

CITY OF HAMILTON, MISSOURI
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2016

City of Hamilton, Missouri
June 30, 2016

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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, 2016, 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, 2016, 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 43 through 49 are presented for purposes of additional analysis and are not required part of the basic financial statements.

The statements on pages 43 through 49 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the statements on pages 43 through 49 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016, 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, 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.



CONRAD & HIGGINS, LLC
Chillicothe, Missouri
December 30, 2016

City of Hamilton, Missouri
Management's Discussion and Analysis
For the Year Ended June 30, 2016
(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, 2016. 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 2016 are as follows:

- The City's total net position is \$3,884,740 as compared to \$3,899,011 in the prior year. The Governmental Activities net position is \$863,359 as compared to \$957,082 in the prior year, and the Proprietary Funds net position are \$3,021,381 as compared to \$2,941,929 in the prior year.
- Total revenues of governmental funds were \$974,485, for an increase of \$54,147 over the prior year's revenues of \$920,338.
- Total revenues of the proprietary funds were \$991,537 for an increase of \$30,945 over prior year total revenue of \$960,592.
- Expenditures for the City's governmental funds of \$872,409, increased \$12,680 over the prior year expenditures of \$859,729.
- Expenditures for the City's proprietary funds of \$952,085, increased \$52,595 over the prior year expenditures of \$899,490.

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, 2016
(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 it has 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, 2016
(Unaudited)

Government-Wide Statements (Continued)

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

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2016
(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.

2015-2016
Statement of Net Position

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Current and other assets	\$ 495,305	\$ 729,159
Capital assets	1,094,059	4,632,836
Total assets	<u>\$ 1,589,364</u>	<u>\$ 5,361,995</u>
Bond & leases payable	\$ 560,000	\$ 2,182,474
Other liabilities	166,005	156,813
Total liabilities	<u>\$ 726,005</u>	<u>\$ 2,339,287</u>
Net Position:		
Restricted	\$ 194,058	\$ 365,653
Unrestricted	669,301	2,655,728
Total net position	<u>\$ 863,359</u>	<u>\$ 3,021,381</u>

City of Hamilton, Missouri
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2016
(Unaudited)

Financial Analysis of the City as a Whole (Continued)

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, 2016
(Unaudited)

Statement of Activities

The following tables reflect the revenues and expenses for the City's activities for the years ended June 30, 2016, and June 30, 2015.

2015-2016
City of Hamilton's Statement of Activities

	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 551,571	\$ 513,165
Special Revenue	368,670	313,812
Debt Service	54,244	45,432
Water	650,116	643,622
Sewer	341,421	308,463
Total	<u>\$ 1,966,022</u>	<u>\$ 1,824,494</u>

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>

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, 2016
(Unaudited)

2015-2016
Combined Statement of Revenues and Expenditures

	Governmental Activities	Proprietary Funds
Revenues	\$ 974,485	\$ 991,537
Expenditures	872,409	952,085
Excess of (deficiency) of revenues over (under) expenditures	102,076	39,452
Transfers (net)	(40,000)	40,000
Net position, July 1, 2015	267,224	2,941,929
Net position, June 30, 2016	\$ 329,300	\$ 3,021,381

2014-2015
Combined Statement of Revenues and Expenditures

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

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, 2016
(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, 2016

ASSETS	Government Activities	Business-Type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 342,455	\$ 364,370	\$ 706,825
Cash-restricted	76,141	198,043	274,184
Investments:			
Restricted	-	34,799	34,799
Unrestricted	28,367	14,018	42,385
Inventory	-	11,970	11,970
Receivables (net of allowance):			
Accounts	-	88,543	88,543
Taxes	59,462	6,504	65,966
Interest	30	55	85
Due from other funds	6,000	9,630	15,630
Total current assets	<u>512,455</u>	<u>727,932</u>	<u>1,240,387</u>
Non-current assets:			
Capital assets:			
Land	6,517	78,908	85,425
Combined waterworks & sewer system	-	4,610,415	4,610,415
Buildings	393,843	3,522,659	3,916,502
Parks, pools and improvements	1,213,284	-	1,213,284
Equipment, furniture and fixtures	899,583	310,034	1,209,617
Accumulated depreciation	<u>(1,419,168)</u>	<u>(3,889,180)</u>	<u>(5,308,348)</u>
Total non-current assets	<u>1,094,059</u>	<u>4,632,836</u>	<u>5,726,895</u>
Total assets	<u>\$ 1,606,514</u>	<u>\$ 5,360,768</u>	<u>\$ 6,967,282</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 9,164	\$ 32,181	\$ 41,345
Cash overdrawn	92,308	-	92,308
Due to other funds	6,000	9,630	15,630
Payroll taxes and benefits payable	26,686	7,802	34,488
Library tax payable	12,762	-	12,762
Sales tax payable	-	1,305	1,305
Accrued salaries	19,085	684	19,769
Customer deposits	-	93,187	93,187
Interest payable	-	12,024	12,024
Bonds and leases payable	90,000	223,084	313,084
Total current liabilities	<u>256,005</u>	<u>379,897</u>	<u>635,902</u>
Bonds and leases payable- long term	470,000	1,959,490	2,429,490
Total liabilities	<u>726,005</u>	<u>2,339,387</u>	<u>3,065,392</u>
NET POSITION			
Invested in net capital assets	534,059	2,450,262	2,984,321
Restricted for:			
Debt service	81,983	365,653	447,636
Street	180,799	-	180,799
Park	(79,518)	-	(79,518)
Economic development	87	-	87
Municipal court	19,247	-	19,247
Unassigned	143,852	205,466	349,318
Total net position	<u>880,509</u>	<u>3,021,381</u>	<u>3,901,890</u>
Total liabilities and net position	<u>\$ 1,606,514</u>	<u>\$ 5,360,768</u>	<u>\$ 6,967,282</u>

