualifies for reporting in this category in the current year.

K. Long-Term Obligations

General long-term obligations consist of the non-current portion of bonds payable, note 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. However, in governmental funds other than the General Fund, it may be necessary to report a negative unassigned fund balance in that fund if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to these purposes.

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, 2017.

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, 2017. Deposits, categorized by level of custodial risk, were as follows as of December 31, 2017:

	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	1,065,639	13,340,000	-	14,405,639
Collateralized by securities held by the pledging financial institutions' trust department or agent but not in the depositor government's name	319,251	2,858,944	-	3,178,195
Uncollateralized	-	-	-	-
	$ 1,646,890	$ 16,198,944	$ -	$ 17,845,834
Carrying value	$ 1,372,994	$ 16,198,944	$ 3,075	$ 17,575,013

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 Position		
	Primary Government	Component Unit	Total
Cash and cash equivalents	$ 12,503,831	$ 918	$ 12,504,749
Restricted assets:			
Cash and cash equivalents	2,871,740	2,198,524	5,070,264
Total	$ 15,375,571	$ 2,199,442	$ 17,575,013

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	$ 1,220,566	$ -	$ -	$ 1,220,566	$ 1,220,566
Guaranteed investment contracts					
Restricted	-	-	1,017,012	1,017,012	1,017,012
Total investments	$ 1,220,566	$ -	$ 1,017,012	$ 2,237,578	$ 2,237,578

The money market mutual funds held by the City at December 31, 2017, are fixed income funds invested in U.S. Treasuries and other governmental securities.

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

	Government-Wide Statement of Net Position		
	Primary Government	Component Unit	Total
Restricted assets:			
Investments	$ 1,534,083	$ 703,495	$ 2,237,578

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 $1,017,012, the full amount 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, 55% are money market mutual funds and 45% are guaranteed investment contracts (substantially all issued by Natixis Global Asset Management).

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.

<u>Fair Value Measurements</u>

For assets and liabilities required to be reported at fair value, U.S. generally accepted accounting principles prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by U.S. generally accepted accounting principles is as follows:

Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Board has the ability to access.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The City's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The City's assets and liabilities measured at fair value on a recurring basis as of December 31, 2017, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

Description	Total	Level 1	Level 2	Level 3
Measured at fair value:				
Money market mutual funds	$ 1,220,566	$ 1,220,566	$ -	$ -
Guaranteed investment contracts	1,017,012	-	1,017,012	-
Total investments	$ 2,237,578	$ 1,220,566	$ 1,017,012	$ -

Level 1 classifications above consist of money market mutual funds that are valued at the daily closing price as reported by the fund. These funds are primarily invested in U.S. Treasuries and other governmental securities.

Level 2 classifications above consist of guaranteed investment contracts that are valued based on third party pricing services for identical or similar assets.

No investments are classified as Level 3 above.

4. RESTRICTED CASH AND INVESTMENTS

At December 31, 2017, cash and investments were restricted for various uses as follows:

General Fund	
Restricted for bail bond deposits	$ 12,890
Restricted for building permit deposits	12,000
Amounts held for others	5,316
Amounts paid under protest	58,115
Capital Improvement Sales Tax Fund	
Reserved for bond requirements	663,101
Water and Sewer Fund	
Restricted for bond requirements	3,654,401
TIF Fund	
Restricted for bond requirements	2,902,019

5. RECEIVABLES

Receivables are composed of the following at December 31, 2017:

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Taxes receivable	$ 1,384,682	$ -	$ 1,384,682	$ 871,239
Accounts receivable	-	500,466	500,466	-
Other receivable	25,665	-	25,665	-
	1,410,347	500,466	1,910,813	871,239
Allowance for uncollectible accounts	-	(80,065)	(80,065)	-
Accounts receivable	$ 1,410,347	$ 420,401	$ 1,830,748	$ 871,239

6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance December 31, 2016	Additions	Retirements	Transfers	Balance December 31, 2017
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,834,178	$ -	$ -	$ -	$ 1,834,178
Construction in progress	1,144,580	84,261	-	(1,144,580)	84,261
Total capital assets, not being depreciated	2,978,758	84,261	-	(1,144,580)	1,918,439
Capital assets, being depreciated:					
Buildings and improvements	7,539,223	283,015	-	-	7,822,238
Machinery and equipment	4,072,470	378,087	169,109	(16,177)	4,265,271
Infrastructure	54,215,504	1,257,237	-	1,144,580	56,617,321
Total capital assets, being depreciated	65,827,197	1,918,339	169,109	1,128,403	68,704,830
Less accumulated depreciation for:					
Buildings and improvements	3,915,894	216,360	-	-	4,132,254
Machinery and equipment	3,050,876	370,306	165,214	(15,983)	3,239,985
Infrastructure	24,339,169	2,355,425	-	-	26,694,594
Total accumulated depreciation	31,305,939	2,942,091	165,214	(15,983)	34,066,833
Total capital assets being depreciated, net	34,521,258	(1,023,752)	3,895	1,144,386	34,637,997
Total capital assets, net	$ 37,500,016	$ (939,491)	$ 3,895	$ (194)	$ 36,556,436

	Balance December 31, 2016	Additions	Retirements	Transfers	Balance December 31, 2017
Business-type activities:					
Capital assets, not being depreciated:					
Land and easements	$ 897,793	$ -	$ -	$ -	$ 897,793
Construction in progress	260,227	2,308,988	-	(260,227)	2,308,988
Total capital assets, not being depreciated	1,158,020	2,308,988	-	(260,227)	3,206,781
Capital assets, being depreciated:					
Buildings and improvements	5,771,592	4,201	-	260,227	6,036,020
Equipment	1,820,306	102,690	22,251	16,177	1,916,922
Water system, tower and lines	35,121,567	-	-	-	35,121,567
Sewage collection system and treatment plant	59,062,912	232,341	-	-	59,295,253
Total capital assets, being depreciated	101,776,377	339,232	22,251	276,404	102,369,762
Less accumulated depreciation for:					
Buildings and improvements	1,797,945	180,145	-	-	1,978,090
Equipment	1,110,861	169,263	22,251	15,983	1,273,856
Water system, tower and lines	12,298,728	897,116	-	-	13,195,844
Sewage collection system and treatment plant	32,064,289	1,540,046	-	-	33,604,335
Total accumulated depreciation	47,271,823	2,786,570	22,251	15,983	50,052,125
Total capital assets being depreciated, net	54,504,554	(2,447,338)	-	260,421	52,317,637
Business-type activities capital assets, net	$ 55,662,574	$ (138,350)	$ -	$ 194	$ 55,524,418

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

Governmental activities:	
General administration	$ 243,223
Public safety	123,830
Streets and highways	2,277,730
Parks and recreation	297,308
Total depreciation expense - governmental activities:	$ 2,942,091
Business-type activities:	
Water/Sewer	$ 2,569,848
Ambulance	37,746
Airports	178,976
Total depreciation expense - business-type activities:	$ 2,786,570

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, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in one year
Primary Government:					
General Long-Term Debt					
Compensated absences	$ 100,845	$ 18,721	$ 32,670	$ 86,896	$ 86,896
Enterprise Funds					
Note payable	84,034	-	28,449	55,585	27,721
Revenue bonds	19,310,000	-	2,410,000	16,900,000	2,505,000
Compensated absences	32,416	10,729	10,665	32,479	32,479
	$ 19,527,295	$ 29,449	$ 2,481,785	$ 17,074,960	$ 2,652,096
Component Unit:					
Revenue bonds	$ 12,705,000	$ -	$ 1,650,000	$ 11,055,000	$ 1,170,000

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, 2017, of $285,765,260, the constitutional total general obligation debt limit was $57,153,052, which provides a general obligation debt margin of $57,153,052.

