

CITY OF HAMILTON, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2020

**CITY OF HAMILTON, MISSOURI
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**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Aldermen
City of Hamilton, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hamilton, Missouri, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of 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 auditors' 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 11 and the budgetary comparison information on pages 44 - 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hamilton, Missouri's basic financial statements. The nonmajor governmental funds - combining balance sheet and the nonmajor governmental funds - combining statement of revenues, expenditures, and changes in fund balance on pages 48 - 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules 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. In our opinion, the nonmajor governmental funds - combining balance sheet and the nonmajor governmental funds - combining statement of revenues, expenditures, and changes in fund balance 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 11, 2020, on our consideration of the City of Hamilton, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hamilton, Missouri's internal control over financial reporting and compliance.

Dana J Cole + Company, LLP

Grandview, Missouri
November 11, 2020

**CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Hamilton, Missouri's annual financial report presents a review of the City's financial performance during the year ended June 30, 2020. Reporting is in compliance with Government Accounting Standards Board (GASB) Statement Number 34, providing comparative information for the current and preceding fiscal years. Please read this in conjunction with the City's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide net position as of June 30, 2020, was \$6,301,821, an increase of \$456,765 from the prior year.

As of June 30, 2020, the fund balances for the governmental funds totaled \$924,130, a decrease of \$104,731 from the prior year.

Proprietary fund net position was \$4,178,023 as of June 30, 2020, an increase of \$207,337 from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

The first statements are government-wide financials that provide both long-term and short-term information about the City's overall financial status. These statements are prepared on a full accrual basis of accounting to present information in a more corporate-like presentation on individual parts of the government. The remaining statements are the fund financials that focus on individual parts of the City government and report more detail.

BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the government-wide financial statements (statement of net position and statement of activities). The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the City's financial status as a whole.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: (1) the governmental funds statements and (2) the proprietary funds statements.

The next section of the basic financial statements is the notes to the basic financial statements. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, required supplementary information is provided to show details about the City's performance relative to the budget and the City's pension plan information. After the required supplementary information, other supplementary information is provided to show further details of the City's reported transactions and detailed governmental debt schedules.

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements

The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business-type activities separately. These statements include certain infrastructure as well as all known liabilities (including long-term debt). Additionally, certain eliminations occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The statement of net position and statement of activities report the City's net position and the resulting changes. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors to consider are changes in the City's sales tax base and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the overall health of the City.

The statement of activities distinguishes the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities).

Governmental activities - Most of the City's basic services are reported in this category, including General Fund, Debt Service Fund, Transportation Fund, and other non-major special revenue funds. Sales taxes, property taxes, and franchise taxes are the primary sources of revenue to fund these activities.

Business-type activities - The City charges a fee to customers to cover most of the cost of services it provides. The Water and Sewer Funds report this activity. Property taxes are assessed to repay certain debt, which is accounted for in the Water and Sewer Bond Fund.

Fund Financial Statements

The City uses two types of funds to manage its resources: governmental funds and proprietary funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related current liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

Governmental Funds

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

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

The relationships or differences of activities reported in the governmental fund financial statement versus that reported in the government-wide financial statements are explained in the reconciliation schedules following the governmental fund financial statements.

Proprietary Funds

When the City charges customers for the services it provides to cover the cost of operations, these activities are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses, and changes in fund net position. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to the Basic Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning budgetary comparison schedules for the major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The following table reflects the condensed statement of net position as of June 30, 2020:

	City of Hamilton, Missouri Statement of Net Position			2019 Total
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current and other assets	967,156	1,067,184	2,034,340	1,992,836
Capital assets	<u>1,728,635</u>	<u>4,620,709</u>	<u>6,349,344</u>	<u>6,265,250</u>
TOTAL ASSETS	<u>2,695,791</u>	<u>5,687,893</u>	<u>8,383,684</u>	<u>8,258,086</u>

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

**City of Hamilton, Missouri
Statement of Net Position (Continued)**

	2020			2019 Total
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current liabilities	26,858	154,174	181,032	227,370
Long-term liabilities	<u>545,135</u>	<u>1,355,696</u>	<u>1,900,831</u>	<u>2,185,660</u>
TOTAL LIABILITIES	<u>571,993</u>	<u>1,509,870</u>	<u>2,081,863</u>	<u>2,413,030</u>
NET POSITION				
Net investment in capital assets	1,195,841	3,272,535	4,468,376	4,072,483
Restricted	177,949	476,209	654,158	602,446
Unrestricted	<u>750,008</u>	<u>429,279</u>	<u>1,179,287</u>	<u>1,170,127</u>
TOTAL NET POSITION	<u>2,123,798</u>	<u>4,178,023</u>	<u>6,301,821</u>	<u>5,845,056</u>

Net position of the City's governmental activities was \$2,123,798 as of June 30, 2020, an increase of \$249,428 from the beginning balance on July 1, 2019. This is primarily due to capital outlay expenses that have been capitalized by the City and will be depreciated over their estimated useful lives in future years.

Net position of the City's business-type activities was \$4,178,023 as of June 30, 2020, an increase of \$207,337 from the beginning balance on July 1, 2019.

The unrestricted net position of the City's governmental activities was \$750,008 as of June 30, 2020, a decrease of \$133,017 from the beginning balance on July 1, 2019.

The unrestricted net position of the City's business-type activities was \$429,279. This represents an increase of \$142,177 from beginning balance on July 1, 2019.

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table reflects the condensed statement of activities as of June 30, 2020:

	Year Ended 2020			Year Ended 2019
	Governmental Activities	Business-Type Activities	Total	
REVENUES				
Program revenue				
Charges for services	52,064	992,593	1,044,657	1,070,180
Operating grants and contributions	2,709	32,331	35,040	5,720
Capital grants and contributions				66,530
General revenue				
Sales and use tax	503,171		503,171	506,206
Property tax	268,097	121,618	389,715	333,604
Franchise tax	97,594		97,594	105,857
Fuel and vehicle tax	70,626		70,626	72,204
Interest	2,783	2,599	5,382	5,229
Miscellaneous	28,661	10,395	39,056	9,148
Total revenues	<u>1,025,705</u>	<u>1,159,536</u>	<u>2,185,241</u>	<u>2,174,678</u>
EXPENSES				
Governmental activities				
Administration	189,376		189,376	198,195
Police	296,784		296,784	303,290
Recreation	103,896		103,896	154,113
Transportation	163,142		163,142	177,820
Amortization on bond issue costs				
Development	5,377		5,377	7,342
Interest on long-term debt	17,702		17,702	25,470
Business-type activities				
Water		644,356	644,356	677,343
Sewer		307,843	307,843	296,518
Total expenses	<u>776,277</u>	<u>952,199</u>	<u>1,728,476</u>	<u>1,840,091</u>
CHANGE IN NET POSITION	249,428	207,337	456,765	334,587
NET POSITION, beginning of year	<u>1,874,370</u>	<u>3,970,686</u>	<u>5,845,056</u>	<u>5,510,469</u>
NET POSITION, end of year	<u>2,123,798</u>	<u>4,178,023</u>	<u>6,301,821</u>	<u>5,845,056</u>

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

As noted earlier, the City of Hamilton, Missouri, uses fund accounting to ensure and demonstrate compliance with financing and other requirements.

