CITY OF OZARK, MISSOURI

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY DATA
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

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SINGLE AUDIT SECTION

City of Ozark, Missouri

Office of Administration

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To the Honorable Mayor, Members of the City Council, and Citizens of the City of Ozark:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements. The City's financial statements are prepared on an accrual basis of accounting which complies with generally accepted accounting principles (GAAP). These statements are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual financial report of the City of Ozark for the fiscal year ended December 31, 2013.

This report consists of management's representations concerning the finances of the City of Ozark. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Ozark has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Ozark's financial statements in conformity with the accrual basis of accounting. Because the cost of internal controls should not outweigh their benefits, the City of Ozark's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Ozark's financial statements have been audited by Decker & DeGood, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Ozark for the fiscal year ended December 31, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unqualified opinion that the City of Ozark's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Ozark's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City of Ozark, incorporated on August 3, 1888, has been one of the fastest growing cities in the State of Missouri for the past several years, experiencing explosive population growth of 320% from 1990 to 2010. We are located in the southwestern part of the state, in an area considered to be a top growth area in the state. Ozark lies 10 minutes south of Springfield, the state's third largest city, and 20 minutes north of Missouri's number one tourist destination, Branson. The City of Ozark currently occupies a land area of approximately 12 square miles, and has the ability to service an additional 30.9 square miles outside of our current city limits with public water and sewer infrastructure, an area referred to as the "Urban Service Area." The City of Ozark is empowered to levy a property tax on real properties located within its boundaries, and historically only annexes property when petitioned by landowners.

The City of Ozark operates under the Mayor-Board of Aldermen form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, approving appointments to committees, hiring the city administrator, and approving appointments of certain city officials. The city administrator is responsible for carrying out the policies and ordinances of the governing council, and for overseeing the day-to-day operations of the government. The council is elected on a non-partisan basis. Council members serve two-year staggered terms, with three council members elected every year. The mayor is elected to serve a two-year term. Two council members are elected from each of the city's three wards.

The City of Ozark provides the following services as authorized by its charter: public safety (police), highway and streets, sanitation, wastewater treatment, potable water, capital improvements, emergency management, municipal court, parks & recreation, planning and zoning, and general administrative services.

The annual budget serves as the foundation for the City of Ozark's financial planning and control. Each July, administration starts collecting data necessary to make preliminary revenue estimates for the coming fiscal year. Department heads are required to submit a statement of expected expenditures for the coming fiscal year by the end of August. In September of each year, administration reviews departmental requests, makes final revenue estimates for the coming fiscal year, and begins assembling the City budget in October and November. The city administrator presents this proposed budget to the council, where the council is required to hold public hearings on the proposed budget. The council must adopt a final budget no later than December 31, the close of the City of Ozark's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Amendments to the budget must be approved by the governing council. Budget-to-actual comparisons are provided in this report for each individual department within the General Fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Ozark operates.

Local economy

Ozark offers a combination of rural beauty combined with urban land uses which provides for a diverse economic climate. The community boasts quality of life amenities such as the Finley River Valley and its surrounding natural beauty, various housing options for families, outstanding park and recreation programs and facilities and schools. The Ozark R-VI School District currently holds an A rating from the State Department of Elementary and Secondary Education with a total enrollment of approximately 5,360 students. Located along Highway 65, the City includes three fully functioning commercial interchanges which all connect to available development property. Because of our geographic location between Springfield and Branson, our "pro-business" approach toward managing the city, and our available land and infrastructure, we feel the city will remain an attractive location for development for decades.

Although Ozark grew from a population of 5,000 to 18,000 citizens in approximately 15 years, the economic downturn slowed Ozark's growth considerably between 2008 and 2010. However, both residential and commercial building permits have begun to increase again and we have seen a steady growth pattern beginning in 2011 which we feel will continue through 2014 and beyond. We believe Ozark's core quality of life amenities such as an affordable cost of living; affordable cost of development, low crime rate, strong schools, and close proximity to good paying jobs in the City of Springfield will continue to make Ozark a desirable place to live, retire, and raise a family.

The City of Ozark experienced steady growth in both the commercial and residential sectors for several years prior to 2007 before the economy began to weaken. Between 2008 and 2010, building permits for both residential and commercial development declined dramatically. Throughout 2011, 2012 and 2013, the city has begun to see an increase in permits and business registrations, and the city feels optimistic this trend will continue. Ozark's primary commercial areas exist at the three U.S. Highway 65 interchanges.

(1) Sixty-Five Marketplace Shopping Center, located at the intersection of 65 and CC Highways on the north end of the City, is anchored by a Price Cutter Plus grocery store, Missouri Furniture store, and Brickstone ACE Hardware. Several restaurants and two gas station/convenience stores are located here, along with banking institutions and many other retail and service businesses. Lamberts Restaurant is located on the south side of CC and draws many tourists off Highway 65 into this commercial area. The Fremont Towne Centre is a commercial subdivision located on the west side of this intersection consisting of several professional office buildings ranging in use from medical to construction services, plus the newly constructed Fremont Dental Center. Many jobs are provided in this area.

(2) The Ozark Centre shopping area, located at the intersection of 65 and FF Highways at the south end of Ozark, is anchored by a Wal-Mart Super Center and Lowe's. The shopping center also offers retail and service businesses, restaurants, banking institutions, and one gas station. An additional strip mall within this area opened in 2011, and contains several new retail stores. Other uses in this area include a Walgreens Drug Store, Goodwill Retail Store, the Chamber of Commerce offices and Small Business Incubator, and includes several new restaurants.

(3) The intersection of Highways 65 and 14 serves as the primary entrance into our Central Business District, a vital commercial area. This area provides both professional and retail services for local citizens and highway travelers consisting of retail establishments, lodging, automotive sales and service, Casey's General Store, several restaurants, various financial institutions, and several antique shops. Ozark Corners Shopping Center is also located here and is anchored by Orscheln's Farm and Home Supply and a recently remodeled McDonalds which includes additional seating capacity and drive thru lanes.

B&B Movie Theatres opened the *Ozark/Nixa Cinema 10* in November, 2011 in the Town and Country Commercial Subdivision located just west of the intersection of Highways 65 and 14. The theatre serves as the anchor for an additional 12,000 square feet of retail space housing the Marquee Suites Restaurant and Lounge, Yogurtini Ice Cream Shop, and soon another restaurant, Big Whiskey, which will cause the expansion of the parking lot on an additional two acres of land. This state of the art entertainment venue has digital technology that rivals most movie theaters in the area. For the first time in over forty years, Ozark residents can enjoy major, first run movies without having to drive into the City of Springfield. The recent opening of the *Ozark/Nixa Cinema 10* should generate interest for additional retail development in this commercial area as there are plenty of available "shovel ready" lots.

The City continues to aggressively market the Finley River Neighborhood Redevelopment District in the heart of our Central Business District (CBD). The City completed over $200,000 of upgrades to the area's water system infrastructure and in partnership with MoDOT completed a $1.3 million upgrade to the 3rd Street intersection. Included in the intersection project is a new pedestrian sidewalk that links Ozark's Central Business District to the Finley River Park. That portion of the project was funded by a $200,000 Missouri Foundation of Health grant. Excitement continues to grow from the partnership between the

City of Ozark and the Missouri Department of Finance, which is beginning its third and final year of the DREAM planning grant. This year, PGAV consultants from St. Louis will complete a housing market study that will provide potential developers with the information they need to support building additional multi-family residential uses in the redevelopment area. Our continued cooperation with State agencies such as MoDOT and the Missouri Finance Board (MFB) will build important relationships that will help us secure future funding when it becomes available.

The City of Ozark is home to the Ozark Technical Community College Richwood Valley Campus serving approximately 1,500 students. This campus hosts Phase One of a pedestrian greenway trail. Phase Two, creating over one mile of trail, is slated for completion in the near future. Eventually, this pedestrian trail will connect to the Finley River Trail the City plans to construct along the banks of the beautiful Finley River.

Major manufacturers: Tracker Marine, boat trailers; Third Street Sportswear, sports apparel; Prestressed Casting Company, industrial concrete products; Concurrent Corporation, computer components; Intrinsic Audio Solutions, Inc., high end audio speakers; Health MedEx, medical software developers; and North American Tank LLC, stainless steel tanks.

Major retailers: Wal-Mart Super Center is the largest retail business in Ozark, employing approximately 288. Lowe's currently employs approximately 140. Lambert's restaurant employs approximately 217.

Major service businesses: Ozark Riverview Manor and Ozark Nursing and Care Center are major employers in Ozark and provide a valuable service to our senior citizens and their families.

Shoppers in Ozark can choose from historic downtown shops, antique shops and flea markets, or the latest in shopping malls. The City of Ozark was named "Best Place to Go Antique Shopping" in southwest Missouri by Rural Missouri Magazine in 2009. Our antique shops and flea markets are visited annually by an estimated 800,000 visitors.

The City is fortunate to have several dentists, medical physicians' offices, and eye care centers located here. St. Johns Clinics & Physicians and Cox Health Systems currently operate medical clinics within the city.

According to census figures, the City of Ozark's employed labor force is approximately 5,400.

Long-term financial planning.

The new Elk Valley Wastewater Treatment Plant and Interceptor became operational in September, 2009. This project was financed through the State Revolving Fund at 1.9% interest. The addition of this wastewater treatment facility to our sewer system should meet the city's sewer capacity needs well into the future.

The Ozark Community Center (The O.C.) is a beautiful, 30,000 square foot facility and houses the parks & recreation department offices, banquet/meeting rooms, basketball courts, aerobic room, spinning room, arcade, catering facilities, snack bar, suspended indoor walking/running track, fitness facilities, indoor pool and other amenities and should meet the recreational needs of our citizens for many years. Phase IV of the Finley River Greenways Trail project was completed in 2009. A portion of this trail meanders alongside the peaceful Finley River behind the Ozark Community Center. A community safe room, funded partially by a FEMA grant, was constructed underneath the O.C. and currently serves the citizens of Ozark as a storm shelter.

The City of Ozark successfully passed an extension of the ½ cent sales tax for parks and storm water on April 5, 2011. This will allow the City to repay its Community Center bond debt over 30 years, and will significantly lower annual bond payments over the life of the bonds. The City is seeking to refinance the OC facility in 2014.

The City of Ozark recently completed a Public Water System Study and Master Plan. Per new DNR regulations, our current water system is inadequate to handle the current and future users and fire flow pressure requirements. The City is currently identifying and purchasing properties for the purpose of constructing three new wells and elevated storage tanks. The total cost of required improvements is anticipated to be approximately $12 million dollars and shall commence over a 5-year period. The Board of Aldermen has already approved a water user fee increase to generate new revenue to satisfy this long term bond debt. This water user fee increase is being phased in over a 3-year period.

