

CITY OF OZARK, MISSOURI

BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY DATA
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

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City of Ozark, Missouri

Office of Administration



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June 27, 2018

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, 2017.

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, 2017 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, 2017, 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 2 decades. 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 Board consisting of the mayor and six Board of Aldermen. The governing Board 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 Board, and for overseeing the day-to-day operations of the government. The Board of Aldermen is elected on a non-partisan basis. Board members serve two-year staggered terms, with three Board members elected every year. The mayor is elected to serve a two-year term. Two Board 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 the fall 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 Board, where the Board is required to hold public hearings on the proposed budget. The Board 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 Board. 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 provide 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 school district. 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 5,550 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 shall remain as an attractive location for development in the decades to come.

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 believe will continue through 2018 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. Between 2011-2017 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) Business Highway 65 also runs through the heart of the city, known as the Historic Downtown River District. The City recently received voter approval in April 2017 for its first ever 3/8 cent transportation sales tax. This sales tax has a sunset clause of 5-years and is estimated to generate nearly \$5.5 million dollars in new revenue that will be dedicated to transportation improvements such as roads, bridges, sidewalks, and trails. The City also secured over \$15 million dollars of cost share funds for major projects on two segments of Business 65, and has partnered with the County and Ozark Special Road District to build a new bridge over the Finley River just up river and north of the Historic Downtown River District. These new projects will alleviate traffic congestion, improve safety, advance public recreation, and increase economic development. .

- (2) 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 Health MEDX and the Fremont Dental Surgery Center. Many jobs are provided in this area.
- (3) 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. The strip mall opened in 2011 has provided new opportunities for new commercial infill. Additionally multiple commercial outlets have been developed such as Whiskey River, Domino's Pizza and Casey's General Store. .
- (4) 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, several antique retailers, and various financial institutions. Ozark Corners Shopping Center is also located here and is anchored by Chambers Outlet Store, a state of the art newly renovated McDonalds and the new Farm & Home Retail Store.
- (5) The City has recently approved the developed of a new 22-acre commercial retail center called Deerbrooke Commercial. This center is the first multi-lot retail development we have approved in over 12-years and consists of over 10 + development parcels. New uses so far will include a new McDonalds, Kum and Go gas station, and Zaxby's Chicken Restaurant.

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, and a regional favorite restaurant: Big Whiskey's. 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. Also in the Town and Country development is a financial institution and the newly expanded jewelry store, Mitchem Jewelers.

The City continues to aggressively market the Finley River Neighborhood Redevelopment District in the heart of our Central Business District (CBD). In 2015, the City negotiated a refinance of the debt for this property. Consolidating this debt with one lender has made the eventual sale or development of this property more feasible.

The City completed over \$200,000 of upgrades to the area's water and electric infrastructure and in partnership with Mo Dept. of Transportation 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. After completion of the DREAM initiative, City Leaders and staff sought to expand the initiative to include the entire City. In 2016 the City of Ozark developed its first City-wide strategic plan. The purpose of this document was to define the vision of the Community, identify the goals and establish action steps for city leaders and staff to implement. These actions will help preserve, protect and promote the quality of life for our Citizens.

Our continued cooperation with State agencies such as MoDot the Missouri Finance Board (MFB), and the Dept. of Economic Development 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. The community college was recently successful in obtaining voter approval for an increase in their general tax levy. With this new revenue they intend to expand their services at the Richwood Valley Campus by bringing their Turf Management, Landscaping and Agricultural Programs to Ozark. This will require the building of new facilities in 2018-2019. 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; North American Tank, Stainless Steel Tanks; Republic Refrigeration and Health MedEx, medical software developers.

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. Murfins Market, Price Cutter Grocery Stores and Orschelns Farm Supply Company are also major retailers that provide jobs and added tax revenue for the community.

Shoppers in Ozark can choose from historic downtown shops, antique shops and flea markets, or the latest in shopping malls. 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. Mercy Clinic, formally St. Johns Clinic has built a new 13,500 sq. foot clinic to serve the citizens of Ozark and Christian County. 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, snack bar, and a suspended indoor walking/running track, fitness facilities, indoor pool and other amenities and should meet the recreational needs of our citizens for many years.

A portion of the Finley River trail meanders alongside the peaceful Finley River behind the Ozark Community Center.

The City of Ozark is in the process of completing needed improvements to our water delivery system. These much needed projects are being funded to two separate bond issues totaling \$14,205,000. We believe these improvement will handle the current and future users and fire flow pressure requirements for citizens of the City of Ozark.. To date, the Fremont and Becky Lane Water Towers have been completed and the 17th Street water tower/well project is 75% complete. The Board of Aldermen has already approved by ordinance the water user fee increases that will generate the additional revenues to satisfy this long term bond debt. This water user fee increase was phased in over a 3-year period.

A significant challenge to the City of Ozark over the past decade has been finding the necessary revenues to maintain its rapidly deteriorating transportation network. Upkeep and maintenance of existing streets was inadequate and continued to compete with other departments within the General Revenue Fund such as public safety, planning and development services, and other administrative costs. That lack of available general fund revenue kept the City from implementing new transportation capital improvements such as intersection expansions, lane additions, turn lane extensions, as well as bridge and local street replacements which are all needed to support future economic development.

Fortunately, the City of Ozark recently passed in April of 2017 a new 3/8 cent transportation sales tax dedicated to transportation improvements including streets, intersections, bridges, and pedestrian trails. The new tax is estimated to generate an approximate \$5.5 million dollars of new revenue over a 5-year period. There is a 5-year sunset on the tax and therefore the city will have to ask voters to renew this sales tax in 2022.

Transportation planning and engineering have become priorities for the City of Ozark in the past few years. The City was successful in obtaining three Transportation Alternative Program grants from the Ozark Transportation Organization (OTO), a federally funded program that allows for the construction of new sidewalks, ADA ramps, and driveway replacements between single family neighborhoods, schools, and other important commercial/recreational areas throughout the city. The City will be completing its third sidewalk improvement project on Hartley Street connecting major neighborhoods to the East Elementary in 2017. .

Working in conjunction with OTO, Mo Dept. of Transportation the City of Ozark will be accomplishing major transportation projects in the next 5-years using the new sales tax revenue, Federal Funds, and State Funds.

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.

During 2017, the City was insured by Missouri Public Risk (MPR) for Property/Casualty and General Liability coverage and Workers Compensation 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 also must 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 C. Childers
City Administrator


Mary Edna Wilson
Finance Director

**CITY OF OZARK, MISSOURI
ELECTED OFFICIALS AND ADMINISTRATION
December 31, 2017**

ELECTED OFFICIALS

Mayor	Rick Gardner
Councilman – Ward I	John Torgeson
Councilman – Ward I	Nathan Posten
Councilman – Ward II	Bruce Galloway
Councilman – Ward II	Ted Smith
Councilman – Ward III	Jason Shaffer
Councilman – Ward III	Heather Alder

ADMINISTRATION

City Administrator	Steve Childers
City Attorney	Amanda Callaway
Municipal Judge	David Johnson
Municipal Court Clerk	Kamera Anderson
City Clerk	Chandra Hodges
Finance Director	Mary Edna Wilson
Police Chief	Tim Clothier
Public Works/EMA Director	Jeremy Parsons
Park Director	Samantha Payne
Planning & Development Director	Cameron Smith

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, each major fund, and the aggregate remaining fund information of City of Ozark, Missouri, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the 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. 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, each major fund, and the aggregate remaining fund information of the City of Ozark, Missouri, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with 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* on pages 9 through 16, and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ozark, Missouri's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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.



Decker & DeGood
Springfield, Missouri
June 21, 2018

City of Ozark, Missouri



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Ozark, Missouri 65721

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Phone 417-581-2407

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, 2017. Please read it in conjunction with the City's financial statements, which begin on page 17.

Financial Highlights and Significant Events

- On a government-wide basis, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred outflows of resources for the most recent fiscal year by \$58,936,386. The City has unrestricted net position totaling \$ 17,310,120, which can be used to fund the City's functions/programs.
- As of December 31, 2017, governmental activities and business-type activities had net positions of \$ 24,291,206 and \$ 34,645,180, respectively.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 6,695,664, a decrease of \$ 711,168 in comparison with the prior year. Approximately 24% or \$ 1,615,972 is available for discretionary spending by the City. The remaining fund balance is either restricted by outside parties or not in spendable form.

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 assets, liabilities, and deferred inflows and outflows of resources with the difference 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 position changed during the current fiscal year. All changes in net position 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 17 and 18 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 when 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 62-63 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 19 to 22.

