City of Waynesville, Missouri

Basic Financial Statements

Year Ended December 31, 2025

KPM

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Independent Auditors' Report

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of December 31, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Waynesville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 22 to the financial statements, the City restated fund balances and net position as a result of a correction to allocation of the Certificates of Participation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2026, on our consideration of the City of Waynesville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waynesville, Missouri's internal control over financial reporting and compliance.

KPM CPAs, LLC

KPM CPAs, LLC
Springfield, Missouri
August 17, 2026

Management's Discussion and Analysis

The Management's Discussion and Analysis of the City of Waynesville, Missouri's financial performance provides an overview of the City's financial activities for the year ended December 31, 2025. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by $10,366,550 for the year ended December 31, 2025, as a result of current year activities. The net position of the City's business-type activities increased by $426,511 for the year. Over time, increases in the net position are a key indicator of the financial health of the City.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2025, by $44.7 million (net position), an increase of $10,793,061 from the previous year.

Total liabilities of the City increased by $402,441 during the year ending December 31, 2025. The increase is primarily due to an increase in accounts payable for ongoing projects. The City continued to make payments on its Certificates of Participation and equipment leases.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred outflows/inflows using the accrual basis of accounting. This is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's net position – the difference between assets, liabilities, and deferred outflows/inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, electric, gas, and solid waste transfer station services are provided here.

Fund Financial Statements

The fund financial statements provide detailed information about the City's funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

Enterprise Funds: When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2025 and December 31, 2024:

	Governmental Activities	Business-Type Activities	Total December 31, 2025	Total December 31, 2024
Assets				
Current and other assets	$ 10,669,935	$ 5,536,174	$ 16,206,109	$ 15,696,671
Capital assets	37,295,937	22,319,581	59,615,518	49,576,188
Total Assets	47,965,872	27,855,755	75,821,627	65,272,859
Deferred Outflows of Resources				
Deferred refunding charges	341	1,930	2,271	11,351
Deferred pension outflows	1,064,634	303,496	1,368,130	1,166,514
Total Deferred Outflows of Resources	1,064,975	305,426	1,370,401	1,177,865
Liabilities				
Other liabilities	3,568,535	2,755,773	6,324,308	4,362,612
Long-term liabilities	9,193,527	13,033,735	22,227,262	23,786,517
Total Liabilities	12,762,062	15,789,508	28,551,570	28,149,129
Deferred Inflows of Resources				
Deferred inflow - leases	3,715,000	-	3,715,000	4,085,542
Deferred pension inflows	193,543	-	193,543	277,199
	3,908,543	-	3,908,543	4,362,741
Net position				
Net investment in capital assets	27,617,002	8,560,131	36,177,133	25,518,881
Restricted	278,484	153,853	432,337	1,357,003
Unrestricted	4,464,756	3,657,689	8,122,445	7,062,970
Total Net Position	$ 32,360,242	$ 12,371,673	$ 44,731,915	$ 33,938,854

Total net position of the City increased by $10,793,061 for the year ended December 31, 2025. Total liabilities for the City have increased by $402,441. Restricted net position of the City totaled $432,337 as of December 31, 2025. This amount represents monies that are restricted for debt service and donor purposes.

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2025	Total Year Ended December 31, 2024
Revenues, Transfers, and Special Item				
Program Revenues				
Charges for services	$ 1,967,086	$ 14,402,200	$ 16,369,286	$ 15,037,722
Operating grants and contributions	403,379	-	403,379	205,716
Capital grants and contributions	9,333,495	43,242	9,376,737	571,028
General Revenues				
Sales taxes	2,211,700	-	2,211,700	2,079,605
Ad valorem taxes	560,853	-	560,853	535,137
Motor vehicle and gas taxes	316,956	-	316,956	292,799
Other taxes	1,049	-	1,049	4,672
Franchise fees	42,348	-	42,348	44,132
Interest	124,908	95,103	220,011	239,336
Other revenue	243,975	-	243,975	109,060
Capital asset disposal	20,350	-	20,350	448,303
Transfers	2,126,188	(2,126,188)	-	-
Total Revenues and Transfers	17,352,287	12,414,357	29,766,644	19,567,510
Expenses				
City hall	1,745,699	-	1,745,699	1,686,957
Fire	237,945	-	237,945	283,240
Public safety	1,072,516	-	1,072,516	1,411,445
Municipal court	123,051	-	123,051	127,129
Street	772,439	-	772,439	653,733
Park and pool	685,059	-	685,059	481,281
Airport	804,687	-	804,687	955,383
Animal shelter	459,387	-	459,387	486,862
Building department	335,362	-	335,362	356,004
Dispatch	466,611	-	466,611	389,923
Debt service	282,981	-	282,981	318,773
Electric	-	7,550,604	7,550,604	6,294,246
Water and sewer	-	2,370,760	2,370,760	1,626,758
Trash	-	675,750	675,750	545,983
Natural gas	-	1,390,732	1,390,732	1,218,106
Total Expenses	6,985,737	11,987,846	18,973,583	16,835,823
Increase in Net Position	$ 10,366,550	$ 426,511	$ 10,793,061	$ 2,731,687

Governmental Activities

Governmental activities increased the net position of the City by $10,366,550. Tax revenues for the City were $3,132,906 which represents 18% of the funding of these activities. Program revenues for the functions totaled $11,703,960 or 67% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Waynesville, Missouri's Governmental Activities

	Total Cost of Services	Net Cost of Services
City hall	$ 1,745,699	$ 1,086,710
Fire	237,945	237,945
Public safety	1,072,516	892,643
Municipal court	123,051	123,051
Street	772,439	502,533
Park and pool	685,059	370,566
Cemetery	-	(900)
Airport	804,687	(8,793,344)
Animal shelter	459,387	258,855
Building department	335,362	284,370
Dispatch	466,611	444,611
Debt service	282,981	(125,263)
	$ 6,985,737	$ (4,718,223)

Business-Type Activities

Business-type activities increased the City's net position by $426,511. In the current year, the business-type activities transferred $2,126,188 to the governmental funds.

Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of December 31, 2025, was $4,516,569. The General Fund decreased by $593,855, the Park and Pool Fund increased by $242,146, the Community Improvement District (CID) Fund increased by $28,409, and the Debt Service Fund decreased by $274,725.

General Fund Budgetary Highlights

Differences between the original and the final budget can be summarized as follows:

- The original revenue budget of $17,845,420 decreased to $13,770,666 due to mainly a decrease in grant revenue.
- The original expenditures budget of $20,561,690 was decreased to $16,511,059.

Capital Asset & Debt Administration

Capital Assets

Capital assets of the governmental activities were $37,295,937 (net of accumulated depreciation) as of December 31, 2025. This represents a $10,036,185 increase from the prior year. Capital assets for business-type activities were $22,319,581 as of December 31, 2025. This represents a decrease of $413,169 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2025, was $9,166,912, which is down from $10,010,650 in the prior year.

Total debt of the business-type activities as of December 31, 2025, was $13,810,192, which is down from $14,985,636 in the prior year.

Economic Factors & Next Year's Budget

The 2026 budget is projected to increase as the City continues to pursue projects utilizing grant funding opportunities received by the City. The 2026 budget will begin to reflect increased revenue due to the finalization of the Subdivision Improvement Program (SIP) and the construction of new homes within the City. Full budget recognition of the increased real estate tax revenues from this program are expected to again lag approximately one year due to the taxing cycle of real property i.e. real estate taxes for new homes are based upon ownership/occupancy of January 1. Nearly 325 homes were completed under this program by the end of 2025, boosting our housing and tax base. Other budget considerations consist of grant funding that was first made available to the City during the 2024 calendar year. These opportunities include grant funding on airport projects (terminal design/construction) and TAP grant funding. These grant programs are applied for by the City on an annual basis. While the grant awards initially had minor impacts on the overall 2024 City budget, these grants have a more significant impact on the overall 2025 City budget and continue to influence the 2026 budget as some of these grant programs will continue across this timeframe. Additionally, the City has taken measures to increase its economic development presence which could result in continued land sales and/or increased tax revenues for the City that would impact the upcoming 2026 budget. One such land sale occurred in late 2025 when the city sold property located on North Street to JUL, LLC, a developer that has improved several properties through the City over the last few years.

Key Projects for 2025

- **Subdivision Improvement Program (SIP)**

  The City of Waynesville continued with the finalization of the Subdivision Improvement Program (SIP) in 2025. The City realized approximately 45 building permits resulting in additional housing opportunities for the community. The development added diversity to the housing profile of the City resulting in the construction of both single and multi-family options within the City of Waynesville. The City expects another 25 building permits for the 2026 fiscal year completing the subdivision improvement program and achieving the housing goal set forth prior to the program.

- **Tantalus (Smart) Metering**

  The City of Waynesville continues to invest in a smart metering system through Tantalus. This metering system provides real-time data for both city personnel and the customer. The deployment of this system began in the electric department with the installation of Tantalus electric meters. The City plans to implement additional utility systems with the deployment of the initial overlay. The benefits of this system include increased awareness of usage and leak detection along with customer value of potential cost savings with time of use management.

- **Witmor Farms**

  The City of Waynesville completed a sanitary sewer extension to service the Witmor Farms area located in west Waynesville in 2023. The sewer extension consisted of the installation of gravity sewer main and corresponding lift station to service the approximate 60-acre property. This property continues to receive increased economic development attention and is actively being marketed in the commercial development network.

- **2024 COP**

  In 2024, Waynesville City administration began working with Stifel Nicolaus & Company, Inc. to complete a new certificate of participation. During the process, the City maintained an "A" rating through S & P Global Ratings. Overall, the City received $7,200,000 Tax Exempt Certificates of Participation for the sole purpose of purchasing additional sanitary sewer service territory from the Pulaski County Sewer District No. 1. The new service territory included approximately 19,500 acres of additional service territory and obtained approximately 975 existing sanitary sewer customers. This transaction was completed in the 4th quarter of 2024 with full ownership of the service area and corresponding customers recognized in January 2025. To date, the purchase of the service area and resulting revenues have met or exceeded projections.

- **2024 350 VL Vacuum Excavator Trailer**

  The City's natural gas department purchased a 2024 Vac Trailer to utilize trenchless excavation in areas that are inaccessible by the 2015 Vactor Truck. The vacuum trailer is utilized when a utility main needs to be exposed and is in an "off road" location. This purchase was added to our fleet increasing efficiency and safety when exposing our utility mains that are in areas that are inaccessible by the Vactor Truck.

- **GIS Mapping**

  The city continues to invest in the development of our utility GIS system with the completion of natural gas mapping. The GIS map and database has continued to grow and expand since its inception while providing additional uses across the utilities within the current database. Digital mapping of the City's systems continues to be an ongoing process as mapping updates are provided periodically.

- **Public Works Facility**

  The City began renovating the vacant speculative building located at the City of Waynesville Industrial Park. The renovations should be completed in late 2026 or early 2027. The new facility will house the electric department, water department, street department, natural gas department, and building department. Completing renovations to an existing building saved the city millions of dollars in construction contracts. A majority of the work is being done by city workers in addition to their normal departmental functions.