A significant challenge to the City of Ozark is finding the necessary revenues to maintain its rapidly deteriorating transportation network. Upkeep and maintenance of existing streets is inadequate and continues to compete with other departments within the General Revenue Fund such as public safety, planning and development services, and other administrative costs. Furthermore, the lack of revenue has kept the City from implementing new transportation capital improvements such as intersection expansions, lane additions, and turn lane extensions which are all needed to support future economic development.

Transportation planning and engineering have become priorities for the City of Ozark in the past few years. The City was successful in obtaining a Safe Routes to School Grant from the Ozark Transportation Organization (OTO), a federally funded program that allowed for the construction of new sidewalks, ADA ramps, and driveway replacements between single family neighborhoods and our East Elementary facility. This sidewalk project was completed in 2013. A new pedestrian pathway connecting the Community Center to the Highway 65/14 interchange and commercial district was also completed in 2013.

The bulk of new transportation related projects will be paid for by developers or developer agreements.

Cash management policies and practices. Cash temporarily idle during the year is invested in high yield savings or in certificates of deposit with maturities ranging from 30 days to 12 months.

Risk management. The City of Ozark is insured with Midwest Public Risk for workers compensation insurance. During 2013, the City was insured with Trident Insurance Company for Property/Casualty and General Liability coverage. The City carries a blanket surety bond on all employees.

Pension and other post-employment benefits. The City of Ozark participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan that provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire City staff. We would like to thank everyone who assisted and contributed to the preparation of this report. Credit must also be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Ozark's finances.

Respectfully submitted,

Stephen Childers

Stephen C. Childers
City Administrator

Alice Edwards

Alice R. Edwards
Finance Director

CITY OF OZARK, MISSOURI
ELECTED OFFICIALS AND ADMINISTRATION
December 31, 2013

ELECTED OFFICIALS

Mayor	Shane L. Nelson
Councilman – Ward I	Bradley A. Jackson
Councilman – Ward I	Jim Stewart
Councilman – Ward II	Randy Wright
Councilman – Ward II	Ted Smith
Councilman – Ward III	Eddie Campbell
Councilman – Ward III	Christopher Wegley

ADMINISTRATION

City Administrator	Steve Childers
City Attorney	David Collignon
Municipal Judge	Kenneth Johnson
Municipal Court Clerk	Iciminda Snook
City Clerk	Sharon Mickey
Administrative Projects Director	Cara Borneman
Finance Director	Alice Edwards
Police Chief	Lyle Hodges
Public Works/EMA Director	Larry Martin
Park Director	Samantha Wagner

Decker & DeGood

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Ozark, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Ozark, Missouri, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 auditor's 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 entity'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 entity'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, and each major fund of the City of Ozark, Missouri, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* on pages 10 through 21 and pages 60 through 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The introductory section has 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 provided any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated May 5, 2014, on our consideration of the City of Ozark, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ozark, Missouri's, internal control over financial reporting and compliance.

Decker & DeGood

Decker & DeGood
Springfield, Missouri
May 5, 2014

City of Ozark, Missouri

Office of Administration

P.O. Box 295
Ozark, Missouri 65721

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Ozark's financial performance provides an overview of the City's financial activities for the year ended December 31, 2013. Please read it in conjunction with the City's financial statements, which begin on page 22.

Financial Highlights and Significant Events

The City's total government-wide revenues exceeded total government-wide expenses for the year, resulting in an increase in net position of $ 1,924,299.
The City received a total of $ 544,769 in state and federal grants in 2013 to help fund the following projects and in addition financed water projects with a 2013 $ 7,815,000 Certificates of Participation.

1. DEA reimbursement for Police overtime - $12,296.42
2. Missouri Department of Highway Safety Grants - $10,327.68 – overtime for traffic enforcement
3. Missouri Safety Center Grant - $1466.24 – overtime for traffic enforcement
4. Violence Against Women Act Grant - $15,112.23
5. STP Urban Funds STP 9900(824) - Highway 14 Engineering $14,192.
6. STP Urban Funds STP 9900(883) - Sidewalk improvement along Hwy 14-$21,051
7. Federal forfeiture Funds to Police Dept. $59,352.72

In addition the City received $410,971 from Mo. Dept. of Natural Resources 2007A SRF Loan Program.

The City's General Fund ended the year with a fund balance of $2,132,372, an increase of $ 118,928 from the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Ozark's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Ozark's finances, in a manner similar to private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the City. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The Statement of Net Position presents information on all of the City's net assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes.)

Both of the government-wide financial statements distinguish functions of the City of Ozark that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judiciary, public safety, transportation, culture and recreation. The business-type activities include the water, sewer, and solid waste collection systems.

The government-wide financial statements can be found on pages 22 and 23 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, while others are established to help control and manage money for a particular purpose. The City's two kinds of funds are as follows:

- 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 the modified accrual method of accounting, which measures cash when earned and expenditures incurred. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

  The City of Ozark adopts an annual budget for its governmental funds and a comparison of actual to budget has been provided to demonstrate compliance with the authorized budget. The Statement of Revenues, Expenditures and Changes in Fund Balance on a Budgetary Basis can be found on pages 60 - 62 of this report.

  The basic governmental fund financial statements (Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balance) can be found on pages 24 and 26.

- Proprietary funds – When the City charges customers for the services it provides, these services 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 Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows. The basic proprietary fund financial statements (Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows) can be found on pages 28 - 30 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 59 of this report.

Required Supplemental Information

In addition to the basic financial statements the required supplementary information can be found on pages 60 - 62 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The City's governmental activities net assets exceeded liabilities by $ 15.6 million at December 31, 2013. This was an increase from the prior year due to a reduction in operating expenses.

The City's business-type activities net assets exceeded liabilities by $ 27.6 million at December 31, 2013. This increase was due to a gain in the proprietary funds of $ .9 million.

As of December 31, 2013, net position changed as follows:

City of Ozark
Net Position

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Current Assets	$ 6,102,391	$ 6,328,248	$ 18,408,115	$ 10,878,217
Noncurrent Assets	33,068,257	27,821,650	39,112,873	39,281,989
Total Assets	39,170,648	34,149,898	57,520,988	50,160,206
Current Liabilities	2,926,222	777,339	2,626,114	2,459,821
Long-term Debt	20,034,280	19,529,114	27,281,401	21,246,068
Total Liabilities	22,960,502	20,306,453	29,907,515	23,705,889
Net Position:				
Net investment in capital assets	10,591,749	7,923,661	10,420,509	16,766,895
Restricted	1,943,269	2,063,000	10,400,424	4,797,075
Unrestricted	3,155,439	3,856,784	6,792,540	4,890,347
Total net position	$ 15,690,457	$ 13,843,445	$ 27,613,473	$ 26,454,317

City of Ozark
Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012
Revenues:				
Program Revenues:				
Charge for services	$ 2,140,970	$ 2,058,264	$ 6,675,797	$ 6,652,252
Operating grants and contributions	125,259	45,630	-	-
Capital grants and contributions	152,082	567,570	496,600	-
General Revenues:				
Taxes	6,410,750	6,247,166	794,978	922,403
Interest	16,980	64,390	593,179	622,872
Other	28,937	12,636	(135,780)	2,378
Transfers	282,641	(362,618)	(282,641)	529,037
Total Revenue	9,157,619	8,633,038	8,142,133	8,728,942
Expenses:				
Administration	1,062,310	1,100,849	7,298,766	7,362,086
Public Safety	2,848,087	2,517,193	-	-
Parks and recreation	2,531,024	2,793,859	-	-
Streets	641,003	905,895	-	-
Interest	994,263	907,636	-	-
Total Expense	8,076,687	8,225,432	7,298,766	7,362,086
Change in Net Position	1,080,932	407,606	843,367	1,366,856
Net Position, beginning	14,609,525	13,435,839	26,770,106	25,087,461
Net Position, ending	$ 15,690,457	$ 13,843,445	$ 27,613,473	$ 26,454,317

Financial Analysis of the Governmental Funds

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

Governmental Funds

The focus of the City of Ozark's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Some significant items are presented below for comparison and analysis.

	Percent of Total	2013	2012	Amount	Change %
Revenues:					
Property taxes	8.34%	$ 765,649	$ 729,841	$ 35,808	4.91%
Franchise fees	5.94%	545,249	483,334	61,915	12.81%
Sales taxes	48.57%	4,461,502	4,378,554	82,948	1.89%
Missouri motor fuel taxes	7.04%	646,477	641,461	5,016	0.78%
Licenses & permits	1.76%	161,862	130,762	31,100	23.78%
Charges for services	15.82%	1,452,929	1,455,257	(2,328)	-0.16%
Fines & forfeitures	5.09%	467,503	359,914	107,589	29.89%
Interest	0.18%	16,980	64,390	(47,410)	-73.63%
Interfund	0.00%	-	(362,618)	362,618	-100.00%
Grants	1.29%	118,414	489,048	(370,634)	-75.79%
Loans	3.37%	309,707	-	309,707	0.00%
Miscellaneous	2.60%	238,963	152,332	86,631	56.87%
Total	100.00%	9,185,235	8,522,275	662,960	7.78%
Expenditures:					
General government	10.92%	1,019,583	1,070,383	(50,800)	-4.75%
Police	25.99%	2,426,985	2,360,466	66,519	2.82%
Streets	4.87%	454,316	583,011	(128,695)	-22.07%
Parks	23.30%	2,175,295	2,203,969	(28,674)	-1.30%
Capital outlay	19.97%	1,864,271	866,364	997,907	115.18%
Debt service	14.96%	1,396,500	1,348,844	47,656	3.53%
	100.00%	9,336,950	8,433,037	903,913	10.72%

Missouri Gas Energy franchise fees, Suddenlink franchise fees, and Empire District franchise fees all increased in 2013, a combined total of $62,429.59 over 2012. Both Missouri Gas Energy and Empire District reflect the extended cold season in the spring of 2012 and fall of 2013. Suddenlink is a result of increased connections due to increased building in Ozark.

Building permits and business registrations continued to increase in 2013 over 2012 both in number and amount.

Fines and forfeitures collected by the municipal court increased by $107,589. This was a result of increased citations issued.

Interest income to the City decreased in 2013, as the interest rate continued to decline. Also in 2013, for the first time, interest earned on the primary general account was allocated between the funds based on deposit amounts.

Interfund transactions are balanced in 2013 due to LCRA and PFC being included as blended component units.

In 2013 the City received less in grant funds than 2012. Specifically Federal Forfeiture Fund grants were down significantly, there was no storm siren upgrade grant received and other grants were less.