Note Payable

Note payable balance consists of the following as of December 31, 2017:

$141,995 note payable to a bank, bearing interest at 2.1%, principal and interest due annually through maturity of August 2019, secured by vehicle.	$ 55,585
Less current portion	27,721
Long-term portion	$ 27,864

Maturities of long-term debt for the fiscal years ended December 31 are as follows:

2018	$ 27,721
2019	27,864
Total long-term debt	$ 55,585

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 $21.6 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 2017 are over 126% of the annual principal and interest payments made in 2017. The total principal and interest remaining to be paid on the bonds is $19,926,615. Principal and interest paid for the current year and total net revenues were $3,196,633 and $4,023,179, respectively.

Revenue bonds payable are comprised of the following individual issues:

	Original Amount	Interest Rate	Final Maturity Date	Balance December 31, 2017
2001A, Clean Water	$ 5,000,000	4.0%-5.0%	1/1/2022	$ 1,430,000
2002B, Drinking Water	24,585,000	2%-5.5%	7/1/2022	8,430,000
2003B, Drinking Water	6,075,000	2%-5.25%	1/1/2024	3,405,000
2005C, Clean Water	4,950,000	3.0%-5.25%	7/1/2025	2,245,000
2007A, Drinking Water	2,550,000	4.0%-4.75%	1/1/2027	1,390,000
				$ 16,900,000

The following is a summary of net revenue bonds payable for December 31, 2017:

Bonds payable at December 31, 2017	$ 16,900,000
Unamortized premiums (net of accumulated amortization of $1,027,055)	369,504
	17,269,504
Less amount due within one year	(2,505,000)
Net revenue bonds payable December 31, 2017	$ 14,764,504

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

Year Ending December 31		Principal		Interest		Total
2018	$	2,505,000	$	828,256	$	3,333,256
2019		2,620,000		705,219		3,325,219
2020		2,740,000		555,572		3,295,572
2021		2,865,000		417,759		3,282,759
2022		2,995,000		271,050		3,266,050
2023-2026		3,175,000		248,759		3,423,759
Total	$	16,900,000	$	3,026,615	$	19,926,615

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 $1,885,000 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, 2017, is $9,170,000.

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 $2,316,372 and $2,320,800, respectively.

The following is a summary of net bonds payable for December 31, 2017:

Bonds payable at December 31, 2017	$ 11,055,000
Unamortized discount (net of accumulated amortization of $18,139)	(16,411)
	11,038,589
Less amount due within one year	(1,170,000)
Net revenue bonds payable December 31 2017	$ 9,868,589

The annual requirements to amortize debt outstanding in the as of December 31, 2017, including interest payments, are as follows:

Year Ending	Series 2006		Series 2012		
December 31	Principal	Interest	Principal	Interest	Total
2018	$ 1,170,000	$ 429,250	$ -	$ 91,508	$ 1,690,758
2019	1,250,000	368,750	-	91,508	1,710,258
2020	1,355,000	303,625	-	91,508	1,750,133
2021	1,445,000	233,625	-	91,508	1,770,133
2022	1,560,000	158,500	-	91,508	1,810,008
2023	2,390,000	59,750	1,885,000	45,754	4,380,504
Total	$ 9,170,000	$ 1,553,500	$ 1,885,000	$ 503,294	$ 13,111,794

The Series 2012 bonds do not have a required redemption schedule, but require a balloon payment on May 1, 2023. Interest payments are made on May 1 and November 1 each year. The City will pay at 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, 2017, follows:

	TRANSFERRED TO					
	Governmental Funds	Enterprise Funds				
	General Fund	Water/Sewer Fund	Ambulance Fund	Lee C. Fine Fund	Grand Glaize Airport Fund	Total
TRANSFERRED FROM						
Governmental Funds:						
General Fund	$ -	$ -	$ 395,000	$ -	$ 101,000	$ 496,000
Capital Improvement Sales Tax Fund	-	1,935,000	-	-	-	1,935,000
	$ -	$ 1,935,000	$ 395,000	$ -	$ 101,000	$ 2,431,000

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 infrastructure improvements 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	$ 119,800
Water/Sewer Fund	72,100
Ambulance Fund	48,500
Lee C. Fine Airport Fund	33,000
Grand Glaize Airport Fund	16,600
	$ 290,000

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, 2017, commitments under contracts were as follows:

Project	Spent-to-Date	Remaining Commitment
Water & Sewer	$ 14,725	$ 116,505
Grand Glaize Airport	-	229,644
Lee C Fine Airport	1,723,610	319,176
	$ 1,738,335	$ 665,325

During 2017, the City began the Lee C. Fine Taxiway Reconstruction Project. A grant through the Missouri Department of Transportation (MoDOT), as agent for the Federal Aviation Administration, will reimburse the City 90% of the approved costs. The City hired a general contractor to perform the work. A total of about $1.9 million in costs were incurred and the amount approved for reimbursement totaling about $1.7 million. However, due to a failed concrete inspection, a portion of the construction work completed in 2017 was not paid to the contractor and was not reimbursed by MoDOT as of December 31, 2017. The completed work will be tested again in spring 2018. Subject to the results of that test and subsequent agreement among all parties, the amount required to be paid to the contractor by the City and the amount to be reimbursed to the City by MoDOT will be determined. Due to the uncertainty of the eventual amounts to be paid to the contractor and received under the grant, no amounts related to that work have been recorded in the financial statements.

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 2017.

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 Sporting Goods, 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, 2017. The notes bear interest at 6.5% with final maturity on December 15, 2033. The balance at December 31, 2017, represents outstanding notes of $4,942,995 and accrued interest of $53,549, for a total of $4,996,544. 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.

On February 18, 2016, the City entered into a TIF agreement with Arrowhead Development Group, LLC. Under this agreement, the City will reimburse the developer on a pay-as-you-go method with funds generated by the TIF project. The Agreement will redevelop the 226 acre site of the former Dogwood Hills Golf Course. It provides flexibility for the Developer with eight separate project areas for a mixed-use development to be built over the next several years. The agreement provides for a TIF incentive to the developer for promote a $386,731,340 project when all 8 projects are completed. The total amount of the TIF reimbursement requested is $55,835,595, which is 14.5% of the total project costs. One half (50%) of the new real estate and sales taxes generated by the development shall be passed through to the taxing districts. To date, Project 1 is proceeding with lot development. This project includes a skilled nursing home and an assisted living facility. As of December 31, 2017, approved project costs total $3,519,426 and accrued interest is $177,448. No economic activity taxes or payments in lieu of taxes have been collected to date.

On September 21, 2017, the City entered into a TIF agreement with TSG Osage Beach, LLC. Under this agreement, the City will reimburse the developer on a pay-as-you-go method with funds generated by the TIF project. The Osage Beach Commons TIF Plan will redevelop the 13.71-acre site pre-plan was The Golden Door motel, the closed Jake's Steak and Fish restaurant and two abandoned single-family homes. The Plan proposes a $30,500,000 project. The approved reimbursement is $4,550,000, which is 14.9% of the total project costs. One half (50%) of the new real estate and sales taxes generated by the development shall be passed through to the taxing districts. To date, the site is being cleared for the development. No economic activity taxes or payments in lieu of taxes have been collected to date.

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, 2017.

