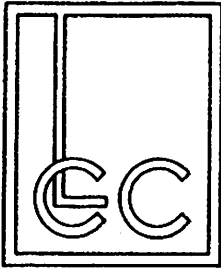


CITY OF HAMILTON, MISSOURI
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the Board of Aldermen
City of Hamilton
Hamilton, MO 64644

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hamilton, Missouri, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City of Hamilton, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hamilton, Missouri, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 40-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an

essential part of the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hamilton, Missouri's basic financial statements. The statements on pages 42 through 53 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 on our consideration of the City of Hamilton, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hamilton, Missouri's internal control over financial reporting and compliance.

Lockridge, Constant & Conrad, LLC

LOCKRIDGE, CONSTANT, & CONRAD LLC

Chillicothe, Missouri

December 21, 2015

City of Hamilton, Missouri
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(Unaudited)

The discussion and analysis of the City of Hamilton, Missouri's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements, and other supplemental information, which immediately follow this section.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- The City's total net position is \$3,899,011 as compared to \$3,729,757 in the prior year. The Governmental Activities net position is \$957,082 as compared to \$832,630 in the prior year and the Proprietary Funds net position are \$2,941,929 as compared to \$2,897,127 in the prior year.
- Total revenues of governmental funds were \$920,338, for and an increase of \$109,740 over the prior year's revenues of \$810,598.
- Total revenues of the proprietary funds were \$960,592 for a decrease of \$359,868 over prior year total revenue of \$1,320,460.
- Expenditures for the City's governmental funds of \$859,729, increased \$21,035 over the prior year expenditures of \$838,694.
- Expenditures for the City's proprietary funds of \$899,490, decreased \$178,462 over the prior year expenditures of \$1,077,952.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplemental information. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's overall financial status.

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015
(Unaudited)

Overview of the Financial Statements (Concluded)

- The remaining statements are fund financial statements that focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as public safety, streets and general administration were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the City's budget for the year.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

The two government-wide statements report the City's net position and how they have changed. Net position- the difference between the City's assets and liabilities- 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 an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the City's overall health, you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure and other facilities.

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015
(Unaudited)

In the statement of net position and the statement of activities all activities of the City have been classified as governmental. The major activities are described as follows:

Governmental activities: All of the City's basic services are reported in this category, including the general government, public safety, streets and parks and recreation. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds- not the city as a whole. Some funds are required to be established by State law. However, the city council establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The City has two kinds of funds:

- **Governmental Funds:** All of the City's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Proprietary Funds:** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer operations, which are considered to be major funds of the City of Hamilton.

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015
(Unaudited)

Fund Financial Statements (Continued)

The Proprietary Fund financial statements can be found in the Basic Financial Statements section of this report.

Financial Analysis of the City as a Whole

The increase in capital assets for business-type activities is related to the capitalization of the water line improvements.

The restricted net position figures are for the repayment of bonded debt.

2014-2015
Statement of Net Position

	Governmental Activities	Business Type Activities
Current and other assets	\$ 384,263	\$ 704,240
Capital assets	804,720	4,752,313
Total assets	\$ 1,188,983	\$ 5,456,553
Bond payable	114,862	2,355,585
Other liabilities	117,039	159,039
Total liabilities	231,901	2,514,624
Net Position:		
Restricted	132,788	301,986
Unrestricted	824,294	2,639,943
Total net position	\$ 957,082	\$ 2,941,929

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015
(Unaudited)

Financial Analysis of the City as a Whole (Continued)

2013-2014
Statement of Net Position

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Current and other assets	\$ 328,940	\$ 661,689
Capital assets	<u>859,228</u>	<u>4,904,968</u>
Total assets	<u>\$ 1,188,168</u>	<u>\$ 5,566,657</u>
Bond payable	216,913	1,870,000
Other liabilities	<u>138,625</u>	<u>799,530</u>
Total liabilities	<u>355,538</u>	<u>2,669,530</u>
Net Position:		
Restricted	134,053	303,810
Unrestricted	<u>698,577</u>	<u>2,593,317</u>
Total net position	<u>\$ 832,630</u>	<u>\$ 2,897,127</u>

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015
(Unaudited)

Statement of Activities

The following tables reflect the revenues and expenses for the City's activities for the years ended June 30, 2015 and June 30, 2014.

2014-2015

City of Hamilton's Statement of Activities

	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 541,711	\$ 475,637
Special Revenue	318,031	279,980
Debt Service	60,596	104,112
Water	623,355	500,477
Sewer	334,722	290,750
Total	<u>\$ 1,878,415</u>	<u>\$ 1,650,956</u>

2013-2014

City of Hamilton's Statement of Activities

	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 454,228	\$ 486,296
Special Revenue	286,188	279,941
Debt Service	70,182	72,457
Water	619,582	516,145
Sewer	329,738	275,649
Total	<u>\$ 1,759,918</u>	<u>\$ 1,630,488</u>

Revenues for the water, sewer, and sanitation fund are based on actual water, sewer and sanitation services used. The amount of usage fluctuates with the weather each year. Revenues for one department are not used towards expenses in another department.

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015
(Unaudited)

2014-2015
Combined Statement of Revenues and Expenditures

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Revenues	\$ 920,338	\$ 960,592
Expenditures	<u>859,729</u>	<u>899,490</u>
Excess of (deficiency) of revenues over (under) expenditures	60,609	61,102
Transfers	16,300	(16,300)
Net position, July 1, 2014	<u>190,315</u>	<u>2,897,127</u>
Net position, June 30, 2015	<u><u>\$ 267,224</u></u>	<u><u>\$ 2,941,929</u></u>

2013-2014
Combined Statement of Revenues and Expenditures

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Revenues	\$ 810,598	\$ 1,320,460
Expenditures	<u>838,694</u>	<u>1,077,952</u>
Excess of (deficiency) of revenues over (under) expenditures	(28,096)	242,508
Transfers	10,000	(10,000)
Net position, July 1, 2013	<u>208,411</u>	<u>2,664,619</u>
Net position, June 30, 2014	<u><u>\$ 190,315</u></u>	<u><u>\$ 2,897,127</u></u>

The Governmental activities consist of general, special revenue and debt service funds. The proprietary funds consist of the water, sewer, and trash.

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015
(Unaudited)

Financial Contact

The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. Any questions regarding the report or to request additional information should be directed to Debra Davis, City Clerk, City Hall, Hamilton, Missouri 64644.

City of Hamilton, Missouri
Government-Wide Statement of Net Position
For the Year Ended June 30, 2015

ASSETS	Government Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 228,468	\$ 380,966	\$ 609,434
Cash-restricted	67,329	156,557	223,886
Investments:			
Restricted	-	34,625	34,625
Unrestricted	27,972	13,948	41,920
Inventory	-	11,970	11,970
Receivables (net of allowance):			
Accounts	-	89,769	89,769
Taxes	54,464	6,720	61,184
Interest	30	55	85
Due from other funds	6,000	9,630	15,630
Total current assets	384,263	704,240	1,088,503
Non-current assets:			
Capital assets:			
Land	6,517	78,908	85,425
Combined waterworks & sewer system	-	4,566,032	4,566,032
Buildings	393,843	3,522,659	3,916,502
Parks and improvements	854,646	-	854,646
Equipment, furniture and fixtures	896,774	310,034	1,206,808
Accumulated depreciation	(1,347,060)	(3,725,320)	(5,072,380)
Total non-current assets	804,720	4,752,313	5,557,033
Total assets	\$ 1,188,983	\$ 5,456,553	\$ 6,645,536
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 12,092	\$ 37,936	\$ 50,028
Cash overdrawn	81,304	-	81,304
Due to other funds	6,000	9,630	15,630
Payroll taxes and benefits payable	4,225	8,952	13,177
Library tax payable	7,716	-	7,716
Sales tax payable	-	1,453	1,453
Accrued salaries	5,702	-	5,702
Customer deposits	-	89,044	89,044
Interest payable	-	12,024	12,024
Bonds and leases payable	107,301	172,812	280,113
Total current liabilities	224,340	331,851	556,191
Bonds and leases payable- long term	7,561	2,182,773	2,190,334
Total liabilities	231,901	2,514,624	2,746,525
NET POSITION			
Invested in net capital assets	689,858	2,396,728	3,086,586
Restricted for:			
Debt service	73,171	301,986	375,157
Street	123,790	-	123,790
Park	(83,064)	-	(83,064)
Economic development	(1,683)	-	(1,683)
Municipal court	20,574	-	20,574
Unassigned	134,436	243,215	377,651
Total net position	957,082	2,941,929	3,899,011
Total liabilities and net position	\$ 1,188,983	\$ 5,456,553	\$ 6,645,536

The accompanying notes to the basic financial statements are an integral part of this statement.