Governmental Funds

The General Fund is the chief operating fund of the City of Hamilton, Missouri. The General Fund includes departments of the library, museum, and police. All of these activities are provided to, and benefit all of, the citizens equally and equitably. This area tends to work on the quality of life and the protection of the citizens and assets of the citizens as a group.

At the end of the current fiscal year, the total fund balance of the General Fund was \$423,886, an increase of \$47,032 from the prior year.

General Fund Budget Highlights

Budgeted revenue was \$524,289 and actual revenue was \$527,525 a difference of \$3,236.

Budgeted expense was \$559,950 and actual expense was \$479,281, a difference of \$80,669.

Transportation Fund

This fund is established pursuant to the Missouri Constitution Article IV, Section 30(a)(2) [State Gas Tax] and Revised Missouri Statutes 94.745 (City 1/2 cent sales tax). It is used for transportation purposes within the City of Hamilton, Missouri. This fund provides for the maintenance and expansion of transportation needs of our citizens. Included in this fund are repair and maintenance of the existing public road system and upgrades to the local transportation system. At the end of the current fiscal year, total fund balance of the Transportation Fund was \$302,277, a decrease of \$183,327 over the beginning balance at July 1, 2019.

Park Fund

The Park Fund is used to account for allocated property taxes and user fees to pay expenditures for City recreation and related expenses. At the end of the current fiscal year, total fund balance was \$20,018, an increase of \$28,482 over the beginning deficit balance at July 1, 2019.

Proprietary Funds

The Water and Sewer Funds are based on a user fee system where individuals and businesses utilizing the service pay a fee based upon approved structured rates. At the end of the current fiscal year, the total net position of the Water and Sewer Funds were \$2,254,948 and \$1,761,773, resulting from an increase of \$8,753 in the Water Fund and an increase of \$174,366 in the Sewer Fund.

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

**City of Hamilton, Missouri
Capital Assets (net of depreciation)**

	2020			2019 Total
	Governmental Activities	Business-Type Activities	Total	
Land	6,517	123,622	130,139	130,139
Construction in progress		130,230	130,230	116,276
Equipment	542,942	364,784	907,726	907,726
Buildings and land improvements	1,750,038		1,750,038	1,750,038
Infrastructure	1,087,180		1,087,180	733,543
Water and sewer system		8,546,288	8,546,288	8,546,288
Less accumulated depreciation	<u>(1,658,042)</u>	<u>(4,544,215)</u>	<u>(6,202,257)</u>	<u>(5,918,762)</u>
Total capital assets, net of depreciation	<u>1,728,635</u>	<u>4,620,709</u>	<u>6,349,344</u>	<u>6,265,248</u>

The amount invested in capital assets, net of accumulated depreciation, for the City at June 30, 2020, is \$6,349,344, an increase of \$84,096 from the balance at July 1, 2019.

Debt Administration

At the end of the current fiscal year, the City of Hamilton, Missouri, had \$1,965,968 in outstanding debt.

**City of Hamilton, Missouri
Outstanding Debt**

	2020			2019 Total
	Governmental Activities	Business-Type Activities	Total	
General Obligation Bonds	280,000		280,000	330,000
Capital leases	252,794		252,794	333,708
Refunding Revenue Bonds		285,000	285,000	340,000
Revenue Bonds		130,000	570,000	570,000
USDA Bonds		578,174	578,174	592,089
Total indebtedness	<u>532,794</u>	<u>993,174</u>	<u>1,965,968</u>	<u>2,165,797</u>

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt Administration (Continued)

Further analysis of the outstanding debt is presented in Note 8 in the disclosures to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

2020 - 2021 BUDGET

The City continues to make strides in improving the water/sewer infrastructure. They are in the process of moving forward with this project and aim to make significant progress within the coming year. This project will lead to increased expenses for the City but will be substantially funded by USDA/CDBG Grants and a USDA loan that the City has been awarded to help offset the costs.

Also budgeted for the coming year are higher principal payments which are attributable to current debt service requirements. Additional details regarding future minimum payments and debt terms are available in Note 8 to the financial statements.

Overview of Estimated Revenues

Property, sales, and franchise tax revenues comprise approximately 75% of the General Fund revenues within the adopted 2020 - 2021 budget. The majority of the general fund budget is expended for salaries for Public Safety and City administration.

The 2020 - 2021 will be the second full year for the City's new use tax in the Street Fund. This will comprise approximately 7% of total revenues in that fund.

For the City's business-type funds, the City has budgeted significant receipts for grant funds from the USDA and from a CDBG grant for costs associated with the Water Line Project in the Water Fund.

REQUEST FOR INFORMATION

This financial report is designed to provide the reader a general overview to the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to the Office of the City Administrator, 200 S. Davis Street, Hamilton, Missouri 64644.