Rents and impact fees in the miscellaneous revenue budget were included in the 2013 Miscellaneous line item and not included in the 2012 Miscellaneous line item.

Expenditures were relatively stable with the exception of streets and capital outlay.

Street expenses were reduced primarily due to a reduction in the expense for Missouri Foundation of Health contribution.

Capital outlay increased as a result of donated infrastructure from Rolling Prairie Development and the PFC donation of the Police Station building as a result of refinancing by the City.

Business-type Activities

In reviewing the current to the past year on the waterworks and sewerage fund and solid waste fund, we noted the following:

			Change	
	2013	2012	Amount	%
Waterworks and sewerage				
Revenue	$ 5,847,083	$ 5,850,175	$ (3,092)	-0.05%
Expense net of Depreciation and interfund	3,565,048	3,681,750	(116,702)	-3.17%
Operating Income	621,492	365,438	256,054	70.07%
Solid waste				
Revenue	828,714	802,077	26,637	3.32%
Expense net of Depreciation and interfund	738,503	717,109	21,394	2.98%
Operating Income	90,211	84,968	5,243	6.17%

In business type activities, the only significant increase is to operating income for the waterworks and sewerage account. This is due to an increase in rates to provide sufficient income to cover debt payments for improvements to the systems.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved on December 2, 2013. A schedule of the City's original and final amended budgets compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

The following are significant variations between original and final budget amounts and between final budget amounts and actual revenues and expenses within the General Fund. These variations can be expected to have a material effect on the financial status of the City.

<u>Revenues</u>

- Revenue projections are very conservative. This is reflected in the increase in collections in 2013 from the budgeted amount but less variance when compared to the 2012 collections.
- Municipal Court fines and costs are variable. Original 2013 projections included a minimal increase, however fines, costs, and other collections increased significantly in 2013.
- Missouri Gas Energy franchise fees, Suddenlink franchise fees, and Empire District franchise fees all increased in 2013, a combined total of $62,429.59 over 2012. Both Missouri Gas Energy and Empire District reflect the extended cold season in the spring of 2012 and fall of 2013. Suddenlink is a result of increased connections due to increased building in Ozark.
- Federal Forfeiture Funds are not budgeted until received, therefore upon receiving $59,352.72 in forfeiture funds, the budget was amended as required. The budget was also amended to include an expenditure of carryover funds available
- The City received $309,707.32 in bond proceeds that was used to refinance a Public Funding Corporation Project for the City of Ozark Police Station. The Public Funding Corporation donated the building valued at $519,699.28, to the City of Ozark after the refunding.
- Rolling Prairie Development was completed and public streets in the amount of $366,428 were donated to the City to be included in the City streets and sidewalk system. This was accomplished with a budget amendment in the revenue and expense categories for the General Fund.
- The Missouri Foundation of Health grant was reduced in the 2013 budget in the amount of $57,128.00. These funds will be received in 2014 as the project is completed.
- Christian County is allocating a portion of sales tax revenue received, to municipalities and road districts, on a project by project basis, therefore, the budget will be amended to reflect amounts to be reimbursed for projects that are approved by the Christian County Commission. For 2013, $112,133.15 was received with additional funds expected in 2014 for previously approved and completed projects.
- Sidewalk buyout funds are budgeted with amendments once the City is aware such funds will be received. For 2013 $15,582 was received and subsequently budgeted.
- STP Urban Funds were grant funds the City received for sidewalk construction and Hwy 14 preliminary engineering. The 2013 budget was amended as funds were received and as final expenditures were made. These projects were in the completion stages.

Expenses

General Revenue

- A municipal offices facility plan was done in 2013 in the amount of $14,982. The 2013 Budget was amended to include these costs.
- B & B Theatre Reimbursement is a refund to B & B of sales tax collected. The budget is amended to reflect actual refunds.
- In 2013 Professional Membership Dues for several organizations was moved to a new line item. These organizations include the Missouri Municipal League and Ozarks Transportation Organization.
- Public Outreach Expense increased over 2012 expense by $4,136. This increase was a result of additional advertising costs for banners for events such as Farmers Market, Ozark Birthday Party and other City sponsored events and for printing and other related advertising cost.

Police

- The Police Dept Salaries and related employee expense was lower than anticipated due to the dept. not being fully staffed the entire year and scheduling changes made to reduce overtime.
- As stated in Revenues, the Police Dept Building PFC debt was retired and the building transferred to the City as donated capital outlay. This was accomplished with financing from a joint bond issue for water improvements. The retired debt was $307,219. The building was transferred to the City as donated capital outlay in the amount of $519,699.28.
- Federal Forfeitures expenses are budgeted with amendments to reflect activities within the year. In 2013 this amount was $250,086.

Streets

- The Missouri Foundation of Health Grant revenue and expense were moved from the 2012 budget to the 2013 budget to reflect the actual expense and revenue of the grant.
- Rolling Prairie Development was completed and public assets such as streets and sidewalks in the amount of $366,428 were donated to the City to be included in the City streets and sidewalk system. This was accomplished with a budget amendment in the revenue and expense categories for the General Fund.
- The 2013 budget was reduced to reflect a postponement of additional equipment purchases in the amount of $99,000.
- There were minimal sidewalk improvements done in 2013.
- Contract resurfacing was done in the amount of $476,510.67. These improvements are included in the City assets for 2013.
- The City signed an intergovernmental agreement with the Special Road District for repair of the Finley River Bridge in the amount of $57,496. This was a one-time expense.

Significant differences between the current and prior year budgets:

- Donated fixed assets are not budgeted until actually received. The Police Station in the General Administration Fund, Quail Run Water System and Rolling Prairie Development were assets donated to the City and included on the depreciation schedule for the respective departments.
- Federal Forfeiture funds were budgeted when the expense was incurred as amendments to the budget.
- Bond proceeds were received due to refinancing of the Public Finance Corporation projects.

- Litigation costs of $150,378 were incurred in 2013, a one-time expense.
- Sales tax was budgeted with a 2% increase however, all other revenues are budgeted very marginally and expenses budgeted at a premium.

CAPITAL ASSET AND DEBT ADMINISTRATION

On December 31, 2013, the City had $ 99,190,318 invested in capital assets. (See table below). This represents an increase of $ 2,651,300 from last year.

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	$ 7,312,643	$ 7,312,643	$ 790,000	$ 790,000	$ 8,102,643	$ 8,102,643
Improvements	12,382,753	11,327,804	-	-	12,382,753	11,327,804
Buildings	17,046,457	16,507,467	198,337	198,337	17,244,794	16,705,804
Water system	-	-	14,436,552	13,651,499	14,436,552	13,651,499
Waste system	-	-	43,550,893	42,547,006	43,550,893	42,547,006
Machinery &					-	-
Equipment	3,565,511	3,366,098	-	-	3,565,511	3,366,098
Construction					-	-
-in-Progress	176,438	185,656	250,423	652,508	426,861	838,164
	$ 40,483,802	$ 38,699,668	$ 59,226,205	$ 57,839,350	$ 99,710,007	$ 96,539,018

This year's additions and deletions include:

Front end loader	$ 97,750
Mixer for sewer treatment	42,105
Aeration mixer and upgrade	745,470
Third street water relocation	213,536
Water improvements	83,657
Lift station 7th Street	57,389
Other items	146,948
Increase in Business-Type Activities	1,386,855
Police equipment	245,654
Street paving, storm water control structure, sidewalks	1,036,228
Police building	538,999
Assets removed	(80,137)
Other items	43,390
Increase in Governmental Activities	1,784,134
Total Increase	$ 3,170,989

Additional information on the City's capital assets can be found in Note D of the notes to the financial statements of this report.

Debt

At year-end, the City had $ 48,398,560 in outstanding notes as compared to the prior year of $ 42,433,464.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue Bonds	$ -	$ -	$ 19,675,000	$ 20,875,000	$ 19,675,000	$ 20,875,000
Special assessment debt	921,829	927,989	1,488,624	1,597,646	2,410,453	2,525,635
Certificates of Participation	18,774,707	18,970,000	7,505,293	-	26,280,000	18,970,000
Lease Obligations	10,056	20,381	23,051	42,448	33,107	62,829
TOTALS	$ 19,706,592	$ 19,918,370	$ 28,691,968	$ 22,515,094	$ 48,398,560	$ 42,433,464

NOTE: LCRA and PFC Debt are not included here.

Additional information on the City's long-term debt can be found in Note E of the notes to the financial statements of this report.

ECONOMIC FACTORS

The City of Ozark is the county seat of Christian County and is located in one of the fastest growing areas of the state. The population of Ozark has grown approximately 90% in the last decade. Although growth slowed drastically in 2009 and 2010 due to the housing slump, we have seen an upturn in housing starts in the last three years. Historically, the City has predicted a growth in its labor force of one percent per year.

NEXT YEAR'S BUDGET AND RATES

For the year ending December 31, 2014, General Fund revenues are projected to be less than 2013. Donated capital assets are reduced in 2014 by $886,127 and we do not anticipate any lease or loan proceeds for 2014. Federal Forfeiture funds are not budgeted until received, resulting in a budget amendment. Transfers from the Capital Improvement Fund have been reduced in the 2014 budget by $170,165 as well.

Revenue from sales tax is budgeted with a 2% increase and residential building permits are projected to remain relatively flat in 2014.

The 2014 Budget for property leases remains unchanged from 2013. The City has been unable to sell any properties owned by the Land Clearance for Redevelopment Authority and the Public Finance Corporation in the downtown redevelopment area and is marketing these properties aggressively.

Some significant capital asset items budgeted for 2014 are:

- Property Leases - $424,835.
- Street Contract Resurfacing - $500,000.
- Water/sewer Pickup Truck - $22,000.
- Shop addition $22,000
- Street Pickup truck $21,000
- Dump truck $96,000.
- Water tower and water well improvements $340,000.
- Water line extensions $207,000.
- Park bus $15,000

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 205 North 1st Street, Ozark, Missouri.