City of Hamilton, Missouri
Government-Wide Statement of Activities
For the Year Ended June 30, 2015

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenditures Paid	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General operations	\$ 191,681	\$ 32,303	\$ -	\$ -	\$ (159,378)	\$ -	\$ (159,378)
Police department	240,169	-	-	-	(240,169)	-	(240,169)
Library	4,272	1,701	-	-	(2,571)	-	(2,571)
Museum	12,562	-	-	-	(12,562)	-	(12,562)
Debt service	54,840	-	-	-	(54,840)	-	(54,840)
Street	161,646	-	-	-	(161,646)	-	(161,646)
Park	87,199	16,183	-	-	(71,016)	-	(71,016)
Economic dev. & court	12,856	-	-	-	(12,856)	-	(12,856)
Total governmental activities	\$ 765,225	\$ 50,187	\$ -	\$ -	\$ (715,038)	\$ -	\$ (715,038)
Business-type activities:							
Water	596,835	552,921	-	-	-	(43,914)	(43,914)
Sewer	302,655	334,363	-	-	-	31,708	31,708
Total business-type activities	\$ 899,490	\$ 887,284	\$ -	\$ -	\$ -	\$ (12,206)	\$ (12,206)
General revenues collected:							
Property taxes					243,320	67,360	310,680
Intergovernmental					70,057	-	70,057
Sales and use tax					333,624	-	333,624
Franchise taxes					95,899	-	95,899
Interest					1,092	2,515	3,607
License and permits					33,032	-	33,032
Miscellaneous					46,166	3,433	49,599
Total general revenues collected					823,190	73,308	896,498
Transfers					16,300	(16,300)	-
Change in net position					124,452	44,802	169,254
Net position, July 1, 2014					832,630	2,897,127	3,729,757
Net position, June 30, 2015					\$ 957,082	\$ 2,941,929	\$ 3,899,011

The accompanying notes to the basic financial statements are an integral part of this statement.

City of Hamilton, Missouri
Combined Statement of Assets, Liabilities and Net Position
All Governmental Fund Types
For the Year Ended June 30, 2015

	Governmental Fund Types			Totals Primary Government
	General	Special Revenue	Debt Service Fund	(Memorandum Only)
Assets:				
Cash	\$ 95,303	\$ 133,165	\$ -	\$ 228,468
Cash restricted	-	-	67,329	67,329
Property taxes receivable (net of allowance)	18,611	19,897	5,842	44,350
Sales & motor vehicle taxes receivable	10,114	-	-	10,114
Interest receivable	30	-	-	30
Due from other funds	6,000	-	-	6,000
Investments:				
Unrestricted	27,972	-	-	27,972
Total assets	\$ 158,030	\$ 153,062	\$ 73,171	\$ 384,263
Liabilities and net position				
Liabilities:				
Accounts payable	\$ 10,176	\$ 1,916	\$ -	\$ 12,092
Cash overdrawn	-	81,304	-	81,304
Due to general fund	-	6,000	-	6,000
Payroll taxes & benefits payable	-	4,225	-	4,225
Library tax payable	7,716	-	-	7,716
Accrued salaries	5,702	-	-	5,702
Total liabilities	23,594	93,445	-	117,039
Net Position:				
Restricted for:				
Street	-	123,790	-	123,790
Park	-	(83,064)	-	(83,064)
Economic development	-	(1,683)	-	(1,683)
Municipal Court	-	20,574	-	20,574
Debt Service	-	-	73,171	73,171
Unrestricted	134,436	-	-	134,436
Total net position	134,436	59,617	73,171	267,224
Total liabilities and net position	\$ 158,030	\$ 153,062	\$ 73,171	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	804,720
Long-term liabilities, including capital leases, certificates of participation and bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(114,862)
Net position of governmental activities	\$ 957,082

The accompanying notes to the basic financial statements are an integral part of this statement.

City of Hamilton, Missouri
Combined Statement of Revenues, Expenditures
and Changes in Net Position
All Government Fund Types
For the Year Ended June 30, 2015

	<u>Governmental Fund Types</u>			<u>Totals Primary Government</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>(Memorandum Only)</u>
Revenues:				
Property taxes	\$ 144,167	\$ 38,916	\$ 60,237	\$ 243,320
Property taxes-library	46,961	-	-	46,961
Franchise taxes	95,899	-	-	95,899
Intergovernmental	-	70,057	-	70,057
Rent	1,720	-	-	1,720
Interest income	428	305	359	1,092
Administrative fees	32,303	-	-	32,303
Sales taxes	166,820	166,804	-	333,624
Licenses permits & fees	10,819	22,213	-	33,032
Library	1,701	-	-	1,701
Operations	-	16,183	-	16,183
Other	40,893	3,553	-	44,446
Total revenues	<u>541,711</u>	<u>318,031</u>	<u>60,596</u>	<u>920,338</u>
Expenditures:				
General funds:				
General operations	178,857	-	-	178,857
Police department	238,880	-	-	238,880
Library	51,702	-	-	51,702
Museum	6,198	-	-	6,198
Debt service	-	-	99,840	99,840
Street	-	201,932	-	201,932
Park	-	65,192	4,272	69,464
Economic development	-	4,804	-	4,804
Municipal court	-	8,052	-	8,052
Total expenditures	<u>475,637</u>	<u>279,980</u>	<u>104,112</u>	<u>859,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,074</u>	<u>38,051</u>	<u>(43,516)</u>	<u>60,609</u>
Other financing sources (uses)				
Operating transfers in	16,300	4,200	-	20,500
Operating transfers out	(4,200)	-	-	(4,200)
Total other financing sources (uses)	<u>12,100</u>	<u>4,200</u>	<u>-</u>	<u>16,300</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>78,174</u>	<u>42,251</u>	<u>(43,516)</u>	<u>76,909</u>
Net position, July 1, 2014	<u>56,262</u>	<u>17,366</u>	<u>116,687</u>	<u>190,315</u>
Net position, June 30, 2015	<u>\$ 134,436</u>	<u>\$ 59,617</u>	<u>\$ 73,171</u>	<u>\$ 267,224</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

City of Hamilton, Missouri
Reconciliation of the Combined Statement of Revenues Received, Expenditures Paid and
Changes in Net Position of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net change in net position - total governmental funds	\$ 76,909
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	7,409
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(61,197)
Repayment/borrowing of long-term debt uses/provides current financial resources but has no effect on net position.	<u>101,331</u>
Change in net position of governmental activities	<u><u>\$ 124,452</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

City of Hamilton, Missouri
Combined Statement of Net Position-All Proprietary Funds
For the Year Ended June 30, 2015

	<u>Combined Water & Sewer Funds</u>
Assets	
Current assets:	
Cash	\$ 380,966
Certificate of deposit	13,948
Cash- restricted	156,557
Certificate of deposit-restricted	34,625
Inventory	11,970
Due from water/sewer	9,630
Receivables (net allowance for uncollectible):	
Accounts	89,769
Taxes	6,720
Interest	55
Total current assets	<u>704,240</u>
Property, plant & equipment net of accumulated depreciation	<u>4,752,313</u>
Total assets	<u><u>\$ 5,456,553</u></u>
Liabilities and net position	
Current liabilities:	
Customer deposits	\$ 89,044
Sales tax payable	1,453
Interest payable	12,024
Accounts payable	37,936
Due to meter deposits	9,630
Payroll taxes and benefits payable	8,952
Bonds payable, current	172,812
Total current liabilities	<u>331,851</u>
Noncurrent liabilities:	
Revenue bonds payable	<u>2,182,773</u>
Total noncurrent liabilities	<u>2,182,773</u>
Total liabilities	<u>2,514,624</u>
Net position:	
Restricted	301,986
Unrestricted	2,639,943
Total net position	<u>2,941,929</u>
Total liabilities and net position	<u><u>\$ 5,456,553</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**Combined Statement of Revenues, Expenses and Changes in
Net Position- All Proprietary Funds
For the Year Ended June 30, 2015**