City Department Updates

- **Waynesville – St. Robert Regional Airport**

  The Waynesville – St. Robert Regional Airport is located on Fort Leonard Wood, MO. The cities of Waynesville and St. Robert manage the airport through the Joint Airport Advisory Board with day-to-day operations and administrative duties being the responsibility of the City of Waynesville. The air service carrier continues to be Contour Airlines. The airport again reached the 10,000-passenger enplanement milestone making the airport eligible for potentially $1M in AIP/funding. The airport progressed with the construction phase of the new terminal project with an estimated terminal facility completion date of October 2026 and an estimated total cost of $20M. The cities engaged Volaire Aviation for assistance in bidding for the Essential Air Service (EAS) provider. The City reappointed Randy Becht to the Waynesville St. Robert Joint Airport Board.

- **Street Department**

  The street department continued improvements to the roadways within the City. This effort has increased to include routine right-of-way mowing on MoDOT right-of-way as MoDOT only cuts right-of-way through the City of Waynesville bi-annually which creates overgrowth of vegetation and visibility issues within the City. The City of Waynesville annexed in the remaining portion of Rocky Dale Road, formerly a Pulaski County maintained road. The street department offered post storm cleanup in April, in response to the substantial storms that plagued the region during the spring.

- **Natural Gas Department**

  The natural gas department continued with the installation of the natural gas main within the city. Maintenance and operation schedules for the natural gas main were continued in 2025. The natural gas department installed natural gas main to the new Liberty Elementary School.

- **Electric Department**

  The electric department continued with the red-tag pole installation and removed additional utility poles identified as poor in the previous study. The electric department installed electric main to the new Liberty Elementary School. The City accepted funds from a DERA Grant to assist in the purchase of a new bucket truck. After a tornado, crews offered mutual aid to Rolla Municipal Utilities.

- **Sanitary Sewer Department**

  The sanitary sewer department began the operation and maintenance of the newly acquired PCSD#1 (Pulaski County Sewer District #1) boundary agreement and sewer system. The department also continued with planned CMOM operations of the city collection system. The sanitary sewer department installed main to the new Liberty Elementary School.

- **Water Department**

  The water department continued with the installation of water service to properties located within the subdivision improvement program. The water department also continues to work through the ever-changing EPA mandated reporting requirement for the Lead Service Line Inventory (LSLI). The water department installed main to the new Liberty Elementary School.

- **Sanitation**
  In March, the City of Waynesville renewed its agreement with the City of St. Robert to offer waste management services for a term of three (3) years.

- **Fire Department**
  In March, the City of Waynesville renewed its agreement with the City of St. Robert to offer fire protection services automatically renewable annually for up to five (5) years.

- **Parks Department**
  The City of Waynesville purchased flood plain property along the Roubidoux Creek to expand its park system.

- **Waynesville Police Department**
  The Waynesville Police Department received and implemented several grants throughout the year to include a DWI grant, HMV grant, Click-it or Ticket grant and a K-9 Opiod grant from Pulaski County. The City implemented the development of a law enforcement shooting range for officer qualification. The police department received an additional K-9 unit from the Opiod grant and worked throughout the year training and certifying officers and staff.

- **Economic Development**
  Economic Development within the City included business retention as well as development. The City recognized the opening of a new Dominos within the newly expanded CID. The City closed out the SBEP/SBRD programs after helping several local businesses. The City hosted the "Adopt a Community Program" in partnership with Missouri S&T.

- **Finance and Human Resources**
  The finance and human resources department began onboarding new HR and Accounting (ERP) software within the City. The software implementation will continue to improve accounting measures followed by the City allowing staff to efficiently manage funds, track financials and achieve auditing requirements throughout the year.

2025 Grants

In 2025, the City of Waynesville applied for several grants to help fund various needs within the community. Some of these grants were awarded and/or executed in the 2025 fiscal year. Some of these grants include:

- TAP 9901(458)- Construct 1,800 LF of sidewalk along Ichord to GW Lane. Total award $548,183 and total match $109,636 required. (Awarded in 2023 – project still in progress)
- TAP 9901(536)- Construct 3,700 LF of sidewalk along Historic 66 from Morgan Street to Roubidoux Bridge. Total award $498,863 and total match $99,773 required. (Awarded in 2023 – project still in progress)
- TAP 9901(551)- Construct 1,500 LF of sidewalk along Historic 66 from Cash James Loop to Broadway. Total award $459,622 and total match $91,925 required. (Awarded in 2024 – project still in progress)

- Airport Construction Grants – Outstanding
    - Airport construction 3-29-0091-002-2024 - $9,000,000
    - Airport construction 3-29-0091-004-2024 - $1,750,000
    - Airport construction 3-29-0091-003-2024 - $449,755
    - Airport construction 3-29-0091-006-2025- $1,307,137
    - State Block Grant - $788,619
    - GR Funds - $2,223,132
- Route 66 Signage & Wayfair Finding Grant – Total Award $15,000 – in progress

Looking Forward - Overview of the Fiscal Year Budget 2026:

The financial condition of the City remains stable. The City plans on a conservative budget for the FY 2026. The fiscally conservative budget will allow the City to continue completing projects that are currently in progress and under grant funding while accomplishing key goals of the City. Major projects currently under grant funding that are expected to be completed in FY 26 include the sidewalk projects and the airport terminal project.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Waynesville
100 Tremont Center
Waynesville, Missouri 65583
(573) 774-6171

John Doyle, City Administrator
Amber Box, City Clerk
Bea White, Finance Officer

City of Waynesville

Statement of Net Position

December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Assets				
Current				
Cash and cash equivalents - unrestricted	$ 2,722,071	$ 1,809,358	$ 4,531,429	$ 47,192
Investments - unrestricted	1,218,873	406,802	1,625,675	-
Sales tax receivable	459,322	-	459,322	7,874
Ad valorem taxes receivable, net	274,252	-	274,252	-
Utilities receivable, net	-	1,107,753	1,107,753	-
Other receivables	31,158	-	31,158	-
Accrued interest receivable	-	1,156	1,156	-
Intergovernmental receivable	1,327,124	-	1,327,124	-
Prepaid expenses	116,008	60,120	176,128	-
Inventory	-	1,123,736	1,123,736	-
Noncurrent				
Restricted cash and cash equivalents	278,484	1,027,249	1,305,733	-
Leases receivable	3,715,000	-	3,715,000	-
Note receivable	527,643	-	527,643	-
Capital assets				
Non-depreciable	19,257,274	4,842,269	24,099,543	-
Depreciable, net	17,478,743	17,477,312	34,956,055	571,723
Right-to-use assets, net	559,920	-	559,920	-
Total Assets	47,965,872	27,855,755	75,821,627	626,789
Deferred Outflows of Resources				
Deferred refunding charges	341	1,930	2,271	-
Deferred pension outflow	1,064,634	303,496	1,368,130	-
Total Deferred Outflows of Resources	1,064,975	305,426	1,370,401	-

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Net Position

December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Westgate Community Improvement District
Liabilities				
Current				
Accounts payable	2,182,037	691,105	2,873,142	-
Accrued expenses	118,329	36,418	154,747	-
Customer deposits payable	-	873,396	873,396	-
Unearned revenue	138,000	-	138,000	-
Accrued interest payable	60,312	125,655	185,967	-
Current maturities of long-term liabilities	1,069,857	1,029,199	2,099,056	30,000
	3,568,535	2,755,773	6,324,308	30,000
Noncurrent				
Bonds payable	-	1,326,000	1,326,000	-
Certificates of participation, net	8,312,073	11,361,840	19,673,913	-
Finance purchase payable	-	115,304	115,304	-
Lease obligations	332,295	-	332,295	-
Note payable	-	-	-	497,643
Net pension liability	450,421	167,547	617,968	-
Compensated absences payable	98,738	63,044	161,782	-
	9,193,527	13,033,735	22,227,262	497,643
Total Liabilities	12,762,062	15,789,508	28,551,570	527,643
Deferred Inflows of Resources				
Deferred inflows - leases	3,715,000	-	3,715,000	-
Deferred pension inflows	193,543	-	193,543	-
Total Deferred Inflows of Resources	3,908,543	-	3,908,543	-
Net Position				
Net investment in capital assets	27,617,002	8,560,131	36,177,133	44,080
Restricted	278,484	153,853	432,337	-
Unrestricted	4,464,756	3,657,689	8,122,445	55,066
Total Net Position	$ 32,360,242	$ 12,371,673	$ 44,731,915	$ 99,146

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Activities

Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses), Revenues, and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Westgate Community Improvement District
Primary Government								
Governmental Activities								
City hall	$ (1,745,699)	$ 658,989	$ -	$ -	$ (1,086,710)	$ -	$ (1,086,710)	
Fire	(237,945)	-	-	-	(237,945)	-	(237,945)	
Public safety	(1,072,516)	72,171	107,702	-	(892,643)	-	(892,643)	
Municipal court	(123,051)	-	-	-	(123,051)	-	(123,051)	
Street	(772,439)	3,000	266,906	-	(502,533)	-	(502,533)	
Park and pool	(685,059)	99,494	-	214,999	(370,566)	-	(370,566)	
Cemetery	-	900	-	-	900	-	900	
Airport	(804,687)	479,535	-	9,118,496	8,793,344	-	8,793,344	
Animal shelter	(459,387)	171,761	28,771	-	(258,855)	-	(258,855)	
Building department	(335,362)	50,992	-	-	(284,370)	-	(284,370)	
Dispatch	(466,611)	22,000	-	-	(444,611)	-	(444,611)	
Debt service	(282,981)	408,244	-	-	125,263	-	125,263	
Total Governmental	(6,985,737)	1,967,086	403,379	9,333,495	4,718,223	-	4,718,223	
Business-Type Activities								
Electric service	(7,550,604)	8,474,942	-	43,242	-	967,580	967,580	
Water and sewer service	(2,370,760)	3,563,023	-	-	-	1,192,263	1,192,263	
Trash service	(675,750)	778,293	-	-	-	102,543	102,543	
Natural gas service	(1,390,732)	1,585,942	-	-	-	195,210	195,210	
Total Business-Type	(11,987,846)	14,402,200	-	43,242	-	2,457,596	2,457,596	
Total Primary Government	$ (18,973,583)	$ 16,369,286	$ 403,379	$ 9,376,737	4,718,223	2,457,596	7,175,819	

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Activities

Year Ended December 31, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses), Revenues, and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Westgate Community Improvement District
Component Unit								
Westgate Community Improvement District	$ (64,094)	$ -	$ -	$ -				$ (64,094)
General Revenues								
Sales taxes					2,211,700	-	2,211,700	74,848
Ad valorem taxes					560,853	-	560,853	-
Motor vehicle and gas taxes					316,956	-	316,956	-
Other taxes					1,049	-	1,049	-
Franchise fees					42,348	-	42,348	-
Interest					124,908	95,103	220,011	-
Other revenue					243,975	-	243,975	-
Net gain on capital asset disposal					20,350	-	20,350	-
Transfers					2,126,188	(2,126,188)	-	-
Total General Revenues and Transfers					5,648,327	(2,031,085)	3,617,242	74,848
Changes in Net Position					10,366,550	426,511	10,793,061	10,754
Net Position, Beginning of year, as reported					22,077,280	11,861,574	33,938,854	-
Error correction					(83,588)	83,588	-	-
Net Position, Beginning of year, as restated					21,993,692	11,945,162	33,938,854	88,392
Net Position, End of Year					$ 32,360,242	$12,371,673	$ 44,731,915	$ 99,146

See accompanying Notes to the Financial Statements.