CITY OF OZARK, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,831,024	$ 6,047,934	$ 7,878,958
Accounts receivable	918,899	844,323	1,763,222
Internal balances	247	(247)	-
Prepaid expenses	47,841	25,877	73,718
Security deposits	11,776	-	11,776
Restricted assets-cash	3,292,604	11,490,228	14,782,832
Capital assets:			
Land	7,312,643	790,000	8,102,643
Construction in progress	176,437	250,423	426,860
Other capital assets, net of accumulated depreciation	25,059,488	38,072,450	63,131,938
Total Assets	38,650,959	57,520,988	96,171,947
LIABILITIES			
Accounts payable	126,064	169,301	295,365
Accrued wages and benefits	91,984	42,318	134,302
Accrued sales tax	-	2,629	2,629
Accrued interest	147,344	512,709	660,053
Accrued other liabilities	15,015	-	15,015
Customer deposits and bonds	96,510	426,755	523,265
Compensated absences	139,293	61,835	201,128
Noncurrent liabilities:			
Amounts due within one year	2,310,012	1,410,567	3,720,579
Amounts due in more than one year:			
Revenue Bonds	-	18,445,000	18,445,000
Note Payables	1,736,161	-	1,736,161
Special Obligations	115,392	1,379,128	1,494,520
Capital Lease Obligations and Participations	18,182,727	7,457,273	25,640,000
Total Liabilities	22,960,502	29,907,515	52,868,017
NET POSITION			
Net investment in capital assets	10,591,749	10,420,509	21,012,258
Restricted for:			
Debt service	1,943,269	2,268,963	4,212,232
Construction projects	-	8,131,461	8,131,461
Unrestricted	3,155,439	6,792,540	9,947,979
Total Net Position	$ 15,690,457	$ 27,613,473	$ 43,303,930

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,062,310	$ 220,538	$ 6,845	$ -	$ (834,927)	$ -	$ (834,927)
Public safety:							
Police and court	2,848,087	467,503	118,414	-	(2,262,170)	-	(2,262,170)
Streets	641,003	-	-	96,452	(544,551)	-	(544,551)
Parks and storm water	2,531,024	1,452,929	-	55,630	(1,022,465)	-	(1,022,465)
Interest on long-term debt	994,263	-	-	-	(994,263)	-	(994,263)
Total governmental activities	8,076,687	2,140,970	125,259	152,082	(5,658,376)	-	(5,658,376)
Business-type activities:							
Water	2,247,757	2,799,912	-	443,580	-	995,735	995,735
Sewer	4,312,506	3,047,171	-	53,020	-	(1,212,315)	(1,212,315)
Sanitation	738,503	828,714	-	-	-	90,211	90,211
Total business-type activities	7,298,766	6,675,797	-	496,600	-	(126,369)	(126,369)
Total Primary Government	$ 15,375,453	$ 8,816,767	$ 125,259	$ 648,682	(5,658,376)	(126,369)	(5,784,745)
General Revenues							
Taxes:							
Property taxes for general purposes					618,885	-	618,885
Property taxes for park purposes					138,637	-	138,637
Property taxes for debt service					-	173,620	173,620
Franchise taxes					545,249	-	545,249
Sales taxes					4,461,502	621,358	5,082,860
Missouri motor fuel taxes					646,477	-	646,477
Interest on investments					16,980	593,179	610,159
Miscellaneous					21,360	-	21,360
Transfers					282,641	(282,641)	-
Litigation settlement					-	(150,378)	(150,378)
Insurance proceeds					7,577	14,223	21,800
Sale of assets					-	375	375
Total general revenues, transfers and special item					6,739,308	969,736	7,709,044
Change in net position					1,080,932	843,367	1,924,299
Net position beginning (Restated)					14,609,525	26,770,106	41,379,631
Net position ending					$ 15,690,457	$ 27,613,473	$ 43,303,930

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK, MISSOURI

BALANCE SHEET-
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

ASSETS	General Fund	Capital Improvement Fund	Park/ Stormwater Funds	PFC & LCRA Debt Service Funds	Total Governmental Funds
Cash and cash equivalents	$ 1,019,014	$ 96,423	$ 681,927	$ 33,660	$ 1,831,024
Accounts receivable-					
Real estate taxes	400,066	-	96,760	-	496,826
Sales, franchise, and motor fuel taxes	277,370	40,198	104,505	-	422,073
Due from other funds	-	667	49,849	-	50,516
Prepaid expenses	37,796	-	10,045	-	47,841
Security deposits	-	-	11,776	-	11,776
Restricted assets: Cash and cash equivalents	820,571	-	2,472,033	-	3,292,604
Total Assets	$ 2,554,817	$ 137,288	$ 3,426,895	$ 33,660	$ 6,152,660
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 79,254	$ -	$ 46,810	$ -	$ 126,064
Accrued liabilities-					
Wages	70,498	-	21,486	-	91,984
Compensated absences	127,227	-	12,066	-	139,293
Other	15,015	-	-	-	15,015
Security deposits	82,697	-	-	-	82,697
Court bonds	13,813	-	-	-	13,813
Due to other funds	244	-	176	49,849	50,269
Unearned revenues	33,697	-	8,424	-	42,121
Total Liabilities	422,445	-	88,962	49,849	561,256
FUND BALANCES					
Fund Balances -					
Nonspendable	37,796	-	10,045	-	47,841
Restricted	328,567	137,288	2,472,033	-	2,937,888
Assigned	492,004	-	855,855	-	1,347,859
Unassigned (Deficit)	1,274,005	-	-	(16,189)	1,257,816
Total Fund Balances	2,132,372	137,288	3,337,933	(16,189)	5,591,404
TOTAL LIABILITIES AND FUND BALANCES	$ 2,554,817	$ 137,288	$ 3,426,895	$ 33,660	$ 6,152,660

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK, MISSOURI

RECONCILIATION OF THE GOVERNMENT FUNDS
BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
DECEMBER 31, 2013

Total Fund Balances-Governmental Funds		$ 5,591,404
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Non-depreciable assets	7,489,080	
Depreciable assets	25,059,488	
		32,548,568
Revenue that is unearned in the funds financial statement because it is not available and recognized as revenue in the government-wide financial statements.		42,121
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Special obligation	(921,829)	
Certificates of participations	(18,774,707)	
Lease obligations	(10,056)	
Note payables-PFC and LCRA	(2,637,700)	
Accrued interest	(147,344)	
		(22,491,636)
Net position of governmental activities		$ 15,690,457

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK, MISSOURI

STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Capital Improvement Fund	Park/ Stormwater Funds	PFC & LCRA Debt Service Funds	Total Governmental Funds
REVENUES					
Property taxes including penalties and interest	$ 625,524	$ -	$ 140,125	$ -	$ 765,649
Franchise taxes	545,249	-	-	-	545,249
Sales taxes	2,597,567	621,359	1,242,576	-	4,461,502
Missouri motor fuel taxes	646,477	-	-	-	646,477
Licenses & permits	161,862	-	-	-	161,862
Charges for services -Park programs	-	-	1,452,929	-	1,452,929
Fines & forfeitures	467,503	-	-	-	467,503
Interest	11,389	-	5,591	-	16,980
Grants	118,414	-	-	-	118,414
Rents	58,676	-	39,880	-	98,556
Impact fees	-	-	15,750	-	15,750
Donations	103,297	-	-	-	103,297
Miscellaneous	6,166	-	14,366	828	21,360
Total Revenues	5,342,124	621,359	2,911,217	828	8,875,528
EXPENDITURES					
Current:					
General government	1,019,583	-	-	-	1,019,583
Police and court	2,426,985	-	-	-	2,426,985
Streets	454,316	-	-	-	454,316
Parks	-	-	2,175,295	-	2,175,295
Capital outlay	1,217,683	-	126,899	-	1,344,582
Debt service:					
Principal retirement	16,485	-	505,000	821,015	1,342,500
Interest and fiscal agent fees	2,072	-	872,943	119,135	994,150
Total Expenditures	5,137,124	-	3,680,137	940,150	9,757,411
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	205,000	621,359	(768,920)	(939,322)	(881,883)
OTHER FINANCING SOURCES (USES)					
Transfers from Capital Improvement Fund	626,506	-	372,815	-	999,321
Transfers to General Fund	-	(626,506)	-	-	(626,506)
Transfer to Park Funds	(372,815)	-	-	-	(372,815)
Transfer from Solid Waste	75,000	-	-	-	75,000
Lease payment to PFC and LCRA	(732,047)	-	-	939,688	207,641
Insurance proceeds	7,577	-	-	-	7,577
2013 COP proceeds	309,707	-	-	-	309,707
Total Other Sources (Uses)	(86,072)	(626,506)	372,815	939,688	599,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	118,928	(5,147)	(396,105)	366	(281,958)
FUND BALANCES - BEGINNING (DEFICIT)	2,013,444	142,435	3,734,038	(16,555)	5,873,362
FUND BALANCES- ENDING (DEFICIT)	$ 2,132,372	$ 137,288	$ 3,337,933	$ (16,189)	$ 5,591,404

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK, MISSOURI
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances--total governmental funds	$ (281,958)
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($ 1,344,582) exceeded depreciation ($ 1,006,245) in the current period.	338,337
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the same statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt payments of principal	1,342,500
New debt issued	(309,707)
Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measureable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported regardless of when financial resources are available. This is the net adjustment to property tax revenue in converting to the full accrual basis.	(8,127)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(113)
Change in net position of governmental activities	$ 1,080,932

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK, MISSOURI
STATEMENT OF NET POSITION-
PROPRIETARY FUNDS
DECEMBER 31, 2013

ASSETS	Waterworks and Sewerage Fund	Solid Waste Fund	Total
Current assets:			
Cash and cash equivalents	$ 6,037,750	$ 10,184	$ 6,047,934
Receivables:			
Accounts receivables, net	428,699	42,455	471,154
Property taxes	124,495	-	124,495
Interest SRF	208,476	-	208,476
Sales tax	40,198	-	40,198
Due from other funds	-	112,066	112,066
Prepaid expenses	25,877	-	25,877
Total Current Assets	6,865,495	164,705	7,030,200
Noncurrent assets:			
Restricted cash and cash equivalents	11,490,228	-	11,490,228
Capital assets:			
Land	790,000	-	790,000
Construction in progress	250,423	-	250,423
Other capital assets, net of accumulated depreciation	38,072,450	-	38,072,450
Total Noncurrent Assets	50,603,101	-	50,603,101
Total Assets	57,468,596	164,705	57,633,301
LIABILITIES			
Current liabilities:			
Accounts payable	169,301	-	169,301
Accrued wages	42,318	-	42,318
Accrued sales tax	2,629	-	2,629
Accrued interest	512,709	-	512,709
Customer deposits	426,755	-	426,755
Due to other funds	112,313	-	112,313
Compensated absences	61,835	-	61,835
Debt due within one year:			
Revenue bonds payable	1,230,000	-	1,230,000
NID bonds payable	109,496	-	109,496
Certificates of participation loan	48,020	-	48,020
Lease obligation	23,051	-	23,051
Total Current Liabilities	2,738,427	-	2,738,427
Noncurrent liabilities:			
Revenue bonds payable	18,445,000	-	18,445,000
NID bonds payable	1,379,128	-	1,379,128
Certificates of participation loan	7,457,273	-	7,457,273
Total Noncurrent Liabilities	27,281,401	-	27,281,401
Total Liabilities	30,019,828	-	30,019,828
NET POSITION			
Net investment in capital assets	10,420,509	-	10,420,509
Restricted for-			
Debt reserves	2,268,963	-	2,268,963
Construction projects	8,131,461	-	8,131,461
Unrestricted	6,627,835	164,705	6,792,540
Total Net Position	$ 27,448,768	$ 164,705	$ 27,613,473

