

**CITY OF HAMILTON, MISSOURI**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

City of Hamilton, Missouri  
June 30, 2018

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# CONRAD & HIGGINS, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 920  
Chillicothe, MO 64601  
(660) 240-0645  
Fax - (660) 240-0654

706 Grant  
Princeton, MO 64673  
(660) 748-4423  
Fax - (660) 748-4422

### 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, 2018, 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, 2018, 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 41-42 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. Although our opinions on the basic financial statements are not affected, the following departures from the prescribed guidelines exist. The Management Discussion and Analysis does not include a discussion of variations between budgeted and actual results or the reasons for the variations. 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 54 are presented for purposes of additional analysis and are not required part of the basic financial statements.

The statements on pages 43 through 54 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 54 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 November 30, 2018, 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*

**CONRAD & HIGGINS, LLC**  
Chillicothe, Missouri  
November 30, 2018

**City of Hamilton, Missouri**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**  
**(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, 2018. 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 2018 are as follows:

- The City's total net position is \$5,360,702 as compared to \$4,838,605 in the prior year. The Governmental Activities net position is \$1,565,534 as compared to \$1,223,392 in the prior year, and the Proprietary Funds net position are \$3,795,168 as compared to \$3,615,213 in the prior year.
- Total revenues of governmental funds were \$1,126,020, for an increase of \$32,684 over the prior year's revenues of \$1,093,336.
- Total revenues of the proprietary funds were \$1,114,722 for a decrease of \$341,984 over prior year total revenue of \$1,456,706.
- Expenditures for the City's governmental funds of \$783,878, increased \$33,425 from the prior year expenditures of \$750,453.
- Expenditures for the City's proprietary funds of \$974,434, increased \$111,560 from the prior year expenditures of \$862,874.

**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, 2018**  
**(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, 2018**  
**(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 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, 2018**  
**(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.

**2017-2018**  
**Statement of Net Position**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Current and other assets	\$ 1,316,462	\$ 895,469
Capital assets	1,129,998	4,793,940
<b>Total assets</b>	<b><u>\$ 2,446,460</u></b>	<b><u>\$ 5,689,409</u></b>
Bond & leases payable	\$ 789,965	\$ 1,730,709
Other liabilities	90,961	163,532
<b>Total liabilities</b>	<b><u>\$ 880,926</u></b>	<b><u>\$ 1,894,241</u></b>
Net Position:		
Restricted	\$ 899,484	\$ 427,258
Unrestricted	666,050	3,367,910
<b>Total net position</b>	<b><u>\$ 1,565,534</u></b>	<b><u>\$ 3,795,168</u></b>



**City of Hamilton, Missouri**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2018**  
**(Unaudited)**

**Financial Analysis of the City as a Whole (Continued)**

<b>2016-2017</b>		
<b>Statement of Net Position</b>		
	<b>Governmental Activities</b>	<b>Business Type Activities</b>
Current and other assets	\$ 684,564	\$ 903,862
Capital assets	1,208,789	4,823,575
<b>Total assets</b>	<b>\$ 1,893,353</b>	<b>\$ 5,727,437</b>
Bond payable	\$ 809,617	\$ 1,959,284
Other liabilities	160,344	152,940
<b>Total liabilities</b>	<b>\$ 969,961</b>	<b>\$ 2,112,224</b>
Net Position:		
Restricted	\$ 381,827	\$ 428,843
Unrestricted	841,565	3,186,370
<b>Total net position</b>	<b>\$ 1,223,392</b>	<b>\$ 3,615,213</b>

**City of Hamilton, Missouri**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2018**  
**(Unaudited)**

**Statement of Activities**

The following tables reflect the revenues and expenses for the City's activities for the years ended June 30, 2018, and June 30, 2017.

**2017-2018**  
**City of Hamilton's Statement of Activities**

	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 638,479	\$ 461,134
Special Revenue	438,155	260,559
Debt Service	49,386	62,185
Water	710,542	686,759
Sewer	443,847	287,675
Total	<u>\$ 2,280,409</u>	<u>\$ 1,758,312</u>

**2016-2017**  
**City of Hamilton's Statement of Activities**

	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 537,646	\$ 490,143
Special Revenue	489,211	449,555
Debt Service	182,874	92,263
Water	1,050,983	597,669
Sewer	405,723	265,205
Total	<u>\$ 2,666,437</u>	<u>\$ 1,894,835</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, 2018**  
**(Unaudited)**

**2017-2018**  
**Combined Statement of Revenues and Expenditures**

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Revenues	\$ 1,512,020	\$ 1,154,389
Expenditures	<u>810,739</u>	<u>974,434</u>
Excess of (deficiency) of revenues over (under) expenditures	701,281	179,955
Transfers (net)	-	-
Net position, July 1, 2017	<u>524,220</u>	<u>3,615,213</u>
Net position, June 30, 2018	<u>\$ 1,225,501</u>	<u>\$ 3,795,168</u>

**2016-2017**  
**Combined Statement of Revenues and Expenditures**

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>
Revenues	\$ 1,209,731	\$ 1,456,706
Expenditures	<u>1,031,961</u>	<u>862,874</u>
Excess of (deficiency) of revenues over (under) expenditures	177,770	593,832
Transfers (net)	-	-
Net position, July 1, 2016	<u>346,450</u>	<u>3,021,381</u>
Net position, June 30, 2017	<u>\$ 524,220</u>	<u>\$ 3,615,213</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, 2018**  
**(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 Jean Van Iperen, City Administrator, City Hall, Hamilton, Missouri 64644.

City of Hamilton, Missouri  
 Government-Wide Statement of Net Position  
 For the Year Ended June 30, 2018

<b>ASSETS</b>	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 674,714	\$ 465,835	\$ 1,140,549
Cash-restricted	529,771	251,122	780,893
Investments:			
Restricted	-	14,159	14,159
Unrestricted	28,738	35,148	63,886
Inventory	-	13,000	13,000
Receivables (net of allowance):			
Accounts	-	98,660	98,660
Taxes	77,218	6,172	83,390
Interest	21	13	34
Due from other funds	6,000	11,360	17,360
<b>Total current assets</b>	<u>1,316,462</u>	<u>895,469</u>	<u>2,211,931</u>
<b>Non-current assets:</b>			
<b>Capital assets:</b>			
Land	6,517	123,622	130,139
Combined waterworks & sewer system	-	5,013,121	5,013,121
Buildings	393,843	3,522,659	3,916,502
Parks, pools and improvements	1,373,907	-	1,373,907
Equipment, furniture and fixtures	962,529	362,457	1,324,986
Accumulated depreciation	(1,606,798)	(4,227,919)	(5,834,717)
<b>Total non-current assets</b>	<u>1,129,998</u>	<u>4,793,940</u>	<u>5,923,938</u>
<b>Total assets</b>	<u>\$ 2,446,460</u>	<u>\$ 5,689,409</u>	<u>\$ 8,135,869</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 17,098	\$ 36,687	\$ 53,785
Cash overdrawn	32,349	-	32,349
Due to other funds	6,000	11,360	17,360
Payroll taxes and benefits payable	20,524	8,338	28,862
Library tax payable	324	-	324
Sales tax payable	-	2,219	2,219
Accrued salaries	14,666	2,939	17,605
Customer deposits	-	97,147	97,147
Interest payable	-	4,842	4,842
Bonds and leases payable	106,133	228,620	334,753
<b>Total current liabilities</b>	<u>197,094</u>	<u>392,152</u>	<u>589,246</u>
Bonds and leases payable- long term	683,832	1,502,089	2,185,921
<b>Total liabilities</b>	<u>880,926</u>	<u>1,894,241</u>	<u>2,775,167</u>
<b>NET POSITION</b>			
Invested in net capital assets	340,033	3,063,231	3,403,264
Restricted for:			
Debt service	159,795	427,258	587,053
Street	737,474	-	737,474
Park	(28,525)	-	(28,525)
Economic development	39	-	39
Municipal court	30,701	-	30,701
Unassigned	326,017	304,679	630,696
<b>Total net position</b>	<u>1,565,534</u>	<u>3,795,168</u>	<u>5,360,702</u>
<b>Total liabilities and net position</b>	<u>\$ 2,446,460</u>	<u>\$ 5,689,409</u>	<u>\$ 8,135,869</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, 2018**