11. PENSION PLAN

Plan Description

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

Plan Funding

The City contributes 6% of eligible employee wages, while employees do not contribute to the plan. The City contributed $259,677 to the plan for the year ended December 31, 2017. There were no forfeitures in the current year 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).* As a result, the financial statements reflect a long-term liability of $196,611 and $28,834 and related expenses of $11,145 and $1,634 in governmental and business-type activities, respectively, as of and for the year ended December 31, 2017. 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, 2017, the annual OPEB costs and changes in the net obligation are as follows:

Annual accrued liability	$ 164,085
Unfunded actuarial accrued liability	$ 164,085
Amortization factor (Based on 30-year closed-level dollar)	17.022
Amortization of unfunded liability	$ 10,298
Normal costs	15,406
Annual required contribution (ARC)	25,704
Interest to end of the year	9,570
Adjustment to the ARC	(12,495)
Annual OPEB cost	22,779
Net OPEB obligation, beginning of year	212,666
Expected employer contributions for 2017	(10,000)
Net OPEB obligation, end of year	$ 225,445

Schedule of Employer Contributions

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 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
12/31/2015	27,535	4,000	14.5%	199,707
12/31/2016	22,959	10,000	43.6%	212,666
12/31/2017	22,779	10,000	43.9%	225,445

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, 2017:

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
7/1/2015	$ -	$ 164,085	$ 164,085	0%	$ 3,808,566	4.3%

Because the City is only required to have a full actuarial valuation every two years, the *Schedule of Funding Progress* presented above is only updated for the most recent actuarial valuation date of July 1, 2015, which was completed in 2016.

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, 2015, 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. Medical rates included a 2.0% percent inflation factor. Dental healthcare cost trend rates were not valued as the level of age-subsidy is not assumed to be material.

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, 2017, the City paid $480,881 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, 2017, was as follows:

	For the 2017 Calendar Year
Assessed valuation for Miller County:	
Tax Increment Financing	$ 9,746,370
Tax rates per $100 assessed valuation:	
General Fund	$ 0.046742

15. TAX ABATEMENTS

Pursuant to the Real Property Tax Increment Allocation Act, Sections 99.800 through 99.865, RSMo, as amended (the "TIF Act"), cities and counties (governments) may adopt a redevelopment plan ("TIF plan") that provides for the redevelopment of a "blighted area", "conservation area" or "economic development area" located within the boundaries of the government to encourage increased property valuations. The Osage Beach Tax Increment Financing District (TIF District), a component unit of the City, recommends the designation of blighted areas, the redevelopment plan, and the developer, and the City has final approval. All of the TIF plans approved to date have been for the development of retail centers in blighted areas within the City by approved developers.

In general, once approved, the City enters into a development contract with the developer covering the development project, including ad valorem tax (sales tax) and property tax abatements. There are no provisions for recapture since the taxes abated are for property development and used to fund the project and service debt. Under these contracts, the governments in the TIF District grant two types of tax abatements:

- Sales tax abatements of 50 percent of the total additional revenue from taxes, penalties and interest which are imposed by the City or taxing districts and which are generated by economic activities within the areas of the TIF over the amount generated in the year before the TIF plan was adopted. Total sales taxes abated under the agreements totaled approximately $1,271,726 in 2017.

- Property tax abatements attributable to the increase in assessed value of the property of property in the TIF district over the assessed value of the property before the development. Total property taxes abated under the agreements totaled approximately $531,366 in 2017.

REQUIRED SUPPLEMENTARY INFORMATION

City of Osage Beach
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Sales	$ 4,800,000	$ 4,800,000	$ 4,748,838	$ (51,162)
Franchise	960,000	960,000	938,888	(21,112)
Licenses, fines, permits and fees	447,100	447,100	488,755	41,655
Intergovernmental	38,266	38,266	80,527	42,261
Contributions	10,000	10,000	6,210	(3,790)
Interest	14,000	14,000	25,355	11,355
Payments from enterprise funds	325,200	325,200	290,000	(35,200)
Miscellaneous	81,100	81,100	158,242	77,142
Total revenues	6,675,666	6,675,666	6,736,815	61,149
EXPENDITURES				
Current:				
General government	2,380,053	2,382,053	2,433,501	(51,448)
Public safety	3,263,188	3,263,188	2,942,362	320,826
Park and recreation	343,158	343,158	300,815	42,343
Information technology	535,480	535,480	455,477	80,003
Capital outlay				
Projects and equipment	760,989	960,289	754,158	206,131
Total expenditures	7,282,868	7,484,168	6,886,313	597,855
Excess (deficiency) of revenues over expenditures	(607,202)	(808,502)	(149,498)	659,004
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(492,000)	(492,000)	(496,000)	(4,000)
Sale of capital assets	8,000	8,000	32,168	24,168
Total other financing sources (uses)	(484,000)	(484,000)	(463,832)	20,168
Net change in fund balance	(1,091,202)	(1,292,502)	(613,330)	679,172
Fund balance - beginning	3,250,124	3,250,124	3,250,126	(2)
Fund balance - ending	$ 2,158,922	$ 1,957,622	$ 2,636,796	$ 679,170

City of Osage Beach
Budget and Actual (with Variances)
Transportation Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes				
Sales	$ 2,400,000	$ 2,400,000	$ 2,339,582	$ (60,418)
Motor vehicle fuel and license	171,000	171,000	175,551	4,551
County road taxes	70,000	70,000	70,477	477
Intergovernmental	566,000	566,000	448,163	(117,837)
Interest	16,500	16,500	25,713	9,213
Miscellaneous	200	200	10,093	9,893
Total revenues	3,223,700	3,223,700	3,069,579	(154,121)
EXPENDITURES				
Current:				
Streets and highways	1,992,670	1,992,670	1,109,614	883,056
Capital outlay				
Streets and highways	3,210,297	3,210,297	1,638,454	1,571,843
Total expenditures	5,202,967	5,202,967	2,748,068	2,454,899
Excess (deficiency) of revenues over expenditures	(1,979,267)	(1,979,267)	321,511	2,300,778
OTHER FINANCING SOURCES				
Sale of capital assets	8,000	8,000	-	(8,000)
Total other financing sources	8,000	8,000	-	(8,000)
Net change in fund balance	(1,971,267)	(1,971,267)	321,511	2,292,778
Fund balance - beginning	5,542,500	5,542,500	5,542,501	(1)
Fund balance - ending	$ 3,571,233	$ 3,571,233	$ 5,864,012	$ 2,292,777

City of Osage Beach
Budget and Actual (with Variances)
Capital Improvement Sales Tax Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Taxes				
Sales	$ 2,400,000	$ 2,400,000	$ 2,339,583	$ (60,417)
Interest	3,500	3,500	4,412	912
Total revenues	2,403,500	2,403,500	2,343,995	(59,505)
EXPENDITURES				
Current:				
Capital improvements	298,000	298,000	318,316	(20,316)
Total expenditures	298,000	298,000	318,316	(20,316)
Excess of revenues over expenditures	2,105,500	2,105,500	2,025,679	(79,821)
OTHER FINANCING USES				
Transfers out	(1,935,000)	(1,935,000)	(1,935,000)	-
Total other financing uses	(1,935,000)	(1,935,000)	(1,935,000)	-
Net change in fund balance	170,500	170,500	90,679	79,821
Fund balance - beginning	990,917	990,917	990,917	-
Fund balance - ending	$ 1,161,417	$ 1,161,417	$ 1,081,596	$ 79,821

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

For The Year Ended December 31, 2017

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, 2017.

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. The budget was amended during the year.

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

For The Year Ended December 31, 2017

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
7/1/2015	$ -	$ 164,085	$ 164,085	0%	$ 3,808,566	4.3%

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 2018 using an actuarial valuation date of July 1, 2017.