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, 2016

	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	\$ 247,283	\$ 34,317	\$ -	\$ -	\$ (212,966)	\$ -	\$ (212,966)
Police department	263,414	-	-	-	(263,414)	-	(263,414)
Library	48,352	853	-	-	(47,499)	-	(47,499)
Museum	12,343	1,040	-	-	(11,303)	-	(11,303)
Debt service	98,219	-	-	-	(98,219)	-	(98,219)
Street	234,671	-	-	-	(234,671)	-	(234,671)
Park	111,400	27,745	-	-	(83,655)	-	(83,655)
Economic dev. & court	12,526	-	-	-	(12,526)	-	(12,526)
Total governmental activities	<u>\$ 1,028,208</u>	<u>\$ 63,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (964,253)</u>	<u>\$ -</u>	<u>\$ (964,253)</u>
Business-type activities:							
Water	643,622	576,202	-	-	-	(67,420)	(67,420)
Sewer	308,463	340,682	-	-	-	32,219	32,219
Total business-type activities	<u>\$ 952,085</u>	<u>\$ 916,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,201)</u>	<u>\$ (35,201)</u>
General revenues collected:							
					270,539	67,490	338,029
					71,200	-	71,200
					406,797	-	406,797
					106,175	-	106,175
					1,861	2,153	3,814
					37,788	-	37,788
					33,523	5,010	38,533
					<u>927,683</u>	<u>74,653</u>	<u>1,002,336</u>
Transfers					(40,000)	40,000	-
Change in net position					(76,570)	79,452	2,882
Net position, July 1, 2015					<u>957,082</u>	<u>2,941,929</u>	<u>3,899,011</u>
Net position, June 30, 2016					<u>\$ 880,512</u>	<u>\$ 3,021,381</u>	<u>\$ 3,901,893</u>

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, 2016

	<u>Governmental Fund Types</u>			Totals Primary Government
	General	Special Revenue	Debt Service Fund	(Memorandum Only)
Assets:				
Cash	\$ 131,794	\$ 210,661	\$ -	\$ 342,455
Cash restricted	-	-	76,141	76,141
Property taxes receivable (net of allowance)	8,070	2,179	5,842	16,091
Sales & motor vehicle taxes receivable	18,724	24,647	-	43,371
Interest receivable	30	-	-	30
Due from other funds	6,000	-	-	6,000
Investments:	-	-	-	-
Unrestricted	28,367	-	-	28,367
Total assets	<u>\$ 192,985</u>	<u>\$ 237,487</u>	<u>\$ 81,983</u>	<u>\$ 512,455</u>
Liabilities and net position				
Liabilities:				
Accounts payable	\$ 6,460	\$ 2,704	\$ -	\$ 9,164
Cash overdrawn	-	92,308	-	92,308
Due to general fund	-	6,000	-	6,000
Payroll taxes & benefits payable	19,360	7,326	-	26,686
Library tax payable	12,762	-	-	12,762
Accrued salaries	10,551	8,534	-	19,085
Total liabilities	<u>49,133</u>	<u>116,872</u>	<u>-</u>	<u>166,005</u>
Net Position:				
Restricted for:				
Street	-	180,799	-	180,799
Park	-	(79,518)	-	(79,518)
Economic development	-	87	-	87
Municipal Court	-	19,247	-	19,247
Debt Service	-	-	81,983	81,983
Unrestricted	143,852	-	-	143,852
Total net position	<u>143,852</u>	<u>120,615</u>	<u>81,983</u>	<u>346,450</u>
Total liabilities and net position	<u>\$ 192,985</u>	<u>\$ 237,487</u>	<u>\$ 81,983</u>	

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.	1,094,059
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.	<u>(560,000)</u>
Net position of governmental activities	<u>\$ 880,509</u>

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, 2016

	<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	\$ 134,199	\$ 39,070	\$ 53,834	\$ 227,103
Property taxes-library	43,436	-	-	43,436
Franchise taxes	106,172	-	-	106,172
Intergovernmental	-	71,200	-	71,200
Rent	1,400	-	-	1,400
Interest income	930	321	410	1,661
Administrative fees	33,957	-	-	33,957
Sales taxes	203,524	203,273	-	406,797
Licenses permits & fees	22,541	15,247	-	37,788
Library	853	-	-	853
Operations	-	27,745	-	27,745
Other	13,169	20,354	-	33,523
Total revenues	<u>560,181</u>	<u>377,210</u>	<u>54,244</u>	<u>991,635</u>
Expenditures:				
General funds:				
General operations	204,113	-	-	204,113
Police department	254,810	-	-	254,810
Library	48,352	-	-	48,352
Museum	5,890	-	-	5,890
Debt service	-	-	45,432	45,432
Street	-	217,906	-	217,906
Park	-	83,380	-	83,380
Economic development	-	5,831	-	5,831
Municipal court	-	6,695	-	6,695
Total expenditures	<u>513,165</u>	<u>313,812</u>	<u>45,432</u>	<u>872,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,016</u>	<u>63,398</u>	<u>8,812</u>	<u>119,226</u>
Other financing sources (uses)				
Operating transfers in	10,000	7,600	-	17,600
Operating transfers out	(47,600)	(10,000)	-	(57,600)
Total other financing sources (uses)	<u>(37,600)</u>	<u>(2,400)</u>	<u>-</u>	<u>(40,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	9,416	60,998	8,812	79,226
Net position, July 1, 2015	<u>134,436</u>	<u>59,617</u>	<u>73,171</u>	<u>267,224</u>
Net position, June 30, 2016	<u>\$ 143,852</u>	<u>\$ 120,615</u>	<u>\$ 81,983</u>	<u>\$ 346,450</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, 2016

Net change in net position - total governmental funds	\$ 79,226
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.	361,447
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(72,108)
Repayment/borrowing of long-term debt uses/provides current financial resources but has no effect on net position.	<u>(445,138)</u>
Change in net position of governmental activities	<u>\$ (76,573)</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, 2016