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK, MISSOURI
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Waterworks and Sewerage Fund			Solid Waste	
OPERATING REVENUES:	Water Dept.	Sewer Dept.	Total	Fund	Total
Charges for services	$ 2,690,839	$ 2,797,752	$ 5,488,591	$ 828,714	$ 6,317,305
Hookups and reconnect fees	86,925	231,189	318,114	-	318,114
Miscellaneous income	22,148	18,230	40,378	-	40,378
Total Operating Revenue	2,799,912	3,047,171	5,847,083	828,714	6,675,797
OPERATING EXPENSES:					
Wages and benefits	835,662	1,104,280	1,939,942	-	1,939,942
Insurance	36,940	65,017	101,957	-	101,957
Repairs and maintenance	106,355	332,650	439,005	-	439,005
Utilities	288,223	328,461	616,684	-	616,684
Contracted refuse hauling and other expense	-	-	-	738,503	738,503
All other expense	232,153	235,307	467,460	-	467,460
Depreciation	446,703	1,213,840	1,660,543	-	1,660,543
Total Operating Expenses	1,946,036	3,279,555	5,225,591	738,503	5,964,094
OPERATING INCOME (LOSS)	853,876	(232,384)	621,492	90,211	711,703
NON-OPERATING REVENUES (EXPENSES):					
Property taxes	-	173,620	173,620	-	173,620
Sales taxes	-	621,358	621,358	-	621,358
Sale of assets	-	375	375	-	375
Insurance proceeds	-	14,223	14,223	-	14,223
Interest income-checking and savings	-	42,761	42,761	-	42,761
Interest income SRF bond reserves	-	550,418	550,418	-	550,418
Interest expense and agent fees	(147,360)	(1,032,951)	(1,180,311)	-	(1,180,311)
Cost of issuance 2013 COP	(154,361)	-	(154,361)	-	(154,361)
Total Non-operating Revenues (Expenses)	(301,721)	369,804	68,083	-	68,083
INCOME BEFORE OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS	552,155	137,420	689,575	90,211	779,786
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital contributions	443,580	53,020	496,600	-	496,600
Transfers	(207,641)	-	(207,641)	(75,000)	(282,641)
Litigation settlement	-	(150,378)	(150,378)	-	(150,378)
Total Capital Contributions and Transfers	235,939	(97,358)	138,581	(75,000)	63,581
CHANGE IN NET POSITION			828,156	15,211	843,367
TOTAL NET POSITION - BEGINNING (RESTATED)			26,620,612	149,494	26,770,106
TOTAL NET POSITION - ENDING			$27,448,768	$ 164,705	$27,613,473

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Waterworks and Sewerage Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$ 5,890,236	$ 849,004	$ 6,739,240
Payments to suppliers	(1,629,758)	(738,503)	(2,368,261)
Payments to employees	(1,929,639)	-	(1,929,639)
Net Cash Provided by Operating Activities	2,330,839	110,501	2,441,340
CASH FLOWS FROM NONCAPITAL ACTIVIITES:			
Transfers (to)	(207,641)	(75,000)	(282,641)
(Increase) in due from other funds	-	(31,856)	(31,856)
Decrease in due to other funds	56,618	-	56,618
Litigation settlement	(150,378)	-	(150,378)
Insurance proceeds	14,223	-	14,223
Property taxes	173,620	-	173,620
Sales taxes	621,358	-	621,358
Net Cash Provided by (Used for) Noncapital Activities	507,800	(106,856)	400,944
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Sale of assets	375	-	375
Capital contributions	496,600	-	496,600
Payments for capital acquisitions	(1,406,746)	-	(1,406,746)
Debt issued	7,505,293	-	7,505,293
Cost of debt issuance	(154,361)	-	(154,361)
Principal Repayments	(1,328,419)	-	(1,328,419)
Interest paid	(665,102)	-	(665,102)
Net Cash Provided by Capital and Related Financing Activities	4,447,640	-	4,447,640
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	42,761	-	42,761
Net Cash Provided by Investing Activities	42,761	-	42,761
NET CASH INCREASE FOR THE YEAR	7,329,040	3,645	7,332,685
CASH AT BEGINNING OF YEAR	10,198,938	6,539	10,205,477
CASH AT END OF YEAR	$ 17,527,978	$ 10,184	$ 17,538,162
SUMMARY OF CASH			
Cash and investments	$ 6,037,750	$ 10,184	$ 6,047,934
Restricted assets-Cash	11,490,228	-	11,490,228
	$ 17,527,978	$ 10,184	$ 17,538,162
Reconciliation of operating income to net cash provided by operating activities:			
Operating Income	$ 621,492	$ 90,211	$ 711,703
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation	1,660,543	-	1,660,543
(Increase) Decrease in accounts receivable	2,338	20,290	22,628
(Increase) Decrease in prepaid expenses	(8,622)	-	(8,622)
Increase (Decrease) in accounts payable	7,515	-	7,515
Increase (Decrease) in accrued wages	10,303	-	10,303
Increase (Decrease) in other liabilities	(3,545)	-	(3,545)
Increase in customer deposits	40,815	-	40,815
Net Cash Provided by Operating Activities	$ 2,330,839	$ 110,501	$ 2,441,340

The accompanying notes are an integral part of these financial statements.

CITY OF OZARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ozark, Missouri, (the City) were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (U.S. GAAP). The following summary of the more significant policies of the City is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

THE REPORTING ENTITY

The City of Ozark, Missouri, was incorporated August 3, 1888. The City operates under a form of government which is comprised of an elected Board of Aldermen and an elected mayor. As authorized by its charter, the City provides the following services; public safety (police and municipal court), highway and streets, sanitation, public improvements, recreation, zoning and planning, and general administrative services. The accompanying basic financial statements include the transactions of all of the City's funds. The City's funds are established under statutory authority.

Entity status for financial reporting purposes is governed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for the establishment of GAAP in governmental entities. The financial statements of the City present the financial activities of the City and any component units. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units.

Blended component units

The organizations listed below are, in substance, the same as the Government, despite being legally separate from the Government. Therefore, they are reported as part of the primary government. They have a governing body that is substantially the same as the governing body of the Government; provide services entirely, or almost entirely, to the Government; or otherwise exclusively, or almost exclusively, benefit the Government even though they do not provide services directly to the Government.

Ozark Public Funding Corporation (PFC) – The Ozark Public Funding Corporation of the City of Ozark, Missouri, is a not-for-profit corporation duly organized and existing under the General Not-For-Profit Corporation, Chapter 355 of the Revised Statutes of Missouri, 1986 as amended, for the purpose of benefiting and carrying out the purpose of the City of Ozark, Missouri, by providing for the acquisition, construction, improvement, extension, repair, remodeling, renovation and financing of municipal sites, buildings, facilities, furnishings and equipment for the use of the City.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

THE REPORTING ENTITY-continued

Land Clearance For Redevelopment Authority of the City of Ozark, Missouri (LCRA) – The LCRA was formed under sections 99.300 to 99.660 or RSMo 1994, the "Land Clearance For Redevelopment Authority Law." It was approved by voters in February 3, 2004. The LCRA is a legally separate entity whose purpose is to eliminate blight within the City limits by acquiring and preparing land for redevelopment.

The City has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would exercise such oversight which would result in the City being considered a component unit of the entity.

FINANCIAL STATEMENTS PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. 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 identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements. The fund financial statements report information about the City's funds. Separate columns are presented for each major governmental fund, major enterprise fund and blended presented component unit fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

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

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purpose or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Capital Improvement Fund – This fund is used exclusively for the revenues of and expense from the ¼ cent capital improvement sales tax legally restricted for various capital improvement projects.

Park/Storm Water Funds – These funds are combined under one group heading as they all relate to park improvement and operations and are used exclusively for the following:

Pool Fund – Accounts for taxes received that are legally restricted for pool recreational services, grants and revenues received and expenditures paid for recreational services provide by the pool.

Park Fund – Accounts for taxes received that are legally restricted for recreational services, grants and donations, and revenues received and expenditures paid for recreational service provided by the park department.

Park/Stormwater Sales Tax Fund – Accounts for sales taxes that are legally restricted for use by the park and for storm water control.

Park Impact Fee Fund – Accounts for the park impact fees legally restricted for park equipment and facilities.

Debt Service Funds – This fund represents the component units PFC and LCRA which receive transfers from the General Fund $ 732,047 and the Water Fund $ 207,641 for use in paying the principal and interest on bank loans.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

Enterprise Funds: Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

Waterworks and Sewerage Fund: Accounts for the operation of the water and sewer system of the City.

Solid Waste Fund: Accounts for the operations of the sanitation services of the City.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 collectible 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, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales tax, intergovernmental taxes, and investment income 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 City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer, and solid waste function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation, the principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Cash balances from the majority of funds recorded as restricted accounts are pooled for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pools are managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts, and therefore all balances representing participants' equity in the investment pools are classified as cash equivalents for purposes of these statements. For investments which are held separately from the pools, those which are highly liquid (including restricted assets) with an original or remaining maturity of 90 days or less when purchased are considered to be cash equivalents.

For cash flow statement purposes, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Missouri State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are stated at fair value.

Due to and due from other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

All receivables were stated at gross because the amounts were collected within the following 30 days except for solid waste, water and sewer utilities receivable which had no allowances for doubtful accounts as 99% of accounts receivable is collected within the next month.

Prepaid items

Payment made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted assets

Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The bond account is used only for the payment of principal and interest on revenue bonds. The depreciation and replacement account is to be expended only for repairs or replacements to the water and sewer fund. The bond reserve account is to be used only to pay bonds at maturity or interest as it becomes due and to the extent other funds are not available for this purpose.

Certain General Fund monies are classified as restricted assets on the Statement of Net Position and Balance Sheet because their use is limited by covenants of the capital lease agreement. The reserve account is to be used solely for the purpose of making lease payments on the applicable due dates when and to the extent other funds are not available for this purpose. The lease payment account is used only for the payment of the principal and interest on the lease obligation.

Inventories

The City does not maintain material amounts of supplies and maintenance materials; therefore, no inventory amount is reflected in the financial statements. Inventories are recorded as expenditures/expenses at the time of purchase, and, therefore, no balances for inventory on hand are reported in the statements.