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 1

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net investment in capital assets	$ 27,151,876	$ 27,731,455	$ 27,894,023	$ 28,345,590	$ 29,136,972	$ 40,750,125	$ 39,307,279	$ 37,653,615	$ 37,500,016	$ 36,556,436
Restricted	7,751,150	7,005,298	6,760,655	5,420,281	4,824,565	5,499,168	6,010,852	6,931,150	6,502,607	6,927,365
Unrestricted	3,989,278	4,137,610	3,597,054	3,787,573	3,288,366	3,308,811	3,530,536	3,231,106	3,113,136	2,371,532
Total governmental activities net assets	$ 38,892,304	$ 38,874,363	$ 38,251,732	$ 37,553,444	$ 37,249,903	$ 49,558,104	$ 48,848,667	$ 47,815,871	$ 47,115,759	$ 45,855,333
Business-type activities:										
Net investment in capital assets	$ 32,056,850	$ 32,892,194	$ 33,970,840	$ 34,151,316	$ 33,596,269	$ 34,434,359	$ 35,337,942	$ 36,016,361	$ 36,440,536	$ 38,703,040
Restricted	2,208,730	2,444,465	2,586,902	2,697,627	2,727,651	2,806,768	2,895,805	2,945,442	3,004,278	3,211,266
Unrestricted	8,109,199	6,682,522	6,200,856	5,480,505	6,667,923	5,537,936	5,791,462	5,448,395	5,415,198	4,989,257
Total business-type activities net assets	$ 42,374,779	$ 42,019,181	$ 42,758,598	$ 42,329,448	$ 42,991,843	$ 42,779,063	$ 44,025,209	$ 44,410,198	$ 44,860,012	$ 46,903,563
Primary government:										
Net investment in capital assets	$ 59,208,726	$ 60,623,649	$ 61,864,863	$ 62,496,906	$ 62,733,241	$ 75,184,484	$ 74,645,221	$ 73,669,976	$ 73,940,552	$ 75,259,476
Restricted	9,959,880	9,449,763	9,347,557	8,117,908	7,552,216	8,305,936	8,906,657	9,876,592	9,506,885	10,138,631
Unrestricted	12,098,477	10,820,132	9,797,910	9,268,078	9,956,289	8,846,747	9,321,998	8,679,501	8,528,334	7,360,789
Total primary government net assets	$ 81,267,083	$ 80,893,544	$ 81,010,330	$ 79,882,892	$ 80,241,746	$ 92,337,167	$ 92,873,876	$ 92,226,069	$ 91,975,771	$ 92,758,896

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General government	$ 2,717,368	$ 2,796,047	$ 2,836,549	$ 2,728,669	$ 2,634,466	$ 2,795,702	$ 2,652,546	$ 2,780,408	$ 2,908,660	$ 2,986,937
Public Safety	3,015,379	3,001,162	3,122,315	3,057,360	3,023,822	3,091,649	2,978,236	3,052,006	3,143,046	3,081,476
Park and Recreation	199,691	210,671	420,349	456,627	510,657	458,198	529,212	494,456	610,252	614,335
Information Technology	231,929	233,441	255,380	262,973	379,314	331,982	328,665	429,671	381,851	527,030
Streets and Highways	2,148,466	2,411,262	2,705,865	3,018,295	2,911,893	2,967,447	3,613,537	3,354,035	3,536,724	3,679,606
Interest on Long-term debt	28,204	21,563	15,360	175	-	-	-	-	-	-
Total governmental activities expenses	8,341,037	8,674,146	9,355,818	9,524,099	9,460,152	9,644,978	10,102,196	10,110,576	10,580,533	10,889,384
Business-type activities:										
Water/Sewer	6,378,167	6,608,497	6,201,919	6,353,915	6,308,541	6,384,114	6,005,376	6,510,125	6,684,891	6,452,884
Ambulance	505,773	489,201	530,342	508,179	502,076	549,256	550,425	559,263	599,568	585,358
Airports	1,233,308	943,157	1,222,842	1,298,290	1,453,944	1,267,451	1,152,138	1,136,262	1,217,135	1,147,180
Total business-type activities expenses	8,117,248	8,040,855	7,955,103	8,160,384	8,264,561	8,200,821	7,707,939	8,205,650	8,501,594	8,185,422
Total primary government expenses	$ 16,458,285	$ 16,715,001	$ 17,310,921	$ 17,684,483	$ 17,724,713	$ 17,845,799	$ 17,810,135	$ 18,316,226	$ 19,082,127	$ 19,074,806
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	$ 196,634	$ 183,234	$ 230,490	$ 182,720	$ 177,475	$ 287,269	$ 193,175	$ 196,614	$ 188,250	$ 251,529
Public Safety	304,684	277,441	241,182	248,011	207,181	231,185	243,122	252,439	210,874	203,491
Parks and recreation	-	-	-	-	13,969	4,059	7,122	18,650	32,749	33,735
Streets and highways	-	-	-	-	6,260	7	-	-	-	-
Operating grants and contributions	53,876	25,642	27,658	28,289	13,961	80,180	10,588	21,004	25,322	54,362
Capital grants and contributions	100,000	67,520	848,628	191,983	710,078	13,134,610	663,157	177,439	709,092	362,027
Total governmental activities program revenues	655,194	553,837	1,347,958	651,003	1,128,924	13,737,310	1,117,164	666,146	1,166,287	905,144
Business-type activities:										
Charges for services:										
Water/Sewer	3,360,415	3,006,674	3,473,822	3,462,061	3,701,841	3,813,025	4,040,992	3,926,031	4,202,405	4,341,405
Ambulance	195,809	164,749	163,800	195,689	169,359	178,696	213,254	221,469	235,158	253,263
Airports	1,007,987	694,795	887,587	1,030,363	944,568	916,094	921,421	935,702	899,751	863,039
Operating grants and contributions	940,233	851,576	862,516	808,004	762,814	712,858	661,112	622,627	537,637	487,820
Capital grants and contributions	627,991	883,607	624,873	57,020	739,451	429,451	706,897	372,655	622,107	1,782,273
Total business-type activities program revenues	6,132,435	5,601,401	6,012,598	5,553,137	6,318,033	6,050,124	6,543,676	6,078,484	6,497,058	7,727,800
Total primary government program revenues	$ 6,787,629	$ 6,155,238	$ 7,360,556	$ 6,204,140	$ 7,446,957	$ 19,787,434	$ 7,660,840	$ 6,744,630	$ 7,663,345	$ 8,632,944