	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>			
	<u>Expenditures Paid</u>	<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental activities:</b>							
General operations	\$ 197,349	\$ 34,995	\$ -	\$ -	\$ (162,354)	\$ -	\$ (162,354)
Police department	249,094	-	-	1,217	(247,877)	-	(247,877)
Library	918	-	-	-	(918)	-	(918)
Museum	13,773	1,985	-	-	(11,788)	-	(11,788)
Debt service	62,185	-	-	-	(62,185)	-	(62,185)
Street	166,362	-	-	-	(166,362)	-	(166,362)
Park	87,759	59,842	-	-	(27,917)	-	(27,917)
Economic dev. & court	6,438	-	-	-	(6,438)	-	(6,438)
<b>Total governmental activities</b>	<b><u>\$ 783,878</u></b>	<b><u>\$ 96,822</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,217</u></b>	<b><u>(685,839)</u></b>	<b><u>-</u></b>	<b><u>(685,839)</u></b>
<b>Business-type activities:</b>							
Water	\$ 672,850	\$ 621,057	\$ -	\$ 32,131	-	(19,662)	(19,662)
Sewer	301,584	434,374	-	7,536	-	140,326	140,326
<b>Total business-type activities</b>	<b><u>\$ 974,434</u></b>	<b><u>\$ 1,055,431</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 39,667</u></b>	<b><u>-</u></b>	<b><u>120,664</u></b>	<b><u>120,664</u></b>
		<b>General revenues collected:</b>					
					274,460	49,736	324,196
					73,010	-	73,010
					502,358	-	502,358
					136,827	-	136,827
					2,479	2,625	5,104
					35,061	-	35,061
					3,786	6,930	10,716
					<u>1,027,981</u>	<u>59,291</u>	<u>1,087,272</u>
		<b>Transfers</b>			-	-	-
					342,142	179,955	522,097
					<u>1,223,392</u>	<u>3,615,213</u>	<u>4,838,605</u>
					<b><u>\$ 1,565,534</u></b>	<b><u>\$ 3,795,168</u></b>	<b><u>\$ 5,360,702</u></b>

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, 2018**

	<u>Governmental Fund Types</u>				Totals Primary Government	
	General	Street Fund	Park Fund	Other Special Revenue	Debt Service Fund	(Memorandum Only)
<b>Assets:</b>						
Cash	\$ 273,483	\$ 349,965	\$ 20,526	\$ 30,740	\$ -	\$ 674,714
Cash restricted	5,002	368,060	-	-	156,709	529,771
Property taxes receivable (net of allowance)	13,832	-	-	-	3,086	16,918
Sales & motor vehicle taxes receivable	25,495	31,074	3,731	-	-	60,300
Interest receivable	21	-	-	-	-	21
Due from other funds	6,000	-	-	-	-	6,000
Investments:						
Unrestricted	28,738	-	-	-	-	28,738
<b>Total assets</b>	<u>\$ 352,571</u>	<u>\$ 749,099</u>	<u>\$ 24,257</u>	<u>\$ 30,740</u>	<u>\$ 159,795</u>	<u>\$ 1,316,462</u>
<b>Liabilities and net position</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 6,199	\$ 3,880	\$ 7,019	\$ -	\$ -	\$ 17,098
Cash overdrawn	-	-	32,349	-	-	32,349
Due to general fund	-	-	6,000	-	-	6,000
Payroll taxes & benefits payable	13,705	5,943	876	-	-	20,524
Library tax payable	324	-	-	-	-	324
Accrued salaries	6,326	1,802	6,538	-	-	14,666
<b>Total liabilities</b>	<u>26,554</u>	<u>11,625</u>	<u>52,782</u>	<u>-</u>	<u>-</u>	<u>90,961</u>
<b>Net Position:</b>						
Restricted for:						
Street	-	737,474	-	-	-	737,474
Park	-	-	(28,525)	-	-	(28,525)
Economic development	-	-	-	39	-	39
Municipal Court	-	-	-	30,701	-	30,701
Debt Service	-	-	-	-	159,795	159,795
Unrestricted	326,017	-	-	-	-	326,017
<b>Total net position</b>	<u>326,017</u>	<u>737,474</u>	<u>(28,525)</u>	<u>30,740</u>	<u>159,795</u>	<u>1,225,501</u>
<b>Total liabilities and net position</b>	<u>\$ 352,571</u>	<u>\$ 749,099</u>	<u>\$ 24,257</u>	<u>\$ 30,740</u>	<u>\$ 159,795</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.	1,129,998
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>(789,965)</u>
Net position of governmental activities	<u>\$ 1,565,534</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, 2018**

	Governmental Fund Types					Totals Primary Government
	General Fund	Street Fund	Park Fund	Other Special Revenue	Debt Service Fund	(Memorandum Only)
<b>Revenues:</b>						
Property taxes	\$ 186,208	\$ -	\$ 39,303	\$ -	\$ 48,949	\$ 274,460
Franchise taxes	136,827	-	-	-	-	136,827
Intergovernmental	-	73,010	-	-	-	73,010
Rent	1,985	-	-	-	-	1,985
Interest income	1,334	557	-	151	437	2,479
Administrative fees	34,995	-	-	-	-	34,995
Sales taxes	257,101	245,257	-	-	-	502,358
Licenses, permits & fees	15,285	-	-	19,776	-	35,061
Library	-	-	-	-	-	-
Operations	-	-	59,842	-	-	59,842
Bond proceeds	-	386,000	-	-	-	386,000
Grant proceeds	1,217	-	-	-	-	1,217
Other	3,527	259	-	-	-	3,786
<b>Total revenues</b>	<u>638,479</u>	<u>705,083</u>	<u>99,145</u>	<u>19,927</u>	<u>49,386</u>	<u>1,512,020</u>
<b>Expenditures:</b>						
General funds:						
General operations	187,286	-	-	-	-	187,286
Police department	235,094	-	-	-	-	235,094
Library	918	-	-	-	-	918
Museum	7,319	-	-	-	-	7,319
Debt service	-	-	-	-	62,185	62,185
Street	-	214,289	-	-	-	214,289
Park	-	-	97,210	-	-	97,210
Economic development	-	-	-	1,438	-	1,438
Municipal court	-	-	-	5,000	-	5,000
<b>Total expenditures</b>	<u>430,617</u>	<u>214,289</u>	<u>97,210</u>	<u>6,438</u>	<u>62,185</u>	<u>810,739</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>207,862</u>	<u>490,794</u>	<u>1,935</u>	<u>13,489</u>	<u>(12,799)</u>	<u>701,281</u>
<b>Other financing sources (uses)</b>						
Operating transfers in	5,200	-	28,000	1,438	-	34,638
Operating transfers out	(29,438)	-	-	(5,200)	-	(34,638)
<b>Total other financing sources (uses)</b>	<u>(24,238)</u>	<u>-</u>	<u>28,000</u>	<u>(3,762)</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>	183,624	490,794	29,935	9,727	(12,799)	701,281
<b>Net position, July 1, 2017</b>	<u>142,393</u>	<u>246,680</u>	<u>(58,460)</u>	<u>21,013</u>	<u>172,594</u>	<u>524,220</u>
<b>Net position, June 30, 2018</b>	<u>\$ 326,017</u>	<u>\$ 737,474</u>	<u>\$ (28,525)</u>	<u>\$ 30,740</u>	<u>\$ 159,795</u>	<u>\$ 1,225,501</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, 2018**