Capital Assets and Depreciation

Capital assets, which include property, equipment, and infrastructure (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. Capital assets are defined by the City as assets with an initial cost of more than $ 2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation-continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings	20-50 years
Building improvements	15-20 years
Utility plant and extensions	33-40 years
Infrastructure	10-40 years
Machinery, furniture and equipment	3-10 years
Vehicles	5-10 years

Capitalization of interest

As required by the interest topic of FASB *Accounting Standards Codification* (ASC), the enterprise funds capitalize net interest costs on funds borrowed to finance the construction of capital assets. Interest cost information for the enterprise funds for the year ended December 31, 2013 is as follows:

	Water Department	Sewer Department	Solid Waste Fund
Total interest costs	$ 147,360	$ 1,032,951	$ -

Deferred Outflows/Inflows of Resources

In the proprietary funds and the government-wide fund financial statements the bond premium and discount are amortized using either straight-line or effective interest method over the term of the bonds. The excess costs incurred over the carrying value of bonds refunded on early extinguishment of debt is amortized as a component of interest expense using either straight-line or effective-interest methods over the shorter of the remaining life of the old debt or the life of the new bond issue. Bond issue costs are charged off in the year incurred.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U.S. Internal Revenue Code, the City must rebate to the United State Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five year anniversary of the respective debt issue. As of December 31, 2013 the City had no outstanding arbitrage rebate liability.

Vacation, sick leave, and other compensated absences

City employees are entitled to certain compensated absences based on their length of employment. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Pensions

Pension cost is recorded as an expense when submitted to the trustee.

Long-term Obligations

The governmental-wide financial statements and proprietary fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period with 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. Gains or loss on refunding, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances-Governmental Funds

As of December 31, 2013, fund balances of the governmental funds are classified as follows:

> **Non-spendable** - This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances-Governmental Funds-continued

Restricted - This classification includes amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - This classification includes amounts that can be used only for specific purposes determined by a formal action by the City Council. Such formal action may be in the form of an ordinance and may only be modified or rescinded by a subsequent formal action.

Assigned - This classification includes amounts that are intended by the City to be used for a specific purpose but are neither restricted nor committed. Assignments may be made only by the government body or official.

Unassigned - This classification represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assigned actions.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position-continued

The following schedule shows the breakdown of reserves as required by debt issues and capital improvements:

Proprietary Fund Types-Business Type Activities

Waterworks and Sewerage System Fund	Total
Debt reserve	$ 2,244,588
Depreciation and replacement	24,375
	2,268,963
Construction projects	$ 8,131,461
Governmental Activities	
Debt reserves	$ 1,943,269

Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Valuation for 2013 was $ 238,633,792 with the levy set at $ .2944 total broken down $ .2355 for General Fund and $ .0589 Parks and Recreation.

Revenue Recognition - Sales Tax authorizations

Sales tax authorizations consist of a one-cent general sales recorded in the General Fund ($ 2,485,434) plus a Christian County Sales tax ($ 112,133) , ¼ cent capital improvement sales tax ($ 621,359), ½ cent Park/Stormwater sales tax ($ 1,242,576) and ¼ cent sewer sales tax for capital improvements ($ 621,358).

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures and changes in fund balance-budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) for all governmental funds.

Excess of expenditures over appropriations

For the year ended December 31, 2013, expenditures did not exceed appropriations in any of the Governmental Funds.

Deficit Fund Balance

The PFC and LCRA Debt Service Funds show a deficit balance due to the lag in transfers for debt payment.

Reporting Compliance on Court Fines

Court fines for 2013 totaled $ 377,549 which was 7.07% of General Fund Operating Revenues.

DETAILED NOTES ON ALL FUNDS

NOTE B – DEPOSITS AND INVESTMENTS

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2013 the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

Custodial Credit Risk is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City does have a written investment policy on custodial credit risk which all investments are either insured or registered in the City's name and held by the City's agent.

NOTE C – RESTRICTED ASSETS

For December 31, 2013, restricted cash accounts were as follows:

ENTERPRISE FUND	Restricted Cash	Required Per Bond Agreements
Waterworks and Sewerage Fund		
Debt Reserves	$ 1,873,755	$ 1,873,755
Deprecation and replacement	807,922	807,922
Projects	8,808,551	-
	$ 11,490,228	$ 2,681,677

NOTE C – RESTRICTED ASSETS (Continued)

GOVERNMENTAL ACTIVITIES	Restricted Cash	Required Per Bond Agreements
Park Fund		
Debt reserves	$ 2,472,033	$ 2,090,613
General Fund		
Debt reserves	27,613	$ 27,613
Grants and donations	330,107	
Court	48,374	
Police training	11,540	
Operation reserves	402,937	
	$ 3,292,604	

The City was in compliance with required bonded debt reserves for the year.

NOTE D – CAPITAL ASSETS AND DEPRECIATION

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

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 7,312,643	$ -	$ -	$ 7,312,643
Construction in progress	185,656	25,101	34,319	176,438
Subtotal	7,498,299	25,101	34,319	7,489,081
Capital assets, being depreciated:				
Land improvements	11,327,804	1,054,949	-	12,382,753
Buildings	16,507,467	19,301	-	16,526,768
Machinery and Vehicles	3,366,098	279,550	80,137	3,565,511
Subtotal	31,201,369	1,353,800	80,137	32,475,032
Accumulated depreciation:				
Land improvements	2,535,969	385,039	-	2,921,008
Buildings	1,572,621	325,698	-	1,898,319
Machinery and Vehicles	2,380,846	295,508	80,137	2,596,217
Subtotal	6,489,436	1,006,245	80,137	7,415,544
Net other capital assets	24,711,933	347,555	-	25,059,488
Capital Assets	$ 32,210,232	$ 372,656	$ 34,319	$ 32,548,569

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation was charged to program/function as follows:

Governmental activities:	
General government	$ 42,727
Police and court	421,102
Streets	186,688
Parks	355,728
	$ 1,006,245

Business Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	$ 790,000	$ -	$ -	$ 790,000
Construction in progress	652,508	166,398	568,483	250,423
Total	$ 1,442,508	$ 166,398	$ 568,483	$ 1,040,423
Buildings	$ 198,337	$ -	$ -	$ 198,337
Water system	13,651,499	785,053	-	14,436,552
Waste water system	42,547,006	1,003,887	-	43,550,893
Total	56,396,842	1,788,940	-	58,185,782
Accumulated depreciation	(18,452,789)	(1,660,543)	-	(20,113,332)
Other capital assets, net of depreciation	$ 37,944,053			$ 38,072,450

Deprecation was allocated by program/function as follows:

Water	$ 446,703
Wastewater	1,213,840
	$ 1,660,543

NOTE E – LONG-TERM DEBT

Business-type activities

The following is a summary of debt transactions of the City for the year ended December 31, 2013 as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due Within one Year
Revenue Bonds	$ 20,875,000	$ -	$ 1,200,000	$ 19,675,000	$ 1,230,000
Cert. of Part.	-	7,505,293	-	7,505,293	48,020
NID Bonds	1,597,646	-	109,022	1,488,624	109,496
Lease Obligations	42,448	-	19,397	23,051	23,051
Totals	$ 22,515,094	$ 7,505,293	$ 1,328,419	$ 28,691,968	$ 1,410,567
Compensated Absences	$ 61,232	$ 73,567	$ 72,964	$ 61,835	$ 61,835

As reported on the financial statement:	
Amount due within one year	$ 1,410,567
Amount due in more than one year:	
Revenue bonds	18,445,000
NID Bonds	1,379,128
Certificate of participation	7,457,273
	$ 28,691,968

The bond ordinances require that the City establish rates and charges for its water and sewer services, such that the revenues derived from the water and sewer system are sufficient to provide for the payment of principal and interest on the revenue bonds and for the operation and maintenance of the water and sewer system. NID bonds are debt payments are provided by a special assessment property tax and capital leases payment comes from operation and maintenance funds.

NOTE E – LONG-TERM DEBT (Continued)

The Proprietary Funds long-term debt as of December 31, 2013 follows:

Revenue Bonds

\$ 3,000,000, 1997D Series, Waterworks and Sewerage System Revenue Bonds due in annual installments of principal ranging from \$ 125,000 to \$ 180,000 and with interest rates ranging from 4.3% to 6.0% payments are made monthly to trustee with the debt maturing January 1, 2018. State Revolving Fund Program.	\$ 875,000
\$ 975,000, 2001A Series, Waterworks and Sewerage System Revenue Bonds due in annual installments of principal ranging from \$ 35,000 to \$ 65,000 and with interest rates ranging from 4.0% to 5.0% payments are made monthly to trustee with the debt maturing January 1, 2022. State Revolving Fund Program.	515,000
\$ 7,980,000, 2006A Series, Waterworks and Sewerage System Revenue Bonds due in annual installments of principal ranging from \$ 305,000 to \$ 480,000 and with interest rates ranging from 4.0% to 5.25% payments are made monthly to trustee with the debt maturing July 1, 2026. State Revolving Fund Program.	5,495,000
\$ 15,125,000, 2007A Series, Waterworks and Sewerage System Revenue Bonds due in annual installments of principal ranging from \$ 495,000 to \$ 2,175,000 and with interest rates ranging from 4.0% to 4.375% payments are made monthly to trustee with the debt maturing January 1, 2028. State Revolving Fund Program.	12,430,000
\$ 435,000, 2012 Series, Combined Waterworks and Sewerage System Refunding Revenue Bonds due in annual installments of principal ranging from \$ 25,000 to \$ 40,000 with interest paid semiannual at rates ranging from 2.3% to 4.0%. Debt matures December 1, 2025.	360,000
Total Business-type debt revenue bonds	\$ 19,675,000

NOTE E – LONG-TERM DEBT (Continued)

The annual requirements to amortize revenue bonded debt as of December 31, 2013 follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 1,230,000	$ 862,428	$ 2,092,428
2015	1,260,000	807,903	2,067,903
2016	1,310,000	750,467	2,060,467
2017	1,360,000	692,624	2,052,624
2018	1,380,000	632,633	2,012,633
2019-2023	6,590,000	2,213,195	8,803,195
2024-2028	6,545,000	692,247	7,237,247
	$ 19,675,000	$ 6,651,497	$ 26,326,497

Certificate of Participation	
$ 7,815,000, 2013 Series, Refunding Water System Improvement Certificates of Participation, paying principal annually ranging from $ 50,000 to $ 720,000 with stated interest rates of 2.00% to 4.625%. Principal and interest due 5/1 and interest only 11/1 with debt maturing 5/1/2033. $ 309,767 of debt was issued to the General Fund or 3.96% and the remaining $ 7,505,233 or 96.04% to the Water Department.	$ 7,505,293

Year Ending	Water Department		General Fund	
December 31,	Principal	Interest	Principal	Interest
2014	$ 48,020	$ 283,835	$ 1,980	$ 11,703
2015	76,832	282,106	3,168	11,632
2016	153,664	279,801	6,336	11,537
2017	345,744	273,078	14,256	11,260
2018	364,952	262,418	15,048	10,820
2019-2023	2,007,236	1,136,713	82,764	46,870
2024-2028	2,501,842	727,968	103,158	30,016
2029-2033	2,007,003	260,164	82,997	10,727
	$ 7,505,293	$ 3,506,083	$ 309,707	$ 144,565

NOTE E – LONG-TERM DEBT (Continued)

Neighborhood Improvement District Bonds

$ 1,165,000 2006 Series Kirkwood Improvement District, Principal paid annually with $ 58,250 due each year and semiannual interest payments at 4.95% with debt maturing September 1, 2026.	$ 757,250
$ 797,500 2006 Series Stonegate Improvement District, Principal paid annually with $ 39,875 due each year and semiannual interest payments at 4.45% with debt maturing June 30, 2026	518,375
$ 270,000 2006 Series Laurel Hills Improvement District, Principal paid annually ranging from $ 10,897 to $ 19,777 and semiannual interest payments at 4.35% with debt maturing March 1, 2027	212,999
	$ 1,488,624

Special improvement bonds were issued to pay for sewer improvements and are paid by a special property tax assessment.