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	647,235	371,995	1,019,230
Certificates of deposit	29,114		29,114
Receivables			
Taxes	113,225	7,609	120,834
Unbilled revenue		37,018	37,018
Accounts		66,307	66,307
Inventory		13,000	13,000
Restricted Assets <input type="checkbox"/>			
Cash and cash equivalents	177,582	506,453	684,035
Held by trustee		15,000	15,000
Certificates of deposit		49,802	49,802
Capital Assets			
Land	6,517	123,622	130,139
Construction in progress		130,230	130,230
Equipment and vehicles	542,942	364,784	907,726
Buildings and land improvements	1,750,038		1,750,038
Infrastructure	1,087,180		1,087,180
Water and sewer system		8,546,288	8,546,288
Accumulated depreciation	<u>(1,658,042)</u>	<u>(4,544,215)</u>	<u>(6,202,257)</u>
TOTAL ASSETS	<u>2,695,791</u>	<u>5,687,893</u>	<u>8,383,684</u>
LIABILITIES			
Current Liabilities			
Accounts payable	13,725	38,534	52,259
Accrued expenses	13,133	4,651	17,784
Accrued interest		8,334	8,334
Customer deposits payable from restricted assets		102,655	102,655
Current portion of long-term debt	<u>127,335</u>	<u>154,160</u>	<u>281,495</u>
Total current liabilities	<u>154,193</u>	<u>308,334</u>	<u>462,527</u>
Long-Term Liabilities			
Compensated absences	12,341	7,522	19,863
Long-term debt, net of current portion	<u>405,459</u>	<u>1,194,014</u>	<u>1,599,473</u>
Total long-term liabilities	<u>417,800</u>	<u>1,201,536</u>	<u>1,619,336</u>
TOTAL LIABILITIES	<u>571,993</u>	<u>1,509,870</u>	<u>2,081,863</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	1,195,841	3,272,535	4,468,376
Restricted	177,949	476,209	654,158
Unrestricted	<u>750,008</u>	<u>429,279</u>	<u>1,179,287</u>
 TOTAL NET POSITION	 <u>2,123,798</u>	 <u>4,178,023</u>	 <u>6,301,821</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
Administration	189,376	12,093		(177,283)		(177,283)
Public safety	296,784		2,709	(294,075)		(294,075)
Recreation	103,896	21,716		(82,180)		(82,180)
Transportation	163,142			(163,142)		(163,142)
Municipal court	5,040	18,255		13,215		13,215
Economic development	337			(337)		(337)
Interest on long-term debt	17,702			(17,702)		(17,702)
Total governmental activities	<u>776,277</u>	<u>52,064</u>	<u>2,709</u>	<u>(721,504)</u>		<u>(721,504)</u>
Business-type activities						
Water	644,356	551,766			(92,590)	(92,590)
Sewer	307,843	440,827	32,331		165,315	165,315
Total business-type activities	<u>952,199</u>	<u>992,593</u>	<u>32,331</u>		<u>72,725</u>	<u>72,725</u>
Total primary government	<u>1,728,476</u>	<u>1,044,657</u>	<u>35,040</u>	<u>(721,504)</u>	<u>72,725</u>	<u>(648,779)</u>
General revenues						
Taxes						
Sales and use tax				455,511		455,511
Franchise tax				97,594		97,594
Fuel and vehicle tax				70,626		70,626
Property taxes				268,097	121,618	389,715
Use taxes				47,660		47,660
Interest and investment earnings				2,783	2,599	5,382
Sale of property				9,575		9,575
Miscellaneous				19,086	10,395	29,481
Total general revenues				<u>970,932</u>	<u>134,612</u>	<u>1,105,544</u>
CHANGE IN NET POSITION				249,428	207,337	456,765
NET POSITION, beginning of year				<u>1,874,370</u>	<u>3,970,686</u>	<u>5,845,056</u>
NET POSITION, end of year				<u>2,123,798</u>	<u>4,178,023</u>	<u>6,301,821</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Elimi- nations	Total
ASSETS						
ASSETS						
Cash and cash equivalents	367,568	260,413	19,254			647,235
Certificates of deposit	29,114					29,114
Taxes receivable	41,763	53,743	764	787		97,057
Restricted cash and cash equivalents	<u> </u>	<u> </u>	<u> </u>	<u>177,582</u>	<u> </u>	<u>177,582</u>
TOTAL ASSETS	<u>438,445</u>	<u>314,156</u>	<u>20,018</u>	<u>178,369</u>	<u> </u>	<u>950,988</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	3,494	9,811		420		13,725
Accrued expenses	<u>11,065</u>	<u>2,068</u>	<u> </u>	<u> </u>	<u> </u>	<u>13,133</u>
Total liabilities	<u>14,559</u>	<u>11,879</u>	<u> </u>	<u>420</u>	<u> </u>	<u>26,858</u>
FUND BALANCES						
Restricted				177,949		177,949
Assigned		302,277	20,018			322,295
Unassigned	<u>423,886</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>423,886</u>
Total fund balances	<u>423,886</u>	<u>302,277</u>	<u>20,018</u>	<u>177,949</u>	<u> </u>	<u>924,130</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>438,445</u>	<u>314,156</u>	<u>20,018</u>	<u>178,369</u>	<u> </u>	<u>950,988</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Total fund balance - total governmental funds	924,130
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,728,635
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(532,794)
Property taxes not collected within 60 days of the end of the fiscal year are not included in the fund financial statements as they are not available to pay current-period expenditures.	16,168
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(12,341)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>2,123,798</u></u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Elimin- ations	Total
REVENUES						
Sales tax	235,752	219,759				455,511
Property tax	160,119		43,196	63,016		266,331
Franchise tax	97,594					97,594
Fuel and vehicle tax		70,626				70,626
Use tax		47,660				47,660
License and permits	11,291					11,291
Charges for services	802		21,716			22,518
Intergovernmental revenue	2,709					2,709
Fines and court costs				18,255		18,255
Interest	1,722	613		448		2,783
Sale of property	9,575					9,575
Other	7,961	2,550	8,575			19,086
Total revenues	<u>527,525</u>	<u>341,208</u>	<u>73,487</u>	<u>81,719</u>		<u>1,023,939</u>
EXPENDITURES						
Current						
Administration	173,636					173,636
Public safety	286,722					286,722
Museum	6,398					6,398
Library	345					345
Recreation			59,732			59,732
Transportation		121,177				121,177
Municipal court				5,040		5,040
Economic development				337		337
Capital outlay		326,667				326,667
Debt principal	11,557	69,357		50,000		130,914
Debt interest and agent fees	623	7,334		9,745		17,702
Total expenditures	<u>479,281</u>	<u>524,535</u>	<u>59,732</u>	<u>65,122</u>		<u>1,128,670</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Elimin- ations	Total
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>48,244</u>	<u>(183,327)</u>	<u>13,755</u>	<u>16,597</u>	<u> </u>	<u>(104,731)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	13,800		14,727	285	(28,812)	
Transfers out	<u>(15,012)</u>	<u> </u>	<u> </u>	<u>(13,800)</u>	<u>28,812</u>	<u> </u>
Total other financing sources (uses)	<u>(1,212)</u>	<u> </u>	<u>14,727</u>	<u>(13,515)</u>	<u> </u>	<u> </u>
REVENUES AND OTHER FINANCING SOURCES (OVER) UNDER EXPENDITURES AND OTHER FINANCING USES	47,032	(183,327)	28,482	3,082	<u> </u>	(104,731)
FUND BALANCES (DEFICIT), beginning of year	<u>376,854</u>	<u>485,604</u>	<u>(8,464)</u>	<u>174,867</u>	<u> </u>	<u>1,028,861</u>
FUND BALANCES, end of year	<u>423,886</u>	<u>302,277</u>	<u>20,018</u>	<u>177,949</u>	<u> </u>	<u>924,130</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (104,731)

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	326,667	
Depreciation	<u>(105,188)</u>	221,479

Governmental funds do not report on the disposal of assets unless proceeds are received as a result of the disposal. However, in the statement of activities, nondepreciated costs less any proceeds received are shown as a loss.