	<u>Combined Water & Sewer Funds</u>
Operating revenues:	
Charges for services	\$ 885,844
Taxes	67,360
Penalties and connections	1,440
Other	3,433
Total operating revenues	<u>958,077</u>
Operating expenses:	
Depreciation	169,115
Salaries and benefits	190,227
Material and supplies	91,713
Professional services	11,269
Solid waste	102,838
Repairs and maintenance	118,092
Other operating expenses	107,973
Total operating expenses	<u>791,227</u>
Operating income	<u>166,850</u>
Nonoperating revenues (expenses):	
Interest income	2,515
Interest expense & fiscal charges	(71,290)
Grant proceeds	-
Grant disbursements	(36,973)
Total nonoperating revenues	<u>(105,748)</u>
Income before operating transfers	61,102
Operating transfers:	
Operating transfers out	(16,300)
Total operating transfers	<u>(16,300)</u>
Net income	44,802
Net position, July 1, 2014	<u>2,897,127</u>
Net position, June 30, 2015	<u>\$ 2,941,929</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

City of Hamilton, Missouri
Combined Statement of Cash Flows- All Proprietary Fund Types
For the Year Ended June 30, 2015

	<u>Combined Water & Sewer Funds</u>
Cash flows from operating activities:	
Cash received from customers	\$ 908,661
Cash received from taxpayers	66,395
Cash payments for personnel services	(213,295)
Cash payments for materials and supplies	(63,569)
Cash payments for utilities and telephone	(44,854)
Cash payments for insurance	(12,850)
Cash payments for repairs and maintenance	(118,092)
Cash payments for contractual services	(135,048)
Other operating cash payments	(28,381)
Net cash provided by operating activities	358,967
 Cash flows from noncapital financing activities:	
Operating transfers out	(16,300)
Net cash used for noncapital financing activities	(16,300)
 Cash flows from capital and related financing activities:	
Grant disbursements	(36,973)
Acquisition of capital assets	(16,460)
Principal paid on revenue bonds	(166,415)
Interest paid on notes and bonds	(73,849)
Net cash used for capital and related financing activities	(293,697)
 Cash flows from investing activities:	
Interest received on invested monies	2,515
Net cash provided by investing activities	2,515
 Net decrease in cash and restricted cash	
	51,485
Cash and cash equivalents, July 1, 2014	534,611
Cash and cash equivalents, June 30, 2015	\$ 586,096

The accompanying notes to the basic financial statements are an integral part of this statement.

City of Hamilton, Missouri
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2015

	Combined Water & Sewer Funds
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 166,850
Adjustment to reconcile income from operations to net cash provided by (used for) operating activities:	
Depreciation	169,115
Inventory used	16,500
Other non-cash adjustments	6,502
Net cash provided by operations	\$ 358,967
Reconciliation of total cash and cash investments:	
Cash and cash equivalents	380,966
Certificates of deposit	13,948
Savings-restricted	156,557
Certificates of deposit- restricted	34,625
Total cash and cash equivalents	\$ 586,096

The accompanying notes to the basic financial statements are an integral part of this statement.

City of Hamilton Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 1: Summary of Significant Accounting Policies

The City of Hamilton, Missouri, (the "City") was incorporated under the provisions of the State of Missouri. The City, as a fourth-class city, operates under the control of the Board of Aldermen and provides the following services as authorized by its charter: utilities, streets, sanitation, public improvements, and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The following is a summary of the more significant policies:

A. The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise financial accountability. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise financial accountability include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise financial accountability.

Based upon the application of this criteria, management of the City of Hamilton, Missouri has determined that no other outside agency meets the above criteria and, therefore, no other agency is included in the City's basic financial statements.

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self - balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 1: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in the report. The following major funds are used by the City.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position. The following are the City's governmental funds:

General Fund - The General Fund is established to account for resources and activities of the City. This fund is the recipient of the general tax revenues and other sources of revenues utilized to finance the fundamental operations of the City, and is charged with general costs of operating the government for which other specific funds have not been established.

Parks and Recreation Fund- The Parks and Recreation Fund is a special revenue fund that handles all of the operating revenues and expenditures of the parks department, such as the swimming pool and ball fields.

Street Fund - The Street Fund is used to account for the maintenance of the City's streets, financed primarily through motor vehicle taxes.

Economic Development Fund – The Economic Development Fund is a special fund than receives funds for the purpose of economic development.

Municipal Court Fund- The Municipal Court Fund is a special revenue fund that handles all court fines and fees.

Debt Service Fund- The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 1: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Proprietary Funds

Proprietary funds are used to account for and report those governmental activities that are designed to be self-supporting. The measurement focus is upon determination of net income.

Enterprise Funds - Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water Fund- The Water Fund is used to account for the water utility that produces and distributes water to City residents.

Waste Water Fund- The Waste Water Fund is used to account for the sewer utility that provides sewer services to the City's residents.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The City's policy is to prepare its government-wide financial statements on the accrual basis of accounting which recognizes all long-term fixed asset accounts and long term-term debt obligations. The City's policy is to prepare its fund financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned and expenditures are recognized when the obligation is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 1: Summary of Significant Accounting Policies (continued)

D. Property, Plant and Equipment

Property, plant and equipment of the City's proprietary funds, including capitalized interest, is stated at cost or estimated historical cost. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30 to 60 years
Improvements Other than Buildings	10 to 20 years
Infrastructure	5 to 60 years
Water System	40 to 65 years
Equipment	6 to 15 years

It is the City's policy to capitalize interest related to borrowings used for construction projects net of interest earned on construction funds borrowed. Interest capitalization ceases when the construction project is substantially complete. There was no interest expense capitalized in 2015.

In the government-wide financial statements, capital assets are accounted for as long-term assets. All capital assets are valued at historical cost.

GASB 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. There were no new infrastructure assets constructed during the year ended June 30, 2015.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30 to 60 years
Improvements Other than Buildings	10 to 20 years
Infrastructure	5 to 60 years
Water System	40 to 65 years
Equipment	6 to 15 years

Note 1: Summary of Significant Accounting Policies (continued)

D. Property, Plant and Equipment (Continued)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in the proprietary fund operations are accounted for the same as in the government-wide financial statements.

E. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements.

- 1) In accordance with Chapter 67, RSMo, the City adopts a budget for each fund of the political subdivision.
- 2) Prior to July 1, the City Administrator submits to the City Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1. The proposed budget includes estimated revenues and proposed expenditures for all city funds. Budgeted expenditures cannot exceed beginning monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
- 4) The budget is legally enacted through passage of an ordinance.
- 5) Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the basic financial statements.

Budgeted amounts are as originally adopted, or as finally amended by the Board of Aldermen. Individual amendments were not material in relation to the original appropriations which were amended. Unused appropriations lapse at the end of the fiscal year.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 1: Summary of Significant Accounting Policies (continued)

F. Receivables

All receivables of the City are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the various funds are recognized at the end of each fiscal year on pro rata basis. The estimated amount is based on billings during the month of June.

G. Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based upon length of service. Unused vacation or sick leave carries over to future periods and is not paid at the end of each fiscal year.

H. Cash and Cash Equivalents

The City's policy on accumulated unpaid vacation, sick pay, and other employee benefit amounts is such that any accumulation of these benefits would not exceed a normal year's cost; consequently, no accrual is necessary in the Proprietary Funds and no further disclosure of the liability is required in the Governmental Funds.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

J. Inventories

Inventories are carried at the lower of cost or market value with cost being determined on a first in, first out (FIFO) basis of accounting. Inventory acquisitions in the General Fund are charged as expenditures when purchased.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 1: Summary of Significant Accounting Policies (continued)

K. Restricted Assets

Restricted Assets of the Governmental Funds and Enterprise Funds consist of checking and certificates of deposit which have been set aside, based on certain bond covenants to provide for the redemption of bonds in the future years and to service outstanding debt as well as pay back customers security deposits.