City of Waynesville

Balance Sheet – Governmental Funds

December 31, 2025

	General Fund	Special Revenue Funds: Park and Pool Fund	Special Revenue Funds: Community Improvement District Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents - unrestricted	$ 373,113	$ 1,966,579	$ 382,379	$ -	$ 2,722,071
Investments - unrestricted	1,218,873	-	-	-	1,218,873
Ad valorem taxes receivable, net	274,252	-	-	-	274,252
Sales tax receivable	358,171	101,151	-	-	459,322
Leases receivable	3,715,000	-	-	-	3,715,000
Other receivable	31,158	-	-	-	31,158
Intergovernmental receivable	1,327,124	-	-	-	1,327,124
Note receivable	-	-	527,643	-	527,643
Prepaid expenses	114,112	1,896	-	-	116,008
Restricted cash and cash equivalents	257	52,611	-	225,616	278,484
Total Assets	$ 7,412,060	$ 2,122,237	$ 910,022	$ 225,616	$ 10,669,935
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts payable	$ 2,182,011	$ 26	$ -	$ -	$ 2,182,037
Accrued expenses	109,844	8,485	-	-	118,329
Unearned revenue	138,000	-	-	-	138,000
Total Liabilities	2,429,855	8,511	-	-	2,438,366
Deferred Inflows of Resources					
Deferred inflow - leases	3,715,000	-	-	-	3,715,000
Fund Balances					
Nonspendable					
Prepaid items	114,112	1,896	-	-	116,008
Restricted for					
Donor purposes	-	52,611	-	-	52,611
Debt service	-	-	-	225,616	225,616
Building projects	257	-	-	-	257
Assigned to					
Parks and pool	-	2,059,219	-	-	2,059,219
Community improvement	-	-	910,022	-	910,022
Unassigned	1,152,836	-	-	-	1,152,836
Total Fund Balances	1,267,205	2,113,726	910,022	225,616	4,516,569
Total Liabilities, Deferred Inflows, and Fund Balances	$ 7,412,060	$ 2,122,237	$ 910,022	$ 225,616	$ 10,669,935

See accompanying Notes to the Financial Statements.

City of Waynesville

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2025

Fund balance - total governmental funds	$	4,516,569
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Governmental capital assets		49,004,880
Less: Accumulated depreciation and amortization		(11,708,943)
		37,295,937
The net pension asset and deferred costs are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension (liability)		(450,421)
Deferred pension outflows		1,064,634
Deferred pension inflows		(193,543)
		420,670
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due		(60,312)
Long-term liabilities net of refunding charges are not due and payable in the current period and therefore are not reported in the funds		(9,812,622)
Net position of governmental activities	$	32,360,242

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended December 31, 2025

	General Fund	Special Revenue Funds: Park and Pool Fund	Special Revenue Funds: Community Improvement District Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Taxes	$ 2,581,409	$ 551,497	$ -	$ -	$ 3,132,906
Licenses and permits	84,827	11,100	-	-	95,927
Intergovernmental revenues	9,503,147	214,999	-	-	9,718,146
Fines and forfeitures	72,171	-	-	-	72,171
Charges for services	1,302,350	88,394	-	408,244	1,798,988
Donations	18,728	-	-	-	18,728
Miscellaneous	208,034	112,603	28,409	19,837	368,883
Total Revenues	13,770,666	978,593	28,409	428,081	15,205,749
Expenditures					
Current					
City hall	1,544,056	-	-	-	1,544,056
Fire	237,945	-	-	-	237,945
Public safety	1,193,178	-	-	-	1,193,178
Municipal court	131,899	-	-	-	131,899
Street	533,648	-	-	-	533,648
Park and pool	-	631,947	-	-	631,947
Airport	511,371	-	-	-	511,371
Animal shelter	447,559	-	-	-	447,559
Building department	343,444	-	-	-	343,444
Dispatch	471,258	-	-	-	471,258
Capital outlay	10,666,683	104,500	-	-	10,771,183
Debt service					
Principal, interest, and fees	430,018	-	-	702,806	1,132,824
Total Expenditures	16,511,059	736,447	-	702,806	17,950,312
Excess (Deficit) of Revenues Over Expenditures	(2,740,393)	242,146	28,409	(274,725)	(2,744,563)
Other Financing Sources (Uses)					
Sale of property	20,350	-	-	-	20,350
Operating transfers	2,126,188	-	-	-	2,126,188
Total Other Financing Sources (Uses)	2,146,538	-	-	-	2,146,538
Net Change in Fund Balance	(593,855)	242,146	28,409	(274,725)	(598,025)
Beginning Fund Balances, as previously reported	2,393,109	1,871,580	881,613	500,341	5,646,643
Error correction	(532,049)	-	-	-	(532,049)
Beginning Fund Balances, as restated	1,861,060	1,871,580	881,613	500,341	5,114,594
Fund Balance, End of Year	$ 1,267,205	$ 2,113,726	$ 910,022	$ 225,616	$ 4,516,569

See accompanying Notes to the Financial Statements.

City of Waynesville

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2025

Net change in fund balances - total governmental funds	$ (598,025)
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 these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation for the year.	
Capital outlay	11,106,379
Depreciation and amortization	(1,070,194)
	10,036,185
The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding bonds whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences.	
Repayment of principal on long-term debt and leases	1,038,178
Lease proceeds	(333,046)
Change in interest payable	7,467
	712,599
Some revenues and expenditures reported in the governmental funds represent the current financial resources and uses and were recognized in the Statement of Activities when incurred.	
Change in pension related costs	151,419
Change in compensated absences	64,372
	215,791
Change in net position of governmental activities	$ 10,366,550

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Net Position – Proprietary Funds

December 31, 2025

	Enterprise Funds				
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
Assets					
Current Assets					
Cash and cash equivalents - unrestricted	$ 18,312	$ 821,989	$ 303,046	$ 666,011	$ 1,809,358
Investments - unrestricted	406,802	-	-	-	406,802
Utilities receivable, net	625,103	266,966	68,413	147,271	1,107,753
Accrued interest receivable	412	744	-	-	1,156
Inventory	857,797	211,599	-	54,340	1,123,736
Prepaid assets	27,498	31,148	-	1,474	60,120
Total Current Assets	1,935,924	1,332,446	371,459	869,096	4,508,925
Noncurrent Assets					
Cash and cash equivalents - restricted	560,075	362,028	40,602	64,544	1,027,249
Capital assets					
Non-depreciable	2,170,954	2,516,919	-	154,396	4,842,269
Depreciable, net	1,924,162	14,843,219	-	709,931	17,477,312
Total Noncurrent Assets	4,655,191	17,722,166	40,602	928,871	23,346,830
Total Assets	6,591,115	19,054,612	412,061	1,797,967	27,855,755
Deferred Outflows of Resources					
Deferred refunding charges	613	1,090	-	227	1,930
Deferred pension outflow	141,702	117,392	-	44,402	303,496
Total Deferred Outflows of Resources	142,315	118,482	-	44,629	305,426
Liabilities					
Current Liabilities					
Accounts payable	437,137	26,237	112,320	115,411	691,105
Accrued expenses	15,550	11,988	-	8,880	36,418
Accrued interest payable	15,686	109,031	-	938	125,655
Customer deposits	560,075	208,175	40,602	64,544	873,396
Current portion of long-term liabilities	195,020	797,592	-	36,587	1,029,199
Total Current Liabilities	1,223,468	1,153,023	152,922	226,360	2,755,773
Long-Term Liabilities					
Revenue bonds payable	-	1,326,000	-	-	1,326,000
Certificates of participation payable, net	2,106,541	9,146,022	-	109,277	11,361,840
Finance purchase payable	28,826	57,652	-	28,826	115,304
Net pension liability	78,228	64,807	-	24,512	167,547
Compensated absences payable	40,090	17,395	-	5,559	63,044
Total Long-Term Liabilities	2,253,685	10,611,876	-	168,174	13,033,735
Total Liabilities	3,477,153	11,764,899	152,922	394,534	15,789,508
Net Position					
Net investment in capital assets	1,828,240	6,040,074	-	691,817	8,560,131
Restricted	-	153,853	-	-	153,853
Unrestricted	1,428,037	1,214,268	259,139	756,245	3,657,689
Total Net Position	$ 3,256,277	$ 7,408,195	$ 259,139	$ 1,448,062	$ 12,371,673

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended December 31, 2025

	Enterprise Funds				
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
Operating Revenues					
Charges for services	$ 8,136,402	$ 3,344,099	$ 772,759	$ 1,371,298	$ 13,624,558
Other charges	338,540	218,924	5,534	214,644	777,642
Total Operating Revenues	8,474,942	3,563,023	778,293	1,585,942	14,402,200
Operating Expenses					
Salaries and wages	370,337	322,299	-	125,877	818,513
Employee benefits	157,072	155,764	-	64,119	376,955
Materials and supplies	357,188	130,804	-	107,092	595,084
Electric current	5,566,726	-	-	-	5,566,726
Hauling and recycling charges	-	-	673,177	-	673,177
Repairs and maintenance	87,243	242,640	-	497	330,380
Gas purchases	-	-	-	822,492	822,492
Travel, meetings and dues	16,004	35,202	-	4,989	56,195
Contract and professional services	249,491	55,896	-	44,985	350,372
Depreciation	168,232	745,778	-	97,799	1,011,809
Administrative	477,537	234,626	-	108,650	820,813
Other operating expenses	32,775	13,346	2,573	6,770	55,464
Total Operating Expenses	7,482,605	1,936,355	675,750	1,383,270	11,477,980
Operating Income	992,337	1,626,668	102,543	202,672	2,924,220
Nonoperating Revenues (Expenses)					
Interest income	84,900	9,626	-	577	95,103
Interest expense	(67,999)	(434,405)	-	(7,462)	(509,866)
Total Nonoperating Revenues (Expenses)	16,901	(424,779)	-	(6,885)	(414,763)
Income Before Contributions and Operating Transfers	1,009,238	1,201,889	102,543	195,787	2,509,457
Contributions and Transfers					
Capital grants	43,242	-	-	-	43,242
Operating transfers	(958,893)	(829,965)	(77,306)	(260,024)	(2,126,188)
Net Contributions and Transfers	(915,651)	(829,965)	(77,306)	(260,024)	(2,082,946)
Changes in Net Position	93,587	371,924	25,237	(64,237)	426,511
Net Position, Beginning of year, as previously reported	3,104,981	7,013,403	233,902	1,509,288	11,861,574
Error correction	57,709	22,868	-	3,011	83,588
Net Position, Beginning of year, as restated	3,162,690	7,036,271	233,902	1,512,299	11,945,162
Net Position, End of Year	$ 3,256,277	$ 7,408,195	$ 259,139	$ 1,448,062	$ 12,371,673