- 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 23-25 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 26-61 of this report.

Required Supplemental Information

In addition to the basic financial statements the required supplementary information can be found on pages 62-65 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 position exceeded liabilities by \$ 24.3 million at December 31, 2017. This was an increase from the prior year due to a developer's contribution of infrastructure.

The City's business-type activities net position exceeded liabilities by \$ 34.6 million at December 31, 2017. This increase was due to a gain in the proprietary funds of \$ 1.6 million.

As of December 31, 2017, net position changed as follows:

City of Ozark Net Position				
	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Current Assets	\$ 8,024,906	\$ 8,071,708	\$ 20,718,317	\$ 23,165,457
Capital assets	37,836,540	35,235,011	44,137,582	41,578,203
Total Assets	<u>45,861,446</u>	<u>43,306,719</u>	<u>64,855,899</u>	<u>64,743,660</u>
Deferred outflows	1,068,997	1,421,993	408,836	746,551
Current Liabilities	1,373,710	1,588,561	2,641,731	2,679,074
Long-term Debt	20,922,643	20,872,016	27,844,584	29,759,367
Total Liabilities	<u>22,296,353</u>	<u>22,460,577</u>	<u>30,486,315</u>	<u>32,438,441</u>
Deferred inflows	342,884	253,727	133,240	50,749
Net Position:				
Net investment				
in capital assets	16,388,853	13,521,562	15,068,037	10,695,017
Restricted	2,182,340	2,151,834	7,987,036	9,782,390
Unrestricted	5,720,013	6,341,012	11,590,107	12,523,614
Total net position	<u><u>\$ 24,291,206</u></u>	<u><u>\$ 22,014,408</u></u>	<u><u>\$ 34,645,180</u></u>	<u><u>\$ 33,001,021</u></u>

City of Ozark
Changes in Net Position

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues:				
Program Revenues:				
Charge for services	\$ 2,294,580	\$ 2,268,975	\$ 7,916,878	\$ 7,909,416
Operating grants and contributions	46,812	81,829	-	56,173
Capital grants and contributions	1,755,873	887,685	808,097	1,100,650
General Revenues:				
Taxes	7,563,977	7,460,776	888,284	909,443
Interest	21,916	23,139	61,939	54,735
Other	37,223	(40,813)	-	-
Transfers	83,000	121,898	(83,000)	(121,898)
Total Revenue	<u>11,803,381</u>	<u>10,803,489</u>	<u>9,592,198</u>	<u>9,908,519</u>
Expenses:				
Administration	1,252,244	1,218,057	-	-
Public Safety	2,947,731	2,930,467	-	-
Parks and recreation	2,708,982	2,675,328	-	-
Stormwater	43,121	-	-	-
Streets	1,675,404	1,332,357	-	-
Interest	899,101	912,468	-	-
Water	-	-	3,008,455	2,606,761
Sewer	-	-	4,072,227	4,310,197
Sanitation	-	-	867,357	835,928
Total Expense	<u>9,526,583</u>	<u>9,068,677</u>	<u>7,948,039</u>	<u>7,752,886</u>
Change in Net Position	2,276,798	1,734,812	1,644,159	2,155,633
Net Position, beginning	<u>22,014,408</u>	<u>20,279,596</u>	<u>33,001,021</u>	<u>30,845,388</u>
Net Position, ending	<u>\$ 24,291,206</u>	<u>\$ 22,014,408</u>	<u>\$ 34,645,180</u>	<u>\$ 33,001,021</u>

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			Change	
	Total	2017	2016	Amount	%
Revenues:					
Property taxes	8.26%	\$ 858,847	\$ 793,228	\$ 65,619	8.27%
Franchise fees	5.32%	553,334	543,546	9,788	1.80%
Sales taxes	52.22%	5,432,563	5,414,821	17,742	0.33%
Missouri motor fuel taxes	6.93%	720,627	707,187	13,440	1.90%
Licenses & permits	1.90%	197,903	270,224	(72,321)	-26.76%
Charges for services	16.27%	1,693,137	1,663,272	29,865	1.80%
Fines & forfeitures	1.18%	122,656	195,666	(73,010)	-37.31%
Interest	0.21%	21,916	23,139	(1,223)	-5.29%
Grants	1.94%	201,539	143,314	58,225	40.63%
Miscellaneous	5.78%	601,308	951,245	(349,937)	-36.79%
Total	100.00%	10,403,830	10,705,642	(301,812)	-2.82%
Expenditures:					
General government	9.27%	1,181,518	1,112,235	69,283	6.23%
Police	21.91%	2,793,442	2,676,369	117,073	4.37%
Streets	7.30%	930,395	765,599	164,796	21.53%
Parks	17.88%	2,280,012	2,210,641	69,371	3.14%
Capital outlay	31.46%	4,011,156	2,651,472	1,359,684	51.28%
Debt service	12.17%	1,552,119	1,485,885	66,234	4.46%
	100.00%	12,748,642	10,902,201	1,846,441	16.94%

A notable change in 2017, is an increase in donations combined in the Miscellaneous income (a developer's contribution of infrastructure) offset by a substantial decrease in fines accounted for the net increase of \$ 296,703. On the expenditure side, as part of the donation, a like amount of capital improvements increased by the same dollar amount.

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:

	2017	2016	Change	
			Amount	%
Waterworks and sewerage				
Revenue	\$ 6,947,504	\$ 6,983,756	\$ (36,252)	-0.52%
Expense net of Depreciation and interfund	4,550,726	4,048,222	502,504	12.41%
Operating Income	774,104	1,107,987	(333,883)	-30.13%
Solid waste				
Revenue	969,374	925,660	43,714	4.72%
Expense net of Depreciation and interfund	867,357	835,928	31,429	3.76%
Operating Income	102,017	89,732	12,285	13.69%

In business type activities, the increase to operating income for the Waterworks and Sewerage Fund and the Solid Waste Fund is due to an increase in rates to provide sufficient income to cover debt payments for improvements to the systems and to the reduced time allowed between bills being issued and delinquent dates.

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 4, 2017. 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

On December 31, 2017, the City had \$ 120,278,920 invested in capital assets. (See table below). This represents an increase of \$ 8,228,539 from the prior year.

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,859,460	\$ 7,468,643	\$ 948,500	\$ 948,500	\$ 8,807,960	\$ 8,417,143
Improvements	18,949,725	16,282,748	-	-	18,949,725	16,282,748
Buildings	18,091,688	17,547,533	198,337	198,337	18,290,025	17,745,870
Water system	-	-	18,882,815	18,246,914	18,882,815	18,246,914
Waste system	-	-	45,079,963	44,493,718	45,079,963	44,493,718
Machinery & Equipment	3,945,165	3,875,709	-	-	3,945,165	3,875,709
Construction -in-Progress	466,055	300,466	5,580,202	2,687,813	6,046,257	2,988,279
	<u>\$ 49,312,093</u>	<u>\$ 45,475,099</u>	<u>\$ 70,689,817</u>	<u>\$ 66,575,282</u>	<u>\$ 120,001,910</u>	<u>\$ 112,050,381</u>

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 \$ 50,430,408 in outstanding notes as compared to the prior year of \$ 52,486,144.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue Bonds	\$ -	\$ -	\$ 14,515,000	\$ 15,875,000	\$ 14,515,000	\$ 15,875,000
Special assessment debt	94,304	101,649	1,047,608	1,158,653	1,141,912	1,260,302
Certificates of Participation	18,989,200	19,233,456	13,579,504	13,926,544	32,568,704	33,160,000
Lease & Note Obligations	2,204,792	2,190,842	-	-	2,204,792	2,190,842
TOTALS	<u>\$ 21,288,296</u>	<u>\$ 21,525,947</u>	<u>\$ 29,142,112</u>	<u>\$ 30,960,197</u>	<u>\$ 50,430,408</u>	<u>\$ 52,486,144</u>

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. Housing starts and business development have continued to improve for the last 3 years.

NEXT YEAR'S BUDGET AND RATES

The City's 2018 budget reflect revenues of \$ 20,116,973 and carryover from previous year of \$ 12,205,351.03 providing \$ 32,322,324 available funds. The total expenditures are projected to be \$ 22,498,966. This budget does provide for \$ 825,000 in street overlay improvements and \$ 829,180 for additional transportation improvements as a result of funds available from the 3/8 cent transportation sales tax now being collected. The City is continuing with water improvements from the 2013 and 2016 Water Improvement Bond funds and also budgeted \$ 950,000 for sewer system extensions and improvements.