Property tax revenue that does not provide current financial resources is not reported as revenues in the fund financial statements. 1,766

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 130,914

Governmental funds report the effect of debt issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 249,428

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2020

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
ASSETS					
Current Assets					
Cash (claim on cash) and cash equivalents	(42,261)	414,256			371,995
Inventory	12,000	1,000			13,000
Receivable, net of allowance for doubtful accounts					
Unbilled revenue	25,029	11,989			37,018
Accounts	47,084	19,223			66,307
Taxes			7,609		7,609
Total current assets	<u>41,852</u>	<u>446,468</u>	<u>7,609</u>		<u>495,929</u>
Restricted Assets					
Cash and cash equivalents	202,832	149,928	153,693		506,453
Held by trustee	15,000				15,000
Certificates of deposit	35,501	14,301			49,802
Total restricted assets	<u>253,333</u>	<u>164,229</u>	<u>153,693</u>		<u>571,255</u>
Capital Assets					
Land	98,947	24,675			123,622
Construction in progress	118,714	11,516			130,230
Equipment	238,261	126,523			364,784
Water and sewer system	6,283,770	2,262,518			8,546,288
Less accumulated depreciation	<u>(3,289,169)</u>	<u>(1,255,046)</u>			<u>(4,544,215)</u>
Net capital assets	<u>3,450,523</u>	<u>1,170,186</u>			<u>4,620,709</u>
TOTAL ASSETS	<u>3,745,708</u>	<u>1,780,883</u>	<u>161,302</u>		<u>5,687,893</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
LIABILITIES					
Current Liabilities					
Accounts payable	25,940	12,594			38,534
Interest payable	8,334				8,334
Accrued expenses	2,362	2,289			4,651
Customer deposits payable from restricted assets	102,655				102,655
Current portion of long-term debt	<u>154,160</u>				<u>154,160</u>
Total current liabilities	<u>293,451</u>	<u>14,883</u>			<u>308,334</u>
Noncurrent liabilities					
Compensated absences	3,295	4,227			7,522
Long-term debt, net of current portion	<u>1,194,014</u>				<u>1,194,014</u>
Total noncurrent liabilities	<u>1,197,309</u>	<u>4,227</u>			<u>1,201,536</u>
TOTAL LIABILITIES	<u>1,490,760</u>	<u>19,110</u>			<u>1,509,870</u>
NET POSITION					
Net investment in capital assets	2,102,349	1,170,186			3,272,535
Restricted	150,678	164,229	161,302		476,209
Unrestricted	<u>1,921</u>	<u>427,358</u>			<u>429,279</u>
TOTAL NET POSITION	<u>2,254,948</u>	<u>1,761,773</u>	<u>161,302</u>		<u>4,178,023</u>

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See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
REVENUES					
User charges	547,096	283,000			830,096
Solid waste service charges		157,827			157,827
Penalties	4,670				4,670
Miscellaneous	2,562	7,833			10,395
Total revenues	<u>554,328</u>	<u>448,660</u>	<u> </u>	<u> </u>	<u>1,002,988</u>
EXPENSES					
Salaries and benefits	68,500	62,880			131,380
Operating agreement	138,538				138,538
Chemicals	60,716				60,716
Repairs and maintenance	55,396	19,809			75,205
Insurance	5,100	12,008			17,108
Utilities	21,641	11,802			33,443
Professional services	11,692	7,333			19,025
Water purchases	104,378				104,378
Solid waste contract		141,071			141,071
Depreciation	132,379	45,929			178,308
Other operating expenses	7,649	7,011			14,660
Total expenses	<u>605,989</u>	<u>307,843</u>	<u> </u>	<u> </u>	<u>913,832</u>
OPERATING INCOME (LOSS)	<u>(51,661)</u>	<u>140,817</u>	<u> </u>	<u> </u>	<u>89,156</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
NONOPERATING REVENUES (EXPENSES)					
Interest income	791	1,218	590		2,599
Grants		32,331			32,331
Property taxes			121,618		121,618
Interest expense and fiscal fees	(38,367)				(38,367)
Transfers in	97,990			(97,990)	
Transfers out			(97,990)	97,990	
23 Total nonoperating revenues (expenses)	<u>60,414</u>	<u>33,549</u>	<u>24,218</u>		<u>118,181</u>
CHANGE IN NET POSITION	8,753	174,366	24,218		207,337
NET POSITION, beginning of year	<u>2,246,195</u>	<u>1,587,407</u>	<u>137,084</u>		<u>3,970,686</u>
NET POSITION, end of year	<u>2,254,948</u>	<u>1,761,773</u>	<u>161,302</u>		<u>4,178,023</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Water	Sewer	Water and Sewer Bond Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	555,266	450,966		1,006,232
Cash payments for materials and services	(421,501)	(210,962)		(632,463)
Cash payments to personnel	<u>(68,255)</u>	<u>(62,628)</u>		<u>(130,883)</u>
Net cash provided by operating activities	<u>65,510</u>	<u>177,376</u>		<u>242,886</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in certificates of deposit	(176)	(72)		(248)
Cash received from interest	<u>791</u>	<u>1,218</u>	<u>590</u>	<u>2,599</u>
Net cash provided by investing activities	<u>615</u>	<u>1,146</u>	<u>590</u>	<u>2,351</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from sales tax			<u>120,816</u>	<u>120,816</u>
Net cash provided by noncapital financing activities			<u>120,816</u>	<u>120,816</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(40,924)			(40,924)
Grant receipts		32,331		32,331
Interest and fees paid on revenue bonds	(38,367)			(38,367)
Retirement of bonds	(153,915)			(153,915)
Transfers and due to/from other funds	<u>101,493</u>	<u>(3,503)</u>	<u>(97,990)</u>	
Net cash provided by (used in) capital and related financing activities	<u>(131,713)</u>	<u>28,828</u>	<u>(97,990)</u>	<u>(200,875)</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Water	Sewer	Water and Sewer Bond Fund	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,588)	207,350	23,416	165,178
CASH AND CASH EQUIVALENTS, beginning of year	<u>226,159</u>	<u>356,834</u>	<u>130,277</u>	<u>713,270</u>
CASH AND CASH EQUIVALENTS, end of year	<u>160,571</u>	<u>564,184</u>	<u>153,693</u>	<u>878,448</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	<u>(51,661)</u>	<u>140,817</u>	_____	<u>89,156</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	132,379	45,929		178,308
(Increase) decrease in the following assets:				
Accounts receivable	3,500	5,702		9,202
Increase (decrease) in the following liabilities:				
Accounts payable	(19,065)	(13,018)		(32,083)
Interest payable	(3,069)	(2,306)		
Accrued expenses	245	252		497
Meter deposits	<u>3,181</u>			<u>3,181</u>
Total adjustments	<u>117,171</u>	<u>36,559</u>	_____	<u>159,105</u>
Net cash provided by operating activities	<u>65,510</u>	<u>177,376</u>	_____	<u>248,261</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Hamilton, Missouri, is a fourth-class city that operates under Missouri state statutes and is governed by an elected Board of Aldermen and an elected Mayor. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 City of Hamilton, Missouri, provides a range of municipal services, including general government administration, public safety, recreation, street maintenance, and waterworks and sewerage.