	<u>Combined Water & Sewer Funds</u>
Assets	
Current assets:	
Cash	\$ 364,370
Certificate of deposit	14,018
Cash- restricted	198,043
Certificate of deposit-restricted	34,799
Inventory	11,970
Due from water/sewer	9,630
Receivables (net allowance for uncollectible):	
Accounts	88,543
Taxes	6,504
Interest	55
Total current assets	<u>727,932</u>
Property, plant & equipment net of accumulated depreciation	<u>4,632,836</u>
Total assets	<u><u>\$ 5,360,768</u></u>
Liabilities and net position	
Current liabilities:	
Customer deposits	\$ 93,187
Sales tax payable	1,305
Interest payable	12,024
Accounts payable	32,181
Due to meter deposits	9,630
Payroll taxes and benefits payable	8,486
Bonds payable, current	223,084
Total current liabilities	<u>379,897</u>
Noncurrent liabilities:	
Revenue bonds payable	<u>1,959,490</u>
Total noncurrent liabilities	<u>1,959,490</u>
Total liabilities	<u>2,339,387</u>
Net position:	
Restricted	365,653
Unrestricted	2,655,728
Total net position	<u>3,021,381</u>
Total liabilities and net position	<u><u>\$ 5,360,768</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, 2016**

	Combined Water & Sewer Funds
Operating revenues:	
Charges for services	\$ 916,004
Taxes	67,490
Penalties and connections	880
Other	5,010
Total operating revenues	989,384
Operating expenses:	
Depreciation	163,860
Salaries and benefits	142,770
Material and supplies	161,858
Professional services	13,768
Solid waste	106,572
Repairs and maintenance	205,785
Other operating expenses	89,896
Total operating expenses	884,509
Operating income	104,875
Nonoperating revenues (expenses):	
Interest income	2,153
Interest expense & fiscal charges	(67,576)
Total nonoperating revenues	(65,423)
Income before operating transfers	39,452
Operating transfers:	
Operating transfers out	40,000
Total operating transfers	40,000
Net income	79,452
Net position, July 1, 2015	2,941,929
Net position, June 30, 2016	\$ 3,021,381

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, 2016

	Combined Water & Sewer Funds
Cash flows from operating activities:	
Cash received from customers	\$ 927,263
Cash received from taxpayers	67,706
Cash payments for personnel services	(177,187)
Cash payments for materials and supplies	(167,761)
Cash payments for utilities and telephone	(40,105)
Cash payments for insurance	-
Cash payments for repairs and maintenance	(205,785)
Cash payments for contractual services	(120,340)
Other operating cash payments	(15,840)
Net cash provided by operating activities	267,951
 Cash flows from noncapital financing activities:	
Operating transfers out	40,000
Net cash used for noncapital financing activities	40,000
 Cash flows from capital and related financing activities:	
Acquisition of capital assets	(44,383)
Principal paid on revenue bonds	(173,011)
Interest paid on notes and bonds	(67,576)
Net cash used for capital and related financing activities	(284,970)
 Cash flows from investing activities:	
Interest received on invested monies	2,153
Net cash provided by investing activities	2,153
 Net decrease in cash and restricted cash	
	25,134
Cash and cash equivalents, July 1, 2015	586,096
Cash and cash equivalents, June 30, 2016	\$ 611,230

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, 2016

	<u>Combined Water & Sewer Funds</u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 104,875
Adjustment to reconcile income from operations to net cash provided by (used for) operating activities:	
Depreciation	163,860
Taxes receivable	216
Accounts receivable	1,226
Accounts payable	(5,755)
Sales tax payable	(148)
Accrued salaries	684
Payroll taxes and benefits payable	(1,150)
Other non-cash adjustments	4,143
Net cash provided by operations	<u>\$ 267,951</u>
Reconciliation of total cash and cash investments:	
Cash and cash equivalents	364,370
Certificates of deposit	14,018
Savings-restricted	198,043
Certificates of deposit- restricted	34,799
Total cash and cash equivalents	<u>\$ 611,230</u>

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, 2016

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, 2016

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, 2016

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, 2016

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, are 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, 2016.

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

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016

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, 2016

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 authorizes 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, 2016, the carrying amount of deposits and investments was \$860,905 and \$77,184 and the bank balance was \$974,498 and \$77,184. 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, 2016

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, 2016, 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	\$ 860,905
Carrying Amount of Investments	77,184
Totals	<u>\$ 938,089</u>
Cash	\$ 586,721
Investments	42,386
Cash-Restricted	274,184
Investments-Restricted	34,798
Totals	<u>\$ 938,089</u>

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016

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, 2016.

<u>General, Street and Police</u>	Beginning Balance	Additions	Ending Balance
General	\$ 399,593	\$ -	\$ 399,593
Police	132,237	2,809	135,046
Park	828,008	-	828,008
Pool	-	358,638	358,638
Street	468,262	-	468,262
Museum	323,680	-	323,680
	<u>2,151,780</u>	<u>361,447</u>	<u>2,513,227</u>
Less accumulated depreciation:			
General	264,375	12,266	276,641
Police	98,989	8,604	107,593
Park	440,678	17,560	458,238
Pool	-	10,460	10,460
Street	278,420	16,765	295,185
Museum	264,598	6,453	271,051
	<u>1,347,060</u>	<u>72,108</u>	<u>1,419,168</u>
Net property, plant and equipment	<u>\$ 804,720</u>	<u>\$ 289,339</u>	<u>\$ 1,094,059</u>

Depreciation for the year ended June 30, 2016 was \$72,108.

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, 2016, (Note 1D):

	Balance June 30 2015	Additions	Deletions	Balance June 30 2016
Waterworks system	\$ 5,532,638	\$ 44,383	\$ -	\$ 5,577,021
Water access easement	652,000	-	-	652,000
Sewerage system	2,292,995	-	-	2,292,995
	<u>8,477,633</u>	<u>44,383</u>	<u>-</u>	<u>8,522,016</u>
Less accumulated depreciation:				
Waterworks system	2,651,813	122,861	-	2,774,674
Sewerage system	1,073,507	40,999	-	1,114,506
	<u>3,725,320</u>	<u>163,860</u>	<u>-</u>	<u>3,889,180</u>
Net Waterworks & Sewerage system	<u>\$ 4,752,313</u>	<u>\$ (119,477)</u>	<u>\$ -</u>	<u>\$ 4,632,836</u>

Depreciation for the year ended June 30, 2016, was \$163,860.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016, broken down by type.