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,014,768	\$ 11,351,274	\$ 14,366,042
Accounts receivable-			
Utilities, net	-	585,042	585,042
Property taxes	601,999	133,923	735,922
Sales taxes	417,850	49,800	467,650
Franchise taxes	96,854	-	96,854
Missouri motor fuel taxes	59,042	-	59,042
Interest	-	224,807	224,807
Other	9,415	-	9,415
Internal balances	208	(208)	-
Prepaid expenses	165,637	110,196	275,833
Security deposits	11,776	-	11,776
Restricted assets-cash and cash equivalents	3,052,462	8,075,026	11,127,488
Capital assets:			
Land	7,859,460	948,500	8,807,960
Construction in progress	466,055	5,580,202	6,046,257
Other capital assets, net of accumulated depreciation	29,511,025	37,608,880	67,119,905
Net pension assets	594,895	188,457	783,352
Total Assets	<u>45,861,446</u>	<u>64,855,899</u>	<u>110,717,345</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	281,914	72,566	354,480
Deferred amounts related to pensions	787,083	336,270	1,123,353
Total Deferred Outflows of Resources	<u>1,068,997</u>	<u>408,836</u>	<u>1,477,833</u>
LIABILITIES			
Accounts payable	211,928	174,152	386,080
Accrued wages and benefits	131,547	68,312	199,859
Accrued sales tax	-	2,570	2,570
Accrued interest	135,023	462,862	597,885
Noncurrent liabilities:			
Debt and Compensated absences due within one year	895,212	1,933,835	2,829,047
Debt due in more than one year:	20,548,201	27,285,552	47,833,753
Customer deposits and bonds	374,442	559,032	933,474
Total Liabilities	<u>22,296,353</u>	<u>30,486,315</u>	<u>52,782,668</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	342,884	133,240	476,124
NET POSITION			
Net investment in capital assets	16,388,853	15,068,037	31,456,890
Restricted for:			
Debt service	2,182,340	2,932,974	5,115,314
Construction projects	-	5,054,062	5,054,062
Unrestricted	5,720,013	11,590,107	17,310,120
Total Net Position	<u>\$ 24,291,206</u>	<u>\$ 34,645,180</u>	<u>\$ 58,936,386</u>

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

CITY OF OZARK MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,252,244	\$ 424,095	\$ 1,500	\$ -	\$ (826,649)	\$ -	\$ (826,649)
Public safety:							
Police	2,897,024	207,103	27,591	22,094	(2,640,236)	-	(2,640,236)
Court	50,707	-	-	-	(50,707)	-	(50,707)
Storm water	43,121	-	-	-	(43,121)	-	(43,121)
Streets	1,675,404	-	1,195	1,718,834	44,625	-	44,625
Parks	2,708,982	1,663,382	16,526	14,945	(1,014,129)	-	(1,014,129)
Interest on long-term debt	899,101	-	-	-	(899,101)	-	(899,101)
Total governmental activities	9,526,583	2,294,580	46,812	1,755,873	(5,429,318)	-	(5,429,318)
Business-type activities:							
Water	3,008,455	3,659,305	-	432,686	-	1,083,536	1,083,536
Sewer	4,072,227	3,288,199	-	375,411	-	(408,617)	(408,617)
Sanitation	867,357	969,374	-	-	-	102,017	102,017
Total business-type activities	7,948,039	7,916,878	-	808,097	-	776,936	776,936
Total Government	\$ 17,474,622	\$ 10,211,458	\$ 46,812	\$ 2,563,970	(5,429,318)	776,936	(4,652,382)
General Revenues							
Taxes:							
Property taxes for general purposes					695,654	-	695,654
Property taxes for park purposes					161,799	-	161,799
Property taxes for debt purposes					-	147,271	147,271
Franchise taxes					553,334	-	553,334
Sales taxes					5,343,377	741,013	6,084,390
Missouri motor fuel taxes					720,627	-	720,627
Christian County sales tax					89,186	-	89,186
Interest on investments					21,916	61,939	83,855
Miscellaneous					6,835	-	6,835
Transfers					83,000	(83,000)	-
Insurance proceeds					30,388	-	30,388
Total general revenues, transfers and special items					7,706,116	867,223	8,573,339
Change in net position					2,276,798	1,644,159	3,920,957
Net position beginning					22,014,408	33,001,021	55,015,429
Net position ending					\$ 24,291,206	\$ 34,645,180	\$ 58,936,386

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

CITY OF OZARK, MISSOURI

BALANCE SHEET- GOVERNMENTAL FUNDS DECEMBER 31, 2017

	General	Park/ Stormwater	PFC & LCRA Debt Service	Nonmajor Fund Capital Improvement	Total Governmental
ASSETS	Fund	Funds	Funds	Fund	Funds
Cash and cash equivalents	\$ 691,991	\$ 1,652,976	\$ 630,394	\$ 39,407	\$ 3,014,768
Accounts receivable-					
Real estate taxes	485,263	116,736	-	-	601,999
Sales tax	268,450	99,600	-	49,800	417,850
Franchise tax	96,854	-	-	-	96,854
Missouri motor fuel taxes	59,042	-	-	-	59,042
Other	9,415	-	-	-	9,415
Due from other funds	359,467	89,923	-	667	450,057
Prepaid expenses	113,294	52,343	-	-	165,637
Security deposits	-	11,776	-	-	11,776
Restricted assets: Cash and cash equivalents	897,767	2,154,695	-	-	3,052,462
Total Assets	\$ 2,981,543	\$ 4,178,049	\$ 630,394	\$ 89,874	\$ 7,879,860
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 130,903	\$ 81,025	\$ -	\$ -	\$ 211,928
Accrued liabilities-					
Wages, taxes, and benefits payable	96,187	35,360	-	-	131,547
Security deposits	354,536	9,000	-	-	363,536
Court bonds	10,906	-	-	-	10,906
Due to other funds	-	-	449,849	-	449,849
Total Liabilities	592,532	125,385	449,849	-	1,167,766
DEFERRED INFLOWS OF RESOURCES					
Unavailable property tax revenue	13,199	3,231	-	-	16,430
FUND BALANCES					
Fund Balances -					
Nonspendable	472,799	142,266	-	-	615,065
Restricted	209,894	3,907,167	180,545	89,874	4,387,480
Assigned	77,147	-	-	-	77,147
Unassigned	1,615,972	-	-	-	1,615,972
Total Fund Balances	2,375,812	4,049,433	180,545	89,874	6,695,664
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,981,543	\$ 4,178,049	\$ 630,394	\$ 89,874	\$ 7,879,860

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, 2017

Total Fund Balances-Governmental Funds		\$	6,695,664
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	8,325,515		
Depreciable assets	<u>29,511,025</u>		
			37,836,540
Revenue that is unearned in the funds financial statement because it is not available and recognized as revenue in the government-wide financial statements.			16,430
Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:			
Net pension asset	594,895		
Deferred outflows - pension related	787,083		
Deferred inflows - pension related	<u>(342,884)</u>		
			1,039,094
Long-term liabilities and deferred outflows are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			
Deferred amount on refunding	281,914		
Long-term liabilities at year-end consist of:			
Compensated absences	(155,117)		
Debt	(21,288,296)		
Accrued interest	<u>(135,023)</u>		
			<u>(21,296,522)</u>
Net position of governmental activities		\$	<u><u>24,291,206</u></u>