L. Encumbrance Accounting

The City employed encumbrance accounting during the year. Encumbrances, if existing at the end of the fiscal year, are recorded and appropriations lapse at year end. Open encumbrances, if any, are reported as a reservation of fund balance since the commitments would be honored in subsequent years.

M. Long-Term Obligations

In the government-wide and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or the proprietary fund type statement of net position. Bond premiums and discounts, as well as deferred charges, are deferred and amortized over the life of the bonds using the straight-line method which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred charges. Prior bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Current bond issuance costs are expensed in the fiscal year paid.

Note 2: Deposits and Investment

Custodial Credit Risk—Missouri authorize the City of Hamilton, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposits. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by State Statutes and approved by the State. At June 30, 2014, the carrying amount of deposits and investments was \$833,320 and \$76,545 and the bank balance was \$1,016,732 and \$76,545. All of the bank balances were covered by federal depository insurance or by collateral held by the pledging financial institution's trust department or agent in the Utilities' name.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 2: Deposits and Investment (Continued)

Bond covenants authorize the Utilities to invest in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States or in other obligations in which public funds are permitted to be invested under Missouri law.

Interest Rate Risk—The Utilities has no formal investment policy regarding interest rate risk.

Credit Risk—The City has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Investment Credit Risk—The City places no limit on the amount it may invest in any one issuer. At June 30, 2015, the City had no concentration of credit risk.

A reconciliation of cash and investments as shown on the Statement of Net Position was as follows:

Carrying Amount of deposits	\$ 833,320
Carrying Amount of Investments	76,545
Totals	<u>\$ 909,865</u>
Cash	\$ 609,434
Investments	41,920
Cash-Restricted	223,886
Investments-Restricted	34,625
Totals	<u>\$ 909,865</u>

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 3: Restricted Assets and Net Position

The restricted assets represent cash reserved in accordance with the revenue bond ordinance and can be used only for the following:

Debt Service Account: payment of the next installment of interest and principal becoming due.

Debt Service Reserve Account: payment of principal and interest only when and to the extent that other funds are not available for that purpose.

Depreciation and Replacement Account: replacements to the fixed assets that may be necessary for the continued effective and efficient operation of the utilities.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 4: Governmental Fund Property, Plant and Equipment

The following is a summary of governmental fund type capital assets for the primary government at June 30, 2015.

<u>General, Street and Police</u>	Beginning Balance	Additions	Ending Balance
General	\$ 399,593	\$ -	\$ 399,593
Police	124,828	7,409	132,237
Park	828,008	-	828,008
Street	468,262	-	468,262
Museum	323,680	-	323,680
	<u>2,144,371</u>	<u>7,409</u>	<u>2,151,780</u>
Less accumulated depreciation:			
General	252,110	12,265	264,375
Police	90,291	8,698	98,989
Park	422,943	17,735	440,678
Street	261,655	16,765	278,420
Museum	258,144	6,454	264,598
	<u>1,285,143</u>	<u>61,917</u>	<u>1,347,060</u>
Net property, plant and equipment	<u>\$ 859,228</u>	<u>\$ (54,508)</u>	<u>\$ 804,720</u>

Depreciation for the year ended June 30, 2015 was \$61,917.

Note 5: Proprietary Funds – Property, Plant and Equipment

The following is a summary of the property, plant and equipment of the Water and Sewer Funds at June 30, 2015 (Note 1D):

	Balance June 30 2014	Additions	Deletions	Balance June 30 2015
Waterworks system	\$ 5,516,178	\$ 16,460	\$ -	\$ 5,532,638
Water access easement	652,000	-	-	652,000
Sewerage system	2,292,995	-	-	2,292,995
	<u>8,461,173</u>	<u>16,460</u>	<u>-</u>	<u>8,477,633</u>
Less accumulated depreciation:				
Waterworks system	2,524,657	127,156	-	2,651,813
Sewerage system	1,031,548	41,959	-	1,073,507
	<u>3,556,205</u>	<u>169,115</u>	<u>-</u>	<u>3,725,320</u>
Net Waterworks & Sewerage system	<u>\$ 4,904,968</u>	<u>\$ (152,655)</u>	<u>\$ -</u>	<u>\$ 4,752,313</u>

Depreciation for the year ended June 30, 2015 was \$ 169,115.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 6: Long-Term Debt

The following is a summary of each of the bond and transactions of the City for the year ended June 30, 2015 broken down by type.

General Obligation Bonds - Swimming Pool Addition-Series 2003

The following is a summary of the General Obligation Bonds- Swimming Pool Addition of the City as of June 30, 2015.

	Swimming Pool
Bond Payable, July 1, 2014	\$ 95,000
Add- Bond Issued	-
Less- Bonds Retired	(45,000)
Bonds Payable June 30, 2015	\$ 50,000

\$525,000 swimming pool GOB bonds, dated May 15, 2003, due in annual installments of \$35,000 to \$50,000 commencing March 1, 2004 through March 1, 2016; interest rates are 6.50% to 4.30%, payable March 1 and September 1.

\$ 50,000

Debt service requirements to maturity for the swimming pool bonds are as follows:

Year Ended	Principal	Interest	Total
June 30, 2016	\$ 50,000	\$ 2,150	\$ 52,150
Totals	\$ 50,000	\$ 2,150	\$ 52,150

The amount of interest paid for the year ended June 30, 2015 was \$4,040.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 6: Long-Term Debt (Continued)

Sewer System Improvement Bonds-Series 1997E

The following is a summary of the Sewer System Improvement Bonds Series 1997E bonds for the City as of June 30, 2015.

	1997E Water Bonds
Bonds Payable, July 1 2014	\$ 435,000
Add - Bond Issued	-
Less- Bond Retired	<u>(85,000)</u>
Bonds Payable June 30, 2015	<u>\$ 350,000</u>

\$1,500,000 Sewer System Improvement Revenue Bonds dated, December 1997, due in varying annual installments of \$65,000 to \$90,000 through 2021; interest rates are 4.00% to 5.125%, payable January 1 and July 1.

\$ 350,000

Debt service requirements to maturity for the 1997E Sewer System Improvement bonds are as follows:

Year Ended	Principal	Interest	Total
June 30,			
2016	\$ 85,000	\$ 17,938	\$ 102,938
2017	85,000	13,581	98,581
2018	90,000	9,225	99,225
2019	90,000	4,613	94,613
Totals	<u>\$ 350,000</u>	<u>\$ 45,357</u>	<u>\$ 395,357</u>

The amount of interest paid for the year ended June 30, 2015 was \$22,294.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 6: Long-Term Debt (Continued)

Waterworks Refunding Revenue Bonds – Series 2012

The following is a summary of the 2012 Waterworks Refunding Bonds for the City as of June 30, 2015.

	2012 Water Bonds
Bonds Payable, July 1, 2014	\$ 590,000
Add- Bond Issued	-
Less- Bonds Retired	<u>(50,000)</u>
Bonds Payable, June 30, 2015	<u>\$ 540,000</u>

\$685,000 Waterworks Refunding Bonds dated June 18, 2012, due in varying annual installments of \$50,000 to \$110,000 through 2024; interest rates are 1.25% to 4.00%, payable December 1 and June 1.

\$ 540,000

Debt service requirements to maturity for the Waterworks Refunding Revenue Bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	50,000	18,068	68,068
2017	50,000	16,942	66,942
2018	50,000	15,693	65,693
2019	50,000	14,317	64,317
2020	55,000	12,818	67,818
2021-2024	285,000	31,252	316,252
Totals	<u>\$ 540,000</u>	<u>\$ 109,090</u>	<u>\$ 649,090</u>

The amount of interest paid for the year ended June 30, 2015 was \$19,017.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 6: Long-Term Debt (Continued)

Waterworks Revenue Bonds – Series 2007B

The following is a summary of the 2007B Waterworks Revenue Bonds for the City as of June 30, 2015.