CITY OF OSAGE BEACH, MISSOURI

TABLE 2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expense)/revenue										
Governmental activities	$ (7,685,843)	$ (8,120,309)	$ (8,007,860)	$ (8,873,096)	$ (8,331,228)	$ 4,092,332	$ (8,985,032)	$ (9,444,430)	$ (9,414,246)	$ (9,984,240)
Business-type activities	(1,984,813)	(2,439,454)	(1,942,505)	(2,607,247)	(1,946,528)	(2,150,697)	(1,164,263)	(2,127,166)	(2,004,536)	(457,622)
Total primary government net expenses	$ (9,670,656)	$ (10,559,763)	$ (9,950,365)	$ (11,480,343)	$ (10,277,756)	$ 1,941,635	$ (10,149,295)	$ (11,571,596)	$ (11,418,782)	$ (10,441,862)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
County road taxes	$ 57,878	$ 60,136	$ 67,842	$ 67,859	$ 67,752	$ 69,622	$ 67,902	$ 69,887	$ 70,833	$ 70,477
Sales taxes	8,910,793	8,449,041	8,388,738	8,553,918	8,765,944	8,745,521	9,065,925	9,157,986	9,424,674	9,428,003
Franchise taxes	849,517	823,723	832,706	848,634	851,346	941,599	952,678	993,059	943,737	938,888
Motor vehicle fuel & license	141,427	135,750	140,107	138,790	155,949	157,635	164,069	170,674	172,097	175,551
Payments from enterprise funds	143,377	500,702	465,145	390,300	459,400	479,312	194,600	212,000	271,500	290,000
Unrestricted investment earnings	317,626	137,682	72,809	69,197	52,263	50,401	36,444	22,338	38,010	55,480
Other income	31,556	89,447	44,042	208,145	68,815	79,236	63,338	156,215	118,731	168,335
Gain (loss) on sale of capital assets	5,071	1,878	16,840	9,632	11,218	543	85,639	14,475	10,052	28,080
Transfers	(2,896,000)	(2,095,991)	(2,643,001)	(2,111,667)	(2,405,000)	(2,308,000)	(2,355,000)	(2,385,000)	(2,335,500)	(2,431,000)
Total governmental activities	7,561,245	8,102,368	7,385,228	8,174,808	8,027,687	8,215,869	8,275,595	8,411,634	8,714,134	8,723,814
Business-type activities										
Unrestricted investment earnings	226,027	88,584	56,534	55,486	49,697	49,346	32,889	20,061	28,409	55,940
Other income	118,827	(3,920)	(24,980)	10,944	130,000	4,460	13,620	51,013	87,415	12,174
Gain (loss) on sale of capital assets	(44,996)	(96,799)	7,367	-	24,226	3,883	8,900	56,081	3,026	2,059
Transfers	2,896,000	2,095,991	2,643,001	2,111,667	2,405,000	2,308,000	2,355,000	2,385,000	2,335,500	2,431,000
Total business-type activities	3,195,858	2,083,856	2,681,922	2,178,097	2,608,923	2,365,689	2,410,409	2,512,155	2,454,350	2,501,173
Total primary government	$ 10,757,103	$ 10,186,224	$ 10,067,150	$ 10,352,905	$ 10,636,610	$ 10,581,558	$ 10,686,004	$ 10,923,789	$ 11,168,484	$ 11,224,987
Change in net position										
Governmental activities	$ (124,598)	$ (17,941)	$ (622,632)	$ (698,288)	$ (303,541)	$ 12,308,201	$ (709,437)	$ (1,032,796)	$ (700,112)	$ (1,260,426)
Business-type activities	1,211,045	(355,598)	739,417	(429,150)	662,395	214,992	1,246,146	384,989	449,814	2,043,551
Total primary government	$ 1,086,447	$ (373,539)	$ 116,785	$ (1,127,438)	$ 358,854	$ 12,523,193	$ 536,709	$ (647,807)	$ (250,298)	$ 783,125

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 71,107	$ 95,007	$ 134,056	$ 140,773
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	4,093,564	4,251,360	3,750,291	3,967,259	3,488,474	3,467,352	3,274,396	3,295,348	3,116,070	2,496,023
Total General Fund	4,093,564	4,251,360	3,750,291	3,967,259	3,488,474	3,467,352	3,345,503	3,390,355	3,250,126	2,636,796
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	5,726	6,548	30,811	18,243
Restricted	7,751,150	7,005,298	6,760,655	5,420,281	4,824,565	5,499,168	6,010,852	6,931,150	6,502,607	6,927,365
Total all other governmental funds	7,751,150	7,005,298	6,760,655	5,420,281	4,824,565	5,499,168	6,016,578	6,937,698	6,533,418	6,945,608
Total governmental funds	$ 11,844,714	$ 11,256,658	$ 10,510,946	$ 9,387,540	$ 8,313,039	$ 8,966,520	$ 9,362,081	$ 10,328,053	$ 9,783,544	$ 9,582,404

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	$ 9,959,615	$ 9,468,650	$ 9,429,393	$ 9,609,201	$ 9,840,991	$ 9,914,377	$ 10,250,574	$ 10,391,606	$ 10,611,341	$ 10,612,919
Licenses, fines, permits	510,911	460,675	471,672	430,731	404,885	522,520	443,419	467,703	431,873	488,755
Intergovernmental	153,876	25,642	659,184	216,422	459,077	209,925	322,940	522,477	690,410	528,690
Interest	317,626	137,682	72,809	65,297	52,263	50,401	36,444	22,338	38,010	55,480
Pay. from enter. funds	143,377	500,702	465,145	390,300	459,400	479,312	194,600	212,000	271,500	290,000
Miscellaneous	21,963	89,447	44,042	208,145	68,815	79,236	63,338	162,765	133,939	174,545
Total Revenues	11,107,368	10,682,798	11,142,245	10,920,096	11,285,431	11,255,771	11,311,315	11,778,889	12,177,073	12,150,389
Expenditures										
General Government	2,574,505	2,470,121	2,571,390	2,503,170	2,457,491	2,517,947	2,397,258	2,457,995	2,314,939	2,433,501
Public Safety	2,889,711	2,799,756	2,901,521	2,898,977	2,809,445	2,973,390	2,859,619	2,885,675	2,941,372	2,942,362
Park and Recreation	133,371	145,046	198,755	211,405	248,085	250,501	253,983	253,021	300,587	300,815
Information Technology	225,623	228,392	254,128	258,651	264,122	272,124	282,989	333,231	319,004	455,477
Streets and Highways	770,486	816,135	1,046,961	1,064,677	1,160,715	919,711	1,152,841	797,661	939,140	1,109,614
Capital outlay	3,332,422	2,448,424	2,008,876	2,722,098	3,026,290	1,364,162	1,707,908	1,716,624	3,581,775	2,710,928
Debt Service										
Interest and fees	29,798	24,758	17,310	2,489	-	-	-	-	-	-
Principal	255,000	260,000	270,000	280,000	-	-	-	-	-	-
Total Expenditures	10,210,916	9,192,632	9,268,941	9,941,467	9,966,148	8,297,835	8,654,598	8,444,207	10,396,817	9,952,697
Excess of revenues over(under) expenditures	896,452	1,490,166	1,873,304	978,629	1,319,283	2,957,936	2,656,717	3,334,682	1,780,256	2,197,692
Other financing sources (uses)										
Transfers in	-	50,176	-	-	-	-	150,000	175,000	34,000	-
Transfers out	(2,896,000)	(2,146,167)	(2,643,001)	(2,111,667)	(2,405,000)	(2,308,000)	(2,505,000)	(2,560,000)	(2,369,500)	(2,431,000)
Sale of Capital Assets	38,862	17,769	23,985	9,632	11,216	3,545	93,844	16,290	10,735	32,168
Total other fin. sources	(2,857,138)	(2,078,222)	(2,619,016)	(2,102,035)	(2,393,784)	(2,304,455)	(2,261,156)	(2,368,710)	(2,324,765)	(2,398,832)
Net Change in Fund Bal.	$ (1,960,686)	$ (588,056)	$ (745,712)	$ (1,123,406)	$ (1,074,501)	$ 653,481	$ 395,561	$ 965,972	$ (544,509)	$ (201,140)
Debt service as a percentage of noncapital expenditures	4.19%	4.02%	3.81%	3.66%	0.00%	0.00%	0.00%	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
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
2015	69,887	9,157,986	993,059	170,674	10,391,606
2016	70,833	9,424,674	943,737	172,097	10,611,341
2017	70,477	9,428,003	938,888	175,551	10,612,919

CITY OF OSAGE BEACH, MISSOURI

TABLE 6

TAXABLE SALES BY CATEGORY
(in thousands of Dollars)