Net change in net position - total governmental funds	\$ 701,281
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.	11,902
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.	(90,693)
Repayment/borrowing of long-term debt uses/provides current financial resources but has no effect on net position.	<u>(280,348)</u>
Change in net position of governmental activities	<u><u>\$ 342,142</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, 2018**

<b>Assets</b>	<b>Water Operations</b>	<b>Sewer Operations</b>	<b>Other Proprietary Funds</b>	<b>Combined Water &amp; Sewer Funds</b>
<b>Current assets:</b>				
Cash	\$ 90,982	\$ 154,250	\$ 220,603	\$ 465,835
Certificate of deposit	-	14,159	-	14,159
Cash- restricted	126,716	92,275	-	218,991
Certificate of deposit-restricted	35,148	-	-	35,148
Grant funds-restricted	32,131	-	-	32,131
Inventory	12,000	1,000	-	13,000
Due from water/sewer	-	-	11,360	11,360
Receivables (net allowance for uncollectible):				
Accounts	58,479	40,181	-	98,660
Taxes	-	-	6,172	6,172
Interest	6	7	-	13
<b>Total current assets</b>	<u>355,462</u>	<u>301,872</u>	<u>238,135</u>	<u>895,469</u>
Property, plant & equipment net of accumulated depreciation	<u>3,581,938</u>	<u>1,212,002</u>	<u>-</u>	<u>4,793,940</u>
<b>Total assets</b>	<u>\$ 3,937,400</u>	<u>\$ 1,513,874</u>	<u>\$ 238,135</u>	<u>\$ 5,689,409</u>
<b>Liabilities and net position</b>				
<b>Current liabilities:</b>				
Customer deposits	\$ -	\$ -	\$ 97,147	\$ 97,147
Sales tax payable	2,219	-	-	2,219
Interest payable	2,536	2,306	-	4,842
Accounts payable	22,555	14,132	-	36,687
Due to meter deposits	7,857	3,503	-	11,360
Payroll taxes and benefits payable	3,724	4,614	-	8,338
Accrued salaries	1,508	1,431	-	2,939
Bonds and notes payable, current	138,620	90,000	-	228,620
<b>Total current liabilities</b>	<u>179,019</u>	<u>115,986</u>	<u>97,147</u>	<u>392,152</u>
<b>Noncurrent liabilities:</b>				
Revenue bonds and notes payable	1,502,089	-	-	1,502,089
<b>Total noncurrent liabilities</b>	<u>1,502,089</u>	<u>-</u>	<u>-</u>	<u>1,502,089</u>
<b>Total liabilities</b>	<u>1,681,108</u>	<u>115,986</u>	<u>97,147</u>	<u>1,894,241</u>
<b>Net position:</b>				
Restricted	193,995	92,275	140,988	427,258
Unrestricted	2,062,297	1,305,613	-	3,367,910
<b>Total net position</b>	<u>2,256,292</u>	<u>1,397,888</u>	<u>140,988</u>	<u>3,795,168</u>
<b>Total liabilities and net position</b>	<u>\$ 3,937,400</u>	<u>\$ 1,513,874</u>	<u>\$ 238,135</u>	<u>\$ 5,689,409</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, 2018**

	Water Operations	Sewer Operations	Other Proprietary Funds	Combined Water & Sewer Funds
<b>Operating revenues:</b>				
Charges for services	\$ 621,057	\$ 303,465	\$ -	\$ 924,522
Taxes	-	127,169	49,736	176,905
Penalties and connections	3,740	-	-	3,740
Other	1,980	4,950	-	6,930
<b>Total operating revenues</b>	<u>626,777</u>	<u>435,584</u>	<u>49,736</u>	<u>1,112,097</u>
<b>Operating expenses:</b>				
Depreciation	130,531	43,227	-	173,758
Salaries and benefits	67,718	68,830	-	136,548
Material and supplies	149,581	2,747	-	152,328
Professional services	7,690	29,850	-	37,540
Solid waste	-	115,868	-	115,868
Repairs and maintenance	232,036	8,767	-	240,803
Other operating expenses	64,549	16,569	-	81,118
<b>Total operating expenses</b>	<u>652,105</u>	<u>285,858</u>	<u>-</u>	<u>937,963</u>
<b>Operating income</b>	<u>(25,328)</u>	<u>149,726</u>	<u>49,736</u>	<u>174,134</u>
<b>Nonoperating revenues (expenses):</b>				
Grant income	32,131	7,536	-	39,667
Interest income	1,113	727	785	2,625
Interest expense & fiscal charges	(20,745)	(1,817)	(13,909)	(36,471)
<b>Total nonoperating revenues</b>	<u>12,499</u>	<u>6,446</u>	<u>(13,124)</u>	<u>5,821</u>
<b>Income before operating transfers</b>	(12,829)	156,172	36,612	179,955
<b>Operating transfers:</b>				
Operating transfers out	75,000	-	(75,000)	-
<b>Total operating transfers</b>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>
<b>Net income</b>	62,171	156,172	(38,388)	179,955
<b>Net position, July 1, 2017</b>	<u>2,194,121</u>	<u>1,241,716</u>	<u>179,376</u>	<u>3,615,213</u>
<b>Net position, June 30, 2018</b>	<u>\$ 2,256,292</u>	<u>\$ 1,397,888</u>	<u>\$ 140,988</u>	<u>\$ 3,795,168</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, 2018**

	<u>Combined Water &amp; Sewer Funds</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,060,761
Cash received from taxpayers	55,870
Cash payments for personnel services	(131,671)
Cash payments for materials and supplies	(141,721)
Cash payments for utilities and telephone	(36,470)
Cash payments for insurance	(9,251)
Cash payments for repairs and maintenance	(240,982)
Cash payments for contractual services	(189,660)
Other operating cash payments	-
<b>Net cash provided by operating activities</b>	<b>366,876</b>
 <b>Cash flows from noncapital financing activities:</b>	
Operating transfers out	-
<b>Net cash used for noncapital financing activities</b>	<b>-</b>
 <b>Cash flows from capital and related financing activities:</b>	
Capital grant	39,667
Acquisition of capital assets	(155,482)
Principal paid on revenue bonds	(228,575)
Interest paid on notes and bonds	(41,000)
<b>Net cash used for capital and related financing activities</b>	<b>(385,390)</b>
 <b>Cash flows from investing activities:</b>	
Interest received on invested monies	2,625
<b>Net cash provided by investing activities</b>	<b>2,625</b>
 <b>Net decrease in cash and restricted cash</b>	
	(15,889)
<b>Cash and cash equivalents, July 1, 2017</b>	<b>782,153</b>
<b>Cash and cash equivalents, June 30, 2018</b>	<b>\$ 766,264</b>

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, 2018**

	<u>Combined Water &amp; Sewer Funds</u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 174,134
Adjustment to reconcile income from operations to net cash provided by (used for) operating activities:	
Depreciation	173,757
Taxes receivable	6,134
Accounts receivable	(2,270)
Accounts payable	9,682
Sales tax payable	(217)
Accrued salaries	970
Payroll taxes and benefits payable	4,016
Other non-cash adjustments	670
Net cash provided by operations	<u>\$ 366,876</u>
Reconciliation of total cash and cash investments:	
Cash and cash equivalents	\$ 465,835
Certificates of deposit	35,148
Savings-restricted	251,122
Certificates of deposit- restricted	14,159
Total cash and cash equivalents	<u>\$ 766,264</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, 2018

**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, 2018

**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 sales and 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, 2018

**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, 2018

**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, 2018.

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, 2018

**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, 2018

**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**

For the purpose of financial reporting, "cash and cash equivalents" includes all demand accounts and certificates of deposit with an original maturity of three months or less.

**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, 2018

**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. It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**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.