	2007B Water Bonds
Bonds Payable, July 1, 2014	\$ 350,000
Add- Bonds Issued	-
Less- Bonds Retired	(25,000)
Bonds Payable, June 30, 2015	\$ 325,000

\$385,000 Waterworks Revenue Bonds dated July 1, 2008, due in varying annual installments of \$5,000 to \$35,000 through 2026; interest rates are 4.00% to 4.75%, payable January 1 and July 1.

\$ 325,000

Debt service requirements to maturity for Waterworks Revenue Bonds Series 2007B are as follows:

Year Ended	Principal	Interest	Total
June 30,			
2016	\$ 25,000	\$ 14,512	\$ 39,512
2017	25,000	13,513	38,513
2018	25,000	12,512	37,512
2019	25,000	11,450	36,450
2020	30,000	10,200	40,200
2021-2025	160,000	31,450	191,450
2026-2030	35,000	1,663	36,663
Totals	\$ 325,000	\$ 95,300	\$ 420,300

The amount of interest paid for the year ended June 30, 2015 was \$15,513.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 6: Long-Term Debt (Continued)

Waterworks Revenue Bonds- Series 2013A

The following is a summary of the Waterworks Revenue Bonds Series 2013A bonds for the City as of June 30, 2015.

	2013A Water Bonds
Bonds Payable, July 1, 2014	\$ 130,000
Add- Bond Issued	-
Less- Bonds Retired	-
Bonds Payable June 30, 2015	\$ 130,000

\$130,000 Waterworks Revenue Bonds,
dated, February 2013, due in interest only
annual installments of \$4,680 through
2024; principal installments of \$65,000 in 2025-26;
interest rates are 3.6%, payable January 1 and
July 1.

\$ 130,000

Debt service requirements to maturity for the 2013A Waterworks Revenue Bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ -	\$ 4,680	\$ 4,680
2017	-	4,680	4,680
2018	-	4,680	4,680
2019	-	4,680	4,680
2020	-	4,680	4,680
2021-2025	65,000	23,400	88,400
2026	65,000	2,340	67,340
Totals	\$ 130,000	\$ 49,140	\$ 179,140

The amount of interest paid for the year ended June 30, 2015 was \$4,680.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 6: Long-Term Debt (Continued)

Sewerage System Bonds-Series 2013B

The following is a summary of the Sewerage System Bonds Series 2013B bonds for the City as of June 30, 2015.

	Waterworks and Sewerage System Bonds
Bonds Payable, July 1, 2014	\$ 365,000
Add- Bonds Issued	-
Less- Bonds Retired	-
Bonds Payable, June 30, 2015	\$ 365,000

\$365,000 Sewerage System Bonds,
dated February 2013, due in varying
annual installments of \$50,000 to \$ 55,000
from 2017 through 2023; interest rates are
1.75% to 3.0%, payable January 1 and July 1.

\$ 365,000

Debt service requirements to maturity for the Sewerage System Bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ -	\$ 8,765	\$ 8,765
2017	50,000	8,765	58,765
2018	50,000	7,890	57,890
2019	50,000	6,890	56,890
2020	55,000	5,790	60,790
2021-2023	160,000	9,010	169,010
Totals	\$ 365,000	\$ 47,110	\$ 412,110

The amount of interest paid for the year ended June 30, 2015 was \$8,765.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 6: Long-Term Debt (Continued)

Waterworks and Sewerage System Revenue Bond – USDA

The following is a summary of the Waterworks and Sewerage System Revenue Bonds - USDA for the City as of June 30, 2015.

	2014 Water Bonds
Bonds Payable, July 1, 2014	\$ 652,000
Add- Bond Issued	-
Less- Bonds Retired	(6,415)
Bonds Payable June 30, 2015	\$ 645,585

\$652,000 Waterworks and Sewerage System Revenue Bonds, dated, December 2014, due in semi-annual installments of \$13,302 through 2049; interest rates are 2.114%, payable June 1 and December 1.

\$ 645,585

Debt service requirements to maturity for the 2014 Waterworks Revenue Bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 12,812	\$ 13,790	\$ 26,602
2017	13,084	13,518	26,602
2018	13,362	13,240	26,602
2019	13,646	12,956	26,602
2020	13,936	12,666	26,602
2021-2025	74,251	58,759	133,010
2026-2030	82,482	50,528	133,010
2031-2035	91,626	41,384	133,010
2036-2040	101,784	31,226	133,010
2041-2045	113,069	19,941	133,010
2046-2049	115,533	17,477	133,010
Totals	\$ 645,585	\$ 285,485	\$ 931,070

The amount of interest paid for the year ended June 30, 2015 was \$0.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 7: Capital Leases

On July 20, 2011, the City financed a skid steer loader in the amount of \$43,126. Although the agreement provides for cancellation of lease at the City's option at the renewal date each year, the City does not foresee exercising its options to cancel. Therefore, City's lease is accounted for as noncancelable capital City lease in accordance with Statement of Financial Accounting Standards No. 13, "Accounting for Leases". The lease will provide for interest at 3.50% and annual payments.

The following is a schedule of the future minimum lease payments under the leases (assuming noncancellation):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,301	\$ 529	\$ 7,830
2017	7,561	269	7,830
	<u>\$ 14,862</u>	<u>\$ 798</u>	<u>\$ 15,660</u>

The amount of interest paid for the year ended June 30, 2015 was \$779.

On September 20, 2012, the City financed street improvements in the amount of \$150,000. Although the agreement provides for cancellation of lease at the City's option at the renewal date each year, the City does not foresee exercising its options to cancel. Therefore, City's lease is accounted for as noncancelable capital City lease in accordance with Statement of Financial Accounting Standards No. 13, "Accounting for Leases". The lease will provide for interest at 2.00% and annual payments.

The following is a schedule of the future minimum lease payments under the leases (assuming noncancellation):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 50,000	\$ 500	\$ 50,500
	<u>\$ 50,000</u>	<u>\$ 500</u>	<u>\$ 50,500</u>

The amount of interest paid for the year ended June 30, 2015 was \$1,500.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 8: Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on December 1 and are payable at that time. All unpaid taxes levied December 1 become delinquent on January 1 of the following year.

The assessed valuations of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2014 for purpose of local taxation were:

Real Estate	\$ 9,720,920
Personal Property	3,500,270
State-Assessed Railroad and Utility	846,597
Total	<u><u>\$ 14,067,787</u></u>

The tax levy per \$100 of the assessed valuations of tangible taxable property for the calendar year 2014 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Revenue	\$ 0.9370	\$ 0.9370
Parks and Recreation	0.2529	0.2529
Library	0.3056	0.3056
Debt Service	0.8908	0.8386
Total	<u><u>\$ 2.3863</u></u>	<u><u>\$ 2.3341</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2015, aggregated approximately 95.13% of the current assessment computed on the basis of the levy as shown above.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2015

Note 9: Commitments and Contingencies

Intergovernmental awards received by the City of Hamilton are subject to audit and adjustment by the funding agency or its representatives.

The U.S.D.A.-Rural Development agency advanced funds to the City of Hamilton in the amount of \$652,000 in November 2013 to attain access to water from Daviess County Public Water Supply District #2. A Combined Waterworks and Sewerage Revenue Bond Series B for \$652,000 was entered into between the City and U.S.D.A. on November 19, 2014. The associated intangible capital asset will be amortized over the life of the revenue bond.

Note 10: Disclosures About Fair Value of Financial Instruments

The City's financial statements consist principally of cash, certificates of deposits and bonds payable. There are no significant differences between the carrying value and fair value of any of these financial instruments.

Note 11: Budgetary Noncompliance

The General Fund expenditures exceeded its budgeted appropriations by \$23,283 while the Special Revenue Fund exceeded its budget by \$15,995.

Note 12: Subsequent Events

Management has evaluated subsequent events through December 21, 2015, the date which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

**Statements of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds – Budget and Actual**

These statements of budget and actual information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board and accounting principles generally accepted in the United States of America.