General Obligation Bonds - Swimming Pool -Series 2015

The following is a summary of the General Obligation Bonds- Swimming Pool of the City as of June 30, 2016.

	<u>Swimming Pool</u>
Bond Payable, July 1, 2015	\$ -
Add- Bond Issued	500,000
Less- Bonds Retired	<u>(40,000)</u>
Bonds Payable June 30, 2016	<u><u>\$ 460,000</u></u>

\$500,000 swimming pool GOB bonds, dated May 15, 2015, due in annual installments of \$40,000 to \$60,000 commencing March 1, 2016, through March 1, 2016; interest rates are 0.90% to 3.20%, payable March 1 and September 1.

\$ 460,000

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

Year Ended June 30,	Principal	Interest	Total
2017	\$ 40,000	\$ 11,458	\$ 51,458
2018	45,000	10,917	\$ 55,917
2019	45,000	10,175	\$ 55,175
2020	50,000	9,320	\$ 59,320
2021	50,000	8,220	\$ 58,220
2022-2026	230,000	18,100	\$ 248,100
Total	<u><u>\$ 460,000</u></u>	<u><u>\$ 68,190</u></u>	<u><u>\$ 528,190</u></u>

The amount of interest paid for the year ended June 30, 2016, was \$5,219.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016.

	1997E Water Bonds
Bonds Payable, July 1, 2015	\$ 350,000
Add - Bond Issued	-
Less- Bond Retired	85,000
Bonds Payable June 30, 2016	\$ 265,000
\$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.	
	\$ 265,000

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

Year Ended June 30,	Principal	Interest	Total
2017	\$ 85,000	\$ 13,581	\$ 98,581
2018	90,000	9,225	99,225
2019	90,000	4,613	94,613
Totals	\$ 265,000	\$ 27,419	\$ 292,419

The amount of interest paid for the year ended June 30, 2016, was \$17,938.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016.

	2012 Water Bonds
Bonds Payable, July 1, 2015	\$ 540,000
Add- Bond Issued	-
Less- Bonds Retired	50,000
Bonds Payable, June 30, 2016	\$ 490,000

\$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.

\$ 490,000

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

Year Ended June 30,	Principal	Interest	Total
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	55,000	11,002	66,002
2022-2025	230,000	20,250	250,250
Totals	\$ 490,000	\$ 91,022	\$ 581,022

The amount of interest paid for the year ended June 30, 2016, was \$18,086.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016.

	2007B Water Bonds
Bonds Payable, July 1, 2015	\$ 325,000
Add- Bonds Issued	-
Less- Bonds Retired	25,000
Bonds Payable, June 30, 2016	\$ 300,000

\$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.

\$ 300,000

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

Year Ended June 30,	Principal	Interest	Total
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	30,000	9,000	39,000
2022-2027	165,000	24,113	189,113
Totals	\$ 300,000	\$ 80,788	\$ 380,788

The amount of interest paid for the year ended June 30, 2016, was \$14,512.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016.

	2013A Water Bonds
Bonds Payable, July 1, 2015	\$ 130,000
Add- Bond Issued	-
Less- Bonds Retired	-
Bonds Payable June 30, 2016	\$ 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
2017	\$ -	\$ 4,680	\$ 4,680
2018	-	4,680	4,680
2019	-	4,680	4,680
2020	-	4,680	4,680
2021	-	4,680	4,680
2022-2026	130,000	21,060	151,060
Totals	\$ 130,000	\$ 44,460	\$ 174,460

The amount of interest paid for the year ended June 30, 2016, was \$4,680.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016.

	Waterworks and Sewerage System Bonds
Bonds Payable, July 1, 2015	\$ 365,000
Add- Bonds Issued	-
Less- Bonds Retired	-
Bonds Payable, June 30, 2016	\$ 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
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	55,000	4,470	59,470
2022-2024	105,000	4,540	109,540
Totals	\$ 365,000	\$ 38,345	\$ 403,345

The amount of interest paid for the year ended June 30, 2016, was, \$8,765.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016.

	2014 Water Bonds
Bonds Payable, July 1, 2015	\$ 645,585
Add- Bond Issued	-
Less- Bonds Retired	(12,852)
Bonds Payable June 30, 2016	\$ 632,733

\$632,733 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.

632,733
\$ 632,733

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

Year Ended June 30,	Principal	Interest	Total
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	14,233	12,369	26,602
2022-2026	74,251	58,759	133,010
2027-2031	82,482	50,528	133,010
2032-2036	91,626	41,384	133,010
2027-2041	101,784	31,226	133,010
2042-2045	113,069	19,941	133,010
2027-2050	101,300	5,108	106,408
Totals	\$ 632,773	\$ 271,695	\$ 904,468

The amount of interest paid for the year ended June 30, 2016, was \$13,790.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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 did 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 provided for interest at 3.50% and annual payments. The lease was paid-in-full in June 2016.

The amount of interest paid for the year ended June 30, 2016, was \$269.

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>	Principal	Interest	Total
2017	\$ 50,000	\$ 2,000	\$ 52,000
2018	50,000	1,000	51,000
Total	<u>\$ 100,000</u>	<u>\$ 3,000</u>	<u>\$ 103,000</u>

The amount of interest paid for the year ended June 30, 2016, was \$3,000.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

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 2015 for purpose of local taxation were:

Real Estate	\$ 10,227,708
Personal Property	3,517,583
State-Assessed Railroad and Utility	981,330
Total	<u>\$ 14,726,621</u>

The tax levy per \$100 of the assessed valuations of tangible taxable property for the calendar year 2015 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Revenue	\$ 0.9260	\$ 0.9260
Parks and Recreation	0.2499	0.2499
Library	0.3020	0.3020
Debt Service	0.7463	0.7463
Total	<u>\$ 2.2242</u>	<u>\$ 2.2242</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 106.41% 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, 2016

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. These reviews and audits could lead to requests for reimbursement or to withholding of future finding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The City is not aware of any noncompliance with Federal or State provisions that might require the City to provide reimbursement.

The City is also unaware of any material contingent liabilities that exist as of December 30, 2016.