SIC Codes	FISCAL YEAR 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agricultural Services (07)	$ -	$ -	$ 290	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction Special Trade (17)	171	114	191	515	1,040	1,954	468	524	574	574
Food And Kindred Products (20)	-	-	-	14	-	-	57		118	118
Printing, Publishing, and Allied In (27)	-	-	-	-	-	119	254	126	367	367
Elect/Electronic Machinery & Equip. (36)	23	5	7	10	4	531	1,461	3,276	5,807	5,807
Meas/Analy/Con Inst/Photo/Med/Optic (38)	-	44	25	21	24	52	108	63	95	95
Misc. Manufacturing Industries (39)	58	98	10	8	25	26	55	31	63	63
Communications (48)	5,805	5,639	5,082	4,874	3,680	3,153	3,339	2,417	3,330	3,330
Wholesale Trade Durable Goods (50)	1,482	1,116	2,553	2,994	1,839	5,562	10,802	8,797	12,989	12,989
Wholesale Trade Nondurable Goods (51)	457	506	263	274	1,239	1,299	1,263	944	526	526
Bldg. Materials, Hardware Store, Gdn Sply (52)	19,336	43,186	40,662	38,383	36,299	36,423	37,523	31,424	41,505	41,505
General Merchandise Stores (53)	84,593	77,173	74,394	73,715	75,572	74,982	73,951	57,227	78,936	78,936
Food Stores (54)	36,145	36,531	37,591	38,935	38,989	47,643	48,911	40,842	54,843	54,843
Automotive Store & Service Stations (55)	7,835	7,710	8,536	9,098	10,789	10,689	12,105	9,960	12,385	12,385
Apparel & Accessory Stores (56)	69,149	74,919	71,020	76,151	80,729	70,306	67,862	51,787	69,037	69,037
Furniture & Home Furnishings (57)	64,883	24,952	24,986	27,250	27,884	28,335	33,321	25,630	34,204	34,204
Eating & Drinking (58)	50,593	48,363	46,717	45,699	46,481	50,342	53,164	42,411	54,884	54,884
Miscellaneous Retail (59)	28,633	26,626	25,324	24,717	25,641	29,220	30,261	22,575	31,015	31,015
Real Estate (65)	257	466	668	691	579	555	553		-	-
Hotels, Rooming Houses, Camps/Other (70)	10,150	9,581	9,040	9,089	8,840	8,639	8,910	7,511	9,973	9,973
Personal Services (72)	16	130	167	237	236	224	963	666	774	774
Business Services (73)	2,899	3,257	3,583	3,988	4,514	3,792	4,469	4,755	6,132	6,132
Automotive Repair Services (75)	2,155	2,120	1,973	1,969	2,063	2,982	2,687	2,055	3,166	3,166
Miscellaneous Repair Services (76)	-	4	-	212	276	-	364	96	519	519
Amusement/Recreation Services (79)	4,868	4,713	4,752	4,953	4,768	4,600	4,193	2,181	2,978	2,978
Health Services (80)	336	173	272	539	537	512	659	574	932	932
Miscellaneous Services (89)	12,334	12,890	19,046	19,337	19,488	16,924	13,109	8,286	10,790	10,790
Suppressed Totals[1]	56,814	57,749	58,468	58,121	57,849	56,225	57,436	39,504	50,541	50,541
Total	$ 458,992	$ 438,065	$ 435,330	$ 441,794	$ 449,385	$ 455,089	$ 468,246	$ 363,662	$ 486,483	$ 486,483
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 individual principal revenue remitters public, so they are presented by Standard Industry Codes (SIC).
This is the only information available from the State.
Information based on State of Missouri's fiscal year - July 1st thru June 30th.
2017 numbers were not available from Missouri Department of Revenue at the time of completion of this table so they are a reflection of the previous year.
[1]If an individual economic sector (SIC Code) has six or less entries the State suppresses 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	STATE SALES TAX RATE	CAMDEN COUNTY RATE	MILLER COUNTY RATE	MILLER CO. AMBULANCE RATE	TDD PREWITT RATE	TDD OSAGE STAT. RATE	TDD DIERBERGS RATE	CID ARROWHEAD RATE
2008	2%	4.225%	1.25%	1%	0.5%	0.5%	0.75%	0%	0%
2009	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	0%	0%
2010	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	0%	0%
2011	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	0%	0%
2012	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	0%	0%
2013	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	1%	0%
2014	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	1%	0%
2015	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	1%	0%
2016	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	1%	1%
2017	2%	4.225%	1.25%	1%	0.5%	1%	0.75%	1%	1%

CITY OF OSAGE BEACH, MISSOURI

TABLE 8

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

		Fiscal Year 2017					Fiscal Year 2008				
SIC Code	SIC Description	Taxable Sales	Tax Collected	Entity Count	Rank	Percentage Of Total City Sales Tax	Taxable Sales	Tax Collected	Entity Count	Rank	Percentage Of Total City Sales Tax
53	General Merchandise Stores	$ 78,936	$ 1,579	26	1	16.23%	$ 84,593	$ 1,692	19	1	18.43%
56	Apparel & Accessory Stores	$ 69,037	$ 1,381	82	2	14.19%	$ 69,149	$ 1,383	59	2	15.07%
58	Eating & Drinking	$ 54,884	$ 1,098	60	3	11.28%	$ 50,593	$ 1,012	67	4	11.02%
54	Food Stores	$ 54,843	$ 1,097	25	4	11.27%	$ 36,145	$ 723	25	5	7.87%
52	Bldg. Materials, Hardware Store, Gdn Sply	$ 41,505	$ 830	38	5	8.53%	$ 19,336	$ 387	28	7	4.21%
57	Furniture & Home Furnishings	$ 34,204	$ 684	83	6	7.03%	$ 64,883	$ 1,298	50	3	14.14%
59	Miscellaneous Retail	$ 31,015	$ 620	261	7	6.38%	$ 28,633	$ 573	181	6	6.24%
50	Wholesale Trade Durable Goods	$ 12,989	$ 260	64	8	2.67%	$ 1,482	$ 30	29	15	0.32%
55	Automotive Store & Service Stations	$ 12,385	$ 248	57	9	2.55%	$ 7,835	$ 157	35	10	1.71%
89	Miscellaneous Services	$ 10,790	$ 216	117	10	2.22%	$ 12,334	$ 247	69	8	2.69%
70	Hotels, Rooming Houses, Camps/Other	$ 9,973	$ 199	57	11	2.05%	$ 10,150	$ 203	38	9	2.21%
73	Miscellaneous Business Services	$ 6,132	$ 123	105	12	1.26%	$ 2,899	$ 58	54	13	0.63%
36	Elect/Electronic Machinery & Equip.	$ 5,807	$ 116	46	13	1.19%	$ 23	$ 0	0	20	0.01%
48	Communications	$ 3,330	$ 67	77	14	0.68%	$ 5,805	$ 116	70	11	1.26%
75	Automotive Repair Services	$ 3,166	$ 63	33	15	0.65%	$ 2,155	$ 43	27	14	0.47%
79	Amusement/Recreation Services	$ 2,978	$ 60	25	16	0.61%	$ 4,868	$ 97	13	12	1.06%
80	Health Services	$ 932	$ 19	21	17	0.19%	$ 336	$ 7	21	17	0.07%
72	Personal Services	$ 774	$ 15	29	18	0.16%	$ 16	$ 0	21	19	0.00%
17	Construction Special Trade	$ 574	$ 11	15	19	0.12%	$ 171	$ 3	12	18	0.04%
51	Wholesale Trade Nondurable Goods	$ 526	$ 11	48	20	0.11%	$ 457	$ 9	23	16	0.10%
	Other Non Suppressed Totals	$ 1,162	$ 23			0.24%	$ 315	$ 6			0.07%
	Suppressed Totals[1]	$ 50,541	$ 1,011			10.39%	$ 56,814	$ 1,136			12.38%
	Total	$ 486,483	$ 9,730			100%	$ 458,992	$ 9,180			100%

Source: Missouri Department of Revenue

Notes:
Missouri law prohibits the City from making individual principal revenue remitters public, so they are presented by Standard Industry Codes (SIC).
This is the only information available from the State.
Taxable sales and tax collected are 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.
2017 numbers were not available from Missouri Department of Revenue at the time of completion of this table so they are a reflection of the previous year.
[1]If an individual economic sector (SIC Code) has six or less entries the taxable sales and tax collection numbers are suppressed to comply with State Statues.