**N. Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They include all revenues and expenses not related to capital and related financing, or noncapital financing. General revenues include gains on sales of capital assets, investing activities, and miscellaneous transactions.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**Note 1: Summary of Significant Accounting Policies (continued)**

**O. Risk Management**

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

**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, 2018, the carrying amount of deposits and investments was \$1,921,442 and \$78,045 and the bank balance was \$2,042,633 and \$78,045. 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.

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.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**Note 2: Deposits and Investment (Continued)**

*Concentration of Investment Credit Risk*—The City places no limit on the amount it may invest in any one issuer. At June 30, 2018, the City had no concentration of credit risk.

Carrying Amount of Deposits	\$ 1,921,442
Carrying Amount of Investments	78,045
Totals	\$ 1,999,487
Cash	\$ 1,140,549
Investments	63,886
Cash-Restricted	780,893
Investments-Restricted	14,159
Totals	\$ 1,999,487

**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, 2018

**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, 2018.

<u>General, Street and Police</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
General	\$ 399,593	\$ -	\$ 399,593
Police	189,737	-	189,737
Park	828,008	-	828,008
Pool	358,638	-	358,638
Street	625,238	11,902	637,140
Museum	323,680	-	323,680
	<u>2,724,894</u>	<u>11,902</u>	<u>2,736,796</u>
Less accumulated depreciation:			
General	287,098	10,063	297,161
Police	131,198	14,000	145,198
Park	475,798	17,560	493,358
Pool	28,392	17,932	46,324
Street	316,114	24,684	340,798
Museum	277,505	6,454	283,959
	<u>1,516,105</u>	<u>90,693</u>	<u>1,606,798</u>
Net property, plant and equipment	<u>\$1,208,789</u>	<u>\$ (78,791)</u>	<u>\$ 1,129,998</u>

Depreciation for the year ended June 30, 2018 was \$90,693.

**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, 2018, (Note 1D):

	<u>Balance June 30 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30 2018</u>
Waterworks system	\$ 5,885,075	\$ 74,075	\$ -	\$ 5,959,150
Water access easement	652,000	-	-	652,000
Sewerage system	2,329,302	81,407	-	2,410,709
	<u>8,866,377</u>	<u>155,482</u>	<u>-</u>	<u>9,021,859</u>
Less accumulated depreciation:				
Waterworks system	2,898,681	130,531	-	3,029,212
Sewerage system	1,155,481	43,226	-	1,198,707
	<u>4,054,162</u>	<u>173,757</u>	<u>-</u>	<u>4,227,919</u>
Net Waterworks & Sewerage system	<u>\$ 4,812,215</u>	<u>\$ (18,275)</u>	<u>\$ -</u>	<u>\$ 4,793,940</u>

Depreciation for the year ended June 30, 2018, was \$173,757.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**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, 2018, 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, 2018.

		<u>Swimming Pool</u>
Bond Payable, July 1, 2017	\$	420,000
Add - Bond Issued		-
Less - Bonds Retired		<u>(45,000)</u>
Bond Payable, June 30, 2018	\$	<u><u>375,000</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, 2026; interest rates are 0.90% to 3.20%, payable March 1 and September 1.

\$ 375,000

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

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 45,000	\$ 10,175	\$ 55,175
2020	50,000	9,320	59,320
2021	50,000	8,220	58,220
2022	55,000	6,970	61,970
2023	55,000	5,430	60,430
2024-2026	<u>120,000</u>	<u>5,700</u>	<u>125,700</u>
Total	<u>\$ 375,000</u>	<u>\$ 45,815</u>	<u>\$ 420,815</u>

The amount of interest paid for the year ended June 30, 2018, was \$10,918.



City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**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, 2018.

	<u>1997E Water Bonds</u>
Bond Payable, July 1, 2017	\$ 180,000
Add - Bond Issued	-
Less - Bonds Retired	<u>(90,000)</u>
Bond Payable, June 30, 2018	<u>\$ 90,000</u>

<p>\$1,500,000 Sewer System Improvement Revenue Bonds dated, December 1997, due in varying annual installments of \$65,000 to \$90,000 through 2019; interest rates are 4.00% to 5.125%, payable January 1 and July 1.</p>	<u>\$ 90,000</u>
--	------------------

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

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 90,000</u>	<u>\$ 4,613</u>	<u>\$ 94,613</u>
Total	<u>\$ 90,000</u>	<u>\$ 4,613</u>	<u>\$ 94,613</u>

The amount of interest paid for the year ended June 30, 2018, was \$9,225.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**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, 2018.

	<u>2012 Water Bonds</u>
Bond Payable, July 1, 2017	\$ 440,000
Add - Bond Issued	-
Less - Bonds Retired	<u>(50,000)</u>
Bond Payable, June 30, 2018	<u>\$ 390,000</u>

\$685,000 Waterworks Refunding Bonds dated June 18, 2012, due in varying annual installments of \$50,000 to \$110,000 through 2025; interest rates are 1.25% to 4.00%, payable December 1 and June 1.

\$ 390,000

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

<u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 50,000	\$ 14,317	\$ 64,317
2020	55,000	12,818	67,818
2021	55,000	11,002	66,002
2022	60,000	9,050	69,050
2023	60,000	6,800	66,800
2024-2025	<u>110,000</u>	<u>4,400</u>	<u>114,400</u>
Total	<u>\$ 390,000</u>	<u>\$ 58,387</u>	<u>\$ 448,387</u>

The amount of interest paid for the year ended June 30, 2018, was \$15,692.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**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, 2018.

	2007B Water Bonds
Bond Payable, July 1, 2017	\$ 275,000
Add - Bond Issued	-
Less - Bonds Retired	(25,000)
Bond Payable, June 30, 2018	\$ 250,000

\$385,000 Waterworks Refunding Bonds dated July 1, 2008, due in varying annual installments of \$5,000 to \$35,000 through 2027; interest rates are 4.00% to 4.75%, payable January 1 and July 1.

\$ 250,000

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

Ended June 30,	Principal	Interest	Total
2019	\$ 25,000	\$ 11,450	\$ 36,450
2020	30,000	10,200	40,200
2021	30,000	9,000	39,000
2022	30,000	7,763	37,763
2023	30,000	6,375	36,375
2024-2027	105,000	9,975	114,975
Total	\$ 250,000	\$ 54,763	\$ 304,763

The amount of interest paid for the year ended June 30, 2018, was \$12,513.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**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, 2018.

	2013A Water Bonds
Bond Payable, July 1, 2017	\$ 130,000
Add - Bond Issued	-
Less - Bonds Retired	-
Bond Payable, June 30, 2018	\$ 130,000

\$130,000 Waterworks Refunding Bonds dated February 2013, due in interest only annual installments of \$4,680 through 2025; principal installments of \$65,000 in 2024-25; interest rates are 3.60%, 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
2019	\$ -	\$ 4,680	\$ 4,680
2020	-	4,680	4,680
2021	-	4,680	4,680
2022	-	4,680	4,680
2023	-	4,680	4,680
2024-2025	130,000	11,700	141,700
Total	\$ 130,000	\$ 35,100	\$ 165,100

The amount of interest paid for the year ended June 30, 2018, was \$4,680.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**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, 2018.

	Waterworks and Sewerage System Bonds
Bond Payable, July 1, 2017	\$ 315,000
Add - Bond Issued	-
Less - Bonds Retired	(50,000)
Bond Payable, June 30, 2018	\$ 265,000

\$315,000 Sewerage System Bonds dated February 2013, due in varying annual installments of \$50,000 to \$55,000 from 2018 through 2023; interest rates are 1.75% to 3.00%, payable January 1 and July 1.

\$ 265,000

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

Year Ended June 30,	Principal	Interest	Total
2019	\$ 50,000	\$ 6,890	\$ 56,890
2020	55,000	5,790	60,790
2021	55,000	4,470	59,470
2022	55,000	3,040	58,040
2023	50,000	1,500	51,500
Total	\$ 265,000	\$ 21,690	\$ 286,690

The amount of interest paid for the year ended June 30, 2018, was, \$7,890.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**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, 2018.