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: GASB STATEMENT NO. 54 – FUND BALANCE (NET POSITION) REPORTING

The objective of this Statement is to enhance the usefulness of net position information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes net position classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting net position information is identifying amounts that are considered *nonspendable*, such as fund balance associated with scholarships.

The *restricted* net position category includes amounts that are can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation such as taxes levied by a vote of the public.

City of Hamilton, Missouri
Notes to the Financial Statements
Year Ended June 30, 2016

Note 11: GASB STATEMENT NO. 54 – FUND BALANCE (NET POSITION) REPORTING (Continued)

Unassigned net position is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted.

Note 12: Subsequent Events

Management has evaluated subsequent events through December 30, 2016, 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.

SUPPLEMENTARY INFORMATION

City of Hamilton, Missouri
Combined Statement of Revenues, Expenditures and Changes
in Net Position- Budget and Actual-Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 133,186	\$ 144,740	\$ 11,554
Property taxes- library	43,436	43,852	416
Cigarette tax	3,700	4,025	325
Franchise fees	104,750	102,147	(2,603)
Rent	1,360	1,400	40
Interest income	350	718	368
Administrative fees	30,345	33,957	3,612
Sale taxes	150,000	194,914	44,914
Licenses, permits, and fees	4,450	22,541	18,091
Library	1,300	853	(447)
Police Misc.	4,000	742	(3,258)
Other	5,000	12,519	7,519
Total revenues	<u>481,877</u>	<u>562,408</u>	<u>80,531</u>
Expenditures:			
General operations	166,709	194,535	(27,826)
Police department	244,400	243,895	505
Library	50,309	4,916	45,393
Museum	5,372	5,890	(518)
Total expenditures	<u>466,790</u>	<u>449,236</u>	<u>17,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 15,087</u>	<u>113,172</u>	<u>\$ 98,085</u>
Other financing sources (uses)			
Operating transfers in		10,000	
Operating transfers out		(47,600)	
Total other financing sources (uses)		<u>(37,600)</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		21,391	
Net position, July 1, 2015		<u>134,436</u>	
Net position, June 30, 2016		<u>\$ 155,827</u>	

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Sales taxes	\$ -	\$ 39,070	\$ 39,070
Property taxes	-	194,733	194,733
Intergovernmental	-	71,200	71,200
Interest income	-	321	321
Operations	-	27,745	27,745
Fines and fees	-	15,247	15,247
Miscellaneous	-	20,354	20,354
Total revenues	<u>-</u>	<u>368,670</u>	<u>368,670</u>
Expenditures:			
Street	-	215,104	(215,104)
Park	-	73,529	(73,529)
Economic development	-	5,728	(5,728)
Municipal court	-	6,787	(6,787)
Total expenditures	<u>-</u>	<u>301,148</u>	<u>(301,148)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>67,522</u>	<u>\$ 67,522</u>
Other financing sources (uses)			
Operating transfers in		7,600	
Operating transfers out		<u>(10,000)</u>	
Total other financing sources (uses)		<u>(2,400)</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		65,122	
Net position, July 1, 2015		<u>59,617</u>	
Net position, June 30, 2016		<u>\$ 124,739</u>	

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Statement of Revenues, Expenditures and Changes in Net Position
General Fund
For the Year Ended June 30, 2016

	General Department	Police Department	Library	Museum	Totals (Memorandum Only)
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 134,199
Property taxes-library	-	-	-	-	43,436
Franchise taxes	-	-	-	-	106,172
Rent	-	-	-	-	1,400
Interest income	-	-	-	-	930
Administrative income	-	-	-	-	33,957
Sales taxes	-	-	-	-	203,524
Licenses and permits	-	-	-	-	22,541
Library	-	-	-	-	853
Other	-	-	-	-	13,169
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,181</u>
Expenditures:					
Salaries and wages	69,604	163,271	-	-	232,875
Payroll taxes	6,184	16,947	-	-	23,131
Employee benefits	23,142	26,656	-	-	49,798
Dispatch	-	9,000	-	-	9,000
Utilities and telephone	21,065	3,684	4,731	754	30,234
Insurance	240	-	-	-	240
Capital outlay	7,800	10,005	-	-	17,805
Printing & publications	4,532	-	-	-	4,532
Zoning	195	-	-	-	195
Repairs & maintenance	4,151	4,166	43,621	5,136	57,074
Uniforms	-	2,524	-	-	2,524
Professional fees	23,595	731	-	-	24,326
Postage	2,858	-	-	-	2,858
Vehicle maintenance	-	10,492	-	-	10,492
Office supplies	6,199	2,166	-	-	8,365
Training	1,064	2,281	-	-	3,345
Bad checks	(15)	-	-	-	(15)
Street light electricity	28,850	-	-	-	28,850
Miscellaneous	4,649	2,887	-	-	7,536
Total expenditures	<u>204,113</u>	<u>254,810</u>	<u>48,352</u>	<u>5,890</u>	<u>513,165</u>
Excess (deficiency) of revenues over (under) expenditures					47,016
Other financing sources (uses)					
Operating transfers in					10,000
Operating transfers out					<u>(47,600)</u>
Total other financing sources (uses)					<u>(37,600)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)					9,416
Net position, July 1, 2015					<u>134,436</u>
Net position, June 30, 2016					<u>\$ 143,852</u>

See accompanying notes to the financial statements.