City of Hamilton, Missouri
Combined Statement of Revenues, Expenditures and Changes
in Net Position- Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 133,185	\$ 144,167	\$ 10,982
Property taxes- library	43,436	46,961	3,525
Cigarette tax	3,700	-	(3,700)
Franchise fees	104,750	95,899	(8,851)
Rent	1,110	1,720	610
Interest income	350	428	78
Administrative fees	30,345	32,303	1,958
Sale taxes	125,000	166,820	41,820
Licenses, permits, and fees	3,675	10,819	7,144
Library	1,300	1,701	401
Police Misc.	3,000	-	(3,000)
Other	15,000	40,893	25,893
Total revenues	464,851	541,711	76,860
 Expenditures:			
General operations	158,982	178,857	(19,875)
Police department	242,832	238,880	3,952
Library	43,436	51,702	(8,266)
Museum	7,104	6,198	906
Total expenditures	452,354	475,637	(23,283)
 Excess (deficiency) of revenues over (under) expenditures	 \$ 12,497	 66,074	 \$ 53,577
 Other financing sources (uses)			
Operating transfers in		16,300	
Operating transfers out		(4,200)	
Total other financing sources (uses)		12,100	
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		 78,174	
 Net position, July 1, 2014		 56,262	
 Net position, June 30, 2015		 \$ 134,436	

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Combined Statement of Revenues, Expenditures and Changes
in Net Position- Budget and Actual
Special Revenue Funds
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales taxes	\$ 130,000	\$ 166,804	\$ 36,804
Property taxes	35,942	38,916	2,974
Intergovernmental	65,543	70,057	4,514
Interest income	200	305	105
Operations	35,750	16,183	(19,567)
Fines and fees	17,452	22,213	4,761
Miscellaneous	8,621	3,553	(5,068)
Total revenues	<u>293,508</u>	<u>318,031</u>	<u>24,523</u>
Expenditures:			
Street	178,802	201,932	(23,130)
Park	63,411	65,192	(1,781)
Economic development	6,254	4,804	1,450
Municipal court	15,518	8,052	7,466
Total expenditures	<u>263,985</u>	<u>279,980</u>	<u>(15,995)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 29,523</u>	<u>38,051</u>	<u>\$ 8,528</u>
Other financing sources (uses)			
Operating transfers in		4,200	
Operating transfers out		-	
Total other financing sources (uses)		<u>4,200</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		42,251	
Net position, July 1, 2014		<u>17,366</u>	
Net position, June 30, 2015		<u>\$ 59,617</u>	

See accompanying notes to the financial statements.

SUPPLEMENTARY INFORMATION

City of Hamilton, Missouri
Statement of Revenues, Expenditures and Changes in Net Position
General Fund
For the Year Ended June 30, 2015

	General Department	Police Department	Library	Museum	Totals (Memorandum Only)
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 144,167
Property taxes-library	-	-	-	-	46,691
Franchise taxes	-	-	-	-	95,899
Rent	-	-	-	-	1,720
Interest income	-	-	-	-	428
Administrative income	-	-	-	-	32,303
Sales taxes	-	-	-	-	166,820
Licenses and permits	-	-	-	-	10,819
Library	-	-	-	-	1,701
Other	-	-	-	-	40,893
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>541,441</u>
Expenditures:					
Salaries and wages	52,435	148,859	-	-	201,294
Payroll taxes	2,745	7,991	-	-	10,736
Employee benefits	12,893	28,101	-	-	40,994
Dispatch	-	8,100	-	-	8,100
Utilities and telephone	23,551	3,339	4,708	952	32,550
Insurance	6,425	-	-	-	6,425
Capital outlay	7,800	8,846	-	-	16,646
Printing & publications	2,413	-	-	-	2,413
Zoning	4,346	-	-	-	4,346
Repairs & maintenance	4,611	2,442	46,691	5,246	58,990
Uniforms	-	2,548	-	-	2,548
Professional fees	15,722	559	-	-	16,281
Postage	1,871	-	-	-	1,871
Vehicle maintenance	-	20,109	-	-	20,109
Office supplies	5,406	3,230	-	-	8,636
Training	1,812	1,990	-	-	3,802
Bad checks	50	-	-	-	50
Street light electricity	27,630	-	-	-	27,630
Miscellaneous	9,147	2,766	33	-	11,946
Total expenditures	<u>178,857</u>	<u>238,880</u>	<u>51,432</u>	<u>6,198</u>	<u>475,367</u>
Excess (deficiency) of revenues over (under) expenditures					66,074
Other financing sources (uses)					
Operating transfers in					16,300
Operating transfers out					<u>(4,200)</u>
Total other financing sources (uses)					<u>12,100</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)					78,174
Net position, July 1, 2014					<u>56,262</u>
Net position, June 30, 2015					<u>\$ 134,436</u>

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Statement of Expenditures Compared to Budget-General Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Favorable (Unfavorable)
General Department			
Salaries and wages	\$ 47,960	\$ 52,435	\$ (4,475)
Payroll taxes	4,076	2,745	1,331
Employee benefits	12,921	12,893	28
Utilities and telephone	24,192	23,551	641
Insurance	7,838	6,425	1,413
Capital outlay	7,800	7,800	-
Printing and publications	2,498	2,413	85
Zoning	350	4,346	(3,996)
Repairs and maintenance	11,844	4,611	7,233
Professional services	9,000	15,722	(6,722)
Postage	1,200	1,871	(671)
Office supplies	2,500	5,406	(2,906)
Training	1,200	1,812	(612)
Bad checks	167	50	117
Street light electricity	22,702	27,630	(4,928)
Miscellaneous	1,894	9,147	(7,253)
Total General Department	<u>158,142</u>	<u>178,857</u>	<u>(20,715)</u>
Police Department			
Salaries and wages	156,000	148,859	7,141
Payroll taxes	13,260	7,991	5,269
Employee benefits	27,860	28,101	(241)
Dispatch	7,200	8,100	(900)
Utilities and telephone	2,788	3,339	(551)
Capital outlay	2,400	8,846	(6,446)
Repairs and maintenance	2,400	2,442	(42)
Uniforms	2,600	2,548	52
Professional fees	3,079	559	2,520
Vehicle maintenance	10,900	20,109	(9,209)
Animal control	150	-	150
Office supplies	4,000	3,230	770
Training	1,744	1,990	(246)
Miscellaneous	1,500	2,766	(1,266)
Total Police Department	<u>235,881</u>	<u>238,880</u>	<u>(2,999)</u>
Library			
Utilities and telephone	376	4,708	(4,332)
Repairs and maintenance	40,420	46,961	(6,541)
Miscellaneous	-	33	(33)
Total Library	<u>40,796</u>	<u>51,702</u>	<u>(10,906)</u>
Museum			
Utilities and telephone	1,153	952	201
Repairs and maintenance	4,286	5,246	(960)
Total Museum	<u>5,439</u>	<u>6,198</u>	<u>(759)</u>
Total	<u>\$ 440,258</u>	<u>\$ 475,637</u>	<u>\$ (35,379)</u>

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Statement of Net Position-Special Revenue Funds
For the Year Ended June 30, 2015

	Street Fund	Park Fund	Economic Development Fund	Municipal Court Fund	(Memorandum Only) Totals
Assets:					
Cash	\$ 112,046	\$ -	\$ 50	\$ 21,069	\$ 133,165
Taxes receivables (net of allowance)	16,107	3,790	-	-	19,897
Total assets	<u>\$ 128,153</u>	<u>\$ 3,790</u>	<u>\$ 50</u>	<u>\$ 21,069</u>	<u>\$ 153,062</u>
Liabilities and net position					
Liabilities:					
Accounts payable	\$ 211	\$ 1,283	\$ -	\$ 422	\$ 1,916
Cash overdrawn	-	79,571	1,733	-	81,304
Due to general fund	-	6,000	-	-	6,000
Payroll taxes & benefits payable	4,152	-	-	73	4,225
Accrued salaries	-	-	-	-	-
Total liabilities	<u>4,363</u>	<u>86,854</u>	<u>1,733</u>	<u>495</u>	<u>93,445</u>
Net position:					
Restricted	123,790	(83,064)	(1,683)	20,574	59,617
Total net position	<u>123,790</u>	<u>(83,064)</u>	<u>(1,683)</u>	<u>20,574</u>	<u>59,617</u>
Total liabilities and net position	<u>\$ 128,153</u>	<u>\$ 3,790</u>	<u>\$ 50</u>	<u>\$ 21,069</u>	<u>\$ 153,062</u>