	2014 Water Bonds
Bond Payable, July 1, 2017	\$ 619,284
Add - Bond Issued	-
Less - Bonds Retired	(13,575)
Bond Payable, June 30, 2018	\$ 605,709

\$652,000 Waterworks and Sewerage System Revenue Bonds, dated, December 2014, due in semi-annual installments of \$13,302 through 2050; interest rates are 2.114%, payable June 1 and December 1.

	\$ 605,709
	\$ 605,709

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

Year Ended June 30,	Principal	Interest	Total
2019	\$ 13,620	\$ 12,984	\$ 26,604
2020	13,915	12,689	26,604
2021	14,216	12,388	26,604
2022	14,524	12,080	26,604
2023	14,839	11,765	26,604
2024-2028	79,156	53,864	133,020
2029-2033	88,109	44,911	133,020
2034-2038	98,073	34,947	133,020
2039-2043	109,166	23,854	133,020
2044-2048	122,141	10,879	133,020
2049-2050	37,950	1,962	39,912
Total	\$ 605,709	\$ 232,323	\$ 838,032

The amount of interest paid for the year ended June 30, 2018, was \$13,276.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**Note 7: Capital Leases**

On April 1, 2018, the City financed street improvements in the amount of \$386,000. The lease will provide for interest at 3.00% and sixty monthly payments of \$6,972. The City also purchased vehicles for the police department on January 13, 2015 and September 9, 2017 for \$29,832 and \$24,860. The leases include annual payments of \$6,645 with an interest rate of 3.65% for the truck and monthly payments of \$461 with an interest rate of 4.25% for the car. Although the agreements provide for cancellation of leases 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 following is a schedule of the future minimum lease payments under the leases (assuming noncancellation):

**Street Improvements Lease:**

Year Ended June 30,	Principal	Interest	Total
2019	\$ 64,765	\$ 12,217	\$ 76,982
2020	75,053	8,610	83,663
2021	77,335	6,328	83,663
2022	79,688	3,975	83,663
2023	82,111	1,552	83,663
2024	7,048	18	7,066
Total	<u>\$ 386,000</u>	<u>\$ 32,700</u>	<u>\$ 418,700</u>

The amount of interest paid for the year ended June 30, 2018 was \$1,000.

**Vehicle Leases:**

Year Ended June 30,	Principal	Interest	Total
2019	\$ 11,133	\$ 1,041	\$ 12,174
2020	11,557	617	12,174
2021	5,336	192	5,528
2022	939	18	957
Total	<u>\$ 28,965</u>	<u>\$ 1,868</u>	<u>\$ 30,833</u>

The amount of interest paid for the year ended June 30, 2018 was \$1,525.

City of Hamilton, Missouri  
Notes to the Financial Statements  
Year Ended June 30, 2018

**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 2017 for purpose of local taxation were:

Real Estate		\$ 12,731,768
Personal Property		3,467,145
Total		\$ 16,198,913

The tax levy per \$100 of the assessed valuations of tangible taxable property for the calendar year 2017 for purposes of local taxation was:

	Unadjusted	Adjusted
General Revenue	\$ 0.9057	\$ 0.9057
Parks and Recreation	0.2444	0.2444
Library	0.2953	0.2953
Debt Service	0.6061	0.6061
Total	\$ 2.0515	\$ 2.0515

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2018, aggregated approximately 97.56% 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, 2018

**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 November 30, 2018.

**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, 2018

**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**

The City has received a Notice of Violation from the Missouri Department of Natural Resources. If the City is unable to reach a resolution with the Department as to the violations, then there are possible penalties of up to \$10,000 per day for each violation. The City is taking substantial steps towards correcting the violations and believe a resolution will be reached.

The City has received a notice of alleged violations of the Fair Labor Standards Act from the U.S. Department of Labor relating to alleged under payment of the City Clerk and employment of underage persons as lifeguards at the City Pool after 7 p.m. prior to June 1. The City does not believe that any penalties or fees resulting from these allegations, if any, would be material.

**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-Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Property taxes	\$ 143,779	\$ 143,779	\$ 150,044	\$ 6,265
Property taxes - Library	46,879	46,879	36,164	(10,715)
Cigarette tax	4,000	4,000	3,701	(299)
Franchise fees	100,000	100,000	133,126	33,126
Rent	1,610	1,610	1,985	375
Interest income	795	795	1,334	539
Administrative fees	36,000	36,000	34,995	(1,005)
Sale taxes	210,000	210,000	257,101	47,101
Licenses, permits, and fees	11,413	11,413	15,285	3,872
Library	500	500	-	(500)
Police Misc.	1,000	11,500	-	(11,500)
Grant	12,175	12,175	1,217	(10,958)
Other	6,000	6,000	3,527	(2,473)
<b>Total revenues</b>	<u>574,151</u>	<u>584,651</u>	<u>638,479</u>	<u>53,828</u>
<b>Expenditures:</b>				
General operations	250,440	250,200	187,286	62,914
Police department	281,495	264,125	235,094	29,031
Library	3,450	3,450	918	2,532
Museum	5,350	5,350	7,319	(1,969)
<b>Total expenditures</b>	<u>540,735</u>	<u>523,125</u>	<u>430,617</u>	<u>92,508</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 33,416</u>	<u>\$ 61,526</u>	<u>207,862</u>	<u>\$ 146,336</u>
<b>Other financing sources (uses)</b>				
Operating transfers in			5,200	
Operating transfers out			(29,438)	
<b>Total other financing sources (uses)</b>			<u>(24,238)</u>	
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>			183,624	
<b>Net position, July 1, 2017</b>			<u>142,393</u>	
<b>Net position, June 30, 2018</b>			<u>\$ 326,017</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, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Sales taxes	\$ 210,000	\$ 210,000	\$ 245,257	\$ 35,257
Property taxes	38,798	38,798	39,303	505
Intergovernmental	71,000	71,000	73,010	2,010
Interest income	150	150	708	558
Operations	61,735	61,895	59,842	(2,053)
Fines and fees	11,200	11,200	19,776	8,576
Bond proceeds	400,000	400,000	386,000	(14,000)
Miscellaneous	15,000	15,000	259	(14,741)
<b>Total revenues</b>	807,883	808,043	824,155	16,112
<b>Expenditures:</b>				
Street	900,007	898,557	214,289	684,268
Park	124,825	122,575	97,210	25,365
Economic development	2,252	2,252	1,438	814
Municipal court	7,050	7,050	5,000	2,050
<b>Total expenditures</b>	1,034,134	1,030,434	317,937	712,497
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (226,251)	\$ (222,391)	506,218	\$ 728,609
<b>Other financing sources (uses)</b>				
Operating transfers in			29,438	
Operating transfers out			(5,200)	
<b>Total other financing sources (uses)</b>			24,238	
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>			530,456	
<b>Net position, July 1, 2017</b>			209,233	
<b>Net position, June 30, 2018</b>			\$ 739,689	