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2025

	Enterprise Funds				
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
Cash Flows from Operating Activities					
Cash received from customers	$ 8,466,908	$ 3,601,289	$ 766,355	$ 1,607,096	$ 14,441,648
Cash paid to suppliers	(6,847,056)	(670,719)	(649,474)	(1,074,719)	(9,241,968)
Cash paid to employees	(547,094)	(474,839)	-	(191,342)	(1,213,275)
Net Cash Provided by Operating Activities	1,072,758	2,455,731	116,881	341,035	3,986,405
Cash Flows from Noncapital Financing Activities					
Transfers (to) from other funds	(958,893)	(829,965)	(77,306)	(260,024)	(2,126,188)
Payment of noncapital financing	(97,622)	-	-	-	(97,622)
Net Cash (Used) by Noncapital Financing Activities	(1,056,515)	(829,965)	(77,306)	(260,024)	(2,223,810)
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(267,650)	(288,913)	-	(42,077)	(598,640)
Payment of principal on debt obligations	(169,003)	(874,762)	-	(33,753)	(1,077,518)
Capital contributions received	43,242	-	-	-	43,242
Payment of interest expense	(63,534)	(382,707)	-	(6,863)	(453,104)
Net Cash (Used) by Capital and Related Financing Activities	(456,945)	(1,546,382)	-	(82,693)	(2,086,020)
Cash Flows from Investing Activities					
Purchase of investments	(406,803)	-	-	-	(406,803)
Interest received	84,900	9,626	-	577	95,103
Net Cash Provided (Used) by Investing Activities	(321,903)	9,626	-	577	(311,700)
Net Increase (Decrease) in Cash and Cash Equivalents	(762,605)	89,010	39,575	(1,105)	(635,125)
Cash and Cash Equivalents, Beginning of year	1,340,992	1,095,007	304,073	731,660	3,471,732
Cash and Cash Equivalents, End of year	578,387	1,184,017	343,648	730,555	2,836,607
Less Restricted Cash and Cash Equivalents	560,075	362,028	40,602	64,544	1,027,249
Unrestricted Cash and Cash Equivalents	$ 18,312	$ 821,989	$ 303,046	$ 666,011	$ 1,809,358

See accompanying Notes to the Financial Statements.

City of Waynesville

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2025

	Enterprise Funds				
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income	$ 992,337	$ 1,626,668	$ 102,543	$ 202,672	$ 2,924,220
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	168,232	745,778	-	97,799	1,011,809
(Increase) decrease in					
Utilities receivable, net	(42,124)	22,431	(11,938)	21,368	(10,263)
Prepaid expenses	(4,252)	(5,272)	-	(709)	(10,233)
Inventory	30,515	46,319	-	367	77,201
Deferred pension outflows	(26,289)	9,687	-	(4,276)	(20,878)
Increase (decrease) in					
Net pension liability	17,846	(1,176)	-	3,697	20,367
Accounts payable	(90,607)	(4,524)	19,228	20,389	(55,514)
Accrued expenses	191	(1,797)	-	2,242	636
Customer deposits	38,342	21,107	7,048	495	66,992
Compensated absences payable	(9,363)	(1,598)	-	(2,325)	(13,286)
Deferred pension inflows	(2,070)	(1,892)	-	(684)	(4,646)
Net Cash Provided by Operating Activities	$ 1,072,758	$ 2,455,731	$ 116,881	$ 341,035	$ 3,986,405

See accompanying Notes to the Financial Statements.

1. Summary of Significant Accounting Policies

The City of Waynesville, Missouri, (the City) was established in 1833, and operates under the provisions of the State of Missouri. The City operates under a Council – Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture - recreation, public improvements, planning, and general administrative services. Other services include electric, natural gas and waterworks services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

Component Unit

Westgate Community Improvement District

Approved in 2009, the Westgate Community Improvement District, which is governed by a Board of Directors, provides support for financing improvements in the Westgate District. The formation of the District allows for the authorization of an additional 1% sales tax to make public improvements that will benefit the District and the City as a whole. This 1% sales tax was approved by the voters within the District.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component unit have been included as a discretely presented component unit.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and enterprise funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

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

Park and Pool Fund: The Park and Pool Fund of the City is used to account for resources restricted, committed or assigned for city parks and recreation.

Community Improvement District (CID) Fund: The CID Fund of the City is used to account for resources transferred to begin and continue projects within the Westgate CID and restricted, committed or assigned for community improvement district related projects. A one-cent sales tax has been approved for businesses operating within the CID.

Debt Service Fund: The Debt Service Fund of the City is used to account for the 2017 Certificates of Participation funds restricted, committed or assigned for the retirement of principal and interest on the debt issue.

The City reports the following major proprietary funds:

Electric Fund: The Electric Fund of the City is used to account for the activities and capital improvements of the City's electric operations.

Water and Wastewater Fund: The Water and Wastewater Fund of the City is used to account for the activities and capital improvements of the City's water and sewer operations.

Natural Gas Fund: The Natural Gas Fund of the City is used to account for the activities and capital improvements of the City's gas operations.

Trash Fund: The Trash Fund of the City is used to account for the activities and capital improvements of the City's solid waste operations.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of $5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	25-50 years
Electric distribution system	30-50 years
Sewer lines and treatment plant	30-50 years
Waterworks system	30-50 years
Gas distribution system	30-50 years
Equipment	5-10 years
Improvements	10-20 years
Other infrastructure	10-50 years

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

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

Investments

Investments consist of United States Treasury securities and other government-sponsored agency securities.

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1: Inputs using quoted prices in active markets for identical assets or liabilities

Level 2: Inputs using significant other observable inputs including quoted prices for similar assets and liabilities

Level 3: Inputs are significant unobservable inputs

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

Unearned Revenue

This is future revenue received for unspent grant proceeds and payments in lieu of taxes and will be recognized as income when earned.

Compensated Absences

Employees earn leave based on years of service. A liability is recognized for leave that has not been used and is attributable to services already rendered, to the extent it is more likely than not to be used or paid upon separation. The liability is reported in the Statement of Net Position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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 November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 asset that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has two items that qualify for reporting in this category, deferred amounts relating to the pension plan and deferred charges relating to debt refunding.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net asset or fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City's governmental activities reports deferred inflows related to pension and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services producing and delivering goods and services. All other revenue expenses are considered nonoperating.

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 reported at fair value.

Leases

The City leases its vehicle fleet. The City recognizes an intangible right-of-use lease asset and a lease liability.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The lease assets are reported with capital assets and lease liabilities are reported with noncurrent liabilities on the Statement of Net Position.

The City is a lessor for the lease of a water tower and building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2025, all bank balances on deposit are entirely insured or collateralized.

3. Investments

The City categorizes its investments within the fair value hierarchy as discussed in Note 1. Investments of the City as of December 31, 2025, consist of the following:

Investment Type	Maturity	Fair Value Level 1	Fair Value Level 2	Total
US Treasury Bills	4/23/26 - 10/1/26	$ 488,400	$ -	$ 488,400
US Treasury Notes	12/15/26 - 8/31/27	652,593	-	652,593
FFCB Bonds	2/24/28 - 10/16/28	-	322,301	322,301
FNMA Bonds	10/8/27	-	162,381	162,381
		$ 1,140,993	$ 484,682	$ 1,625,675

U.S. Treasury Obligations

Funds invested in U.S. Treasury obligations are held by Institutional Bond Network, LLC and are valued based on level 1 inputs (see Note 1) and are rated Aaa by Moody's.

Other Agency Securities

Funds invested in FFCB and FNMA obligations are held by Institutional Bond Network, LLC and are valued based on level 2 inputs (see Note 1) and are rated Aaa by Moody's.

Custodial Risk

For investments, custodial risk is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy is to diversity the portfolio so that potential losses on individual securities is minimized.

Interest Rate Risk

The City has no formal policy on interest rate risk.

4. Restricted Assets

Governmental Activities

Cash and cash equivalents and fund balance/net position have been restricted in the following funds:

	Restricted Cash and Cash Equivalents	Restricted Fund Balance/ Net Position
General Fund		
Series 2021 COP projects	$ 257	$ 257
Park and Pool Fund		
Donor purposes	52,611	52,611
Debt Service Fund		
2017C COP reserves	225,616	225,616
Total Governmental Activities	$ 278,484	$ 278,484

Business-Type Activities

Cash and cash equivalents and net position have been restricted in the following funds as follows:

	Restricted Cash and Cash Equivalents	Restricted Net Position
Electric Fund		
Customer meter deposits	$ 560,075	$ -
Water and Wastewater Fund		
Series 2011 principal account	136,792	136,792
Series 2011 interest account	12,941	12,941
Series 2024 project account	4,120	4,120
Customer meter deposits	208,175	-
	362,028	153,853
Natural Gas Fund		
Customer meter deposits	64,544	-
Trash Fund		
Customer meter deposits	40,602	-
Total Business-Type Activities	$ 1,027,249	$ 153,853

5. Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
Ad Valorem Taxes Receivable			
General Fund	$ 294,895	$ (20,643)	$ 274,252
Utilities Receivable			
Enterprise Funds			
Electric Fund	$ 644,437	$ (19,334)	$ 625,103
Water and Wastewater Fund	274,652	(7,686)	266,966
Trash Fund	70,530	(2,117)	68,413
Natural Gas Fund	152,869	(5,598)	147,271
	$ 1,142,488	$ (34,735)	$ 1,107,753

6. Long-Term Liabilities – Business-Type Activities

Revenue Bonds

The Combined Waterworks and Sewerage System Revenue Bonds, State of Missouri – Direct Loan Program, Series 2011, were approved for issuance in the principal amount not to exceed $4,750,000 in direct borrowing for the purpose of acquiring, constructing, extending and improving the City's combined waterworks and sewerage system. The 2011 bonds bear interest at 1.65% with principal payments due January 1 and interest payments due January 1 and July 1 of each year. The bonds also require a semi-annual administrative fee of 0.5% of the outstanding principal balance of the bonds as of the business day preceding each interest payment date. The bonds may be called for redemption prior to stated maturity at the option of the City with prior written consent at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption, under provisions outlined in the bond ordinance. In the event of default, DNR would pursue any available remedies at law or equity by suit, action, mandamus or other proceeding to enforce and compel the payment of principal and interest on the bonds and all other amounts due under the Ordinance and other loan documents, and/or the performance of the duties and obligations of the City under the loan documents which may include, but is not limited to, the payment of damages, penalties, interest fees and expenses. The City had issued $4,557,602 of the available bonds at December 31, 2025.