CITY OF OSAGE BEACH, MISSOURI

TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES					
FISCAL YEAR	GENERAL OBLIGATION BONDS	WATER/SEWER REVENUE BONDS	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
2008	$ 810,000	$ 35,320,000	$ 36,130,000	4,698	$ 7,691	25%	30%
2009	550,000	33,575,000	34,125,000	4,670	7,307	24%	29%
2010	280,000	31,361,272	31,641,272	4,360	7,257	25%	28%
2011	-	29,534,059	29,534,059	4,342	6,802	22%	26%
2012	-	27,626,850	27,626,850	4,365	6,329	20%	23%
2013	-	26,577,951	26,577,951	4,367	6,086	19%	22%
2014	-	24,195,839	24,195,839	4,402	5,497	16%	19%
2015	-	22,123,728	22,123,728	4,438	4,985	14%	16%
2016	-	19,751,616	19,751,616	4,456	4,433	12%	14%
2017	-	17,269,504	17,269,504	4,456	3,876	11%	13%

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, 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

FISCAL YEAR	GENERAL OBLIGATION BONDS	PERCENTAGE OF SALES TAX RECEIVED	PER CAPITA
2008	$ 810,000	8.47%	$ 241
2009	550,000	6.51%	175
2010	280,000	3.34%	59
2011	-		-
2012	-		-
2013	-		-
2014	-		
2015	-		
2016	-		
2017	-		

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, 2017

NAME OF GOVERNMENTAL UNIT	LONG-TERM DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY OF OSAGE BEACH [1]	AMOUNT APPLICABLE TO CITY OF OSAGE BEACH
Camdenton R-III School District	62,670,000	16%	10,027,200
School of the Osage R-II	36,550,000	4%	1,462,000
Osage Beach Fire Protection District	800,000	53%	424,000
Total direct and overlapping debt			$11,913,200

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	$55,610,030	$55,907,389	$55,846,465	$55,111,829	$54,718,090	$55,091,515	$57,307,294	$57,728,809	$57,258,506	$57,153,052
Total Net debt applicable to limit	810,000	550,000	280,000	-	-	-	-	-	-	-
Legal debt margin	$54,800,030	$55,357,389	$55,566,465	$55,111,829	$54,718,090	$55,091,515	$57,307,294	$57,728,809	$57,258,506	$57,153,052
Total net debt applicable to limit as a percentage of debt limit	1.46%	0.98%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017

Total Assessed Value	$285,765,260
Debt limit (20% of total assessed value)	57,153,052
Debt applicable to limit:	-
Legal debt margin	$57,153,052

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 PRINCIPAL[4]	INTEREST	TOTAL	COVERAGE RATIO	CAPT. IMPROV. TRANSFER[1]
2008	$4,522,564	$2,256,072	$2,266,492	$1,545,000	$1,630,889	$3,175,889	0.71	$2,340,000
2009	3,946,471	2,494,769	1,451,702	1,690,000	1,587,512	3,277,512	0.44	1,776,667
2010	4,392,279	2,302,711	2,089,568	1,745,000	1,511,165	3,256,165	0.64	1,910,001
2011	4,336,457	2,501,602	1,834,855	1,815,000	1,433,717	3,248,717	0.56	1,800,000
2012	4,660,931	2,449,339	2,211,592	1,865,000	1,341,017	3,206,017	0.69	1,855,000
2013	4,583,572	2,615,319	1,968,253	1,945,000	1,243,608	3,188,608	0.62	1,925,000
2014	4,763,887	2,312,994	2,450,893	2,030,000	1,134,410	3,164,410	0.77	1,925,000
2015	4,568,719	2,698,936	1,869,783	2,100,000	1,221,514	3,321,514	0.56	1,935,000
2016	4,740,042	3,003,538	1,736,504	2,300,000	893,275	3,193,275	0.54	1,935,000
2017	4,829,225	2,883,252	1,945,973	2,410,000	786,633	3,196,633	0.61	1,935,000

[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.

[4]Principal balance found in notes of audit, page 37

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
2008	4,698	$153,591	$123,967	$30,748	$25,580	6.3%	6.7%
2009	4,670	152,233	118,140	29,908	25,187	9.8%	11.7%
2010	4,360	127,407	112,629	29,240	25,819	12.0%	12.9%
2011	4,342	133,032	115,942	30,761	26,583	11.2%	11.5%
2012	4,365	137,689	120,720	31,731	27,505	9.6%	9.0%
2013	4,367	140,395	122,788	32,437	27,898	9.3%	8.8%
2014	4,402	146,478	130,381	33,608	29,359	8.2%	7.7%
2015	4,438	153,900	136,702	35,031	30,548	6.6%	6.0%
2016	4,456	156,316	138,384	35,483	30,794	5.8%	5.2%
2017	4,456	156,316	138,384	35,483	30,794	4.9%	4.5%

Sources:

[1]U.S. Census Bureau (estimates updated July 1st of each year)

[2] U.S. Department of Commerce Bureau of Economic Analysis

[3] U.S. Department of Labor Bureau of Labor Statistics (percentage calculated on an annual average)
Reflects revised inputs, estimations, 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 Counties but the exact division of population is unknown.
Population data listed is based on estimates from the U.S. Census Bureau.

CITY OF OSAGE BEACH, MISSOURI

TABLE 15

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

Employer	2017 Employees	2017 Rank	2017 Percentage of Total City Employment	2008 Employees	2008 Rank[6]	2008 Percentage of Total City Employment[6]
[1]Lake Regional Health System	1359	1	30.50%	1100	2	23.41%
[2]Osage Beach Outlet Marketplace	1000	2	22.44%	800-1200	1	21.29%
[3]Camdenton R-III School District	730	3	16.38%	677		
[4]Tan-Tar-A Resort	425	4	9.54%	560		
Wal-Mart Supercenter	320	5	7.18%	430	4	9.15%
Hy-Vee	313	6	7.02%	435	3	9.26%
[3]School of the Osage R-II School District	302	7	6.78%	250		
[5]Central Bank of Lake of the Ozarks	155	8	3.48%	165	5	3.51%
Lowe's Home Improvement	130	9	2.92%	164	6	3.49%
City of Osage Beach	127	10	2.85%	107	9	2.28%
Home Depot	88		1.97%	100	10	2.13%
Target	85		1.91%	150	7	3.19%
Inn at Grand Glaize	35		0.79%	120	8	2.55%

Sources:
Lake of the Ozarks Council of Local Governments and employer representatives

Notes:
All numbers include both full time and part time employment.
[1]Employee totals represent hospital and clinics which include clinics outside Osage Beach city limits.
[2]Employee totals are estimates comprised from over 60 different stores within the mall.
[3]Employee totals represent entire School District which includes schools outside Osage Beach city limits.
[4]Employer is not located within Osage Beach city limits.
[5]Employee totals represent all Central Bank locations of which three locations are within Osage Beach city limits.
[6]Rank & percentage are left blank if data was not obtained for that employer in the corresponding year.

CITY OF OSAGE BEACH, MISSOURI

TABLE 16

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Administrator	2	2	2	2	2	2	3	3	3	3
City Clerk[4]	4	4	4	4	3	3	3	3	3	4
City Treasurer	5	4	4	4	4	4	4	4	4	4
Municipal Court	1	1	1	1	1	1	1	1	1	1
City Attorney	1	1	1	1	1	1	1	1	1	1
Building Inspection[1]	4.5	3.5	3.5	3.5	3	3	3	3	2.5	3.5
Building Maintenance[3]	0	0	0	0	0	0	0	0	0.5	0.5
Parks & Recreation	2	3	3	3	3	3	3	3	4	4
Human Resources	1	1	1	1	1	1	1	1	1	1
Planning Department[1]	3	2.5	2.5	2.5	2.5	2.25	2	2	1.5	1.5
Information Technology	2	2	2	2	2	2	2	2	2.5	3
Engineering Department[2]	5.5	4	4	4	4.5	4.75	0	0	0	0
Police										
Law Enforcement	30	30	30	29	29	29	30	30	30	29.5
911 Center	11	11	11	11	11	11	11	11	11	11
Public Works										
Transportation[1]	8	8.3	8.3	8.3	10.3	10.3	10	10	10	10
Water[1]	4.5	5.3	5.3	5.3	5.3	5.3	7	7	7	7
Sewer[1]	9.5	8.4	8.4	8.4	8.4	8.4	10	10	10	10
Ambulance	7	7	7	7	6	6	6	7	8	9.5
Airport										
Lee C. Fine[1]	3.4	3.4	3.4	3.4	3.4	3.6	3.6	3.6	3.6	4
Grand Glaize[1]	2.6	2.6	2.6	2.6	2.6	2.4	2.4	2.4	2.4	2.5
Total	**107**	**104**	**104**	**103**	**103**	**103**	**103**	**104**	**106**	**110**

Source: Annual Budget

Note:

[1]Some employees' wages are split between different departments.