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, 2018**

	General Department	Police Department	Library	Museum	Totals (Memorandum Only)
<b>Revenues:</b>					
Property taxes	\$ 186,208	\$ -	\$ -	\$ -	\$ 186,208
Franchise taxes	136,827	-	-	-	136,827
Rent	90	-	-	1,895	1,985
Interest income	1,334	-	-	-	1,334
Administrative income	34,995	-	-	-	34,995
Sales taxes	257,101	-	-	-	257,101
Licenses and permits	15,285	-	-	-	15,285
Library	-	-	-	-	-
Other	4,698	46	-	-	4,744
<b>Total revenues</b>	<u>636,538</u>	<u>46</u>	<u>-</u>	<u>1,895</u>	<u>638,479</u>
<b>Expenditures:</b>					
Salaries and wages	73,765	156,548	-	-	230,313
Payroll taxes	6,044	12,198	-	-	18,242
Employee benefits	18,985	20,366	-	-	39,351
Dispatch	-	9,225	-	-	9,225
Utilities and telephone	3,514	4,400	918	2,805	11,637
Insurance	4,509	956	-	-	5,465
Capital outlay	7,800	15,438	-	-	23,238
Printing & publications	599	-	-	-	599
Zoning	1,334	-	-	-	1,334
Repairs & maintenance	5,556	2,676	-	4,514	12,746
Uniforms	-	2,202	-	-	2,202
Professional fees	29,691	1,029	-	-	30,720
Postage	719	-	-	-	719
Vehicle maintenance	-	8,834	-	-	8,834
Office supplies	3,541	1,454	-	-	4,995
Training	1,767	(417)	-	-	1,350
Bad checks	15	-	-	-	15
Street light electricity	28,095	-	-	-	28,095
Miscellaneous	1,352	185	-	-	1,537
<b>Total expenditures</b>	<u>187,286</u>	<u>235,094</u>	<u>918</u>	<u>7,319</u>	<u>430,617</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>					207,862
<b>Other financing sources (uses)</b>					
Operating transfers in					5,200
Operating transfers out					<u>(29,438)</u>
<b>Total other financing sources (uses)</b>					<u>(24,238)</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>					183,624
<b>Net position, July 1, 2017</b>					<u>142,393</u>
<b>Net position, June 30, 2018</b>					<u>\$ 326,017</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, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>General Department</b>				
Salaries and wages	\$ 75,551	\$ 75,551	\$ 73,765	\$ 1,786
Payroll taxes	6,290	6,290	6,044	246
Employee benefits	23,500	23,500	18,985	4,515
Utilities and telephone	13,820	12,500	3,514	8,986
Insurance	4,500	4,500	4,509	(9)
Capital outlay	7,800	7,800	7,800	-
Printing and publications	500	500	599	(99)
Zoning	500	500	1,334	(834)
Repairs and maintenance	4,500	6,752	5,556	1,196
Professional services	26,000	26,000	29,691	(3,691)
Postage	1,500	1,500	719	781
Office supplies	4,500	4,500	3,541	959
Training	2,500	1,328	1,767	(439)
Bad checks	100	100	15	85
Street light electricity	30,000	30,000	28,095	1,905
Miscellaneous	2,000	2,000	1,352	648
Property tax-Library	46,879	46,879	-	(46,879)
<b>Total General Department</b>	<u>250,440</u>	<u>250,200</u>	<u>187,286</u>	<u>62,914</u>
<b>Police Department</b>				
Salaries and wages	175,000	165,000	156,548	8,452
Payroll taxes	19,750	12,250	12,198	52
Employee benefits	19,100	21,800	20,366	1,434
Dispatch	9,000	9,000	9,225	(225)
Utilities and telephone	6,320	5,000	4,400	600
Insurance	3,200	2,700	956	1,744
Capital outlay	26,925	26,425	15,438	10,987
Repairs and maintenance	2,500	2,500	2,676	(176)
Uniforms	2,500	2,500	2,202	298
Professional fees	850	850	1,029	(179)
Vehicle maintenance	9,750	11,250	8,834	2,416
Animal control	150	150	-	150
Office supplies	2,250	2,500	1,454	1,046
Training	2,200	200	(417)	617
Miscellaneous	2,000	2,000	185	1,815
<b>Total Police Department</b>	<u>281,495</u>	<u>264,125</u>	<u>235,094</u>	<u>29,031</u>
<b>Library</b>				
Utilities and telephone	2,950	2,950	918	2,032
Repairs and maintenance	500	500	-	500
<b>Total Library</b>	<u>3,450</u>	<u>3,450</u>	<u>918</u>	<u>2,532</u>
<b>Museum</b>				
Utilities and telephone	1,000	1,000	2,805	(1,805)
Repairs and maintenance	4,350	4,350	4,514	(164)
<b>Total Museum</b>	<u>5,350</u>	<u>5,350</u>	<u>7,319</u>	<u>(1,969)</u>
<b>Total</b>	<u>\$ 540,735</u>	<u>\$ 523,125</u>	<u>\$ 430,617</u>	<u>\$ 92,508</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, 2018**

	<u>Street Fund</u>	<u>Park Fund</u>	<u>Economic Development Fund</u>	<u>Municipal Court Fund</u>	<u>(Memorandum Only) Totals</u>
<b>Assets:</b>					
Cash	\$ 349,965	\$ 20,526	\$ 39	\$ 30,701	\$ 401,231
Cash - restricted	368,060	-	-	-	368,060
Taxes receivables (net of allowance)	<u>31,074</u>	<u>3,731</u>	<u>-</u>	<u>-</u>	<u>34,805</u>
<b>Total assets</b>	<u><u>\$ 749,099</u></u>	<u><u>\$ 24,257</u></u>	<u><u>\$ 39</u></u>	<u><u>\$ 30,701</u></u>	<u><u>\$ 804,096</u></u>
<b>Liabilities and net position</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 3,880	\$ 7,019	\$ -	\$ -	\$ 10,899
Cash overdrawn	-	32,349	-	-	32,349
Due to general fund	-	6,000	-	-	6,000
Payroll taxes & benefits payable	5,943	876	-	-	6,819
Accrued salaries	<u>1,802</u>	<u>6,538</u>	<u>-</u>	<u>-</u>	<u>8,340</u>
<b>Total liabilities</b>	<u><u>11,625</u></u>	<u><u>52,782</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>64,407</u></u>
<b>Net position:</b>					
Restricted	<u>737,474</u>	<u>(28,525)</u>	<u>39</u>	<u>30,701</u>	<u>739,689</u>
<b>Total net position</b>	<u><u>737,474</u></u>	<u><u>(28,525)</u></u>	<u><u>39</u></u>	<u><u>30,701</u></u>	<u><u>739,689</u></u>
<b>Total liabilities and net position</b>	<u><u>\$ 749,099</u></u>	<u><u>\$ 24,257</u></u>	<u><u>\$ 39</u></u>	<u><u>\$ 30,701</u></u>	<u><u>\$ 804,096</u></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, 2018**