In determining the financial reporting entity, the City complies with the provisions of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, as amended by Statement No. 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organizations are Component Units*. For financial reporting purposes, the City includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the City.

Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

Government-Wide and Fund Financial Statements

The statement of net position and statement of activities report information on the City as a whole. They include all funds of the City. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect costs.

Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, revenues,

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary, even though the latter are excluded from the government-wide financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The funds of the City are described below:

Governmental Fund Types

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

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for specified purposes.

Major Special Revenue Funds

Transportation Fund - Established to account for the maintenance of the City's streets and financed primarily through intergovernmental road tax.

Park Fund - This fund administers all operating revenues and expenditures associated with the parks department including the swimming pool and ball fields.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds (Continued)

Nonmajor Special Revenue Funds

Economic Development Fund - Accounts for revenues received and expenditures paid for the purpose of economic development.

Municipal Court Fund - Administers all court fines and fees.

Debt Service Fund - Used to account for the accumulation of resources for, and the payments of long-term debt principal, interest, and related costs.

Proprietary Fund Types

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income.

The Water and Sewer Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing water and sewer services on a continuing basis be financed or recovered primarily through user charges or where the periodic determination of net income or loss is deemed appropriate.

The Water and Sewer Bond Fund accounts for collections of property taxes which are used to transfer to the Water Fund for the payment of bonds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Grant revenues' availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer Funds are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

Cash consists of amounts in demand deposits, savings accounts, and money market accounts. The City considers all highly-liquid investments maturing within three months to be cash equivalents.

The City is authorized to invest in U.S. Treasury obligations, U.S. government agency securities, and instruments of government-sponsored corporations, certificates of deposit at commercial banks and S & L Association Management, Inc., and repurchase agreements. Investments are reported at fair value.

Inventories

Inventories, consisting of materials and supplies, are reported in the proprietary funds. They are valued at lower of cost or net realizable value being determined on a first in, first out (FIFO) basis. Cost is determined using estimated replacement cost basis which approximates actual cost.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

The City of Hamilton, Missouri, recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided for possible uncollectible accounts.

Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the City) are defined as assets with an estimated useful life greater than one year. Donated fixed assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5 - 15 years
Improvements	10 - 20 years
Buildings	30 - 60 years
Infrastructure	5 - 60 years
Water and sewer system	40 - 65 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Compensated Absences

Under the 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 can be rolled forward, but employees must use all accrued annual leave within the year following the anniversary date. No cash reimbursements will be made for days that exceed the carryover policy.

Any employee who is entitled to annual leave and leaves the City in good standing or whose services have been otherwise terminated can receive reimbursement for all such accrued vacation leave and paid on the same basis as regular employees remaining in the service. The City does allow for an exception in the payout of accrued leave in cases of proven theft, destruction, or willful abuse of City property.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

Unused vacation and sick pay as of June 30, 2020, is accrued as a liability on the government-wide statement of net position in amounts of \$12,341 for the governmental activities and \$7,522 for the business-type activities.

Long-Term Debt

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds.

The governmental fund financial statements recognize the proceeds and payments of debt as other financing sources and uses of the current period. Issuance costs are reported as expenditures.

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of restricted.

It is the City's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact. The City currently has no amounts classified in this category.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to the City Clerk through the budgetary process.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Unassigned

This classification includes the residual fund balance for the General Fund as it is the only fund that reports a positive, unassigned fund balance. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative, unassigned fund balance in that fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Interfund receivables and payables between funds are eliminated in the statement of net position.

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets. Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenues

Billings for sewer revenues are rendered monthly. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues (Continued)

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 2. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments at June 30, 2020, consisted of the following:

	Business-Type Activities
Depreciation and replacement accounts	220,105
Held by trustee	15,000
Debt service	153,693
Grant requirements	79,802
Meter deposits	<u>102,655</u>
	<u>571,255</u>
	Governmental Activities
Debt service	147,059
Municipal court	<u>30,523</u>
	<u>177,582</u>

NOTE 3. CASH AND CERTIFICATES OF DEPOSIT

The state of Missouri authorizes the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. 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.

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

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. CASH AND CERTIFICATES OF DEPOSIT (Continued)

Interest Rate Risk - In accordance with its investment policy, the City manages its exposure to declines in fair values by holding investments to maturity.

Custodial Credit Risk - This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2020, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of joint safekeeping receipts. It is the City's policy to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

Concentration of Credit Risk - The City places no limit on the amount the City may invest in any one issuer.

NOTE 4. RECEIVABLES

Taxes receivable include property, sales, and franchise taxes.

Accounts receivable in the Water and Sewer Funds reflect customer accounts receivable which have been billed by year end and also for unbilled revenue for services rendered prior to year end but billed in the next fiscal year.

NOTE 5. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations.