[2]In 2014, the City of Osage Beach integrated the Engineering Department into Public Works.

[3]In 2016, a part-time building maintenance position was added.

[4]In 2017, a full-time receptionist position was added.

CITY OF OSAGE BEACH, MISSOURI

TABLE 17

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Incident Reports	2,312	2,023	1,975	1,727	1,644	1,464	1,660	1,832	1,851	1,752
Traffic Violations	2,838	1,858	1,793	1,712	1,290	1,783	1,856	2,145	1,975	1,968
Traffic Warnings	3,085	2,967	2,561	2,430	2,169	2,507	2,099	2,307	2,348	2,547
911 Center										
Number of Calls Answered[1]	20,509	20,946	19,927	20,420	23,133	21,160	21,458	20,859	21,463	24,108
Ambulance										
Calls for service	875	828	887	888	825	812	777	858	885	968
Building										
Permits										
Residential	83	87	76	57	86	67	77	70	49	75
Commercial	78	68	79	97	92	72	73	71	76	81
Water										
Total Water Sold (thousands of gallons)	278,237	260,479	300,688	305,915	329,769	326,699	318,395	314,906	333,424	310,164
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	1,300	1,229	1,093	987	1,030	1,006	1,176	1,320	1,304	1,358
Airports										
Lee C. Fine:										
Number of Take Offs & Landings	5,674	5,131	5,667	5,030	5,147	4,721	4,522	5,023	4,863	4,971
Grand Glaize:										
Number of Take Offs & Landings	4,161	3,937	3,196	3,059	2,587	2,348	2,129	2,431	2,768	3,130
Recycling										
Waste Oil (gallons)	1,763	1,673	2,138	1,750	951	551	634	1,029	2,427	863
White Goods (pounds)[2]				15,080	9,420	8,500	5,168	5,620	7,860	9,080

Sources: Various City Government Departments

Notes:

[1]Number of Calls represents both emergency and non-emergency calls. In 2005, the Osage Beach 911 Center was extended to include calls for Lake Ozark Fire & Ambulance. Due to contract expiration in early 2016, Osage Beach 911 ceased taking calls for Lake Ozark Fire & Ambulance.

[2]Prior to 2011, White Goods were not tracked.

CITY OF OSAGE BEACH, MISSOURI

TABLE 18

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	22	22	22	21	21	21	21	21	22	22
Ambulance Protection:										
Number of Vehicles	2	2	2	2	2	2	2	2	2	2
Highways and Streets										
Miles of Streets Paved	37.38	37.38	37.78	37.78	38.08	44.65	44.65	45.45	45.92	45.92
Miles of Sidewalks	3.75	5.31	6.09	6.09	6.87	6.87	7.33	7.33	8.83	9.59
Number of Street Lights	500	517	517	538	628	638	638	640	640	671
Parks and Recreation										
Park Acreage	106	106	106	106	106	106	106	106	106	106
Number of Parks	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (miles)	239.36	241.56	241.84	245.80	246.84	246.84	246.84	248.15	249.00	249.00
Fire Hydrants	925	927	930	969	983	983	983	994	994	994
Wells	10	10	10	10	10	10	10	10	7	7
Water Towers	4	4	4	4	4	4	4	4	4	4
Sewer										
Sanitary Sewers (miles)	141.59	143.39	143.96	148.30	149.71	149.95	150.95	151.94	152.02	152.39
Pump Stations	1,145	1,174	1,178	1,186	1,218	1,224	1,229	1,239	1,242	1,237

Sources: Various City 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 Alderman 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, each major fund, and the aggregate remaining fund information of the City of Osage Beach (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2018.

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. 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams Keepers LLC

May 17, 2018

WILLIAMS KEEPERS LLC
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Osage Beach (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we 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 the 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, 2017.

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 the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Williams Keepers LLC

May 17, 2018

CITY OF OSAGE BEACH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation			
Passed through the University of Central Missouri:			
Alcohol Open Container Requirements - DWI Overtime Enforcement Wave	20.607	17-154-AL-077	$ 3,500
Alcohol Open Container Requirements - DWI Overtime Enforcement Wave	20.607	18-154-AL-154	305
Passed through Missouri Department of Transportation:			
Alcohol Open Container Requirements - Hazardous Moving Violation Project	20.600	16-PT-02-112	4,451
Alcohol Open Container Requirements - Hazardous Moving Violation Project	20.616	17-M5HVE-03-022	403
Airport Improvement Program - Lee C. Fine Airport	20.106	15-046B-1, 16-046B-1	1,775,256
Airport Improvement Program - Grand Glaize Airport	20.106	15-045A-1, 17-045A-1	25,097
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		1,302
U.S. National Park Service			
Passed through Missouri Department of Natural Resources:			
Outdoor Recreation Project	15.916	29-01641	31,572
Drinking Water State Revolving Fund			
Passed through Missouri Department of Natural Resources:			
Well Plugging Program	66.468	SWPDI17-DWSA-MO3011367	6,440
Total expenditures of federal awards			$ 1,848,326

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes only the current year federal grant activity of the City and is presented on the accrual basis of accounting. This information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

2. INDIRECT COST RATES

The City of Osage Beach has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF OSAGE BEACH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with U.S. GAAP.

2. No deficiencies related 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, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No deficiencies relating to the audit of the major federal award programs were reported in the "Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance."

5. The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on the major federal program.

6. No audit findings relative to the major federal award programs for the City, that are required to be reported in accordance with 2 CFR section 200.516(a), are reported in Part C of this Schedule.

7. The programs tested as major programs 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 was $750,000.

9. The City did not qualify as a low risk auditee for the year ended December 31, 2017.

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, 2017

2016-001 Inventory Procedures (significant deficiency)

Statement of Condition: During the audit, we noted that procedures were not adequate to track, value and record inventory on a consistent basis in the City's records.

Criteria: Inventory should be recorded based on the original cost, with supporting documentation maintained to support that valuation. These inventory balances and any subsequent additions to or reductions of inventory should be tracked on a consistent basis for all inventory types. Furthermore, periodic reviews of the inventory listings need to be conducted to ensure actual quantities of inventory on hand are reflected in the inventory listings. These procedures help ensure both the quantity and costs of inventory are appropriately reflected in the City's records.

Effect of Condition: There was an increased risk that inventories were not valued at the appropriate amounts and that quantities recorded in the general ledger did not agree with actual quantities available. This City was unable to determine the total value of inventory at any given point in time.

Cause of Condition: The City did not have a centralized inventory system to maintain accurate and up-to-date information. Some records were maintained in the general ledger system but most were maintained on separate spreadsheets and not updated regularly.

Recommendation: We recommended that all inventory is recorded at cost, based on supporting documentation, and tracked in the City's inventory tracking system. We also recommended that periodic reviews and reconciliations of actual inventory quantities to the inventory system be conducted by City personnel.

Management's response: Management has addressed the above finding in the corrective action plan. According to this plan, the above recommendations will be implemented during 2017.

2017 status: The City implemented its corrective action plan, and this is no longer considered a significant deficiency.