	Street Fund	Park Fund	Economic Development Fund	Municipal Court Fund	(Memorandum Only) Totals
<b>Revenues:</b>					
Property taxes	\$ -	\$ 39,303	\$ -	\$ -	\$ 39,303
Sales taxes	245,257	-	-	-	245,257
Fines and fees	-	-	-	19,776	19,776
Intergovernmental revenues	73,010	-	-	-	73,010
Interest	557	-	-	151	708
Operations	-	59,842	-	-	59,842
Bond proceeds	386,000	-	-	-	386,000
Miscellaneous	259	-	-	-	259
<b>Total revenues</b>	<u>705,083</u>	<u>99,145</u>	<u>-</u>	<u>19,927</u>	<u>824,155</u>
<b>Expenditures:</b>					
Salaries and wages	52,830	57,681	1,300	-	111,811
Employee benefits	13,199	2,760	138	-	16,097
Payroll taxes	5,438	4,639	-	-	10,077
Professional fees	19,851	-	-	-	19,851
Vehicle maintenance	1,153	-	-	-	1,153
Materials and supplies	17,846	9,751	-	-	27,597
Repairs and maintenance	45,625	2,044	-	-	47,669
Uniforms	229	-	-	-	229
Utilities	934	6,286	-	-	7,220
Programs	-	8,343	-	-	8,343
Insurance	4,897	4,360	-	-	9,257
Lease payment	50,507	-	-	-	50,507
Miscellaneous	1,780	1,346	-	5,000	8,126
<b>Total expenditures</b>	<u>214,289</u>	<u>97,210</u>	<u>1,438</u>	<u>5,000</u>	<u>317,937</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	490,794	1,935	(1,438)	14,927	506,218
<b>Other financing sources (uses):</b>					
Operating transfers in	-	28,000	1,438	-	29,438
Operating transfers out	-	-	-	(5,200)	(5,200)
<b>Total other financing sources</b>	<u>-</u>	<u>28,000</u>	<u>1,438</u>	<u>(5,200)</u>	<u>24,238</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>	490,794	29,935	-	9,727	530,456
<b>Net position, July 1, 2017</b>	<u>246,680</u>	<u>(58,460)</u>	<u>39</u>	<u>20,974</u>	<u>209,233</u>
<b>Net position, June 30, 2018</b>	<u>\$ 737,474</u>	<u>\$ (28,525)</u>	<u>\$ 39</u>	<u>\$ 30,701</u>	<u>\$ 739,689</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, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Sales taxes	\$ 210,000	\$ 210,000	\$ 245,257	\$ 35,257
Intergovernmental	71,000	71,000	73,010	2,010
Interest	100	100	557	457
Bond proceeds	400,000	400,000	386,000	(14,000)
Grant	160,951	160,951	-	(160,951)
Miscellaneous	15,000	15,000	259	(14,741)
<b>Total revenues</b>	<u>857,051</u>	<u>857,051</u>	<u>705,083</u>	<u>(151,968)</u>
<b>Expenditures:</b>				
Salaries and wages	54,000	54,000	52,830	1,170
Employee benefits	16,180	16,180	13,199	2,981
Payroll taxes	4,350	4,350	5,438	(1,088)
Professional fees	14,000	14,000	19,851	(5,851)
Vehicle maintenance	2,500	2,500	1,153	1,347
Materials and supplies	5,750	5,750	17,846	(12,096)
Repairs and maintenance	58,750	58,750	45,625	13,125
Uniforms	250	230	229	1
Utilities	1,900	970	934	36
Insurance	6,600	6,600	4,897	1,703
Lease payment	50,507	50,507	50,507	-
Capital expenditures	675,220	675,220	-	675,220
Training	500	-	-	-
Miscellaneous	9,500	9,500	1,780	7,720
<b>Total expenditures</b>	<u>900,007</u>	<u>898,557</u>	<u>214,289</u>	<u>684,268</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (42,956)</u>	<u>\$ (41,506)</u>	<u>490,794</u>	<u>\$ 532,300</u>
<b>Other financing sources (uses)</b>				
Operating transfers in			-	
<b>Total other financing sources (uses)</b>			-	
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>			490,794	
<b>Net position, July 1, 2017</b>			<u>246,680</u>	
<b>Net position, June 30, 2018</b>			<u>\$ 737,474</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, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Property taxes	\$ 38,798	\$ 38,798	\$ 39,303	\$ 505
Interest	-	-	-	-
Operations	61,735	61,895	59,842	(2,053)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>100,533</u>	<u>100,693</u>	<u>99,145</u>	<u>(1,548)</u>
<b>Expenditures:</b>				
Salaries and wages	59,000	59,000	57,681	1,319
Employee benefits	3,300	3,300	2,760	540
Payroll taxes	4,740	4,740	4,639	101
Professional fees	100	100	-	100
Materials and supplies	8,500	8,500	9,751	(1,251)
Repairs and maintenance	15,100	13,600	2,044	11,556
Utilities	6,350	6,350	6,286	64
Programs	20,835	20,085	8,343	11,742
Insurance	3,200	3,200	4,360	(1,160)
Miscellaneous	3,700	3,700	1,346	2,354
<b>Total expenditures</b>	<u>124,825</u>	<u>122,575</u>	<u>97,210</u>	<u>25,365</u>
<b>Expenditures (deficiency) of revenues over (under) expenditures</b>	<u>\$ (24,292)</u>	<u>\$ (21,882)</u>	1,935	<u>\$ 23,817</u>
<b>Other financing sources (uses)</b>				
Operating transfers in			<u>28,000</u>	
<b>Total other financing sources (uses)</b>			<u>28,000</u>	
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>				
			29,935	
<b>Net position, July 1, 2017</b>			<u>(58,460)</u>	
<b>Net position, June 30, 2018</b>			<u>\$ (28,525)</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, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Salaries and wages	1,950	1,950	1,300	650
Employee benefits	<u>302</u>	<u>302</u>	<u>138</u>	<u>164</u>
<b>Total expenditures</b>	<u>2,252</u>	<u>2,252</u>	<u>1,438</u>	<u>814</u>
<b>Expenditures (deficiency) of revenues over (under) expenditures</b>	<u>\$ (2,252)</u>	<u>\$ (2,252)</u>	<u>(1,438)</u>	<u>\$ 814</u>
<b>Other financing sources (uses)</b>				
Operating transfers in			<u>1,438</u>	
<b>Total other financing sources (uses)</b>			<u>1,438</u>	
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>			-	
<b>Net position, July 1, 2017</b>			<u>39</u>	
<b>Net position, June 30, 2018</b>			<u>\$ 39</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, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Fines and fees	\$ 11,200	\$ 11,200	\$ 19,776	\$ 8,576
Interest	50	50	151	101
<b>Total revenues</b>	<b>11,250</b>	<b>11,250</b>	<b>19,927</b>	<b>8,677</b>
<b>Expenditures:</b>				
Salaries and wages	-	-	-	-
Payroll taxes	-	-	-	-
Programs	1,050	1,050	-	1,050
Miscellaneous	6,000	6,000	5,000	1,000
<b>Total expenditures</b>	<b>7,050</b>	<b>7,050</b>	<b>5,000</b>	<b>2,050</b>
<b>Expenditures (deficiency) of revenues over (under) expenditures</b>	<b>\$ 4,200</b>	<b>\$ 4,200</b>	<b>14,927</b>	<b>\$ 10,727</b>
<b>Other financing sources (uses):</b>				
Operating transfers out			(5,200)	
<b>Total other financing sources (uses)</b>			<b>(5,200)</b>	
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>			<b>9,727</b>	
<b>Net position, July 1, 2017</b>			<b>20,974</b>	
<b>Net position, June 30, 2018</b>			<b>\$ 30,701</b>	

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, 2018**

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposits Fund	(Memorandum Only) Totals
<b>Assets:</b>					
Cash	\$ 90,982	\$ 154,250	\$ 134,816	\$ 85,787	\$ 465,835
Certificate of deposit	-	14,159	-	-	14,159
Taxes receivable (net)	-	-	6,172	-	6,172
Accounts receivable (net)	58,479	40,181	-	-	98,660
Inventories	12,000	1,000	-	-	13,000
Interest receivable	6	7	-	-	13
Due from water/sewer	-	-	-	11,360	11,360
Capital assets - at cost	6,611,150	2,410,709	-	-	9,021,859
Less: accumulated depreciation	(3,029,212)	(1,198,707)	-	-	(4,227,919)
<b>Restricted assets:</b>					
Grant funds	32,131	-	-	-	32,131
Savings	126,716	92,275	-	-	218,991
Certificate of deposit	35,148	-	-	-	35,148
<b>Total assets</b>	<b>\$ 3,937,400</b>	<b>\$ 1,513,874</b>	<b>\$ 140,988</b>	<b>\$ 97,147</b>	<b>\$ 5,689,409</b>
<b>Liabilities and net position</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 22,555	\$ 14,132	\$ -	\$ -	\$ 36,687
Sales tax payable	2,219	-	-	-	2,219
Accrued interest	2,536	2,306	-	-	4,842
Accrued salaries	1,508	1,431	-	-	2,939
Note payable-USDA-RD	605,709	-	-	-	605,709
Revenue bonds payable	1,035,000	90,000	-	-	1,125,000
Payroll taxes & benefits payable	3,724	4,614	-	-	8,338
Due to meter deposits	7,857	3,503	-	-	11,360
Customer deposits	-	-	-	97,147	97,147
<b>Total liabilities</b>	<b>1,681,108</b>	<b>115,986</b>	<b>-</b>	<b>97,147</b>	<b>1,894,241</b>
<b>Net Position:</b>					
Restricted	193,995	92,275	140,988	-	427,258
Unrestricted	2,062,297	1,305,613	-	-	3,367,910
<b>Total net position</b>	<b>2,256,292</b>	<b>1,397,888</b>	<b>140,988</b>	<b>-</b>	<b>3,795,168</b>
<b>Total liabilities and net position</b>	<b>\$ 3,937,400</b>	<b>\$ 1,513,874</b>	<b>\$ 140,988</b>	<b>\$ 97,147</b>	<b>\$ 5,689,409</b>