Fines and costs for minor traffic violations	11,291
Annual general operating revenues	524,816
Fines and costs for minor traffic violations as a percentage of annual general operating revenues	2.15

NOTE 6. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Construction in progress	26,970		(26,970)	
Land	6,517			6,517
Total capital assets, not being depreciated	<u>33,487</u>		<u>(26,970)</u>	<u>6,517</u>
Capital assets, being depreciated				
Equipment	542,942			542,942
Buildings and land improvements	1,750,038			1,750,038
Infrastructure	733,543	353,637		1,087,180
Total capital assets, being depreciated	<u>3,026,523</u>	<u>353,637</u>		<u>3,380,160</u>
Less accumulated depreciation for:				
Equipment	466,978	16,979		483,957
Buildings and land improvements	1,011,402	51,532		1,062,934
Infrastructure	74,474	36,677		111,151
Total accumulated depreciation	<u>1,552,854</u>	<u>105,188</u>		<u>1,658,042</u>
Governmental activities capital assets, net	<u>1,507,156</u>	<u>248,449</u>	<u>(26,970)</u>	<u>1,728,635</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Construction in progress	89,306	40,924		130,230
Land	123,622			123,622
Total capital assets, not being depreciated	<u>212,928</u>	<u>40,924</u>		<u>253,852</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (Continued)

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<u>Business-Type Activities (Continued)</u>				
Capital assets, being depreciated				
Equipment	364,784			364,784
Buildings	255,000			255,000
Water and sewer system	<u>8,291,288</u>			<u>8,291,288</u>
Total capital assets, being depreciated	<u>8,911,072</u>			<u>8,911,072</u>
Less accumulated depreciation for:				
Equipment	281,476	10,800		292,276
Buildings	255,000			255,000
Water and sewer system	<u>3,829,431</u>	<u>167,508</u>		<u>3,996,939</u>
Total accumulated depreciation	<u>4,365,907</u>	<u>178,308</u>		<u>4,544,215</u>
Business-type activities capital assets, net	<u>4,758,093</u>	<u>(137,384)</u>		<u>4,620,709</u>

The following table summarizes the depreciation by function for the year ended June 30, 2020:

	Governmental Activities	Business-Type Activities
Administration	8,997	
Public safety	10,062	
Recreation	44,164	
Transportation	41,965	
Water		132,379
Sewer		<u>45,929</u>
Total	<u>105,188</u>	<u>178,308</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended June 30, 2020, consisted of the following:

	Balance July 1, 2019	Addi- tions	Retire- ments	Balance June 30, 2020	Due in One Year
General Obligation Bonds	330,000		50,000	280,000	50,000
Capital leases	<u>333,708</u>	<u> </u>	<u>80,914</u>	<u>252,794</u>	<u>82,671</u>
	<u>663,708</u>	<u> </u>	<u>130,914</u>	<u>532,794</u>	<u>132,671</u>

General Obligation Bonds

In May 2015, the City secured funding totaling \$500,000 for swimming pool improvements from General Obligation Bonds. Under the terms of the bond agreement, payments are due annually in installments ranging from \$40,000 to \$60,000 commencing on March 1, 2016. The bonds have a variable interest rate of 0.90% to 3.20% with payments due semi-annually on March 1 and September 1. Debt service requirements to maturity of these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	50,000	8,220	58,220
2022	55,000	6,970	61,970
2023	55,000	5,430	60,430
2024	60,000	3,780	63,780
2025	<u>60,000</u>	<u>1,920</u>	<u>61,920</u>
Total	<u>280,000</u>	<u>26,320</u>	<u>306,320</u>

Capital Leases

The City has entered into various capital leases to help fund improvements and purchase assets necessary for City operations.

On January 13, 2015, the City purchased a truck in the amount of \$29,832 for the police department. Under the terms of this debt agreement, the interest rate is 3.65% and annual payments of \$6,645 are due. On September 9, 2017, the City purchased a car in the amount of \$24,860 for the police department. Under the terms of this debt agreement the interest rate is 4.25% and monthly payments of \$461 are due.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Capital Leases (Continued)

Future minimum payments for the vehicle leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	5,336	192	5,528
2022	946	18	964
Total	<u>6,282</u>	<u>210</u>	<u>6,492</u>

On April 1, 2018, the City entered into a capital lease totaling \$386,000 to fund street improvements. Under the terms of this lease, interest was calculated at 3.00% and monthly payments of \$6,972 were due for a total of 60 months. Future minimum payments for the lease funding street improvements are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	77,335	6,328	83,663
2022	79,688	3,975	83,663
2023	82,111	1,552	83,663
2024	7,378	54	7,432
Total	<u>246,512</u>	<u>11,909</u>	<u>258,421</u>

Business-Type Activities

Changes in the debt for the year ended June 30, 2020, consisted of the following:

	Balance July 1, 2019	Addi- tions	Retire- ments	Balance June 30, 2020	Due in One Year
General Obligation Bonds	440,000		85,000	355,000	85,000
Refunding Revenue Bonds	340,000		55,000	285,000	55,000
Revenue Bonds	130,000			130,000	
WW & SS Revenue Bonds - USDA	592,089		13,915	578,174	14,160
	<u>1,502,089</u>		<u>153,915</u>	<u>1,348,174</u>	<u>154,160</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

General Obligation Bonds

On July 1, 2007, the City issued \$385,000 in General Obligation Bonds through the State Revolving Fund Program (SRF). The debt is scheduled to mature January 2026. Principal payments are due yearly in amounts ranging from \$5,000 to \$35,000. The debt carried an interest rate of 4.00% to 5.00% over the term of the loan with interest payments due semi-annually in January and July.

Future debt service requirements for these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	30,000	9,000	39,000
2022	30,000	7,763	37,763
2023	30,000	6,375	36,375
2024	35,000	5,000	40,000
2025	35,000	3,225	38,225
2026	<u>35,000</u>	<u>1,750</u>	<u>36,750</u>
Total	<u>195,000</u>	<u>33,113</u>	<u>228,113</u>

In February 2013, the City issued General Obligation Waterworks and Sewerage System Bonds, Series 2013B. Under the terms of the debt agreement, interest ranges from 1.75% to 3.00% with interest payments due semi-annually in March and September. Principal payments ranging from \$50,000 to \$55,000 are due in March of each year until Maturity in 2023.

Future minimum debt service requirements for the General Obligation Waterworks and Sewerage System Bonds, Series 2013B are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	55,000	4,470	59,470
2022	55,000	3,040	58,040
2023	<u>50,000</u>	<u>1,500</u>	<u>51,500</u>
Total	<u>160,000</u>	<u>9,010</u>	<u>169,010</u>

CITY OF HAMILTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Waterworks Refunding Revenue Bonds

On June 18, 2012, the City issued \$685,000 in Waterworks Refunding Bonds. Principal payments are due annually through 2025. The debt carries a variable interest rate between 1.25% to 4.00% and requires semi-annual interest payments due in June and December of each year through maturity in 2024.