City of Hamilton, Missouri
Statement of Expenditures Compared to Budget-Budgetary Basis
General Fund
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
General Department			
Salaries and wages	\$ 48,000	\$ 60,041	\$ (12,041)
Payroll taxes	4,080	4,618	(538)
Employee benefits	18,972	22,240	(3,268)
Utilities and telephone	20,000	21,065	(1,065)
Insurance	7,164	240	6,924
Capital outlay	7,800	7,800	-
Printing and publications	2,400	4,532	(2,132)
Zoning	5,000	195	4,805
Repairs and maintenance	4,500	4,151	349
Professional services	10,000	26,048	(16,048)
Postage	1,800	2,858	(1,058)
Office supplies	4,000	6,199	(2,199)
Training	1,200	1,064	136
Bad checks	100	(15)	115
Street light electricity	25,393	28,850	(3,457)
Miscellaneous	6,300	4,649	1,651
Total General Department	<u>166,709</u>	<u>194,535</u>	<u>(27,826)</u>
Police Department			
Salaries and wages	158,000	155,676	2,324
Payroll taxes	13,430	12,363	1,067
Employee benefits	26,835	27,920	(1,085)
Dispatch	9,000	9,000	-
Utilities and telephone	3,244	3,684	(440)
Capital outlay	7,000	10,005	(3,005)
Repairs and maintenance	2,400	4,166	(1,766)
Uniforms	2,600	2,524	76
Professional fees	1,000	731	269
Vehicle maintenance	10,900	10,492	408
Animal control	150	15	135
Office supplies	4,000	2,166	1,834
Training	1,828	2,281	(453)
Miscellaneous	4,013	2,872	1,141
Total Police Department	<u>244,400</u>	<u>243,895</u>	<u>505</u>
Library			
Utilities and telephone	4,456	4,731	(275)
Repairs and maintenance	45,853	185	45,668
Total Library	<u>50,309</u>	<u>4,916</u>	<u>45,393</u>
Museum			
Utilities and telephone	1,107	754	353
Repairs and maintenance	4,265	5,136	(871)
Total Museum	<u>5,372</u>	<u>5,890</u>	<u>(518)</u>
Total	<u>\$ 466,790</u>	<u>\$ 449,236</u>	<u>\$ 17,554</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, 2016

	<u>Street Fund</u>	<u>Park Fund</u>	<u>Economic Development Fund</u>	<u>Municipal Court Fund</u>	<u>(Memorandum Only) Totals</u>
Assets:					
Cash	\$ 163,317	\$ 27,745	\$ 190	\$ 19,409	\$ 210,661
Taxes receivables (net of allowance)	24,647	2,179	-	-	26,826
Total assets	<u>\$ 187,964</u>	<u>\$ 29,924</u>	<u>\$ 190</u>	<u>\$ 19,409</u>	<u>\$ 237,487</u>
Liabilities and net position					
Liabilities:					
Accounts payable	\$ 734	\$ 1,847	\$ -	\$ 123	\$ 2,704
Cash overdrawn	-	92,308	-	-	92,308
Due to general fund	-	6,000	-	-	6,000
Payroll taxes & benefits payable	5,514	1,709	103	-	7,326
Accrued salaries	917	7,578	-	39	8,534
Total liabilities	<u>7,165</u>	<u>109,442</u>	<u>103</u>	<u>162</u>	<u>116,872</u>
Net position:					
Restricted	180,799	(79,518)	87	19,247	120,615
Total net position	<u>180,799</u>	<u>(79,518)</u>	<u>87</u>	<u>19,247</u>	<u>120,615</u>
Total liabilities and net position	<u>\$ 187,964</u>	<u>\$ 29,924</u>	<u>\$ 190</u>	<u>\$ 19,409</u>	<u>\$ 237,487</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, 2016