The bonds outstanding at December 31, 2025, are due as follows:

	Direct Placement			
Year Ending December 31,	Principal	Interest	Administrative Fee	Total
2026	$ 273,000	$ 25,195	$ 15,270	$ 313,465
2027	280,000	20,666	12,525	313,191
2028	288,000	16,013	9,705	313,718
2029	296,000	11,228	6,805	314,033
2030	304,000	6,311	3,825	314,136
2031	158,000	1,270	770	160,040
	$ 1,599,000	$ 80,683	$ 48,900	$ 1,728,583

Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP. The Certificates of Participation were issued in the principal amount of $2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2025, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 215,000	$ 2,580	$ 217,580

Amount recorded in	
Electric Fund	$ 58,050
Water and Wastewater Fund	103,200
Natural Gas Fund	21,500
Governmental Activities	32,250
Total	$ 215,000

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The COP were issued in the principal amount of $3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2017 A and B certificates bear interest of 1.77% to 3.50% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates outstanding at December 31, 2025 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 155,000	$ 67,450	$ 222,450
2027	160,000	62,725	222,725
2028	165,000	57,850	222,850
2029	165,000	52,900	217,900
2030	170,000	47,875	217,875
2031	180,000	42,625	222,625
2032	185,000	37,035	222,035
2033	190,000	31,175	221,175
2034	195,000	24,916	219,916
2035	200,000	18,250	218,250
2036	210,000	11,200	221,200
2037	214,999	3,762	218,761
	$ 2,189,999	$ 457,763	$ 2,647,762

Amount recorded in	
Electric Fund	$ 391,377
Water and Wastewater Fund	1,182,356
Natural Gas Fund	29,565
Governmental Activities	586,701
Total	$ 2,189,999

On June 3, 2021, the City issued Series 2021A and B Certificates of Participation (COP) for the purpose of prepaying the City's outstanding principal Series 2014 Certificates of Participation, prepaying the outstanding principal on the 2020 Bridge Loan, and furnishing certain capital improvements. The COP were issued in the principal amount of $6,290,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2021 A and B certificates bear interest of 0.70% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year.

The Series 2021A certificates outstanding at December 31, 2025 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 45,000	$ 99,750	$ 144,750
2027	50,000	98,850	148,850
2028	50,000	97,850	147,850
2029	50,000	96,850	146,850
2030	30,000	95,850	125,850
2031	180,000	94,950	274,950
2032	260,000	89,550	349,550
2033	270,000	81,750	351,750
2034	275,000	73,650	348,650
2035	285,000	65,400	350,400
2036	295,000	56,850	351,850
2037	300,000	48,000	348,000
2038	310,000	39,000	349,000
2039	320,000	29,700	349,700
2040	330,000	20,100	350,100
2041	340,000	10,200	350,200
	$ 3,390,000	$ 1,098,300	$ 4,488,300

Amount recorded in	
Electric Fund	$ 1,604,148
Water and Wastewater Fund	849,195
Natural Gas Fund	77,970
Governmental Activities	858,687
Total	$ 3,390,000

The Series 2021B certificates outstanding at December 31, 2025 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 320,000	$ 33,787	$ 353,787
2027	320,000	28,668	348,668
2028	325,000	22,428	347,428
2029	335,000	15,440	350,440
2030	215,000	7,400	222,400
2031	74,999	2,024	77,023
	$ 1,589,999	$ 109,747	$ 1,699,746

Amount recorded in	
Electric Fund	$ 74,888
Water and Wastewater Fund	324,518
Governmental Activities	1,190,593
Total	$ 1,589,999

On December 2, 2024, the City issued Series 2024 Certificates of Participation (COP) for the purpose of acquiring a public sanitary sewage collection and treatment system. The Certificates of Participation were issued in the principal amount of $7,275,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2024 certificates bear interest at 4.00% to 5.00% with principal payments due October 1 and interest payments due April 1 and October 1 of each year.

The certificates outstanding at December 31, 2025, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 235,000	$ 311,394	$ 546,394
2027	245,000	299,644	544,644
2028	260,000	287,394	547,394
2029	270,000	274,394	544,394
2030	285,000	260,894	545,894
2031	300,000	246,644	546,644
2032	315,000	231,644	546,644
2033	330,000	215,894	545,894
2034	345,000	199,394	544,394
2035	365,000	182,144	547,144
2036	380,000	163,894	543,894
2037	400,000	148,694	548,694
2038	415,000	132,694	547,694
2039	430,000	116,094	546,094
2040	445,000	98,893	543,893
2041	465,000	81,093	546,093
2042	485,000	62,493	547,493
2043	505,000	42,487	547,487
2044	525,000	21,656	546,656
	$ 7,000,000	$ 3,377,438	$ 10,377,438

Municipal Utility Emergency Loan Program

In February of 2021, an extreme weather event, called a Polar Vortex, brought freezing temperatures and large amounts of snowfall. The Polar Vortex caused a major influx in utility consumption across the United States. Due to this influx, the City received a bill much larger than usual. On May 13, 2021, the House signed the Municipal Utility Emergency Loan Program into action. It is an interest free loan program for municipal utilities for wholesale electricity and natural gas cost incurred as a result of extraordinary prices between February 10, 2021 and February 20, 2021, to be loaned on a first-come first-served basis to any natural gas or electric municipal utility established pursuant to Chapter 91 RSMo or any municipal utility commission established pursuant to 393.700 RSMo, with a payback period of no more than five years. The outstanding payments at December 31, 2025, are due as follows:

	Direct Borrowing		
Year Ending December 31,	Principal	Interest	Total
2026	$ 48,812	$ -	$ 48,812

Financed Purchases

On August 9, 2024, the City entered into a financed purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2015 Vactor Truck for $223,953. The agreement requires annual payments of $44,790, which includes interest at 5.95%.

The financed purchase above is a direct borrowing debt issuance. If the City defaults on the principal or interest on the agreement as they become due, the issuer may declare all of the indebtedness to be immediately due and payable or take possession of the equipment purchased with the proceeds.

The total annual minimum payments required at December 31, 2025, are as follows:

Year Ending December 31,	Vactor Truck
2026	$ 44,790
2027	44,790
2028	44,790
2029	44,790
Total Minimum Payments	$ 179,160
Less Amount Representing Interest	(23,832)
Net Financed Purchased Payable	$ 155,328
Amount recorded in	
Electric Fund	$ 38,832
Water and Wastewater Fund	77,664
Natural Gas Fund	38,832
Total	$ 155,328

A summary of the changes in Long-Term Liabilities – Business-Type Activities for the year ended December 31, 2025, is as follows:

	Balance December 31, 2024	Additions	Retirements	Balance December 31, 2025	Amount Due Within One Year
Water and Wastewater Fund					
Direct Placement					
2011 Revenue Bonds	$ 1,865,000	$ -	$ 266,000	$ 1,599,000	$ 273,000
Certificates of Participation					
Series 2016	204,000	-	100,800	103,200	103,200
Series 2017A/B	1,262,636	-	80,280	1,182,356	83,683
Series 2021A	866,730	-	17,535	849,195	11,273
Series 2021B	383,707	-	59,189	324,518	65,312
Series 2024	7,275,000	-	275,000	7,000,000	235,000
Add:					
Premium on COP's	195,493	-	10,272	185,221	-
	10,187,566	-	543,076	9,644,490	498,468
Direct Borrowings					
2005A MAMU Agreement	48,910	-	48,910	-	-
Finance Purchases					
2015 Vactor Truck	94,440	-	16,776	77,664	20,012
Compensated Absences	25,105	-	1,598	23,507	6,112
	12,221,021	-	876,360	11,344,661	797,592
Electric Fund					
Certificates of Participation					
Series 2016	114,750	-	56,700	58,050	58,050
Series 2017A/B	418,887	-	27,510	391,377	27,700
Series 2021A	1,637,272	-	33,124	1,604,148	21,294
Series 2021B	88,547	-	13,659	74,888	15,072
Add:					
Premium on COP's	106,456	-	6,262	100,194	-
	2,365,912	-	137,255	2,228,657	122,116
Direct Borrowings					
2005A MAMU Agreement	23,360	-	23,360	-	-
MUELP loan	146,434	-	97,622	48,812	48,812
Finance Purchases					
2016 Vactor Truck	47,220	-	8,388	38,832	10,006
Compensated Absences	63,539	-	9,363	54,176	14,086
	2,646,465	-	275,988	2,370,477	195,020

	Balance December 31, 2024	Additions	Retirements	Balance December 31, 2025	Amount Due Within One Year
Natural Gas Fund					
Certificates of Participation					
Series 2016	42,500	-	21,000	21,500	21,500
Series 2017A/B	31,590	-	2,025	29,565	2,093
Series 2021A	79,580	-	1,610	77,970	1,035
Add:					
Premium on COP's	5,174	-	304	4,870	-
	158,844	-	24,939	133,905	24,628
Direct Borrowing					
2005A MAMU Agreement	730	-	730	-	-
Finance Purchases					
2016 Vactor Truck	47,220	-	8,388	38,832	10,006
Compensated Absences	9,837	-	2,325	7,512	1,953
	216,631	-	36,382	180,249	36,587
	$ 15,084,117	$ -	$ 1,188,730	$ 13,895,387	$ 1,029,199

7. Long-Term Liabilities – Governmental Activities

Certificates of Participation

On April 1, 2016, the City issued Series 2016 Certificates of Participation (COP) for the purpose of refunding the Series 2007 COP, which refunded the Series 1999A and 1999B Tax Increment Revenue Bonds, 2000A, 2000B and 2004A Tax Increment Allocation Bonds and to pay the costs of public facilities projects. The Certificates of Participation were issued in the principal amount of $2,015,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2016 certificates bear interest at 2.00% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this debt issuance has been presented as a component of Note 6.

On July 27, 2017, the City issued Series 2017A and B Certificates of Participation (COP) for the purpose of acquiring, constructing, installing, equipping, and furnishing certain capital improvements. The COPs were issued in the principal amount of $3,575,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the agreement to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2017A and B certificates bear interest of 1.77% to 3.50% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this issuance has been presented as a component of Note 6.

December 28, 2017, the City issued Series 2017C Certificates of Participation (COP) for the purpose of refunding the Series 2011A COP. The Certificates of Participation were issued in the principal amount of $9,455,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the

current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the agreement. The 2017C certificates bear interest a 2.00% to 3.5% with principal payments due April 15 and interest payments due April 15 and October 15 of each year. Ozarks Technical Community College will pay rental payments equivalent to approximately 58% of principal and interest payments on the Series 2017C COP for the OTC Waynesville Center.

The Series 2017C COP outstanding at December 31, 2025 are due as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 500,000	$ 197,956	$ 697,956
2027	515,000	183,375	698,375
2028	530,000	168,343	698,343
2029	550,000	152,143	702,143
2030	560,000	135,493	695,493
2031	575,000	117,750	692,750
2032	600,000	98,656	698,656
2033	615,000	78,528	693,528
2034	640,000	57,350	697,350
2035	655,000	35,088	690,088
2036	675,000	11,812	686,812
	$ 6,415,000	$ 1,236,494	$ 7,651,494

On June 3, 2021, the City issued Series 2021A and B Certificates of Participation (COP) for the purpose of prepaying the City's outstanding principal Series 2014 Certificates of Participation, prepaying the outstanding principal on the 2020 Bridge Loan, and furnishing certain capital improvements. The Certificates were issued in the principal amount of $6,290,000. In the event of default on the agreement, the trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amount then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The 2021 A and B certificates bear interest of 0.70% to 3.00% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The payment schedule for this issuance has been presented as a component of Note 6.

Financed Purchases

On October 10, 2019, the City entered into a financed purchase agreement with Security Bank of Pulaski County to finance the purchase of a 2018 Garsite Jet Aircraft Refueler for $180,169. The agreement requires annual payments of $31,705, which includes interest at 5.50%.

The financed purchase above is a direct borrowing debt issuance. If the City defaults on the principal or interest on the agreements as they become due, the issuer may declare all of the indebtedness to be immediately due and payable or take possession of the equipment purchased with the proceeds.

Although the agreements provide for cancellation of the agreements at the City's option at the renewal dates, the City does not foresee exercising its option to cancel. Therefore, the agreements are accounted for as noncancelable financed purchases.