The annual requirements to amortize special assessment debt as of December 31, 2013 is as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 109,496	$ 68,955	$ 178,451
2015	109,991	63,801	173,792
2016	110,484	58,733	169,217
2017	111,045	45,427	156,472
2018	111,607	48,205	159,812
2019-2023	567,339	161,880	729,219
2024-2027	368,662	33,576	402,238
	$ 1,488,624	$ 480,577	$ 1,969,201

NOTE E – LONG-TERM DEBT (Continued)

Lease-Purchase Agreements

On December 31, 2010 and in 2011, the City entered into a cancelable lease for the purchase of a copier $ 8,305 and in 2011 for a Dump Truck $ 87,325. Payments are annual with the Waterworks and Sewerage System Fund paying 2/3 of cost and the General Fund 1/3. Accumulated depreciation to date of the assets are $ 4,982 on the copier and $ 26,197 on the Dump Truck. Although the agreement provides for cancellation clauses each year, generally accepted accounting standards addresses the legal restriction imposed, and for financial statement presentation, requires the lease to be accounted for as a capital lease.

At December 31, 2013 future minimum lease payments by year and the present value of future minimum capital lease payments were as follows:

Year Ending December 31,	Total
2014	$ 24,636
Total minimum lease payment	24,636
Less: amount representing interest	(1,585)
Present value of future minimum lease payment	$ 23,051

NOTE E – LONG-TERM DEBT (Continued)

Governmental activities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due Within one Year
Special Assessment Bonds	$ 927,989	$ -	$ 6,160	$ 921,829	$ 806,437
Certificates of Participation	18,970,000	309,707	505,000	18,774,707	591,980
Capital Lease Obligation	20,381	-	10,325	10,056	10,056
PFC & LCRA Notes payable	3,458,715	-	821,015	2,637,700	901,539
	$ 23,377,085	$ 309,707	$ 1,342,500	$ 22,344,292	$ 2,310,012
Compensated absences	$ 132,216	$ 127,947	$ 120,871	$ 139,292	$ 139,292

As reported on the financial statement:

Amount due within one year	$ 2,310,012
Amount due in more than one year:	
Notes payable	1,736,161
Special Assessment Bonds	115,392
Certificates of Participation	18,182,727
Total	$ 22,344,292

The Governmental long-term special obligation debt as of December 31, 2013 follows:

$ 155,000, December 31, 2007, Bluff Drive Community Improvement District Bonds for the purpose of signalization project. Payments are annual of $11,920 with an interest rate of 4.50%. Debt matures matures July 17, 2027	$ 121,829
$ 800,000, December 31, 2011, Special Obligation Refunding Bond to refund the 2006 and 2007 Certificates of Participation. Debt payments call for interest only in 2013 with principal of $ 800,000 and interest $ 32,000 in 2014. Interest rate is 4.00%	800,000
	$ 921,829

NOTE E – LONG-TERM DEBT (Continued)

The annual requirement to amortize special obligation bonded debt as of December 31, 2013 is as follows:

Year Ending December 31,	Principal	Interest	Totals
2014	$ 806,437	$ 37,482	$ 843,919
2015	6,727	5,193	11,920
2016	7,016	4,903	11,919
2017	7,345	4,574	11,919
2018	7,676	4,244	11,920
2019-2023	43,870	15,726	59,596
2024-2027	42,758	4,920	47,678
	$ 921,829	$ 77,042	$ 998,871

The Governmental long-term certification of participation debt as of December 31, 2013 follows:

$ 5,000,000, October 1, 2006, the City entered into a cancelable lease for the purpose of acquiring the site and designing a community center and park facilities. Principal payments are annual and range from $ 145,000 to $ 610,000 bearing interest rates ranging from 4.5% to 6.0% paid semiannually.	$ 4,385,000
$ 15,310,000, May 15, 2007, the City entered into a cancelable lease for the purpose of construction of a community center and park building. Principal payments are annual and range from $ 360,000 to $ 3,075,000 with interest paid semiannually ranging from 4.0% to 5.0%	14,080,000
$ 7,815,000, 2013 Series, Refunding Water System Improvement Certificates of Participation, paying principal annually ranging from $ 50,000 to $ 720,000 with stated interest rates of 2.00% to 4.625%. Principal and interest due 5/1 and interest only 11/1 with debt maturing 5/1/2033. $ 309,767 of debt was issued to the General Fund or 3.96% and the remaining $ 7,505,233 or 96.04% to the Water Department.	309,707
	$ 18,774,707

NOTE E – LONG-TERM DEBT (Continued)

The annual requirement to amortize the certificate of participation debt as of December 31, 2013 is as follows:

Year Ending December 31,	Principal	Interest	Totals
2014	$ 591,980	$ 840,367	$ 1,432,347
2015	688,168	813,746	1,501,914
2016	786,336	785,277	1,571,613
2017	894,256	752,562	1,646,818
2018	1,005,048	715,452	1,720,500
2019-2023	7,022,764	2,810,472	9,833,236
2024-2028	7,703,158	794,502	8,497,660
2029-2033	82,997	10,727	93,724
	$ 18,774,707	$ 7,523,105	$ 26,297,812

Lease-Purchase Agreements

On December 31, 2010 and in 2011, the City entered into a cancelable lease for the purchase of a copier $ 8,305 in 2010 and in 2011 for a Dump Truck $ 87,325. Payments are annual with the Waterworks and Sewerage System Fund paying 2/3 of cost and the General Fund 1/3. Although the agreement provides for cancellation clauses each year, generally accepted accounting standards addresses the legal restriction imposed, and for financial statement presentation, requires the lease to be accounted for as a capital lease.

At December 31, 2013 future minimum lease payments by year and the present value of future minimum capital lease payments were as follows:

Year Ending December 31,	Total
2014	$ 10,442
Total minimum lease payment	10,442
Less: amount representing interest	(386)
Present value of future minimum lease payment	$ 10,056

NOTE E – LONG-TERM DEBT (Continued)

Component units

The following is a summary of debt transactions of the PFC and LCRA for the year ended December 31, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due Within one Year
Note payables	$ 3,458,715	$ -	$ 821,015	$ 2,637,700	$ 901,539

As reported on the financial statement:

Amount due within one year	$ 901,539
Amount due in more than one year:	
Note payables	1,736,161
Total	$ 2,637,700

The Component Units note payables debt as of December 31, 2013 follows:

Public Financing Corporation

$ 886,400 note payable entered into February 25, 2009, for purchase of 2009 land acquisition Payable with quarterly principal and interest payments of $ 17,301.65 and annual adjustable interest rate of 3.11%.	$ 813,632

NOTE E – LONG-TERM DEBT (Continued)

Land Clearance for Redevelopment Authority

$ 170,000 note payable entered into October 31, 2006 for purchase of land known as Wilkerson property. Payable with quarterly principal and interest payments of $ 5,406.28 and interest rate of 4.60%.	$ 108,879
$ 79,000 note payable entered into December 19, 2006 for purchase of 307 W. Brick property. Quarterly principal and interest payments of $ 2,763.90 at an interest rate of 4.45%.	31,314
$ 202,000 note payable entered into February 14, 2008 for purchase of 301 N. 3rd Street land acquisition. Quarterly principal and interest payments of $ 6,213.95 at an interest rate of 4.21%.	53,239
$ 68,000 note payable entered into January 26, 2007, for purchase of 303 W. Brick Street land. Quarterly principal and interest payments of $ 2,105.69 at an interest rate of 4.35%.	29,377
$ 620,000 note payable entered into April 20, 2007, for purchase of land known as O'Reilly, Nalley Property. Quarterly payments of principal and interest of $ 18,927.07 at an interest rate of 3.99%	304,543
$ 500,000 note payable entered into June 1, 2007, for purchase of land at Church and 3rd Street. Quarterly principal and interest payments of $ 15,366.54 at an interest rate of 4.13%.	245,570
$ 810,000 note payable entered into October 12, 2007, for purchase of land known as Wiles and Rainery property. Quarterly principal and interest payments of $ 24,785.92 with an annual adjustable interest rate of 4.04%.	440,721
$ 665,600 note payable entered into February 25, 2009 for purchase of 2009 land acquisition. Quarterly principal and interest payments of $ 12,991.85 at an interest rate of 3.11%.	610,425
Total Notes Payable LCRA	$ 1,824,068

NOTE E – LONG-TERM DEBT (Continued)

The annual requirement to amortize the note payables as of December 31, 2013 is as follows:

Year Ending December 31,	Principal	Interest	Totals
2014	$ 901,539	$ 77,514	$ 979,053
2015	1,028,843	36,409	1,065,252
2016	269,476	22,370	291,846
2017	261,644	14,454	276,098
2018	176,198	4,309	180,507
	$ 2,637,700	$ 155,056	$ 2,792,756

NOTE F – 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; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City.

The City did have a settlement $ 150,378 concerning builders deposit fees.

NOTE G – DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Ozark participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statute, section RSMo. 700.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, PO Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

Funding Status

Full-time employees of the City of Ozark do not contribute to the pension plan. The June 30th statutorily required contribution rates are 12.7% (General) and 12.2% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	$ 508,187
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	508,187
Actual contributions	508,187
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	$ -

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 year for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2011 was 14 years for the General division and 14 years for the Police division. The amortization period as of February 29, 2012 was 13 years for the General division and 13 years for the Police division.