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Statement of Revenues, Expenditures and Changes in Net Position
All Special Revenue Funds
For the Year Ended June 30, 2015

	Street Fund	Park Fund	Economic Development Fund	Municipal Court Fund	(Memorandum Only) Totals
Revenues:					
Property taxes	\$ -	\$ 38,916	\$ -	\$ -	\$ 38,916
Sales taxes	166,804	-	-	-	166,804
Fines and fees	-	-	-	22,213	22,213
Intergovernmental revenues	70,057	-	-	-	70,057
Interest	304	-	1	-	305
Operations	-	16,125	-	58	16,183
Miscellaneous	2,644	-	909	-	3,553
Total revenues	<u>239,809</u>	<u>55,041</u>	<u>910</u>	<u>22,271</u>	<u>318,031</u>
Expenditures:					
Salaries and wages	57,932	45,969	4,558	1,025	109,484
Employee benefits	12,077	4,251	-	459	16,787
Payroll taxes	3,852	2,412	246	144	6,654
Professional fees	8,244	-	-	-	8,244
Vehicle maintenance	8,837	-	-	-	8,837
Materials and supplies	30,034	1,949	-	-	31,983
Repairs and maintenance	11,216	760	-	-	11,976
Uniforms	807	-	-	-	807
Utilities	751	4,511	-	-	5,262
Programs	-	-	-	2,603	2,603
Insurance	3,188	3,237	-	-	6,425
Lease payment	53,000	-	-	-	53,000
Miscellaneous	11,994	2,103	-	3,821	17,918
Total expenditures	<u>201,932</u>	<u>65,192</u>	<u>4,804</u>	<u>8,052</u>	<u>279,980</u>
Excess (deficiency) of revenues over (under) expenditures	37,877	(10,151)	(3,894)	14,219	38,051
Other financing sources (uses):					
Operating transfers in	-	-	4,200	-	4,200
Operating transfers out	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>-</u>	<u>4,200</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	37,877	(10,151)	306	14,219	42,251
Net position, July 1, 2014	<u>85,913</u>	<u>(72,913)</u>	<u>(1,989)</u>	<u>6,355</u>	<u>17,366</u>
Net position, June 30, 2015	<u>\$ 123,790</u>	<u>\$ (83,064)</u>	<u>\$ (1,683)</u>	<u>\$ 20,574</u>	<u>\$ 59,617</u>

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Street Fund
Statement of Revenues, Expenditures and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales taxes	\$ 130,000	\$ 166,804	\$ 36,804
Intergovernmental	65,543	70,057	4,514
Interest	120	304	184
Miscellaneous	4,938	2,644	(2,294)
Total revenues	<u>200,601</u>	<u>239,809</u>	<u>39,208</u>
Expenditures:			
Salaries and wages	59,500	57,932	1,568
Employee benefits	12,916	12,077	839
Payroll taxes	5,057	3,852	1,205
Professional fees	2,621	8,244	(5,623)
Vehicle maintenance	9,304	8,837	467
Materials and supplies	16,728	30,034	(13,306)
Repairs and maintenance	5,000	11,216	(6,216)
Uniforms	1,086	807	279
Utilities	1,587	751	836
Insurance	4,000	3,188	812
Lease payment	55,000	53,000	2,000
Miscellaneous	6,000	11,994	(5,994)
Total expenditures	<u>178,799</u>	<u>201,932</u>	<u>(23,133)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 21,802</u>	<u>37,877</u>	<u>\$ 16,075</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		37,877	
Net position, July 1, 2014		<u>85,913</u>	
Net position, June 30, 2015		<u>\$ 123,790</u>	

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Park Fund
Statement of Revenues, Expenditures and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property taxes	\$ 35,942	\$ 38,916	\$ 2,974
Interest	36	-	(36)
Operations	29,005	16,125	(12,880)
Miscellaneous	683	-	(683)
Total revenues	<u>65,666</u>	<u>55,041</u>	<u>(10,625)</u>
Expenditures:			
Salaries and wages	36,273	45,969	(9,696)
Employee benefits	3,200	4,251	(1,051)
Payroll taxes	3,083	2,412	671
Professional fees	99	-	99
Materials and supplies	3,100	1,949	1,151
Repairs and maintenance	4,167	760	3,407
Utilities	3,202	4,511	(1,309)
Insurance	6,603	3,237	3,366
Miscellaneous	1,200	2,103	(903)
Total expenditures	<u>60,927</u>	<u>65,192</u>	<u>(4,265)</u>
Expenditures (deficiency) of revenues over (under) expenditures	<u>\$ 4,739</u>	(10,151)	<u>\$ (14,890)</u>
Net position, July 1, 2014		<u>(72,913)</u>	
Net position, June 30, 2015		<u>\$ (83,064)</u>	

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Economic Development Fund
Statement of Revenues, Expenditures and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ -	\$ 1	\$ 1
Donations	6,254	909	(5,345)
Total revenues	<u>6,254</u>	<u>910</u>	<u>(5,344)</u>
Expenditures:			
Salaries and wages	6,845	4,558	(2,287)
Payroll taxes	471	246	(225)
Total expenditures	<u>7,316</u>	<u>4,804</u>	<u>(2,512)</u>
Expenditures (deficiency) of revenues over (under) expenditures	<u>\$ (1,062)</u>	<u>(3,894)</u>	<u>\$ (2,832)</u>
Other financing sources (uses)			
Operating transfers in		4,200	
Total other financing sources (uses)		<u>4,200</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		306	
Net position, July 1, 2014		<u>(1,989)</u>	
Net position, June 30, 2015		<u><u>\$(1,683)</u></u>	

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Municipal Court Fund
Statement of Revenues, Expenditures and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Fines and fees	\$ 20,953	\$ 22,213	\$ 1,260
Interest	85	58	(27)
Total revenues	<u>21,038</u>	<u>22,271</u>	<u>1,233</u>
Expenditures:			
Salaries and wages	2,096	1,025	1,071
Employee benefits	-	459	(459)
Payroll taxes	178	144	34
Programs	12,444	2,603	9,841
Miscellaneous	800	3,821	(3,021)
Total expenditures	<u>15,518</u>	<u>8,052</u>	<u>7,466</u>
Expenditures (deficiency) of revenues over (under) expenditures	<u>\$ 5,520</u>	<u>14,219</u>	<u>\$ 8,699</u>
Net position, July 1, 2014		<u>6,355</u>	
Net position, June 30, 2015		<u>\$ 20,574</u>	

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Statement of Net Position-Water and Sewer Fund
For the Year Ended June 30, 2015

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposits Fund	(Memorandum Only) Totals
Assets:					
Cash	\$ 111,538	\$ 85,930	\$ 104,084	\$ 79,414	\$ 380,966
Certificate of deposit	-	13,948	-	-	13,948
Taxes receivable (net)	-	-	6,720	-	6,720
Accounts receivable (net)	57,404	32,365	-	-	89,769
Inventories	11,053	917	-	-	11,970
Interest receivable	47	8	-	-	55
Due from water/sewer	-	-	-	9,630	9,630
Fixed assets - at cost	6,184,638	2,292,995	-	-	8,477,633
Less: accumulated depreciation	(2,651,813)	(1,073,507)	-	-	(3,725,320)
Restricted assets:					
Savings	60,871	95,686	-	-	156,557
Certificate of deposit	34,625	-	-	-	34,625
Total assets	\$ 3,808,363	\$ 1,448,342	\$ 110,804	\$ 89,044	\$ 5,456,553
Liabilities and net position					
Liabilities:					
Accounts payable	\$ 27,496	\$ 10,440	\$ -	\$ -	\$ 37,936
Sales tax payable	1,453	-	-	-	1,453
Accrued interest	4,817	7,207	-	-	12,024
Accrued salaries	-	-	-	-	-
Note payable-USDA-RD	645,585	-	-	-	645,585
Revenue bonds payable	1,360,000	350,000	-	-	1,710,000
Payroll taxes & benefits payable	-	8,952	-	-	8,952
Due to meter deposits	6,127	3,503	-	-	9,630
Customer deposits	-	-	-	89,044	89,044
Total liabilities	2,045,478	380,102	-	89,044	2,514,624
Net Position:					
Restricted	95,496	95,686	110,804	-	301,986
Unrestricted	1,667,389	972,554	-	-	2,639,943
Total net position	1,762,885	1,068,240	110,804	-	2,941,929
Total liabilities and net position	\$ 3,808,363	\$ 1,448,342	\$ 110,804	\$ 89,044	\$ 5,456,553