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, 2017

	General Fund	Park/ Stormwater Funds	PFC & LCRA Debt Service Funds	Nonmajor Fund Capital Improvement Fund	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	\$ 696,351	\$ 162,496	\$ -	\$ -	\$ 858,847
Franchise taxes	553,334	-	-	-	553,334
Sales taxes	3,119,760	1,482,397	-	741,220	5,343,377
Intergovernmental revenue:					
Missouri motor fuel taxes	720,627	-	-	-	720,627
Christian County sales tax	89,186	-	-	-	89,186
Licenses & permits	197,903	-	-	-	197,903
Charges for services					
Park programs	-	1,608,690	-	-	1,608,690
Police services	84,447	-	-	-	84,447
Fines & forfeitures	122,656	-	-	-	122,656
Interest	11,007	6,369	4,540	-	21,916
Grants	185,013	16,526	-	-	201,539
Rents	83,608	54,692	141,624	-	279,924
Donations	314,154	-	-	-	314,154
Miscellaneous	6,629	-	601	-	7,230
Total Revenues	<u>6,184,675</u>	<u>3,331,170</u>	<u>146,765</u>	<u>741,220</u>	<u>10,403,830</u>
EXPENDITURES					
Current:					
General government	1,181,518	-	-	-	1,181,518
Police	2,742,996	-	-	-	2,742,996
Court	50,446	-	-	-	50,446
Storm water	-	37,846	-	-	37,846
Streets	892,549	-	-	-	892,549
Parks	-	2,280,012	-	-	2,280,012
Capital outlay	3,078,288	409,368	523,500	-	4,011,156
Debt service:					
Principal retirement	21,601	230,000	416,972	-	668,573
Interest and fiscal agent fees	1,593	796,089	85,864	-	883,546
Total Expenditures	<u>7,968,991</u>	<u>3,753,315</u>	<u>1,026,336</u>	<u>-</u>	<u>12,748,642</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES BEFORE OTHER					
FINANCING SOURCES (USES)	<u>(1,784,316)</u>	<u>(422,145)</u>	<u>(879,571)</u>	<u>741,220</u>	<u>(2,344,812)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	865,392	459,081	397,024	-	1,721,497
Transfers out	(856,105)	-	-	(782,392)	(1,638,497)
Loan proceeds	-	-	430,922	-	430,922
Shared costs Riverside Bridge	(200,000)	-	-	-	(200,000)
Developer's contribution	1,272,047	-	-	-	1,272,047
Sale of assets	2,342	-	-	-	2,342
Insurance claims	30,388	-	-	-	30,388
Impact fees	-	14,945	-	-	14,945
Total Other Sources (Uses)	<u>1,114,064</u>	<u>474,026</u>	<u>827,946</u>	<u>(782,392)</u>	<u>1,633,644</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES AND OTHER					
FINANCING SOURCES (USES)	<u>(670,252)</u>	<u>51,881</u>	<u>(51,625)</u>	<u>(41,172)</u>	<u>(711,168)</u>
FUND BALANCES - BEGINNING (RESTATED)	<u>3,046,064</u>	<u>3,997,552</u>	<u>232,170</u>	<u>131,046</u>	<u>7,406,832</u>
FUND BALANCES - ENDING	<u>\$ 2,375,812</u>	<u>\$ 4,049,433</u>	<u>\$ 180,545</u>	<u>\$ 89,874</u>	<u>\$ 6,695,664</u>

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, 2017**

Net change in fund balances--total governmental funds \$ (711,168)

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.

Capital outlays	4,011,156
Depreciation expense	(1,215,337)
Cost basis of assets sold or retired	(6,788)

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	668,573
Proceeds of new note payable issue	(430,922)

Under the modified accrual basis of accounting used in the governmental
funds, revenues are not recognized until funds are measurable 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. (1,394)

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.

Compensated absences	(1,845)
Pension expense	(19,922)
Amortization of Deferred Amount on refunding	(14,838)
Accrued interest	(717)

Change in net position of governmental activities	\$ 2,276,798
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The accompanying notes are an integral
part of these financial statements.

CITY OF OZARK, MISSOURI

STATEMENT OF NET POSITION-

PROPRIETARY FUNDS

DECEMBER 31, 2017

	Waterworks and Sewerage Fund	Nonmajor Fund Solid Waste Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 11,152,204	\$ 199,070	\$ 11,351,274
Receivables:			
Accounts receivables, net	503,238	81,804	585,042
Property taxes	133,923	-	133,923
Interest SRF	224,807	-	224,807
Sales tax	49,800	-	49,800
Due from other funds	441	33,190	33,631
Prepaid expenses	110,196	-	110,196
Total Current Assets	<u>12,174,609</u>	<u>314,064</u>	<u>12,488,673</u>
Noncurrent assets:			
Restricted cash and cash equivalents			
Bond reserves	3,020,964	-	3,020,964
Construction	5,054,062	-	5,054,062
Capital assets:			
Land	948,500	-	948,500
Construction in progress	5,580,202	-	5,580,202
Other capital assets, net of accumulated depreciation	37,608,880	-	37,608,880
Net pension assets	188,457	-	188,457
Total Noncurrent Assets	<u>52,401,065</u>	<u>-</u>	<u>52,401,065</u>
Total Assets	<u>64,575,674</u>	<u>314,064</u>	<u>64,889,738</u>
<u>Deferred Outflow of Resources</u>			
Discount on 2016 debt issue	72,566	-	72,566
Deferred amounts related to pensions	336,270	-	336,270
Total Deferred Outflows	<u>408,836</u>	<u>-</u>	<u>408,836</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	101,823	72,329	174,152
Accrued wages	68,312	-	68,312
Accrued sales tax	2,570	-	2,570
Accrued interest	462,862	-	462,862
Due to other funds	33,818	21	33,839
Debt and Compensated absences due within one year:	1,933,835	-	1,933,835
Total Current Liabilities	<u>2,603,220</u>	<u>72,350</u>	<u>2,675,570</u>
Noncurrent liabilities:			
Revenue bonds payable	27,285,552	-	27,285,552
Customer deposits	559,032	-	559,032
Total Noncurrent Liabilities	<u>27,844,584</u>	<u>-</u>	<u>27,844,584</u>
Total Liabilities	<u>30,447,804</u>	<u>72,350</u>	<u>30,520,154</u>
<u>Deferred Inflows of Resources</u>			
Deferred amounts related to pensions	133,240	-	133,240
<u>NET POSITION</u>			
Net investment in capital assets	15,068,037	-	15,068,037
Restricted for-			
Debt reserves	2,932,974	-	2,932,974
Construction projects	5,054,062	-	5,054,062
Unrestricted	11,348,393	241,714	11,590,107
Total Net Position	<u>\$ 34,403,466</u>	<u>\$ 241,714</u>	<u>\$ 34,645,180</u>

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, 2017

	Waterworks and Sewerage Fund			Nonmajor Fund	Total
	Water Dept.	Sewer Dept.	Total	Solid Waste Fund	
OPERATING REVENUES:					
Charges for services	\$ 3,608,960	\$ 2,878,615	\$ 6,487,575	\$ 969,374	\$ 7,456,949
Hookups and reconnect fees	39,475	381,362	420,837	-	420,837
Miscellaneous income	10,870	28,222	39,092	-	39,092
Total Operating Revenue	3,659,305	3,288,199	6,947,504	969,374	7,916,878
OPERATING EXPENSES:					
Wages and benefits	1,026,785	1,268,333	2,295,118	-	2,295,118
Insurance	74,863	109,807	184,670	-	184,670
Repairs and maintenance	174,729	394,837	569,566	-	569,566
Utilities	332,123	362,928	695,051	-	695,051
Contracted refuse hauling and other expense	-	-	-	867,357	867,357
All other expense	418,647	387,674	806,321	-	806,321
Depreciation	492,814	1,206,871	1,699,685	-	1,699,685
Total Operating Expenses	2,519,961	3,730,450	6,250,411	867,357	7,117,768
OPERATING INCOME (LOSS)	1,139,344	(442,251)	697,093	102,017	799,110
NON-OPERATING REVENUES (EXPENSES):					
Property taxes	147,271	-	147,271	-	147,271
Sales taxes	-	741,013	741,013	-	741,013
Interest income-checking and savings	61,939	-	61,939	-	61,939
Interest expense and agent fees	(488,494)	(341,777)	(830,271)	-	(830,271)
Total Non-operating Revenues (Expenses)	(279,284)	399,236	119,952	-	119,952
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	860,060	(43,015)	817,045	102,017	919,062
CAPITAL TRANSFERS AND CONTRIBUTIONS					
Capital contributions	432,686	375,411	808,097	-	808,097
Transfers	-	-	-	(83,000)	(83,000)
Total	432,686	375,411	808,097	(83,000)	725,097
CHANGE IN NET POSITION			1,625,142	19,017	1,644,159
TOTAL NET POSITION - BEGINNING			32,778,324	222,697	33,001,021
TOTAL NET POSITION - ENDING			\$ 34,403,466	\$ 241,714	\$ 34,645,180