The total annual minimum payments required at December 31, 2025, are as follows:

Year Ending December 31,		2018 Garsite Refueler Financed Purchase
2026		$ 31,705
	Total Minimum Payments	31,705
	Less Amount Representing Interest	(1,656)
	Net Financed Purchases Payable	$ 30,049

Leases

The City leases a portion of its vehicle fleet with Enterprise Fleet Management. The individual payment terms and lengths vary by each vehicle. Interest is deemed to be 3.00%. Amounts relating to the leases are reflected in the financial statements as right-to-use assets and lease liabilities.

The lease obligation outstanding at December 31, 2025, is due as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 180,326	$ 15,592	$ 195,918
2027	120,648	10,107	130,755
2028	100,272	6,437	106,709
2029	78,430	3,388	81,818
2030	32,945	1,002	33,947
	$ 512,621	$ 36,526	$ 549,147

A summary of the changes in the Long-Term Liabilities – Governmental Activities for the year ended December 31, 2025, is as follows:

	Balance December 31, 2024	Additions	Retirements	Balance December 31, 2025	Amounts Due Within One Year
Certificates of Participation					
Series 2016	$ 63,750	$ -	$ 31,500	$ 32,250	$ 32,250
Series 2017A/B	626,886	-	40,185	586,701	41,525
Series 2017C	6,905,000	-	490,000	6,415,000	500,000
Series 2021A	876,418	-	17,731	858,687	11,399
Series 2021B	1,407,745	-	217,152	1,190,593	239,616
Add:					
Premium on COP's	56,984	-	3,352	53,632	-
	9,936,783	-	799,920	9,136,863	824,790
Direct Borrowings					
Financed Purchases					
Garsite Refueler	58,497	-	28,448	30,049	30,049
2020 Peterbilt Dump Truck	15,370	-	15,370	-	-
Lease Obligation	375,377	333,046	195,802	512,621	180,326
Compensated Absences	197,802	-	64,372	133,430	34,692
	$ 10,583,829	$ 333,046	$ 1,103,912	$ 9,812,963	$ 1,069,857

8. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Governmental Activities				
Non-depreciable capital assets				
Land	$ 5,024,188	$ 20,000	$ -	$ 5,044,188
Construction in progress	3,572,989	10,640,097	-	14,213,086
Total non-depreciable capital assets	8,597,177	$ 10,660,097	$ -	19,257,274
Depreciable capital assets				
Building and improvements	11,896,803	$ -	$ -	11,896,803
Machinery and equipment	2,237,327	46,979	-	2,284,306
Land improvements	2,426,572	-	-	2,426,572
Vehicles	790,498	49,550	-	840,048
Infrastructure	11,339,954	14,557	-	11,354,511
Total depreciable capital assets	28,691,154	$ 111,086	$ -	28,802,240
Less accumulated depreciation	10,444,893	$ 878,604	$ -	11,323,497
Total depreciable capital assets, net	18,246,261			17,478,743
Right-of-use Asset				
Vehicles leased asset	610,170	$ 335,196	$ -	945,366
Less accumulated amortization	193,856	$ 191,590	$ -	385,446
Total right-of-use assets, net	416,314			559,920
Total Governmental Activities Capital Assets, net	$ 27,259,752			$ 37,295,937

Depreciation and amortization expense for governmental activities was charged to functions as follows:

Administrative	$ 430,686
Public safety	24,483
Dispatch	2,191
Park and pool	52,488
Street	242,997
Airport	299,983
Animal Shelter	17,366
	$ 1,070,194

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Business-Type Activities				
Electric Fund				
Non-depreciable capital assets:				
Land	$ 270,899	$ -	$ -	$ 270,899
Construction in progress	1,831,792	68,263	-	1,900,055
	2,102,691	$ 68,263	$ -	2,170,954
Depreciable capital assets:				
Electric distribution system	2,388,168	$ -	$ -	2,388,168
Vehicles	573,501	199,387	62,668	710,220
Equipment	1,272,138	-	-	1,272,138
Buildings and improvements	567,020	-	-	567,020
	4,800,827	$ 199,387	$ 62,668	4,937,546
Less accumulated depreciation	2,907,820	$ 168,232	$ 62,668	3,013,384
Depreciable Capital Assets, net	1,893,007			1,924,162
Water and Wastewater Fund				
Non-depreciable capital assets:				
Land	292,814	$ -	$ -	292,814
Construction in progress	2,095,650	128,455	-	2,224,105
	2,388,464	$ 128,455	$ -	2,516,919
Depreciable capital assets				
Buildings and improvements	14,466	$ -	$ -	14,466
Distribution system	24,464,566	-	-	24,464,566
Equipment	1,312,821	85,958	-	1,398,779
Vehicles	106,351	74,500	-	180,851
	25,898,204	$ 160,458	$ -	26,058,662
Less accumulated depreciation	10,469,665	$ 745,778	$ -	11,215,443
Depreciable Capital Assets, net	15,428,539			14,843,219
Natural Gas Fund				
Non-depreciable capital assets:				
Construction in progress	154,396	$ -	$ -	154,396
Depreciable capital assets:				
Buildings and improvements	73,072	$ -	$ -	73,072
Distribution system	2,627,180	-	-	2,627,180
Equipment	475,577	42,077	-	517,654
Vehicles	7,539	-	-	7,539
	3,183,368	$ 42,077	$ -	3,225,445
Less accumulated depreciation	2,417,715	$ 97,799	$ -	2,515,514
Depreciable Capital Assets, net	765,653			709,931
Total Business-Type Activities Capital Assets, net	$ 22,732,750			$ 22,319,581

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Component Unit				
Westgate Community Improvement District				
Depreciable capital assets				
Infrastructure	$ 848,611	$ -	$ -	$ 848,611
Less accumulated depreciation	248,601	$ 28,287	$ -	276,888
Depreciable Capital Assets, net	$ 600,010			$ 571,723

9. Agreement with Component Unit

In 2013, the Westgate Community Improvement District issued the Sales Tax Revenue Note, Series 2013 to reimburse the City for project costs in the amount of $379,441. In 2017, the Westgate Community Improvement District added $469,170 to this note. The note bears interest of 5.00%. The District will reimburse the City upon receipt of excess sales tax revenue. At December 31, 2025, the outstanding balance on the note is due and receivable as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 30,000	$ 26,881	$ 56,881
2027	30,000	25,353	55,353
2028	30,000	23,824	53,824
2029	30,000	22,296	52,296
2030	30,000	20,768	50,768
2031-2035	150,000	80,912	230,912
2036-2040	227,643	42,703	270,346
	$ 527,643	$ 242,737	$ 770,380

10. Assessed Valuation, Tax Levy, & Legal Debt Margin

The assessed valuation of the tangible property and the tax levy per $100 assessed valuation of that property were as follows:

	2025
Assessed Valuation	
Real estate	$ 82,449,754
Personal property	13,728,296
Total	$ 96,178,050
Tax Rate Per $100 of Assessed Valuation	
General Fund	$ .5864

The legal debt margin at December 31, 2025, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	$ 9,617,805	$ 9,617,805	$ 19,235,610
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	$ 9,617,805	$ 9,617,805	$ 19,235,610

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

11. Employee Pension Plan

General Information about the Pension Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City 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 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) 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 receive a reduced allowance.

	2025 Valuation
Benefit multiplier	2.00% for life
Final average salary	3 years
Member contributions	0%

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, 2025, the following employees were covered by the benefit terms:

	General	Police	Total
Inactive employees or beneficiaries currently receiving benefits	42	8	50
Inactive employees entitled to but not yet receiving benefits	27	11	38
Active employees	49	10	59
	118	29	147

Contributions. The City 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 City do not contribute to the pension plan. The City's contribution rates are 20.8% (General) and 19.0% (Police) of annual covered payroll.

Net Pension Asset/Liability. The City's net pension asset/liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of February 28, 2025.

Actuarial Assumptions. The total pension liability in the February 28, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including inflation for General Division
	2.75% to 6.55% including inflation for Police Division
Investment rate of return	7.00% net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 20245 valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 29, 2020.

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected

inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	5.00%	1.76%
Equity	39.00%	3.39%
Fixed Income	23.00%	3.54%
Real Assets	33.00%	2.68%
Strategic Assets	7.00%	2.83%
Cash/Leverage	-7.00%	-0.86%

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. 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 (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
General Division			
Balances at beginning of year	$ 7,721,219	$ 7,239,768	$ 481,451
Changes for the year			
Service cost	250,517	-	250,517
Interest	535,230	-	535,230
Difference between expected and actual experiences	202,269	-	202,269
Contributions - employer	-	499,723	(499,723)
Net investment income	-	434,509	(434,509)
Benefits paid, including refunds	(403,247)	(403,247)	-
Administrative expenses	-	(13,214)	13,214
Other changes	-	(12,284)	12,284
Net Changes	584,769	505,487	79,282
Balances at end of year	8,305,988	7,745,255	560,733

Police Division			
Balances at beginning of year	1,910,354	1,902,533	7,821
Changes for the year			
Service cost	71,092	-	71,092
Interest	133,247	-	133,247
Difference between expected and actual experiences	180,677	-	180,677
Contributions - employer	-	101,368	(101,368)
Net investment income	-	122,899	(122,899)
Benefits paid, including refunds	(84,970)	(84,970)	-
Administrative expenses	-	(3,273)	3,273
Other changes	-	114,608	(114,608)
Net Changes	300,046	250,632	49,414
Balances at end of year	2,210,400	2,153,165	57,235
Total Plan Balances at End of Year	$ 10,516,388	$ 9,898,420	$ 617,968

	Net Pension Liability (Asset)
Governmental Activities	$ 450,421
Business-Type Activities	167,547
	$ 617,968

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following present the Net Pension Liability (Asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's Net Pension Liability (Asset) would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	$ 9,498,774	$ 8,305,988	$ 7,331,718
Fiduciary Net Position	7,745,255	7,745,255	7,745,255
Net Pension Liability (Asset)	1,753,519	560,733	(413,537)
Police Division			
Total Pension Liability	2,547,367	2,210,400	1,937,256
Fiduciary Net Position	2,153,165	2,153,165	2,153,165
Net Pension Liability (Asset)	394,202	57,235	(215,909)
Total Net Pension Liability (Asset)	$ 2,147,721	$ 617,968	$ (629,446)

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

For the year ended December 31, 2025, the City recognized a pension expense of $457,693. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Deferred (Inflow) Outflow of Resources
General Division			
Differences in experiences	$ 438,993	$ -	$ 438,993
Excess (deficit) investment returns	321,036	-	321,036
Contributions subsequent to the measurement date*	255,685	-	255,685
	1,015,714	-	1,015,714
Police Division			
Differences in experiences	205,765	(192,337)	13,428
Differences in assumptions	-	(1,206)	(1,206)
Excess (deficit) investment returns	94,282	-	94,282
Contributions subsequent to the measurement date*	52,369	-	52,369
	352,416	(193,543)	158,873
Total	$ 1,368,130	$ (193,543)	$ 1,174,587
Governmental Activities	$ 1,064,634	$ (193,543)	$ 871,091
Business-Type Activities			
Electric Fund	141,702	-	141,702
Water and Wastewater Fund	117,392	-	117,392
Natural Gas Fund	44,402	-	44,402
	303,496	-	303,496
Total	$ 1,368,130	$ (193,543)	$ 1,174,587

*The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2026.