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Statement of Revenues, Expenses and Changes in Net Position
Water and Sewer Funds
For the Year Ended June 30, 2015

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposit Fund	(Memorandum Only) Totals
Operating revenues:					
Charges for services	\$ 551,481	\$ 220,211	\$ -	\$ -	\$ 771,692
Solid waste services	-	114,152	-	-	114,152
Penalties & connections	1,440	-	-	-	1,440
Property taxes	-	-	67,360	-	67,360
Miscellaneous	3,074	359	-	-	3,433
Total operating revenues	<u>555,995</u>	<u>334,722</u>	<u>67,360</u>	<u>-</u>	<u>958,077</u>
Operating expenses:					
Training & seminars	189	-	-	-	189
Repairs and maintenance	80,118	37,974	-	-	118,092
Salaries and wages	85,020	59,875	-	-	144,895
Depreciation	127,156	41,959	-	-	169,115
Fees	1,125	-	-	-	1,125
Payroll taxes and benefits	29,219	16,113	-	-	45,332
Office supplies & postage	2,808	3,869	-	-	6,677
Insurance	6,425	6,425	-	-	12,850
Professional services	8,906	2,363	-	-	11,269
Vehicle expense	6,799	-	-	-	6,799
Supplies	81,436	3,600	-	-	85,036
Solid waste	-	102,838	-	-	102,838
Utilities	29,408	15,446	-	-	44,854
Administrative expense	32,210	-	-	-	32,210
Miscellaneous	9,658	288	-	-	9,946
Total operating expense	<u>500,477</u>	<u>290,750</u>	<u>-</u>	<u>-</u>	<u>791,227</u>
Operating income (loss)	<u>55,518</u>	<u>43,972</u>	<u>67,360</u>	<u>-</u>	<u>166,850</u>
Nonoperating revenues (expenses)					
Interest income	1,398	801	316	-	2,515
Interest expense & fees	(27,429)	(11,905)	(31,956)	-	(71,290)
Grant proceeds	-	-	-	-	-
Grant disbursements	(36,973)	-	-	-	(36,973)
Total nonoperating revenues (expenses)	<u>(63,004)</u>	<u>(11,104)</u>	<u>(31,640)</u>	<u>-</u>	<u>(105,748)</u>
Income (loss) before operating transfers	(7,486)	32,868	35,720	-	61,102
Operating transfers					
Operating transfers out	(16,300)	-	-	-	(16,300)
Total operating transfers	<u>(16,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,300)</u>
Net income	(23,786)	32,868	35,720	-	44,802
Net position, July 1, 2014	<u>1,786,671</u>	<u>1,035,372</u>	<u>75,084</u>	<u>-</u>	<u>2,897,127</u>
Net position, June 30, 2015	<u>\$ 1,762,885</u>	<u>\$ 1,068,240</u>	<u>\$ 110,804</u>	<u>\$ -</u>	<u>\$ 2,941,929</u>

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Combined Statement of Cash Flows- All Proprietary Fund Types
For the Year Ended June 30, 2015

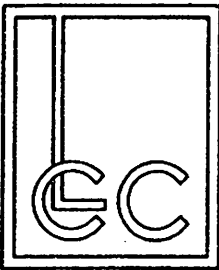
	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Water and Sewer Bonds</u>	<u>Meter Deposit Bonds</u>	<u>(Memorandum Only) Totals</u>
Cash flows from operating activities:					
Cash received from customers	\$ 551,507	\$ 332,609	\$ -	\$ 24,545	\$ 908,661
Cash received from taxpayers	-	-	66,395	-	66,395
Cash payments for personnel services	(140,358)	(72,937)	-	-	(213,295)
Cash payments for materials & supplies	(59,700)	(3,869)	-	-	(63,569)
Cash payments for utilities & telephone	(29,408)	(15,446)	-	-	(44,854)
Cash payments for insurance	(6,425)	(6,425)	-	-	(12,850)
Cash payments for repairs & maintenance	(80,118)	(37,974)	-	-	(118,092)
Cash payments for contractual services	(32,210)	(102,838)	-	-	(135,048)
Other operating cash payments	(10,783)	(288)	-	(17,310)	(28,381)
Net cash provided by operating activities	<u>192,505</u>	<u>92,832</u>	<u>66,395</u>	<u>7,235</u>	<u>358,967</u>
Cash flows from noncapital financing activities:					
Operating transfers out	(16,300)	-	-	-	(16,300)
Net cash used for noncapital financing activities	<u>(16,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,300)</u>
Cash flows from capital and related financing activities:					
Grant disbursements	(36,973)	-	-	-	(36,973)
Acquisition of capital assets	(16,460)	-	-	-	(16,460)
Principal paid on revenue bonds	(81,415)	(85,000)	-	-	(166,415)
Interest paid on notes and bonds	(26,048)	(15,845)	(31,956)	-	(73,849)
Net cash used for capital and related financing activities	<u>(160,896)</u>	<u>(100,845)</u>	<u>(31,956)</u>	<u>-</u>	<u>(293,697)</u>
Cash flows from investing activities:					
Interest received on invested monies	1,398	801	316	-	2,515
Net cash provided by investing activities	<u>1,398</u>	<u>801</u>	<u>316</u>	<u>-</u>	<u>2,515</u>
Net increase (decrease) in cash and restricted cash	16,707	(7,212)	34,755	7,235	51,485
Cash and cash equivalents, July 1, 2014	<u>190,327</u>	<u>202,776</u>	<u>69,329</u>	<u>72,179</u>	<u>534,611</u>
Cash and cash equivalents, June 30, 2015	<u>\$ 207,034</u>	<u>\$ 195,564</u>	<u>\$104,084</u>	<u>\$ 79,414</u>	<u>\$ 586,096</u>

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2015

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Water and Sewer Bonds</u>	<u>Meter Deposit Funds</u>	<u>(Memorandu m Only) Totals</u>
Reconciliation of income from operations to net cash provided by operating activities:					
Income from operations	\$ 55,518	\$ 43,972	\$ 67,360	\$ -	\$ 166,850
Adjustment to reconcile income from operations to net cash provided by (used for) operating activities:					
Depreciation	127,156	41,959	-	-	169,115
Inventory used	12,900	3,600	-	-	16,500
Other non-cash adjustments	(3,069)	3,301	(965)	7,235	6,502
Net cash provided by operations	<u>\$ 192,505</u>	<u>\$ 92,832</u>	<u>\$ 66,395</u>	<u>\$ 7,235</u>	<u>\$ 358,967</u>
Reconciliation of total cash and cash investments:					
Cash and cash equivalents	\$ 111,538	\$ 85,930	\$ 104,084	\$ 79,414	\$ 380,966
Certificates of deposit	-	13,948	-	-	13,948
Savings-restricted	60,871	95,686	-	-	156,557
Certificates of deposit- restricted	34,625	-	-	-	34,625
Total cash and cash equivalents	<u>\$ 207,034</u>	<u>\$ 195,564</u>	<u>\$ 104,084</u>	<u>\$ 79,414</u>	<u>\$ 586,096</u>

See accompanying notes to the financial statements.



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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 Members of the Board of Aldermen
City of Hamilton
Hamilton, Missouri 64644

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the City of Hamilton, Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Hamilton, Missouri's basic financial statements and have issued our report thereon dated December 21, 2015.

Internal Control Over Financial Reporting

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

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

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

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 related accounting records, or all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employee duties and responsibilities.

Management Response

The size and budget of the City of Hamilton, Missouri limits the application of adequate segregation of duties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hamilton, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

The City of Hamilton, Missouri's response to the findings identified in our audit is described above. The City of Hamilton, Missouri's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Lockridge, Constant & Conrad, LLC

LOCKRIDGE, CONSTANT AND CONRAD, LLC

Chillicothe, Missouri

December 21, 2015