	Street Fund	Park Fund	Economic Development Fund	Municipal Court Fund	(Memorandum Only) Totals
Revenues:					
Property taxes	\$ -	\$ 39,070	\$ -	\$ -	\$ 39,070
Sales taxes	203,273	-	-	-	203,273
Fines and fees	-	-	-	15,247	15,247
Intergovernmental revenues	71,200	-	-	-	71,200
Interest	199	-	1	121	321
Operations	-	27,745	-	-	27,745
Miscellaneous	243	20,111	-	-	20,354
Total revenues	<u>274,915</u>	<u>86,926</u>	<u>1</u>	<u>15,368</u>	<u>377,210</u>
Expenditures:					
Salaries and wages	67,074	58,881	5,324	1,994	133,273
Employee benefits	17,840	9,213	-	-	27,053
Payroll taxes	5,271	5,592	507	158	11,528
Professional fees	5,056	8	-	-	5,064
Vehicle maintenance	3,459	-	-	-	3,459
Materials and supplies	33,105	3,158	-	-	36,263
Repairs and maintenance	28,196	1,079	-	-	29,275
Uniforms	706	-	-	-	706
Utilities	1,227	5,245	-	-	6,472
Programs	-	-	-	2,564	2,564
Insurance	-	-	-	-	-
Lease payment	50,500	-	-	-	50,500
Miscellaneous	5,472	204	-	1,979	7,655
Total expenditures	<u>217,906</u>	<u>83,380</u>	<u>5,831</u>	<u>6,695</u>	<u>313,812</u>
Excess (deficiency) of revenues over (under) expenditures	57,009	3,546	(5,830)	8,673	63,398
Other financing sources (uses):					
Operating transfers in	-	-	7,600	-	7,600
Operating transfers out	-	-	-	10,000	(10,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>7,600</u>	<u>10,000</u>	<u>(2,400)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	57,009	3,546	1,770	(1,327)	60,998
Net position, July 1, 2015	<u>123,790</u>	<u>(83,064)</u>	<u>(1,683)</u>	<u>20,574</u>	<u>59,617</u>
Net position, June 30, 2016	<u>\$ 180,799</u>	<u>\$ (79,518)</u>	<u>\$ 87</u>	<u>\$ 19,247</u>	<u>\$ 120,615</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- Budgetary Basis
For the Year Ended June 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales taxes	\$ 156,000	\$ 194,733	\$ 38,733
Intergovernmental	63,494	71,200	7,706
Interest	75	199	124
Miscellaneous	2,588	243	(2,345)
Total revenues	<u>222,157</u>	<u>266,375</u>	<u>44,218</u>
Expenditures:			
Salaries and wages	78,500	65,017	13,483
Employee benefits	11,951	17,840	(5,889)
Payroll taxes	6,673	5,049	1,624
Professional fees	2,577	5,056	(2,479)
Vehicle maintenance	6,775	3,459	3,316
Materials and supplies	36,514	33,105	3,409
Repairs and maintenance	15,000	27,672	(12,672)
Uniforms	972	706	266
Utilities	1,497	1,227	270
Insurance	3,582	-	3,582
Lease payment	53,000	50,500	2,500
Miscellaneous	5,000	5,473	(473)
Total expenditures	<u>222,041</u>	<u>215,104</u>	<u>6,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 116</u>	<u>51,271</u>	<u>\$ 51,155</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		51,271	
Net position, July 1, 2015		<u>123,790</u>	
Net position, June 30, 2016		<u>\$ 175,061</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-Budgetary Basis
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property taxes	\$ 35,942	\$ 40,681	\$ 4,739
Interest	36	-	(36)
Operations	18,491	27,745	9,254
Miscellaneous	971	28,233	27,262
Total revenues	<u>55,440</u>	<u>96,659</u>	<u>41,219</u>
Expenditures:			
Salaries and wages	36,000	51,264	(15,264)
Employee benefits	4,000	9,213	(5,213)
Payroll taxes	3,060	3,922	(862)
Professional fees	78	8	70
Materials and supplies	4,705	3,158	1,547
Repairs and maintenance	4,693	515	4,178
Utilities	4,024	5,245	(1,221)
Insurance	4,000	-	4,000
Miscellaneous	1,516	204	1,312
Total expenditures	<u>62,076</u>	<u>73,529</u>	<u>(11,453)</u>
Expenditures (deficiency) of revenues over (under) expenditures	<u>\$ (6,636)</u>	23,130	<u>\$ 29,766</u>
Net position, July 1, 2015		<u>(83,064)</u>	
Net position, June 30, 2016		<u>\$ (59,934)</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-Budgetary Basis
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest	\$ -	\$ 1	\$ 1
Donations	-	-	-
Total revenues	<u>-</u>	<u>1</u>	<u>1</u>
Expenditures:			
Salaries and wages	7,564	5,321	2,243
Payroll taxes	<u>526</u>	<u>407</u>	<u>119</u>
Total expenditures	<u>8,090</u>	<u>5,728</u>	<u>2,362</u>
Expenditures (deficiency) of revenues over (under) expenditures	<u>\$ (8,090)</u>	<u>(5,727)</u>	<u>\$ 2,363</u>
Other financing sources (uses)			
Operating transfers in		7,600	
Total other financing sources (uses)		<u>7,600</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		1,873	
Net position, July 1, 2015		<u>(1,683)</u>	
Net position, June 30, 2016		<u>\$ 190</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-Budgetary Basis
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Fines and fees	\$ 20,441	\$ 15,129	\$ (5,312)
Interest	53	121	68
Total revenues	<u>20,494</u>	<u>15,250</u>	<u>(5,244)</u>
Expenditures:			
Salaries and wages	2,200	1,915	285
Payroll taxes	187	158	29
Programs	2,157	2,564	(407)
Miscellaneous	5,800	2,391	3,409
Total expenditures	<u>10,344</u>	<u>7,028</u>	<u>3,316</u>
Expenditures (deficiency) of revenues over (under) expenditures	<u>\$ 10,150</u>	<u>8,222</u>	<u>\$ (1,928)</u>
Other financing sources (uses):			
Operating transfers out		10,000	
Total other financing sources (uses)		<u>10,000</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		<u>(1,778)</u>	
Net position, July 1, 2015		20,574	
Net position, June 30, 2016		<u>\$ 18,796</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, 2016

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposits Fund	(Memorandum Only) Totals
Assets:					
Cash	\$ 83,597	\$ 70,909	\$ 126,307	\$ 83,557	\$ 364,370
Certificate of deposit	-	14,018	-	-	14,018
Taxes receivable (net)	-	-	6,504	-	6,504
Accounts receivable (net)	57,901	30,642	-	-	88,543
Inventories	11,053	917	-	-	11,970
Interest receivable	47	8	-	-	55
Due from water/sewer	-	-	-	9,630	9,630
Capital assets - at cost	6,229,021	2,292,995	-	-	8,522,016
Less: accumulated depreciation	(2,774,674)	(1,114,506)	-	-	(3,889,180)
Restricted assets:					
Savings	98,395	99,648	-	-	198,043
Certificate of deposit	34,799	-	-	-	34,799
Total assets	\$ 3,740,139	\$ 1,394,631	\$ 132,811	\$ 93,187	\$ 5,360,768
Liabilities and net position					
Liabilities:					
Accounts payable	\$ 18,384	\$ 13,797	\$ -	\$ -	\$ 32,181
Sales tax payable	1,305	-	-	-	1,305
Accrued interest	4,817	7,207	-	-	12,024
Accrued salaries	684	-	-	-	684
Note payable-USDA-RD	632,574	-	-	-	632,574
Revenue bonds payable	1,285,000	265,000	-	-	1,550,000
Payroll taxes & benefits payable	3,876	3,926	-	-	7,802
Due to meter deposits	6,127	3,503	-	-	9,630
Customer deposits	-	-	-	93,187	93,187
Total liabilities	1,952,767	293,433	-	93,187	2,339,387
Net Position:					
Restricted	133,194	99,648	132,811	-	365,653
Unrestricted	1,654,178	1,001,550	-	-	2,655,728
Total net position	1,787,372	1,101,198	132,811	-	3,021,381
Total liabilities and net position	\$ 3,740,139	\$ 1,394,631	\$ 132,811	\$ 93,187	\$ 5,360,768