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 502,001	100.0%	$ -
2012	504,245	100.0%	-
2013	508,187	100.0%	-

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress
(Unaudited)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-1)/c] ULA as a Percentage of Covered Payroll
2/28/2011	$ 4,349,359	$ 5,969,418	$ 1,620,059	73%	$ 3,719,662	44%
2/29/2012	5,234,283	6,488,023	1,253,740	81%	3,779,251	33%
2/28/2013	6,409,618	7,320,951	911,333	88%	3,928,296	23%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuation. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

NOTE H – GRANTS

Intergovernmental awards received by the City are subject to audit and adjustment by the grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agencies. No disallowed costs have resulted from this audit and management believes that further examination will not result in any disallowed costs.

NOTE I – CONTINGENCIES

Litigation – Various claims and lawsuits are pending against the City. In the opinion of the City's management, the potential loss on all claims and lawsuits will not be significant to the City's financial statements.

NOTE J – INTERFUND TRANSFERS

Interfund transfers as follows were used for operations and property lease payments as set forth in the approved budget:

	To	From
Operation transfers:		
General Fund	$ 75,000	$ 372,815
Park Fund	372,815	-
Solid Waste	-	75,000
	$ 447,815	$ 447,815
Debt service:		
General Fund	$ -	$ 732,047
Waterworks Department	-	207,641
Debt Service Fund	939,688	-
	$ 939,688	$ 939,688

NOTE K – INTERFUND TRANSFERS FOR CAPITAL IMPROVEMENTS

During the year, the following funds paid from the Capital Improvement Fund for reimbursements of capital improvements and assets transferred from component units to Waterworks and Sewerage System Fund are as follows:

	To	From
General Fund	$ 626,506	$ -
Capital Improvement Fund	-	626,506
	$ 626,506	$ 626,506

NOTE L – RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION

As of January 1, 2013, the City, in compliance with GASB 42, elected to report the component units as blended with the activity reported as a Debt Service Fund. With this change the depreciation schedule for the Governmental Activities increased Land values $ 3,555,543 and Buildings $ 519,688. The City also reviewed the method and lives used for depreciation and concluded that some buildings and utility plants should have a longer life and decreased the prior period accumulated depreciation by $ 313,349 for Governmental Activities and $ 99,121 for the Waterworks and Sewerage Fund.

NOTE M – TOWER LEASES

The City leases space on the City's water towers to various wireless providers for the placement of antennae. A total of $ 49,955 was received during the year ended December 31, 2013 and is reported in the General Fund. For the next five years, scheduled payments to receive are:

2014	$ 53,297
2015	55,510
2016	58,078
2017	59,649
2018	59,649

NOTE N – BUILDING AND EQUIPMENT LEASE

The City leases fitness equipment for the Park OC Center and the building for Municipal Court. The following is a summary of future lease payments:

	Fitness Equipment	Municipal Building
2014	$ 61,293	$ 26,400
2015	61,293	26,400
2016	61,293	-

CITY OF OZARK, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund			
	Budgeted Amounts			Variance With
REVENUES	Original	Final	Actual	Final Budget
Property taxes including penalties and interest	$ 620,800	$ 696,435	$ 625,524	$ (70,911)
Franchise taxes	520,000	524,200	545,249	21,049
Sales taxes	2,547,490	2,582,100	2,597,567	15,467
Missouri motor fuel taxes	634,400	639,400	646,477	7,077
Licenses & permits	44,500	46,970	161,862	114,892
Fines & forfeitures	343,500	472,200	467,503	(4,697)
Interest	48,301	10,041	11,389	1,348
Grants	36,455	133,296	118,414	(14,882)
Rents	66,050	54,050	58,676	4,626
Donations	158,580	525,008	103,297	(421,711)
Miscellaneous	6,000	6,375	6,166	(209)
Total Revenues	5,026,076	5,690,075	5,342,124	(347,951)
EXPENDITURES				
Current:				
General government	1,078,292	1,148,892	1,019,583	129,309
Police and court	2,572,885	2,507,970	2,426,985	80,985
Street	753,482	763,661	454,316	309,345
Capital outlay	867,864	2,118,487	1,217,683	900,804
Debt service:				
Principal	25,642	26,042	16,485	9,557
Interest and fees	-	2,072	2,072	-
Total Expenditures	5,298,165	6,567,124	5,137,124	1,430,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(272,089)	(877,049)	205,000	1,082,049
OTHER FINANCING SOURCES (USES)				
Transfers (to) other funds	(75,843)	(381,809)	(403,356)	(21,547)
Insurance proceeds	-	6,800	7,577	777
2013 COP proceeds	-	275,729	309,707	33,978
	(75,843)	(99,280)	(86,072)	13,208
EXCESS OF REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND (USES)	$ (347,932)	$ (976,329)	118,928	$ 1,095,257
FUND BALANCES - BEGINNING			2,013,444	
FUND BALANCES - ENDING			$ 2,132,372	

CITY OF OZARK, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital Improvements Fund			
	Budgeted Amounts			Variance With
REVENUES	Original	Final	Actual	Final Budget
Sales tax	$ 608,848	$ 617,500	$ 621,359	$ 3,859
Total Revenues	608,848	617,500	621,359	3,859
EXCESS OF REVENUES	608,848	617,500	621,359	3,859
OTHER FINANCING SOURCES (USES)				
Transfers (to) other funds	(681,490)	(645,745)	(626,506)	19,239
EXCESS OF REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND (USES)	$ (72,642)	$ (28,245)	(5,147)	$ 23,098
FUND BALANCES - BEGINNING			142,435	
FUND BALANCES - ENDING			$ 137,288	

	PFC & LCRA Debt Service Funds			
	Budgeted Amounts			Variance With
REVENUES	Original	Final	Actual	Final Budget
Other income	$ -	$ -	$ 828	$ 828
Total Revenues	-	-	828	828
Current:				
Debt service:				
Principal	821,015	821,015	821,015	-
Interest	119,135	119,135	119,135	-
Total Expenditures	940,150	940,150	940,150	-
EXCESS OF REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND (USES)	(940,150)	(940,150)	(939,322)	828
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	939,688	939,688	939,688	-
EXCESS OF REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND (USES)	$ (462)	$ (462)	366	$ 828
FUND BALANCES - BEGINNING			(16,555)	
FUND BALANCES - ENDING			$ (16,189)	

CITY OF OZARK, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Park/Stormwater Funds			
	Budgeted Amounts			Variance With
REVENUES	Original	Final	Actual	Final Budget
Property taxes including penalties and interest	$ 137,575	$ 141,191	$ 140,125	$ (1,066)
Sales taxes	1,217,695	1,235,000	1,242,576	7,576
Charge for services	1,354,900	1,382,312	1,452,929	70,617
Interest	4,500	5,600	5,591	(9)
Rents	37,000	37,000	39,880	2,880
Impact fees	10,000	10,000	15,750	5,750
Donations	-	31,850	-	(31,850)
Miscellaneous	21,000	23,519	14,366	(9,153)
Total Revenues	2,782,670	2,866,472	2,911,217	44,745
Current:				
Administration park department	2,342,558	2,349,548	2,175,295	174,253
Capital outlay	70,000	101,850	126,899	(25,049)
Debt service:				
Principal	505,000	505,000	505,000	-
Interest and fees	889,341	873,320	872,943	377
Total Expenditures	3,806,899	3,829,718	3,680,137	149,581
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(1,024,229)	(963,246)	(768,920)	194,326
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	372,308	377,500	372,815	(4,685)
EXCESS OF REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND (USES)	$ (651,921)	$ (585,746)	(396,105)	$ 189,641
FUND BALANCES - BEGINNING			3,734,038	
FUND BALANCES - ENDING			$ 3,337,933	

Decker & DeGood

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

Honorable Mayor and Board of Aldermen
Ozark, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Ozark, Missouri, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Ozark, Missouri's basic financial statements, and have issued our report thereon dated May 5, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 City of Ozark, Missouri's financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decker & DeGood

Decker & DeGood
Springfield, Missouri
May 5, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and Board of Aldermen
City of Ozark, Missouri

Report on Compliance for Each Major Federal Program

We have audited City of Ozark, Missouri's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Ozark, Missouri's major federal programs for the year ended December 31, 2013. City of Ozark, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Ozark, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the 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 City of Ozark, Missouri'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 each major federal program. However, our audit does not provide a legal determination on City of Ozark, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Ozark, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of City of Ozark, Missouri, 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 City of Ozark, Missouri's internal control over compliance with the types requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ozark, Missouri'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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Decker & DeGood

Decker & DeGood
Springfield, Missouri
May 5, 2014

CITY OF OZARK, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Disbursements Expenditures
Department of Justice			
Federal Funds Forfeiture	16.922		$ 251,886
Passed-through programs from:			
Missouri Department of Public Safety			
Violence against women	16.588		15,112
Police overtime	16.123		12,296
Subtotal Department of Justice			279,294
Department of Transportation			
Passed-through programs from:			
Missouri Department of Highway Safety			
Surface Transportation Program	20.205	STP-9900(883)	5,139
Hazardous moving violation	20.600		3,893
DWI checkpoints	20.601		6,435
Youth DWI Enforcement	20.607		1,215
Subtotal Department of Transportation			16,682
Environmental Protection Agency			
Passed-through programs from:			
Missouri Department of Natural Resources			
2007A SRF Loan program	66.458	C295505-01	287,680
Subtotal Environmental Protection Agency			287,680
Total Expenditures of Federal Awards			$ 583,656

See accompanying note to schedule of expenditures of federal awards.

CITY OF OZARK, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Ozark, Missouri, under programs of the federal government for the year ended December 31, 2013. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Ozark, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Ozark, Missouri.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

(2) Pass-through entity identifying numbers are presented where available.

CITY OF OZARK, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ yes ✓ no
- Significant deficiency(ies) identified? ____ yes ✓ none reported
- Noncompliance material to financial statements noted? ____ yes ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ yes ✓ no
- Significant deficiency(ies) identified? ____ yes ✓ none reported

Type of auditor's report issued on compliance for major programs? Unmodified

Any audit finds disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ____ yes ✓ no

Identification of major programs:
CFDA Number: 66.458 2007A SRF Loan Programs and 16.922 Federal Funds Forfeiture

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? ____ yes ✓ no

B. FINANCIAL STATEMENTS FINDINGS-

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS-

None

CITY OF OZARK, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

Reference Number	Finding	Questioned Costs

The City did not have any findings for the prior audit for 2012.