Future minimum payments required for principal and interest for this debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	55,000	11,002	66,002
2022	60,000	9,050	69,050
2023		6,800	6,800
2024	<u>170,000</u>	<u>4,400</u>	<u>174,400</u>
Total	<u>285,000</u>	<u>31,252</u>	<u>316,252</u>

Waterworks Revenue Bonds

Waterworks Revenue Bonds Series 2013A were issued in February 2013. The City is required to make semi-annual interest payments at a rate of 3.60% in June and December of each year. Principal payments on the debt are not due until June 2025 and June 2026.

Future debt service requirements are as followed for the Waterworks Revenue Bonds Series 2013A.

Year Ending June 30,	Principal	Interest	Total
2021		4,680	4,680
2022		4,680	4,680
2023		4,680	4,680
2024		4,680	4,680
2025	65,000	4,680	69,680
2026	<u>65,000</u>	<u>2,340</u>	<u>67,340</u>
Total	<u>130,000</u>	<u>25,740</u>	<u>155,740</u>

CITY OF HAMILTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Combined Waterworks and Sewerage System Revenue Bonds

On December 1, 2014, the City issued \$652,000 worth of Combined Waterworks and Sewerage System Revenue Bonds, Series B. These bonds require annual payments of principal and interest of \$26,602 due in December of each year through maturity in 2049. Interest is set at 2.125% for the term of the loan and principal payments fluctuate based on the amount of interest paid. The schedule below shows the future minimum debt payments required for the Combined Waterworks and Sewerage System Revenue Bonds, Series B:

Years Ending June 30,	Principal	Interest	Total
2021	14,160	12,388	26,548
2022	14,461	12,080	26,541
2023	14,768	11,765	26,533
2024	15,082	11,520	26,602
2025	15,403	11,199	26,602
2026 - 2030	82,064	50,946	133,010
2031 - 2035	91,162	41,848	133,010
2036 - 2040	101,269	31,741	133,010
2041 - 2044	112,495	20,515	133,010
2045 - 2049	<u>117,310</u>	<u>8,043</u>	<u>125,353</u>
Total	<u>578,174</u>	<u>212,045</u>	<u>790,219</u>

NOTE 9. INTERFUND TRANSACTIONS

Interfund transactions as reflected either as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds." All other interfund transactions are treated as transfers. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers within the year ended June 30, 2020, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>			Total
	General	Municipal Court	Water and Sewer Bond	
Water Fund			97,990	97,990
General Fund		13,800		13,800
Park Fund	14,727			14,727
Economic Development	<u>285</u>			<u>285</u>
	<u>15,012</u>	<u>13,800</u>	<u>97,990</u>	<u>126,802</u>

CITY OF HAMILTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 10. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation as of was as follows:

Real estate	13,638,439
Personal property	<u>3,677,169</u>
Total	<u>17,315,608</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2019 was as follows:

General Fund	0.9204
Library Fund	0.3001
Parks Fund	0.2483
Debt Service	<u>1.0736</u>
	<u>2.5424</u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

NOTE 11. RETIREMENT PLANS

The City established a Section 457 retirement plan for employees meeting certain requirements, including completion of one year of employment. The City matches employee elected contributions up to 8.0% of employees' gross pay. Total contributions for the year ending June 30, 2020, were \$13,996.

NOTE 12. SUBSEQUENT EVENTS

As of November 11, 2020, the City is improving its water and sewer system with a total project cost to exceed \$4,000,000. The project is to be funded with a Community Development Block Grant and combination of grant and loan proceeds from the USDA. The loan portion is expected to be approximately \$1,700,000.

The COVID-19 (Coronavirus) outbreak has prompted global concern. Consequently, the City may experience a loss in revenue sources due to the economic impacts of the virus, or may experience an increase in costs to provide services. An estimate of the effect of the COVID-19 pandemic cannot be made at this time.

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through November 11, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales tax	225,000	225,000	235,752	10,752
Property taxes	151,304	151,304	160,119	8,815
Franchise tax	100,000	100,000	97,594	(2,406)
License and permits	11,100	11,100	11,291	191
Charges for services	1,500	1,500	802	(698)
Intergovernmental revenue	31,900	31,900	2,709	(29,191)
Sale of property			9,575	9,575
Interest	935	935	1,722	787
Other	2,550	2,550	7,961	5,411
Total revenues	<u>524,289</u>	<u>524,289</u>	<u>527,525</u>	<u>3,236</u>
EXPENDITURES				
Administration	204,740	204,740	173,636	31,104
Public Safety	324,130	324,130	286,722	37,408
Museum	18,400	18,400	6,398	12,002
Library	500	500	345	155
Capital lease payment	11,557	11,557	11,557	
Debt interest and fees	623	623	623	
Total expenditures	<u>559,950</u>	<u>559,950</u>	<u>479,281</u>	<u>80,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(35,661)</u>	<u>(35,661)</u>	<u>48,244</u>	<u>83,905</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	13,800	(1,200)
Transfers out	13,800	13,800	(15,012)	(28,812)
Other financing sources (uses)	<u>28,800</u>	<u>28,800</u>	<u>(1,212)</u>	<u>(30,012)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(6,861)</u>	<u>(6,861)</u>	47,032	<u>53,893</u>
FUND BALANCE, beginning of year			<u>376,854</u>	
FUND BALANCE, end of year			<u>423,886</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HAMILTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales and use tax	280,000	280,000	219,759	(60,241)
Fuel and vehicle tax	69,500	69,500	70,626	1,126
Use tax			47,660	
Intergovernmental revenue	101,000	101,000		(101,000)
Interest	350	350	613	263
Other	200	200	2,550	2,350
Total revenues	<u>451,050</u>	<u>451,050</u>	<u>341,208</u>	<u>(157,502)</u>
EXPENDITURES				
Transportation	189,200	189,200	121,177	68,023
Capital outlay	156,000	156,000	326,667	(170,667)
Lease payments	69,357	69,357	69,357	
Debt interest and agent fees	7,643	7,643	7,334	309
Total expenditures	<u>422,200</u>	<u>422,200</u>	<u>524,535</u>	<u>(102,335)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>28,850</u>	<u>28,850</u>	(183,327)	<u>(259,837)</u>
FUND BALANCE, beginning of year			<u>485,604</u>	
FUND BALANCE, end of year			<u>302,277</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HAMILTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 PARK FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property tax	41,500	41,500	43,196	1,696
Charges for services	31,500	31,500	21,716	(9,784)
Other	<u>9,074</u>	<u>9,074</u>	<u>8,575</u>	<u>(499)</u>
Total revenues	<u>82,074</u>	<u>82,074</u>	<u>73,487</u>	<u>(8,587)</u>
EXPENDITURES				
Recreation	<u>98,200</u>	<u>98,200</u>	<u>59,732</u>	<u>38,468</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(16,126)	(16,126)	13,755	29,881
OTHER FINANCING SOURCES				
Transfers in	<u>18,000</u>	<u>18,000</u>	<u>14,727</u>	<u>(3,273)</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES				
	<u>1,874</u>	<u>1,874</u>	<u>28,482</u>	<u>26,608</u>
FUND BALANCE (DEFICIT), beginning of year			<u>(8,464)</u>	
FUND BALANCE, end of year			<u>20,018</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HAMILTON, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES

NOTE 1. BUDGETARY INFORMATION

Budgets for the City are prepared and adopted on the same basis of accounting as the fund financial statements. The City performs the following procedures in establishing the budget:

The City Administrator submits to the Board of Aldermen a proposed budget for the following fiscal year.

Prior to the beginning of the next fiscal year, the budget is legally enacted through the passage of an ordinance.

Any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. The fund level constitutes the City's legal level of budgetary control. Reported budgeted amounts are as originally adopted and amended by resolution.

Appropriations lapse at fiscal year end, but may be reappropriated in the following fiscal year.

Budgets are prepared on the modified accrual basis of accounting which corresponds with the governmental fund financial statements.

Actual expenditures may not legally exceed the budgeted fund.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Debt Service Fund	Municipal Court Fund	Economic Development Fund	Total
ASSETS				
ASSETS				
Restricted Assets				
Cash and cash equivalents	147,059	30,523		177,582
Taxes receivable	<u>787</u>	<u> </u>	<u> </u>	<u>787</u>
TOTAL ASSETS	<u>147,846</u>	<u>30,523</u>	<u> </u>	<u>178,369</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	<u> </u>	420	<u> </u>	<u>420</u>
FUND BALANCES				
Restricted	<u>147,846</u>	<u>30,103</u>	<u> </u>	<u>177,949</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>147,846</u>	<u>30,523</u>	<u> </u>	<u>178,369</u>

CITY OF HAMILTON, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	Debt Service Fund	Municipal Court Fund	Economic Development Fund	Total
REVENUES				
Taxes	63,016			63,016
Fines and court costs		18,255		18,255
Interest	<u>269</u>	<u>179</u>		<u>448</u>
Total revenues	<u>63,285</u>	<u>18,434</u>		<u>81,719</u>
EXPENDITURES				
Municipal court		5,040		5,040
Economic development			337	337
Debt principal	50,000			50,000
Debt interest and fees	<u>9,745</u>			<u>9,745</u>
Total expenditures	<u>59,745</u>	<u>5,040</u>	<u>337</u>	<u>65,122</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			285	285
Transfers out		<u>(13,800)</u>		<u>(13,800)</u>
Total other financing sources (uses)		<u>(13,800)</u>	<u>285</u>	<u>(13,515)</u>
NET CHANGE IN FUND BALANCES	3,540	(406)	(52)	3,082
FUND BALANCE, beginning of year	<u>144,306</u>	<u>30,509</u>	<u>52</u>	<u>174,867</u>
FUND BALANCES, end of year	<u>147,846</u>	<u>30,103</u>		<u>177,949</u>



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

**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**

To the Honorable Mayor and Board of Aldermen
City of Hamilton, Missouri

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 City of Hamilton, Missouri, which comprise the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2020, and have issued our report thereon dated November 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies as items 2020-001 and 2020-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hamilton, Missouri's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

City of Hamilton, Missouri's Response to Findings

The City of Hamilton, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Hamilton, Missouri's responses were not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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.

Dana F Cole + Company, LLP

Grandview, Missouri
November 11, 2020

CITY OF HAMILTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

2020-001 SEGREGATION OF DUTIES

Criteria

Internal controls should be in place to safeguard against possible loss or misuse of funds and to provide reasonable assurance that all transactions are accounted for properly and all assets are adequately safeguarded.

Condition

Due to the number of personnel and the size of the City, there is limited segregation of duties over accounting functions. The same individuals record transactions, reconcile the bank statements, maintain the water billing system, and manages the general ledger functions. Administrative personnel have access to cash receipts, preparing checks, recording transactions, and making deposits.

Cause

The City has a limited number of personnel involved in the accounting function, thus limiting its internal control procedures.

Potential Effect

Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting.

Recommendation

We recommend that the City monitor and evaluate its internal controls with the use of limited personnel and to provide as much segregation of duties as determined to be feasible within its operations.

City's Response

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

CITY OF HAMILTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

2020-002 MAINTENANCE/RECONCILIATION OF GENERAL LEDGER ACCOUNTS AND RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including maintaining and reconciling general ledger accounts, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

Management should possess the ability to maintain and reconcile general ledger accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors.

Cause

City personnel do not obtain the expertise necessary to provide the auditors with a trial balance adjusted in accordance with accounting principles generally accepted in the United States of America and to draft the year end financial statements, supplementary information, and notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries and the adequacy of financial statement disclosures prepared by the auditors and apply analytical procedures to the draft financial statements to ensure that all assets and liabilities of the City are recorded, among other procedures as considered necessary by management.

City's Response

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments. The City also uses analytical procedures among other procedures necessary to complete the management's discussion and analysis.

**CITY OF HAMILTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

2019-001 SEGREGATION OF DUTIES

Due to the limited number of personnel, and size of the City, there is limited segregation of duties over accounting functions. The same individuals record transactions, reconcile the bank statements, maintain the water billing system, and manages the general ledger functions. Administrative personnel have access to cash receipts, preparing checks, recording transactions, and making deposits. This is a continued finding as noted in item 2020-001.

2019-002 MAINTENANCE/RECONCILIATION OF GENERAL LEDGER ACCOUNTS AND RELIANCE UPON THE AUDITOR

Management should possess the ability to maintain and reconcile general ledger accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. This is a continued finding as noted in item 2020-002.