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, 2017

	Waterworks and Sewerage Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 7,006,761	\$ 969,374	\$ 7,976,135
Payments to suppliers	(2,402,829)	(812,901)	(3,215,730)
Payments to employees	(2,142,142)	-	(2,142,142)
Net Cash Provided by Operating Activities	2,461,790	156,473	2,618,263
CASH FLOWS FROM NONCAPITAL ACTIVITIES:			
Transfers (to)	-	(83,000)	(83,000)
Increase in due from other funds	9,098	21	9,119
Property taxes	147,271	-	147,271
Sales taxes	741,013	-	741,013
Net Cash Provided by (Used for) Noncapital Activities	897,382	(82,979)	814,403
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions	808,097	-	808,097
Payments for capital acquisitions	(4,256,680)	-	(4,256,680)
Principal Repayments	(1,818,085)	-	(1,818,085)
Interest paid	(862,024)	-	(862,024)
Net Cash (Used for) Capital and Related Financing Activities	(6,128,692)	-	(6,128,692)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	61,939	-	61,939
Net Cash Provided by Investing Activities	61,939	-	61,939
NET CASH INCREASE (DECREASE) FOR THE YEAR	(2,707,581)	73,494	(2,634,087)
CASH AT BEGINNING OF YEAR	21,934,811	125,576	22,060,387
CASH AT END OF YEAR	\$ 19,227,230	\$ 199,070	\$ 19,426,300
SUMMARY OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	\$ 11,152,204	\$ 199,070	\$ 11,351,274
Restricted assets-Cash and cash equivalents	8,075,026	-	8,075,026
	<u>\$ 19,227,230</u>	<u>\$ 199,070</u>	<u>\$ 19,426,300</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating Income	\$ 697,093	\$ 102,017	\$ 799,110
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation	1,699,685	(8,762)	1,690,923
(Increase) Decrease in accounts receivable	21,207	-	21,207
(Increase) Decrease in prepaid expenses	(10,943)	(9,111)	(20,054)
Increase (Decrease) in accounts payable	(136,278)	72,329	(63,949)
Increase (Decrease) in accrued wages and benefits	19,261	-	19,261
Increase (Decrease) in pensions	133,715	-	133,715
Increase (Decrease) in other liabilities	204	-	204
Increase in customer deposits	37,846	-	37,846
Net Cash Provided by Operating Activities	<u>\$ 2,461,790</u>	<u>\$ 156,473</u>	<u>\$ 2,618,263</u>

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

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 of 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.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements. Separate financial statements are provided for governmental funds and proprietary funds. Separate columns are presented for each major governmental fund and for each major enterprise fund. Non-major funds are aggregated and presented in a single column labeled “Nonmajor Governmental Funds.”

Governmental Fund Types: Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City’s expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The following are the City’s major governmental funds:

General Fund – The General Fund is the government’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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 \$ 390,808 for use in paying the principal and interest on bank loans.

Proprietary Fund Types: Proprietary funds are used to account for the City’s ongoing activities that are similar to those often found in the private sector. The following are the City’s 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.

Nonmajor Fund Types:

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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonmajor Fund Types: - continued

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 are 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.

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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - continued

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.

Statement of Cash Flows

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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 \$ 33,643 for water and sewer and \$ 4,823 for solid waste as allowances for doubtful accounts. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the year.

Prepaid items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. The cost of governmental fund-type prepaids is recorded as an expenditure when consumed rather than when purchased.

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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017 is as follows:

	Water Department	Sewer Department	Solid Waste Fund
Total interest costs	\$ 488,494	\$ 341,777	\$ -

Bond Premiums/Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period in which the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period in which the debt is issued. The face amount of debt issued and any related premiums or discounts are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures during the year they are incurred.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources/Loss on Refunded Debt

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the City has two items that meet the definition of deferred outflows of resources. One is the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position for proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the amount related to pension outflows as per GASB 68.

Deferred Inflows of Resources/Unavailable Revenue

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. One is in the governmental funds which is unavailable revenues from one source: real estate taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second item is in the Governmental Activities as related to pension inflows as per GASB 68.

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, 2017, 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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unavailable Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

	<u>Unavailable</u>
Taxes receivable in excess of 60 days, net	\$ 16,430

Pensions

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

Fund Balances-Governmental Funds

As of December 31, 2017, 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.

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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances-Governmental Funds - continued

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.

The fund balance of the City's General Fund has accumulated cash to provide stability and flexibility to respond to unexpected adversity and/or opportunities. Currently the General Fund has set aside \$ 610,726.

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.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restrictions of Net Position

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

Proprietary Fund Types-Business Type Activities

<u>Waterworks and Sewerage System Fund</u>	<u>Total</u>
Debt reserve	\$ 2,043,947
Depreciation and replacement	889,027
	<u>\$ 2,932,974</u>
Construction projects	<u>\$ 5,054,062</u>

Governmental Activities

Debt reserves	<u>\$ 2,182,340</u>
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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 2017 was \$ 270,983,895 with the levy set at \$.2922 total broken down \$.2337 for General Fund and \$.0585 Parks and Recreation.

Revenue Recognition - Sales Tax authorizations

Sales tax authorizations consist of a one-cent general sales recorded in the General Fund (\$ 2,964,89), 3/8 cent Transportation sales tax (\$ 154,869) plus a Christian County sales tax (\$ 89,186), 1/4 cent Capital Improvement sales tax (\$ 741,220), 1/2 cent Park/Storm Water sales tax (\$ 1,482,397) and 1/4 cent Sewer sales tax for Capital Improvements (\$ 741,013).

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Earned on SRF Bond Reserves

On the debt issues funded under the State Revolving Funds the City earns interest on reserve accounts established by the Federal Government and State of Missouri which is applied to reduce the required interest payments for the City.

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, 2017, expenditures did not exceed appropriations in any of the Governmental Funds.

Bond Reserve Compliance

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

Legal Debt Margin

The City's assessed value supports a general obligation bond limit of \$ 27,135,005. The City did not have any general obligation bonds outstanding as of December 31, 2017

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

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.

As of December 31, 2017, 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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE C – RESTRICTED ASSETS

For December 31, 2017, restricted cash accounts were as follows:

ENTERPRISE FUND	Restricted Cash	Required Per Bond Agreements
Waterworks and Sewerage Fund		
Debt Reserves	\$ 2,131,937	\$ 2,043,947
Depreciation and replacement Projects	889,027	889,027
	5,054,062	-
	<u>\$ 8,075,026</u>	<u>\$ 2,932,974</u>

GOVERNMENTAL ACTIVITIES	Restricted Cash	Required Per Bond Agreements
Park Fund		
Debt reserves	\$ 2,154,695	<u>\$ 2,154,695</u>
General Fund		
Debt reserves	27,645	<u>\$ 27,645</u>
Grants and donations	248,665	
Court	10,731	
Operation reserves	610,726	
	<u>\$ 3,052,462</u>	

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE D – CAPITAL ASSETS AND DEPRECIATION

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

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,468,643	\$ 390,817	\$ -	\$ 7,859,460
Construction in progress	300,466	165,589	-	466,055
Total capital assets not being depreciated	<u>7,769,109</u>	<u>556,406</u>	<u>-</u>	<u>8,325,515</u>
Capital assets, being depreciated:				
Land improvements	16,282,748	2,666,977	-	18,949,725
Buildings	17,547,533	544,155	-	18,091,688
Machinery and Vehicles	<u>3,875,709</u>	<u>243,619</u>	<u>174,163</u>	<u>3,945,165</u>
Total capital assets being depreciated	<u>37,705,990</u>	<u>3,454,751</u>	<u>174,163</u>	<u>40,986,578</u>
Less: Accumulated depreciation for:				
Land improvements	4,555,030	633,963	-	5,188,993
Buildings	2,856,726	358,539	-	3,215,265
Machinery and Vehicles	<u>3,015,834</u>	<u>222,835</u>	<u>167,374</u>	<u>3,071,295</u>
Total accumulated depreciation	<u>10,427,590</u>	<u>1,215,337</u>	<u>167,374</u>	<u>11,475,553</u>
Total capital assets being depreciated, net	<u>27,278,400</u>	<u>2,239,414</u>	<u>6,789</u>	<u>29,511,025</u>
Governmental activities capital assets, net	<u>\$ 35,047,509</u>	<u>\$ 2,795,820</u>	<u>\$ 6,789</u>	<u>\$ 37,836,540</u>

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

Governmental activities:

General government	\$ 66,685
Police	125,380
Court	261
Storm water	5,275
Streets	586,926
Parks	<u>430,810</u>
	<u>\$ 1,215,337</u>