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, 2018**

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposit Fund	(Memorandum Only) Totals
<b>Operating revenues:</b>					
Charges for services	\$ 621,057	\$ 303,465	\$ -	\$ -	\$ 924,522
Solid waste services	-	127,169	-	-	127,169
Penalties & connections	3,740	-	-	-	3,740
Property taxes	-	-	49,736	-	49,736
Miscellaneous	1,980	4,950	-	-	6,930
<b>Total operating revenues</b>	<u>626,777</u>	<u>435,584</u>	<u>49,736</u>	<u>-</u>	<u>1,112,097</u>
<b>Operating expenses:</b>					
Training & seminars	62	47	-	-	109
Repairs and maintenance	232,036	8,767	-	-	240,803
Salaries and wages	53,782	54,782	-	-	108,564
Depreciation	130,531	43,227	-	-	173,758
Fees	775	-	-	-	775
Payroll taxes and benefits	13,936	14,048	-	-	27,984
Office supplies & postage	2,063	2,747	-	-	4,810
Insurance	4,897	4,354	-	-	9,251
Professional services	7,690	29,850	-	-	37,540
Vehicle expense	179	-	-	-	179
Supplies	147,518	-	-	-	147,518
Solid waste	-	115,868	-	-	115,868
Utilities	23,250	13,220	-	-	36,470
Administrative expense	35,747	-	-	-	35,747
Miscellaneous	(361)	(1,052)	-	-	(1,413)
<b>Total operating expense</b>	<u>652,105</u>	<u>285,858</u>	<u>-</u>	<u>-</u>	<u>937,963</u>
<b>Operating income (loss)</b>	<u>(25,328)</u>	<u>149,726</u>	<u>49,736</u>	<u>-</u>	<u>174,134</u>
<b>Nonoperating revenues (expenses)</b>					
Grant income	32,131	7,536	-	-	39,667
Interest income	1,113	727	785	-	2,625
Interest expense & fees	(20,745)	(1,817)	(13,909)	-	(36,471)
<b>Total nonoperating revenues (expenses)</b>	<u>12,499</u>	<u>6,446</u>	<u>(13,124)</u>	<u>-</u>	<u>5,821</u>
<b>Income (loss) before operating transfers</b>	<u>(12,829)</u>	<u>156,172</u>	<u>36,612</u>	<u>-</u>	<u>179,955</u>
<b>Operating transfers</b>					
Operating transfers in/(out)	75,000	-	(75,000)	-	-
<b>Total operating transfers</b>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
<b>Net income</b>	<u>62,171</u>	<u>156,172</u>	<u>(38,388)</u>	<u>-</u>	<u>179,955</u>
<b>Net position, July 1, 2017</b>	<u>2,194,121</u>	<u>1,241,716</u>	<u>179,376</u>	<u>-</u>	<u>3,615,213</u>
<b>Net position, June 30, 2018</b>	<u>\$ 2,256,292</u>	<u>\$ 1,397,888</u>	<u>\$ 140,988</u>	<u>\$ -</u>	<u>\$ 3,795,168</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, 2018**

	Water Operations	Sewer Operations	Water and Sewer Bonds	Meter Deposit Bonds	(Memorandum Only) Totals
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 627,066	\$ 433,025	\$ -	\$ 670	\$ 1,060,761
Cash received from taxpayers	-	-	55,870	-	55,870
Cash payments for personnel services	(68,839)	(62,832)	-	-	(131,671)
Cash payments for materials & supplies	(141,299)	(422)	-	-	(141,721)
Cash payments for utilities & telephone	(23,250)	(13,220)	-	-	(36,470)
Cash payments for insurance	(4,897)	(4,354)	-	-	(9,251)
Cash payments for repairs & maintenance	(232,215)	(8,767)	-	-	(240,982)
Cash payments for contractual services	(44,212)	(145,448)	-	-	(189,660)
<b>Net cash provided by operating activities</b>	<u>112,354</u>	<u>197,982</u>	<u>55,870</u>	<u>670</u>	<u>366,876</u>
<b>Cash flows from noncapital financing activities:</b>					
Operating transfers in/(out)	75,000	-	(75,000)	-	-
<b>Net cash used for noncapital financing activities</b>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Capital grant	32,131	7,536	-	-	39,667
Acquisition of capital assets	(74,075)	(81,407)	-	-	(155,482)
Principal paid on revenue bonds	(138,575)	(90,000)	-	-	(228,575)
Interest paid on notes and bonds	(20,373)	(6,718)	(13,909)	-	(41,000)
<b>Net cash used for capital and related financing activities</b>	<u>(200,892)</u>	<u>(170,589)</u>	<u>(13,909)</u>	<u>-</u>	<u>(385,390)</u>
<b>Cash flows from investing activities:</b>					
Interest received on invested monies	1,113	727	785	-	2,625
<b>Net cash provided by investing activities</b>	<u>1,113</u>	<u>727</u>	<u>785</u>	<u>-</u>	<u>2,625</u>
<b>Net increase (decrease) in cash and restricted cash</b>	(12,425)	28,120	(32,254)	670	(15,889)
<b>Cash and cash equivalents, July 1, 2017</b>	<u>297,402</u>	<u>232,564</u>	<u>167,070</u>	<u>85,117</u>	<u>782,153</u>
<b>Cash and cash equivalents, June 30, 2018</b>	<u>\$ 284,977</u>	<u>\$ 260,684</u>	<u>\$ 134,816</u>	<u>\$ 85,787</u>	<u>\$ 766,264</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, 2018**

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Water and Sewer Bonds</u>	<u>Meter Deposit Funds</u>	<u>(Memorandum Only) Totals</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>					
Income from operations	\$ (25,328)	\$ 149,726	\$ 49,736	\$ -	\$ 174,134
<b>Adjustment to reconcile income from operations to net cash provided by (used for) operating activities:</b>					
Depreciation	130,531	43,226	-	-	173,757
Taxes receivable	-	-	6,134	-	6,134
Accounts receivable	289	(2,559)	-	-	(2,270)
Accounts payable	8,138	1,544	-	-	9,682
Sales tax payable	(217)	-	-	-	(217)
Accrued salaries	(461)	1,431	-	-	970
Payroll taxes and benefits payable	(598)	4,614	-	-	4,016
Other non-cash adjustments	-	-	-	670	670
Net cash provided by operations	<u>\$ 112,354</u>	<u>\$ 197,982</u>	<u>\$ 55,870</u>	<u>\$ 670</u>	<u>\$ 366,876</u>
<b>Reconciliation of total cash and cash investments:</b>					
Cash and cash equivalents	\$ 90,982	\$ 154,250	\$ 134,816	\$ 85,787	\$ 465,835
Certificates of deposit	35,148	-	-	-	35,148
Savings-restricted	158,847	92,275	-	-	251,122
Certificates of deposit- restricted	-	14,159	-	-	14,159
Total cash and cash equivalents	<u>\$ 284,977</u>	<u>\$ 260,684</u>	<u>\$ 134,816</u>	<u>\$ 85,787</u>	<u>\$ 766,264</u>

See accompanying notes to the financial statements.

# CONRAD & HIGGINS, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 920  
Chillicothe, MO 64601  
(660) 240-0645  
Fax - (660) 240-0654

706 Grant  
Princeton, MO 64673  
(660) 748-4423  
Fax - (660) 748-4422

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, 2018, 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 November 30, 2018.

### **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  
November 30, 2018