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

Year Ending December 31,	General Net Deferred Outflows of Resources	Police Net Deferred Outflows of Resources	Total Net Deferred Outflows of Resources
2026	$ 386,186	$ 65,899	$ 452,085
2027	229,685	21,659	251,344
2028	111,436	(5,956)	105,480
2029	32,722	24,902	57,624
	$ 760,029	$ 106,504	$ 866,533

Payable to the Pension Plan

At December 31, 2025, the City had $45,136 of contributions reported as payable to the pension plan.

12. Economic Dependency

The City of Waynesville, Missouri's economy is largely dependent on the revenues derived from military personnel stationed at Fort Leonard Wood, Missouri, which adjoins the City limits. Fort Leonard Wood's population changes have a substantial influence on the local economy. The closing of the military base would have a significant impact on the operations of the City.

13. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

14. Leases Receivable

The City, as a Lessor, has entered into a building rental agreement, the terms of which expire in 2036. The City recognizes a lease receivable and deferred inflows of resources. Lease revenue recognized under the agreements during the year ended December 31, 2025, was $285,000. The City had a remaining lease receivable with a net present value of $3,715,000 based on discount rates varying between 3.0% and 3.5%.

15. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2025, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

16. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2025, were as follows:

	Transfers In	Transfers Out
General Fund	$ 2,126,188	$ -
Electric Fund	-	958,893
Water and Wastewater Fund	-	829,965
Natural Gas Fund	-	260,024
Trash Fund	-	77,306
	$ 2,126,188	$ 2,126,188

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and Governmental Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

17. Pledged Revenues

Water and Wastewater Fund

The City has pledged future water and wastewater customer revenues to repay the 2011 Combined Waterworks and Sewerage Revenue Bonds issued to improve and expand the combined system. The bonds are payable solely from customer net revenues and are payable through 2031. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is $1,679,683. Principal and interest paid for the current year and total customer net revenues were $295,684 and $2,372,446, respectively.

18. Conduit Debt

On December 21, 2012, the City authorized the issuance of $10,000,000 aggregate maximum principal amount of Industrial Development Revenue Bonds, Series 2013. The issuance is authorized in accordance with Chapter 100 RSMo in order to provide economic financial assistance to a third-party private entity and the City has no obligation beyond the rents, revenues and receipts derived by the City from the Project; therefore, the issue does not constitute a debt of the City and, accordingly, is not included in the City's statement of net position. As of December 31, 2025, the third-party private entity is current on all payments due and the outstanding balance is $10,000,000.

19. Debt Refunding Loss

On April 1, 2016, the City issued $2,015,000 in Series 2016 Certificates of Participation with interest rates ranging from 2.00% to 3.00%. The City issued the certificates to refund $2,395,000 of the outstanding 2007 Certificates of Participation with interest rates ranging from 4.00% to 4.45%. The advance refunding resulted in the recognition of a deferred loss of $90,804.

The deferred loss is amortized as an adjustment to interest expense through 2026. A summary of the deferred loss on debt refunding is listed below:

	Balance December 31, 2024	Additions	Current Amortization	Balance December 31, 2025
Governmental Activities	$ 1,703	$ -	$ (1,362)	$ 341
Business-Type Activities				
Electric Fund	3,065	-	(2,452)	613
Water and Wastewater Fund	5,448	-	(4,358)	1,090
Natural Gas Fund	1,135	-	(908)	227
	$ 11,351	$ -	$ (9,080)	$ 2,271

20. Unearned Revenue

This is future revenue consisting of payments in lieu of taxes that will be recognized over a 25 year period as a result of an October 2015 contract with MCP-Waynesville, LLC that brought a solar farm to the City. As of December 31, 2025, the unearned revenue was $138,000 and will be recognized at a rate of $9,200 per year.

21. Commitments

At December 31, 2025, the City was committed to Burns & McDonnell Engineering and Reese Equipment Company in the amount of $446,591 and $6,900,428, respectively, for services related to the airport terminal construction project.

At December 31, 2025, the City was committed to Donald Maggi Inc. in the amount of $362,078 for construction services related to the Historic Route 66 Sidewalk Improvement project.

22. Restatement

During the current year, the City reallocated the use of funds for the 2024 Certificates of Participation. Fund balances and net position have been restated, as follows:

	General Fund	Electric Fund	Water and Wastewater Fund	Natural Gas Fund	Governmental Activities	Business-Type Funds
Fund Balance/Net Position, as previously reported on December 31, 2024	$ 2,393,109	$ 3,104,981	$ 7,013,403	$ 1,509,288	$ 22,077,280	$ 11,861,574
Cash	(532,049)	457,897	51,242	22,910	(532,049)	532,049
Certificates of participation payable	-	(375,756)	(26,642)	(18,684)	421,082	(421,082)
Premium on certificates of participation	-	(24,432)	(1,732)	(1,215)	27,379	(27,379)
Fund Balance/Net Position, as restated December 31, 2024	$ 1,861,060	$ 3,162,690	$ 7,036,271	$ 1,512,299	$ 21,993,692	$ 11,945,162

Required Supplementary Information

City of Waynesville

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Year Ended December 31, 2025

Missouri Local Government Employees Retirement System (LAGERS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 321,609	$ 292,945	$ 273,750	$ 250,628	$ 256,162	$ 258,355	$ 244,246	$ 236,248	$ 252,887	$ 229,483
Interest on the Total Pension Liability	668,477	637,899	579,568	536,960	528,163	519,103	474,443	455,928	441,448	393,077
Difference between expected and actual experience	382,946	(26,022)	447,941	289,690	208,504	(235,748)	278,824	(73,345)	(146,872)	58,079
Changes of Assumptions	-	-	-	-	(136,003)	-	-	-	-	265,644
Benefit payments including refunds	(488,217)	(476,144)	(478,609)	(481,264)	(455,552)	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)
Net Change in Total Pension Liability	884,815	428,678	822,650	596,014	401,274	164,561	598,154	282,322	204,965	705,794
Total Pension Liability, Beginning	9,631,573	9,202,895	8,380,245	7,784,231	7,382,957	7,218,396	6,620,242	6,337,920	6,132,955	5,427,161
Total Pension Liability, Ending	10,516,388	9,631,573	9,202,895	8,380,245	7,784,231	7,382,957	7,218,396	6,620,242	6,337,920	6,132,955
Plan Fiduciary Net Position										
Contributions - employer	601,091	510,372	468,135	421,194	393,331	394,243	400,288	380,440	357,320	363,432
Pension Plan Net Investment Income (Loss)	557,408	441,616	300,032	7,663	1,969,121	87,117	410,581	706,965	610,680	(2,555)
Benefit payments, including refunds	(488,217)	(476,144)	(478,609)	(481,264)	(455,552)	(377,149)	(399,359)	(336,509)	(342,498)	(240,489)
Pension Plan Administrative Expense	(16,487)	(16,856)	(17,352)	(12,816)	(11,606)	(14,925)	(13,162)	(9,135)	(8,597)	(8,244)
Other	102,324	(198,080)	8,195	49,155	111,918	(171,360)	(13,914)	16,174	27,413	63,667
Net Change in Plan Fiduciary Net Position	756,119	260,908	280,401	(16,068)	2,007,212	(82,074)	384,434	757,935	644,318	175,811
Plan Fiduciary Net Position, Beginning	9,142,301	8,881,393	8,600,992	8,617,060	6,609,848	6,691,922	6,307,488	5,549,553	4,905,235	4,729,424
Plan Fiduciary Net Position, Ending	9,898,420	9,142,301	8,881,393	8,600,992	8,617,060	6,609,848	6,691,922	6,307,488	5,549,553	4,905,235
Employer Net Pension Liability (Asset)	$ 617,968	$ 489,272	$ 321,502	$ (220,747)	$ (832,829)	$ 773,109	$ 526,474	$ 312,754	$ 788,367	$ 1,227,720
Plan fiduciary net position as a percentage of the total pension liability	94.12%	94.92%	96.51%	102.63%	110.70%	89.53%	92.71%	95.28%	87.56%	79.98%
Covered payroll	$ 2,786,254	$ 2,385,585	$ 2,220,337	$ 2,079,625	$ 1,904,046	$ 2,056,658	$ 1,939,790	$ 1,785,682	$ 1,770,160	$ 1,970,387
Net pension liability (asset) as a percentage of covered payroll	22.18%	20.51%	14.48%	-10.61%	-43.74%	37.59%	27.14%	17.51%	44.54%	62.31%

City of Waynesville

Schedule of Contributions

Year Ended December 31, 2025

Missouri Local Government Employees Retirement System (LAGERS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 614,620	$ 575,232	$ 456,835	$ 456,197	$ 407,278	$ 401,382	$ 391,435	$ 399,509	$ 364,423	$ 359,297
Contributions in relation to the actuarially determined contribution	614,620	574,680	456,835	451,016	407,278	401,382	391,435	399,509	364,423	359,297
Contribution excess	$ -	$ 552	$ -	$ 5,181	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,043,946	$ 2,810,693	$ 2,326,720	$ 2,264,498	$ 2,130,634	$ 2,062,611	$ 2,051,240	$ 2,024,113	$ 1,873,262	$ 1,924,495
Contributions as a percentage of covered payroll	20.19%	20.45%	19.63%	19.92%	19.12%	19.46%	19.08%	19.74%	19.45%	18.67%

See accompanying notes to the Schedule of Contributions.

City of Waynesville

Notes to the Schedule of Contributions

Year Ended December 31, 2025

Valuation Date: February 28, 2025

Notes: The roll-forward of total pension liability from February 28, 2025, to June 30, 2025, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

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 4 to 17 years for the General Division and 6 to 17 years for the Police Division.