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

Business Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 948,500	\$ -	\$ -	\$ 948,500
Construction in progress	2,764,925	2,892,288	77,011	5,580,202
Total capital assets not being depreciated	<u>\$ 3,713,425</u>	<u>\$ 2,892,288</u>	<u>\$ 77,011</u>	<u>\$ 6,528,702</u>
Capital assets, being depreciated:				
Buildings	\$ 198,337	\$ -	\$ -	\$ 198,337
Water system	18,246,914	675,565	39,664	18,882,815
Waste water system	44,493,718	696,623	110,378	45,079,963
Total capital assets being depreciated	<u>62,938,969</u>	<u>1,372,188</u>	<u>150,042</u>	<u>64,161,115</u>
Less accumulated depreciation for:				
Buildings	(39,734)	(3,967)	-	(43,701)
Water system	(7,679,612)	(491,688)	(34,249)	(8,137,051)
Waste water system	(17,277,831)	(1,204,030)	(110,378)	(18,371,483)
Total accumulated depreciation	<u>(24,997,177)</u>	<u>(1,699,685)</u>	<u>(144,627)</u>	<u>(26,552,235)</u>
Total capital assets being depreciated, net	<u>\$ 37,941,792</u>			<u>\$ 37,608,880</u>
Business-type activities capital assets, net	<u>\$ 41,655,217</u>			<u>\$ 44,137,582</u>

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

Business-type activities:

Water	\$ 492,814
Wastewater	<u>1,206,871</u>
	<u>\$ 1,699,685</u>

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017 as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due Within one Year
Revenue Bonds	\$ 15,875,000	\$ -	\$ 1,360,000	\$ 14,515,000	\$ 1,380,000
Cert. of Part.	13,926,544	-	347,040	13,579,504	364,952
NID Bonds	1,158,653	-	111,045	1,047,608	111,607
Totals	<u>\$ 30,960,197</u>	<u>\$ -</u>	<u>\$ 1,818,085</u>	<u>\$ 29,142,112</u>	<u>\$ 1,856,559</u>
Compensated Absences	<u>\$ 62,096</u>	<u>\$ 103,338</u>	<u>\$ 88,158</u>	<u>\$ 77,276</u>	<u>\$ 77,276</u>

As reported on the financial statement:

Amount due within one year

Debt	\$ 1,856,559
Compensated absences	77,276

Amount due in more than one year:

Revenue bonds	13,135,000
NID Bonds	936,001
Certificate of participation	<u>13,214,552</u>
	<u>\$ 29,219,388</u>

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.

State Revolving Fund Program Bonds: The City has \$ 10,353,617 of State Revolving Fund Program Bonds. In conjunction with this issuance, the City entered into an agreement with the Missouri Department of Natural Resources whereby the state of Missouri will advance monies to establish a reserve fund in an amount up to 70% of the outstanding bonds. This reserve fund will

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E – LONG-TERM DEBT (Continued)

serve as collateral on the State Revolving Fund Program Bonds in the event of default and interest earnings on the reserve fund will be used to reduce the City's interest payment on the outstanding bonds. As of December 31, 2017, the reserve fund has approximately \$ 10,898,490.

The Proprietary Funds long-term debt as of December 31, 2017 follows:

Revenue Bonds

\$ 3,000,000, 1997D Series, Waterworks and Sewerage System Revenue \$ 180,000
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.

\$ 975,000, 2001A Series, Waterworks and Sewerage System Revenue 305,000
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.

\$ 7,980,000, 2006A Series, Waterworks and Sewerage System Revenue 3,955,000
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.

\$ 15,125,000, 2007A Series, Waterworks and Sewerage System Revenue 9,850,000
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.

\$ 435,000, 2012 Series, Combined Waterworks and Sewerage System 225,000
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.

Total Business-type debt revenue bonds	<u><u>\$ 14,515,000</u></u>
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CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E – LONG-TERM DEBT (Continued)

The annual requirements to amortize revenue bonded debt as of December 31, 2017 follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 1,380,000	\$ 632,633	\$ 2,012,633
2019	1,240,000	568,951	1,808,951
2020	1,285,000	513,393	1,798,393
2021	1,325,000	407,507	1,732,507
2022	1,380,000	394,183	1,774,183
2023-2027	6,795,000	997,127	7,792,127
8	1,110,000	24,281	1,134,281
	<u>\$ 14,515,000</u>	<u>\$ 3,538,075</u>	<u>\$ 18,053,075</u>

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. \$ 307,727 of debt was issued to the General Fund or 4.12% and the remaining \$ 7,457,273 or 95.88% to the Water Department.	\$ 6,879,504
\$ 6,700,000, 2016 Series, For Water System Improvements, Certificates of Participation, paying principal annually ranging from \$ 85,000 to \$ 890,000 with stated interest rates of 2.00% to 3.25%. Principal and interest due 5/1 and interest only 11/1 with debt maturing 5/1/2038.	6,700,000
Total Certificates of Participations	<u>\$ 13,579,504</u>

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E – LONG-TERM DEBT (Continued)

Year Ending December 31,	Water Department		General Fund	
	Principal	Interest	Principal	Interest
2018	\$ 363,190	\$ 471,374	\$ 13,266	\$ 11,260
2019	414,754	459,903	15,048	10,820
2020	433,962	447,622	15,246	10,366
2021	438,764	434,982	16,038	9,897
2022	443,764	421,480	16,236	9,412
2023-2027	2,679,812	1,837,054	95,436	37,710
2028+2032	3,213,770	1,266,194	84,185	17,944
2033-2037	4,701,488	496,213	28,745	2,284
2038	890,000	14,463	-	-
	<u>\$ 13,579,504</u>	<u>\$ 5,849,285</u>	<u>\$ 284,200</u>	<u>\$ 109,693</u>

Neighborhood Improvement District Bonds

\$ 1,165,000 2006 Series Kirkwood Improvement District, \$ 524,250
Principal paid annually with \$ 58,250 due each year and
semiannual interest payments at 4.95% with debt maturing
September 1, 2026.

\$ 797,500 2006 Series Stonegate Improvement District, 358,875
Principal paid annually with \$ 39,875 due each year and
semiannual interest payments at 4.45% with debt maturing
June 30, 2026

\$ 270,000 2006 Series Laurel Hills Improvement District, 164,483
Principal paid annually ranging from \$ 10,897 to \$ 19,777 and
semiannual interest payments at 4.35% with debt maturing
March 1, 2027

\$ 1,047,608

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

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E – LONG-TERM DEBT (Continued)

The annual requirements to amortize special assessment debt as of December 31, 2017 is as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 111,607	\$ 48,205	\$ 159,812
2019	112,193	42,960	155,153
2020	112,789	37,759	150,548
2021	113,443	32,389	145,832
2022	114,109	27,063	141,172
2023-2027	483,467	55,285	538,752
	<u>\$ 1,047,608</u>	<u>\$ 243,661</u>	<u>\$ 1,291,269</u>

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due Within one Year
Special Assessment Bonds	\$ 101,649		\$ 7,345	\$ 94,304	\$ 7,676
Certificates of Participation	19,233,456		244,256	18,989,200	253,266
PFC & LCRA Notes payable	2,190,842	430,922	416,972	2,204,792	479,153
	<u>\$ 21,525,947</u>	<u>\$ 430,922</u>	<u>\$ 668,573</u>	<u>\$ 21,288,296</u>	<u>\$ 740,095</u>
Compensated absences	<u>\$ 153,272</u>	<u>\$ 165,983</u>	<u>\$ 164,138</u>	<u>\$ 155,117</u>	<u>\$ 155,117</u>

As reported on the financial statement:

Amount due within one year	
Debt	\$ 740,095
Compensated absences	155,117
Amount due in more than one year:	
Notes payable	1,725,639
Special Assessment Bonds	86,628
Certificates of Participation	<u>18,735,934</u>
Total	<u>\$ 21,443,413</u>

For governmental activities, liability for compensated absences are generally liquidated by the General Fund.

The Governmental long-term special obligation debt as of December 31, 2017 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.