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, 2016

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposit Fund	(Memorandum Only) Totals
Operating revenues:					
Charges for services	\$ 575,322	\$ 223,839	\$ -	\$ -	\$ 799,161
Solid waste services	-	116,843	-	-	116,843
Penalties & connections	880	-	-	-	880
Property taxes	-	-	67,490	-	67,490
Miscellaneous	5,010	-	-	-	5,010
Total operating revenues	<u>581,212</u>	<u>340,682</u>	<u>67,490</u>	<u>-</u>	<u>989,384</u>
Operating expenses:					
Training & seminars	117	-	-	-	117
Repairs and maintenance	168,540	37,245	-	-	205,785
Salaries and wages	28,034	66,239	-	-	94,273
Depreciation	122,861	40,999	-	-	163,860
Fees	1,125	-	-	-	1,125
Payroll taxes and benefits	21,176	27,321	-	-	48,497
Office supplies & postage	1,773	2,928	-	-	4,701
Insurance	-	-	-	-	-
Professional services	8,936	4,832	-	-	13,768
Vehicle expense	3,067	170	-	-	3,237
Supplies	155,792	1,365	-	-	157,157
Solid waste	-	106,572	-	-	106,572
Utilities	24,625	15,480	-	-	40,105
Administrative expense	33,951	-	-	-	33,951
Miscellaneous	4,804	802	5,755	-	11,361
Total operating expense	<u>574,801</u>	<u>303,953</u>	<u>5,755</u>	<u>-</u>	<u>884,509</u>
Operating income (loss)	<u>6,411</u>	<u>36,729</u>	<u>61,735</u>	<u>-</u>	<u>104,875</u>
Nonoperating revenues (expenses)					
Interest income	824	739	590	-	2,153
Interest expense & fees	(22,748)	(4,510)	(40,318)	-	(67,576)
Total nonoperating revenues (expenses)	<u>(21,924)</u>	<u>(3,771)</u>	<u>(39,728)</u>	<u>-</u>	<u>(65,423)</u>
Income (loss) before operating transfers	<u>(15,513)</u>	<u>32,958</u>	<u>22,007</u>	<u>-</u>	<u>39,452</u>
Operating transfers					
Operating transfers in/(out)	40,000	-	-	-	40,000
Total operating transfers	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Net income	24,487	32,958	22,007	-	79,452
Net position, July 1, 2015	<u>1,762,885</u>	<u>1,068,240</u>	<u>110,804</u>	<u>-</u>	<u>2,941,929</u>
Net position, June 30, 2016	<u>\$ 1,787,372</u>	<u>\$ 1,101,198</u>	<u>\$ 132,811</u>	<u>\$ -</u>	<u>\$ 3,021,381</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, 2016

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposit Bonds	(Memorandum Only) Totals
Cash flows from operating activities:					
Cash received from customers	\$ 580,715	\$ 342,405	\$ -	\$ 4,143	\$ 927,263
Cash received from taxpayers	-	-	67,706	-	67,706
Cash payments for personnel services	(78,601)	(98,586)	-	-	(177,187)
Cash payments for materials & supplies	(166,825)	(936)	-	-	(167,761)
Cash payments for utilities & telephone	(24,625)	(15,480)	-	-	(40,105)
Cash payments for insurance	-	-	-	-	-
Cash payments for repairs & maintenance	(168,540)	(37,245)	-	-	(205,785)
Cash payments for contractual services	(8,936)	(111,404)	-	-	(120,340)
Other operating cash payments	(9,113)	(972)	(5,755)	-	(15,840)
Net cash provided by operating activities	<u>124,075</u>	<u>77,782</u>	<u>61,951</u>	<u>4,143</u>	<u>267,951</u>
Cash flows from noncapital financing activities:					
Operating transfers out	40,000	-	-	-	40,000
Net cash used for noncapital financing activities	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(44,383)	-	-	-	(44,383)
Principal paid on revenue bonds	(88,011)	(85,000)	-	-	(173,011)
Interest paid on notes and bonds	(22,748)	(4,510)	(40,318)	-	(67,576)
Net cash used for capital and related financing activities	<u>(155,142)</u>	<u>(89,510)</u>	<u>(40,318)</u>	<u>-</u>	<u>(284,970)</u>
Cash flows from investing activities:					
Interest received on invested monies	824	739	590	-	2,153
Net cash provided by investing activities	<u>824</u>	<u>739</u>	<u>590</u>	<u>-</u>	<u>2,153</u>
Net increase (decrease) in cash and restricted cash	9,757	(10,989)	22,223	4,143	25,134
Cash and cash equivalents, July 1, 2015	<u>207,034</u>	<u>195,564</u>	<u>104,084</u>	<u>79,414</u>	<u>586,096</u>
Cash and cash equivalents, June 30, 2016	<u>\$ 216,791</u>	<u>\$ 184,575</u>	<u>\$ 126,307</u>	<u>\$ 83,557</u>	<u>\$ 611,230</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, 2016

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposit Funds	(Memorandum Only) Totals
Reconciliation of income from operations to net cash provided by operating activities:					
Income from operations	\$ 6,411	\$ 36,729	\$ 61,735	\$ -	\$ 104,875
Adjustment to reconcile income from operations to net cash provided by (used for) operating activities:					-
Depreciation	122,861	40,999	-	-	163,860
Taxes receivable	-	-	216	-	216
Accounts receivable	(497)	1,723	-	-	1,226
Accounts payable	(9,112)	3,357	-	-	(5,755)
Sales tax payable	(148)	-	-	-	(148)
Accrued salaries	684	-	-	-	684
Payroll taxes and benefits payable	3,876	(5,026)	-	-	(1,150)
Other non-cash adjustments	-	-	-	4,143	4,143
Net cash provided by operations	<u>\$ 124,075</u>	<u>\$ 77,782</u>	<u>\$ 61,951</u>	<u>\$ 4,143</u>	<u>\$ 267,951</u>
Reconciliation of total cash and cash investments:					
Cash and cash equivalents	\$ 83,597	\$ 70,909	\$ 126,307	\$ 83,557	\$ 364,370
Certificates of deposit	-	14,018	-	-	14,018
Savings-restricted	98,395	99,648	-	-	198,043
Certificates of deposit- restricted	34,799	-	-	-	34,799
Total cash and cash equivalents	<u>\$ 216,791</u>	<u>\$ 184,575</u>	<u>\$ 126,307</u>	<u>\$ 83,557</u>	<u>\$ 611,230</u>

See accompanying notes to the financial statements.

CONRAD & HIGGINS, LLC

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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, 2016, 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 30, 2016.

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

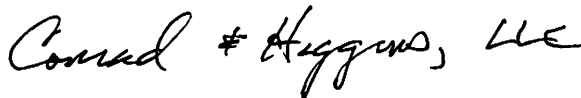
As part of obtaining reasonable assurance about whether the City of Hamilton, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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.



CONRAD & HIGGINS, LLC
Chillicothe, Missouri
December 30, 2016