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Inflation: 2.75% wage inflation, 2.25% price inflation

Salary Increases: 2.75% to 6.75% including inflation for General Division

2.75% to 6.55% including inflation for Police Division

Investment Rate of Return: 7.00%, 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, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

City of Waynesville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem taxes	$ 500,000	$ 560,853	$ 560,853	$ -
City sales tax	1,125,000	1,315,634	1,315,634	-
Motor vehicle taxes	575,000	661,525	661,525	-
Utility franchise tax	45,000	42,348	42,348	-
Railroad and utility tax	-	695	695	-
Financial institution tax	-	354	354	-
	2,245,000	2,581,409	2,581,409	-
Licenses and Permits				
Building permits	40,000	50,992	50,992	-
Other licenses and permits	20,000	33,835	33,835	-
	60,000	84,827	84,827	-
Intergovernmental Revenues				
Federal and state grants	13,596,000	9,503,147	9,503,147	-
Charges for Services				
Fuel sales	400,000	277,330	277,330	-
Rental income	423,500	16,774	16,774	-
Animal control	160,000	171,761	171,761	-
Administrative services	616,920	615,803	615,803	-
Other	168,500	220,682	220,682	-
	1,768,920	1,302,350	1,302,350	-
Fines and Forfeitures				
City court fines	75,500	72,171	72,171	-
Miscellaneous				
Interest	50,000	103,677	103,677	-
Donations	17,500	18,728	18,728	-
Other	32,500	104,357	104,357	-
	100,000	226,762	226,762	-
Total Revenues	17,845,420	13,770,666	13,770,666	-

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
City hall	1,460,300	1,544,056	1,544,056	-
Fire	260,000	237,945	237,945	-
Public safety	1,139,450	1,193,178	1,193,178	-
Municipal court	133,450	131,899	131,899	-
Street	551,200	533,648	533,648	-
Airport	726,850	511,371	511,371	-
Animal shelter	478,950	447,559	447,559	-
Building department	398,590	343,444	343,444	-
Dispatch	500,400	471,258	471,258	-
Capital outlay	13,792,500	10,666,683	10,666,683	-
Debt Service				
Principal and interest	1,120,000	430,018	430,018	-
Total Expenditures	20,561,690	16,511,059	16,511,059	-
Excess (Deficit) of Revenues Over Expenditures	(2,716,270)	(2,740,393)	(2,740,393)	-
Other Financing Sources				
Sale of property	-	20,350	20,350	-
Operating transfers in	1,949,830	2,126,188	2,126,188	-
Total Other Financing Sources	1,949,830	2,146,538	2,146,538	-
Net Change in Fund Balance	(766,440)	(593,855)	(593,855)	-
Beginning Fund Balance, as previously reported	1,861,060	2,393,109	2,393,109	-
Error correction	-	(532,049)	(532,049)	-
Fund Balance, Beginning of Year, as restated	1,861,060	1,861,060	1,861,060	-
Fund Balance, End of Year	$ 1,094,620	$ 1,267,205	$ 1,267,205	$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – Park and Pool Fund

Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Sales taxes	$ 595,000	$ 551,497	$ 551,497	$ -
Licenses and Permits				
Other licenses and permits	3,500	11,100	11,100	-
Intergovernmental Revenues				
Federal and state grants	130,000	214,999	214,999	-
Charges for Services				
Rental and membership	173,000	88,394	88,394	-
Miscellaneous				
Interest income	1,000	1,394	1,394	-
Other	3,000	111,209	111,209	-
	4,000	112,603	112,603	-
Total Revenues	905,500	978,593	978,593	-
Expenditures				
Current				
Parks and pool	443,330	631,947	631,947	-
Capital outlay	100,000	104,500	104,500	-
Total Expenditures	543,330	736,447	736,447	-
Excess (Deficit) of Revenues Over Expenditures	362,170	242,146	242,146	-
Fund Balance, Beginning of Year	1,871,580	1,871,580	1,871,580	-
Fund Balance, End of Year	$ 2,233,750	$ 2,113,726	$ 2,113,726	$ -

See accompanying notes to the Budgetary Comparison Schedules.

City of Waynesville

Budgetary Comparison Schedule – Community Improvement District Fund

Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Miscellaneous				
Other	$ 60,000	$ 28,409	$ 28,409	$ -
Total Revenues	60,000	28,409	28,409	-
Expenditures				
Community improvements	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficit) of Revenues Over Expenditures	60,000	28,409	28,409	-
Fund Balance, Beginning of Year	881,613	881,613	881,613	-
Fund Balance, End of Year	$ 941,613	$ 910,022	$ 910,022	$ -

See accompanying notes to the Budgetary Comparison Schedules.

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.

2. One public hearing is conducted by the City Council in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.

3. Prior to January 1, ordinances are passed by the Council, which provide for legally adopted budgets for all funds of the City.

4. Formal budgetary integration is employed as a management control device for all funds of the City.

5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Council on approved budget adjustment forms.

City of Waynesville, Missouri

Single Audit Reports

Year Ended December 31, 2025

KPM

CPAS & ADVISORS

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Waynesville, Missouri's basic financial statements, and have issued our report thereon dated August 17, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as items 2025-001 and 2025-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Waynesville, Missouri's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

KPM CPAs, LLC

KPM CPAs, LLC
Springfield, Missouri
August 17, 2026

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Waynesville, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Waynesville, Missouri's major federal programs for the year ended December 31, 2025. The City of Waynesville, Missouri's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Waynesville, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Waynesville, Missouri, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Waynesville, Missouri's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Waynesville, Missouri's basic financial statements. We have issued our report thereon dated August 17, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPM CPAs, LLC

KPM CPAs, LLC
Springfield, Missouri
August 17, 2026

City of Waynesville

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

Federal Grantor Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Justice			
Direct			
Equitable Sharing Program	16.922	N/A	$ 2,467
Total U.S. Department of Justice			2,467
U.S. Department of Transportation			
Direct			
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	N/A	7,724,419
Missouri Department of Transportation			
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	23-057B-2	788,618
			8,513,037
Highway Planning and Construction	20.205	TAP-9901(458)	10,482
		TAP-9901(536)	234,817
		TAP-9901(551)	21,606
			266,905
Highway Safety Cluster			
State and Community Highway Safety	20.600	25-PT-02-082	5,011
Total Highway Safety Cluster			5,011
Alcohol Open Container Requirements	20.607	25-ENF-03-081	8,542
Total U.S. Department of Transportation			8,793,495
Environmental Protection Agency			
Missouri Department of Natural Resources			
Diesel Emissions Reduction Act (DERA) State Grants	66.040	DERA-2025	43,242
Total Environmental Protection Agency			43,242
U.S. Department of Homeland Security			
Missouri State Emergency Management Agency			
Disaster Grants - Public Assistance	97.036	PN 818289	7,021
	97.036	PN 824082	5,830
	97.036	PN 824057	134,143
	97.036	PN 824046	25,755
			172,749
Total U.S. Department of Homeland Security			172,749
Total Expenditures of Federal Awards			$ 9,011,953

See accompanying Notes to the Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Waynesville, Missouri, under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waynesville, Missouri, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Waynesville, Missouri.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The City elected not to use the 10-percent or 15 percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

City of Waynesville

Schedule of Findings and Questioned Costs

Year Ended December 31, 2025

Section I: Summary of Auditors' Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for the major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No

Identification of the major federal programs:

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
20.106	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000
Auditee qualified as low-risk auditee?	No

Section II: Financial Statement Findings

Material Weaknesses

2025-001 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The City currently has personnel in place to handle the accounting needs of the City. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

2025-002 Bank Reconciliations

Condition: During the year ended December 31, 2025, reconciliations of all bank accounts to the accounting general ledger were not performed on a monthly basis.

Criteria: Bank reconciliations are an important internal control within an entity. All bank accounts held under the City's tax identification number should be reconciled to the general ledger on a monthly basis. All supporting information for the bank reconciliation should be included with the reconciliation to allow for review. These items would include a printout of general ledger cash, bank statements, and detailed listings of outstanding items.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

Response: During the 2026 fiscal year the City has been working on a solution to utilize the accounting system to do monthly bank reconciliations. Additionally, the Finance Department is now staffed sufficiently to create the ability to complete the reconciliations in a timely manner as well as have an oversight review once completed.

Section III: Federal Award Findings and Questioned Costs

None

City of Waynesville

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2025

Financial Statement Finding

Material Weakness

2024-001 Segregation of duties

***Auditor's Recommendation**:* We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

***Status**:* Uncorrected

2024-002 Bank Reconciliations

***Auditor's Recommendation**:* We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

***Status**:* Uncorrected. The City has determined switching accounting software will be the best option to complete proper bank reconciliations. This software switch will occur in fiscal year 2026.

CITY OF
WAYNESVILLE
Missouri

100 Tremont Center
Waynesville, MO. 65583

August 17, 2026

U.S. Department of Transportation

City of Waynesville, Missouri respectfully submits the following corrective action plan for the year ended December 31, 2025.

Contact information for the individual responsible for the corrective action:

John Doyle – City Administrator
City of Waynesville, Missouri
100 Tremont Center
Waynesville, Missouri 65583
(573) 774-6171

Independent Public Accounting Firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: Year ended December 31, 2025

The findings from the December 31, 2025, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Material Weaknesses

2025-001 *Segregation of Duties*

Recommendation: We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Action Taken: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

Completion Date: Not applicable

2025-002 Bank Reconciliations

Recommendation: We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

Action Taken: During the 2026 fiscal year we will be working on a solution to utilize the accounting system to do the monthly bank reconciliations.

Completion Date: March 31, 2027.

Sincerely,

John C. Doyle

John Doyle, City Administrator
City of Waynesville, Missouri

KPM
CPAS & ADVISORS

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

In planning and performing our audit of the governmental activities, business-type activities, discretely presented component until, and each major fund of the City of Waynesville, Missouri, for the year ended December 31, 2025, we considered the City's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, we identified a certain deficiencies in internal control over financial reporting that we consider to be a material weaknesses.

In addition to the material weaknesses discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

1. Water Loss

During our audit, we noted that the City's average water loss was not easily determinable, but greater than 20%. Normal loss percentages for cities range from 15% to 20%. This could indicate leaks, old unreliable meters, or undocumented City usage.

We Recommend:

The City continue to investigate lines for leaks and investigate undocumented City usage. We further recommend the City investigate the possibility of water service to customers that are not being billed.

2. Procurement Policy

During our audit, we noted that the City's procurement policy does not always match federal grant compliance requirements set forth with Uniform Guidance. Specifically, the City should review requirements regarding bidding requirements.

We Recommend:

The City review and update their procurement policy. Missouri Municipal League is one resource the City can use to ensure compliance with Uniform Guidance.

3. Internal Control and Process Review

During the software implementation occurring in fiscal year 2026, management should establish and document a comprehensive internal control framework throughout the implementation lifecycle to ensure the integrity, accuracy, security, and completeness of financial data. This framework should include formal governance over system configuration, user access management, data migration, change management, testing procedures, and post-implementation monitoring.

We Recommend:

The City develop and implement a formal project governance and internal control framework for the accounting software implementation. Control activities should be documented, tested, and approved prior to system deployment. Data migration reconciliations, user access reviews, and post-implementation assessments should be conducted to ensure the system operates effectively and supports accurate financial reporting.

4. Cybersecurity and Information Technology Controls

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

We Recommend:

The City evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

5. New Pronouncement

GASB Statement No. 103 – *Financial Reporting Model Improvements* – changes and improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Improvements and notable changes are made to the unusual or infrequent items, presentation of proprietary fund statements, presentation of major component units, and budgetary comparison information. This statement is effective for the fiscal year ending December 31, 2026.

We Recommend:

Management examine the new pronouncement to determine the effect it will have on future financial reporting and to ensure successful implementation on the effective date.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the City's administrative personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies of this matter or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as the City of Waynesville, Missouri's independent auditors and the courtesies and assistance extended to us by the City's employees.

Respectfully submitted,

KPM CPAs, LLC

KPM CPAs, LLC
Springfield, Missouri
August 17, 2026

KPM
CPAS & ADVISORS

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waynesville, Missouri, for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 22, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Waynesville, Missouri, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2025. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was management's estimate of the allowance for doubtful accounts, which is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. Management's estimate of the allowance for doubtful accounts for taxes receivable is based on the aged accounts receivable balance. We evaluated the key factors and assumptions used to develop the allowances in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

- Fund balance
- Cash and cash equivalents adjustments

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 17, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, pension information and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Waynesville, Missouri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

KPM CPAs, LLC

KPM CPAs, LLC
Springfield, Missouri
August 17, 2026