\$ 94,304

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E – LONG-TERM DEBT (Continued)

The annual requirement to amortize special obligation bonded debt as of December 31, 2017 is as follows:

Year Ending December 31,	Principal	Interest	Totals
2018	\$ 7,676	\$ 4,244	\$ 11,920
2019	8,021	3,898	11,919
2020	8,372	3,547	11,919
2021	8,759	3,161	11,920
2022	9,153	2,766	11,919
2023-2027	52,323	7,274	59,597
	<u>\$ 94,304</u>	<u>\$ 24,890</u>	<u>\$ 119,194</u>

The Governmental long-term certification of participation debt as of December 31, 2017 follows:

\$ 19,350,000, 2014 Series, Refunding Certificate of Participation
paying principal annually ranging from \$ 200,000 to \$ 2,765,000
with stated interest rates of 2.00% to 4.00%. Principal and interest
due 9/1 and interest only 3/1 with debt maturing September 1, 2044. \$ 18,705,000

\$ 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. 284,200

\$ 18,989,200

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E – LONG-TERM DEBT (Continued)

The annual requirement to amortize the certificate of participation debt as of December 31, 2017 is as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 253,266	\$ 812,498	\$ 1,065,764
2019	275,048	807,258	1,082,306
2020	290,246	799,004	1,089,250
2021	311,038	790,285	1,101,323
2022	331,236	780,950	1,112,186
2023-2027	2,035,436	3,692,100	5,727,536
2028-2032	2,849,185	3,136,884	5,986,069
2033-2037	3,748,745	2,468,449	6,217,194
2038-2042	4,960,000	1,550,276	6,510,276
2043-2044	3,935,000	295,850	4,230,850
	<u>\$ 18,989,200</u>	<u>\$ 15,133,554</u>	<u>\$ 34,122,754</u>

Component units

The following is a summary of debt transactions of the PFC and LCRA for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due Within one Year</u>
Note payables	<u>\$ 2,190,842</u>	<u>\$ 430,922</u>	<u>\$ 416,972</u>	<u>\$ 2,204,792</u>	<u>\$ 479,153</u>

As reported on the financial statement:

Amount due within one year	\$ 479,153
Amount due in more than one year:	
Note payables	<u>1,725,639</u>
Total	<u>\$ 2,204,792</u>

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E – LONG-TERM DEBT (Continued)

The Component Units note payables debt as of December 31, 2017 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 \$12,018.68 and annual adjustable interest rate of 4.00%.

With final payment October 8, 2021

\$ 511,180

\$300,000 note payable entered into November 2016, for purchase of real estate at 203-207 E. Brick Street. Payable monthly principal and interest payments of \$ 3,901.39 and interest rate of 2.50%.

December 2023.

252,847

\$ 430,922 Lease obligation entered into on August 1, 2017 for the purchase Office Warehouse at 751 N. 9th Street. Payable quarterly payments of \$ 17,255.43 including principal and interest at 3.18% interest rate with the final payment September 1, 2024

417,169

Total

\$ 1,181,196

Land Clearance for Redevelopment Authority

\$ 1,535,582 note payable entered into October 8, 2015 for the redemption of other notes for the purchase of property. Terms are \$ 24,066.42 per month at 4.00% interest with final payment October 8, 2021.

\$ 1,023,596

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE E – LONG-TERM DEBT (Continued)

The annual requirement to amortize the note payables as of December 31, 2017 is as follows:

Year Ending December 31,	Principal	Interest	Totals
2018	\$ 479,153	\$ 69,564	\$ 548,717
2019	498,741	50,114	548,855
2020	501,846	33,573	535,419
2021	460,267	16,418	476,685
2022	109,210	6,717	115,927
2023-2024	155,575	4,457	160,032
	<u>\$ 2,204,792</u>	<u>\$ 180,843</u>	<u>\$ 2,385,635</u>

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.

At December 31, 2017, the City maintained commercial insurance coverage for building and contents and employee theft. In the past three years the City had no losses that exceeded commercial insurance coverage.

NOTE G – DEFINED BENEFIT PENSION PLAN

The City of Ozark participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the State of Missouri. The retirement system covers all full-time City employees.

Plan description

The City of Ozark's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Ozark participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2017 Valuation</u>
Benefit Multiplier:	1.50%
Final Average Salary:	3 years
Member Contributions:	0.00%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms

At June 30, 2017, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	30
Active employees	<u>106</u>
Total	<u><u>169</u></u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 0% of their gross pay to the pension plan. Employer's contribution rates are 10.3% General and 8.2% Police of annual covered payroll.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The employer's net pension liability was measured as June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial assumptions

The total pension liability in the February 28, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.29%
Fixed Income	26.00%	2.93%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)+(b)
Balances at 7/1/2016	\$ 11,283,984	\$ (11,377,073)	\$ (93,089)
Changes for the year:			
Service Cost	368,306	-	368,306
Interest	808,447	-	808,447
Changes in assumptions	(175,642)	-	(175,642)
Difference between expected and actual experience	41,033	-	41,033
Contribution - employer	-	(409,182)	(409,182)
Net investment income	-	(1,353,122)	(1,353,122)
Benefit payments, including refunds	(297,516)	297,516	-
Administrative expense	-	12,898	12,898
Other changes	-	16,999	16,999
Net changes	744,628	(1,434,891)	(690,263)
Balances at 6/30/2017	\$ 12,028,612	\$ (12,811,964)	\$ (783,352)

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25% for General Division and 7.25% for Police Division, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower 6.25% for General Division and 6.25% for Police Division or one percentage point higher 8.25% for General Division and 8.25% for Police Division than the current rate.

<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
	GENERAL DIVISION	
6.25%	7.25%	8.25%
\$ 773,125	\$ (423,976)	\$ (1,405,377)
	POLICE DIVISION	
6.25%	7.25%	8.25%
\$ 393,378	\$ (359,376)	\$ (963,897)

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

For the year ended June 30, 2017 the employer recognized pension expense of \$ 578,648. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 160,148	\$ (327,665)
Differences in assumptions	432,619	(148,459)
Excess(deficit) in investment returns	315,651	-
Contributions subsequent to the measurement date*	214,935	-
Total	<u>\$ 1,123,353</u>	<u>\$ (476,124)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an increase in the Net Pension Asset for the year ending December 31, 2018.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G – DEFINED BENEFIT PENSION PLAN (Continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:		
2018	\$	199,609
2019		199,612
2020		84,959
2021		(83,925)
2022		32,339
Thereafter		(300)
Total	\$	<u>432,294</u>

Payable to the Pension Plan

At December 31, 2017, the City of Ozark reported a payable of \$ 0.00 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

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.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

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	\$ 83,000	\$ 459,081
Park Fund	459,081	-
Solid Waste	-	83,000
	<u>\$ 542,081</u>	<u>\$ 542,081</u>
Debt service:		
General Fund	\$ -	\$ 397,024
Debt Service Fund	397,024	-
	<u>\$ 397,024</u>	<u>\$ 397,024</u>

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	\$ 782,392	\$ -
Capital Improvement Fund	-	782,392
	<u>\$ 782,392</u>	<u>\$ 782,392</u>

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE L – TOWER LEASES

The City leases space on the City's water towers to various wireless providers for the placement of antennae. A total of \$ 80,808 was received during the year ended December 31, 2017 and is reported in the General Fund. For the next five years, scheduled payments to receive are:

2018	\$ 79,551
2019	82,398
2020	85,375
2021	88,487
2022	91,740

NOTE M – BUILDING AND EQUIPMENT LEASE

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

	<u>Fitness Equipment</u>
2018	\$ 61,804
2019	61,804
2020	61,804

NOTE N – SHARED COST RIVERSIDE BRIDGE

The City contributed \$ 200,000 to the construction of Riverside Bridge with the Ozark Special Road District. This bridge will remain the asset of the road district and the City will have no responsibility with maintenance or improvements of the bridge.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE O – CONSTRUCTION IN PROGRESS

Construction in progress is authorized by actions of the City Council (governing body). A summary of construction in progress as of December 31, 2017 is as follows:

Project	Cost of Project	Construction in Progress	Remaining Cost to Complete
Waterworks and Sewerage Fund			
Becky Lane Water Tower*	\$ 2,872,839	\$2,872,839	\$ -
17th Street Water Tower	2,843,060	2,689,375	153,685
HWY NN Sewer Improvement	700,000	17,988	682,012
	<u>\$ 6,415,899</u>	<u>\$5,580,202</u>	<u>\$ 835,697</u>

*Complete but not on line as of December 31, 2017

NOTE P – RESTATEMENT OF BEGINNING BALANCES

During the current year, it was determined that compensated absences were incorrectly recorded in the Governmental Funds as a current liability. To correct this error the beginning fund balances were adjusted as follows:

	General Fund	Park/ Storm Water Fund
Beginning Fund Balance	\$ 2,910,289	\$ 3,960,153
Adjustment to correct error	<u>135,775</u>	<u>17,499</u>
Beginning Fund Balance As Restated	<u>\$ 3,046,064</u>	<u>\$ 3,977,652</u>

NOTE Q– FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE Q – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

The City adopted the following statements during the year ended December 31, 2017:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement did not have a material effect on the financial statements as the City has no OPEB plans.

GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement NO. 14*, issued June 2016, will be effective for the City beginning with its fiscal year ending December 31, 2017. This Statement establishes additional blending requirement for the financial statement presentation of component units that are organized as not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the City beginning with its fiscal year ending December 31, 2017. This Statement is to improve accounting and financial reporting by establishing recognition and measurement requirements for irrevocable split-interest agreements. Another objective of this Statement is to enhance the transparency and decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying resources that are available to a government.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* issued March 2016, will be effective for the City beginning with its fiscal year ending December 31, 2017 except for the requirement of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This Statement is to improve consistency in the application of pension accounting and financial reporting requirements by addressing certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68 *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

The City did not have any changes to report for the year ending December 31, 2017 upon adopting GASB 74, 80 to 82.

The Statements which might impact the City are as follows:

GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for periods beginning after June 15, 2017.

CITY OF OZARK, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE Q – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the City beginning with its fiscal year ending December 31, 2019. This Statement is to provide financial statement users with information about assets retirement obligations (AROs) that were not addressed in GASB standards establishing uniform accounting and financial reporting requirement for these obligations.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning after December 15, 2018. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, *Omnibus 2017 Activities*, issued March 2017, will be effective for the City beginning after June 15, 2017. This Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning after June 15, 2017. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning after December 25, 2019. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

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, 2017

	General Fund			
	Budgeted Amounts			Variance With
REVENUES	Original	Final	Actual	Final Budget
Taxes:				
Property taxes	\$ 628,000	\$ 603,000	\$ 696,351	\$ 93,351
Franchise taxes	547,500	565,000	553,334	(11,666)
Sales taxes	2,956,608	3,020,000	3,119,760	99,760
Intergovernmental:				
Missouri motor fuel taxes	700,000	715,000	720,627	5,627
Christian County sales tax	36,800	97,000	89,186	(7,814)
Charge for services:				
Police services	65,000	83,000	84,447	1,447
Licenses & permits	212,750	200,500	197,903	(2,597)
Fines & forfeitures	205,000	118,500	122,656	4,156
Interest	4,535	5,868	11,007	5,139
Grants	39,890	139,382	185,013	45,631
Rents	69,967	71,967	83,608	11,641
Donations	5,000	311,100	314,154	3,054
Miscellaneous	5,000	5,000	6,629	1,629
Total Revenues	<u>5,476,050</u>	<u>5,935,317</u>	<u>6,184,675</u>	<u>249,358</u>
EXPENDITURES				
Current:				
General government	1,346,280	1,246,330	1,181,518	64,812
Police	2,726,731	2,781,931	2,742,996	38,935
Court	52,500	51,800	50,446	1,354
Street	1,046,059	1,529,476	892,549	636,927
Capital outlay	951,700	3,303,723	3,278,288	25,435
Debt service:				
Principal	20,000	22,900	21,601	1,299
Interest and fees	7,000	1,600	1,593	7
Total Expenditures	<u>6,150,270</u>	<u>8,937,760</u>	<u>8,168,991</u>	<u>768,769</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(674,220)</u>	<u>(3,002,443)</u>	<u>(1,984,316)</u>	<u>1,018,127</u>
OTHER FINANCING SOURCES (USES)				
Transfers (to) from other funds	-	-	9,287	9,287
Developers contributions	-	1,272,047	1,272,047	
Insurance claims	-	17,430	30,388	
Sale of assets	500	2,300	2,342	42
	<u>500</u>	<u>1,291,777</u>	<u>1,314,064</u>	<u>9,329</u>
NET CHANGE IN FUND BALANCE	<u>\$ (673,720)</u>	<u>\$ (1,710,666)</u>	<u>(670,252)</u>	<u>\$ 1,040,414</u>
FUND BALANCES - BEGINNING			<u>3,046,064</u>	
FUND BALANCES - ENDING			<u>\$ 2,375,812</u>	

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, 2016

	Park/Stormwater Funds			
	Budgeted Amounts			Variance With
REVENUES	Original	Final	Actual	Final Budget
Taxes:				
Property taxes	\$ 152,800	\$ 152,800	\$ 162,496	\$ 9,696
Sales taxes	1,478,000	1,500,000	1,482,397	(17,603)
Charge for services:				
Park programs	1,473,350	1,463,105	1,608,690	145,585
Interest	1,500	3,000	6,369	3,369
Grants	-	10,000	16,526	6,526
Rents	44,650	44,650	54,692	10,042
Total Revenues	<u>3,150,300</u>	<u>3,173,555</u>	<u>3,331,170</u>	<u>157,615</u>
Current:				
Administration park department	2,575,388	2,554,888	2,280,012	274,876
Storm water	54,500	399,020	37,846	361,174
Capital outlay	550,000	400,000	409,368	(9,368)
Debt service:				
Principal	230,000	241,000	230,000	11,000
Interest and fees	805,900	808,800	796,089	12,711
Total Expenditures	<u>4,215,788</u>	<u>4,403,708</u>	<u>3,753,315</u>	<u>650,393</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(1,065,488)	(1,230,153)	(422,145)	808,008
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	443,491	450,000	459,081	9,081
Impact fees	<u>15,000</u>	<u>15,000</u>	<u>14,945</u>	<u>(55)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (606,997)</u>	<u>\$ (765,153)</u>	51,881	<u>\$ 817,034</u>
FUND BALANCES - BEGINNING			<u>3,997,552</u>	
FUND BALANCES - ENDING			<u>\$ 4,049,433</u>	

CITY OF OZARK, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31,

	2017	2016	2015
Total Pension Liability			
Service costs	\$ 368,306	\$ 359,531	\$ 359,695
Interest on Total Pension Liability	808,447	731,857	688,854
Changes in Benefit Terms	-	-	-
Difference between expected and actual experience	41,033	(138,114)	(165,300)
Changes in assumptions	(175,642)	596,565	-
Benefit payments, including refunds	(297,516)	(361,316)	(221,179)
Net change in total pension liability	744,628	1,188,523	662,070
Total Pension Liability-beginning	11,283,984	10,095,461	9,433,391
Total Pension Liability-ending	<u>\$ 12,028,612</u>	<u>\$ 11,283,984</u>	<u>\$ 10,095,461</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ (409,182)	\$ (401,675)	\$ (449,197)
Contributions - employee	-	-	(6,291)
Net investment income	(1,353,122)	15,442	(225,128)
Benefits payments, including refunds	297,516	361,316	221,179
Pension Plan Administrative Expense	12,898	12,118	12,956
Other (Net Transfer)	16,999	110,197	(245,288)
Net change in plan fiduciary net position	(1,434,891)	97,398	(691,769)
Plan Fiduciary Net Position-beginning	(11,377,073)	(11,474,471)	(10,782,702)
Plan Fiduciary Net Position-ending	<u>\$ (12,811,964)</u>	<u>\$ (11,377,073)</u>	<u>\$ (11,474,471)</u>
Net Pension Liability/(Asset)	<u>\$ (783,352)</u>	<u>\$ (93,089)</u>	<u>\$ (1,379,010)</u>
Plan fiduciary net position as a percentage of the total pension liability	106.51%	100.82%	113.66%
Covered-employee payroll	\$ 4,199,370	\$ 4,163,024	\$ 4,070,250
Net Pension liability as a percentage of covered employee payroll	-18.65%	-2.24%	-33.88%

Notes to schedule:

*Information not available as this represents the first actuarial valuation performed pursuant to GASB Statement No. 67.

This schedule is intended to cover ten years. The City implemented GASB Statement No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is therefore unavailable.

CITY OF OZARK, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS
FOR THE YEARS ENDED DECEMBER 31

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2008	\$ 420,208	\$ 420,208	\$ -	\$ 3,451,133	12.18%
2009	456,015	456,015	-	3,870,807	11.78%
2010	519,220	502,289	16,931	3,926,061	12.79%
2011	505,881	505,881	-	3,859,744	13.11%
2012	524,410	524,410	-	3,971,697	13.20%
2013	490,150	490,150	-	3,908,394	12.54%
2014	477,794	477,794	-	4,045,031	11.81%
2015	416,846	416,846	-	4,070,250	10.24%
2016	394,221	394,221	-	4,163,024	9.47%
2016	394,221	394,221	-	4,163,024	9.47%
2017	424,770	424,770	-	4,422,290	9.61%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 28, 2017

Notes: The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 13 to 15 years
Asset Valuation Method	5-Year smoothed market: 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

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

Other information: None