

CITY OF HAMILTON, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021, 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, 2021, 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 December 29, 2021, 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
December 29, 2021

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, 2021. 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, 2021, was \$7,124,824, an increase of \$823,003 from the prior year.

As of June 30, 2021, the fund balances for the governmental funds totaled \$969,402, an increase of \$45,272 from the prior year.

Proprietary fund net position was \$4,910,988 as of June 30, 2021, an increase of \$732,965 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, 2021:

	2021			2020 Total
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current and other assets	996,295	2,506,573	3,502,868	2,034,340
Capital assets	1,640,527	6,640,793	8,281,320	6,349,344
TOTAL ASSETS	2,636,822	9,147,366	11,784,188	8,383,684

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)**

	2021			2020 Total
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current liabilities	13,550	537,634	551,184	181,032
Long-term liabilities	<u>409,436</u>	<u>3,698,744</u>	<u>4,108,180</u>	<u>1,900,831</u>
TOTAL LIABILITIES	<u>422,986</u>	<u>4,236,378</u>	<u>4,659,364</u>	<u>2,081,863</u>
NET POSITION				
Net investment in capital assets	1,241,248	3,546,711	4,787,959	4,468,376
Restricted	173,423	439,670	613,093	654,158
Unrestricted	<u>799,165</u>	<u>924,607</u>	<u>1,723,772</u>	<u>1,179,287</u>
TOTAL NET POSITION	<u>2,213,836</u>	<u>4,910,988</u>	<u>7,124,824</u>	<u>6,301,821</u>

Net position of the City's governmental activities was \$2,213,836 as of June 30, 2021, an increase of \$90,038 from the beginning balance on July 1, 2020.

Net position of the City's business-type activities was \$4,910,988 as of June 30, 2021, an increase of \$732,965 from the beginning balance on July 1, 2020.

The unrestricted net position of the City's governmental activities was \$799,165 as of June 30, 2021, an increase of \$49,157 from the beginning balance on July 1, 2020.

The unrestricted net position of the City's business-type activities was \$924,607. This represents an increase of \$495,328 from beginning balance on July 1, 2020.

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, 2021:

**City of Hamilton, Missouri
Statement of Activities**

	Year Ended 2021			Year Ended 2020
	Governmental Activities	Business-Type Activities	Total	
REVENUES				
Program revenue				
Charges for services	49,627	1,136,443	1,186,070	1,044,657
Operating grants and contributions	19,840		19,840	35,040
Capital grants and contributions		523,809	523,809	
General revenue				
Sales and use tax	419,708		419,708	503,171
Property tax	268,349	104,287	372,636	389,715
Franchise tax	94,904		94,904	97,594
Fuel and vehicle tax	76,573		76,573	70,626
Interest	2,926	2,888	5,814	5,382
Miscellaneous	35,719	3,490	39,209	39,056
Total revenues	<u>967,646</u>	<u>1,770,917</u>	<u>2,738,563</u>	<u>2,185,241</u>
EXPENSES				
Governmental activities				
Administration	183,835		183,835	189,376
Police	323,050		323,050	296,784
Recreation	119,485		119,485	103,896
Transportation	231,032		231,032	163,142
Municipal court	5,040		5,040	5,377
Interest on long-term debt	15,166		15,166	17,702
Business-type activities				
Water		696,220	696,220	644,356
Sewer		341,732	341,732	307,843
Total expenses	<u>877,608</u>	<u>1,037,952</u>	<u>1,915,560</u>	<u>1,728,476</u>
CHANGE IN NET POSITION	90,038	732,965	823,003	456,765
NET POSITION, beginning of year	<u>2,123,798</u>	<u>4,178,023</u>	<u>6,301,821</u>	<u>5,845,056</u>
NET POSITION, end of year	<u>2,213,836</u>	<u>4,910,988</u>	<u>7,124,824</u>	<u>6,301,821</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 \$433,181, an increase of \$9,295 from the prior year.

General Fund Budget Highlights

Budgeted revenue was \$604,606 and actual revenue was \$496,453 a difference of \$108,153.

Budgeted expense was \$604,606 and actual expense was \$505,046, a difference of \$99,560.

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 \$335,488, an increase of \$33,211 over the beginning balance at July 1, 2020.

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 \$27,310, an increase of \$7,292 over the beginning balance at July 1, 2020.

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 \$2,852,132 and \$1,886,422, resulting from an increase of \$597,184 in the Water Fund and an increase of \$124,649 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)**

	2021			2020 Total
	Governmental Activities	Business-Type Activities	Total	
Land	6,517	123,622	130,139	130,139
Construction in progress		2,306,411	2,306,411	130,230
Equipment	576,841	369,471	946,312	907,726
Buildings and land improvements	1,750,038		1,750,038	1,750,038
Infrastructure	1,087,180		1,087,180	1,087,180
Water and sewer system		8,563,084	8,563,084	8,546,288
Less accumulated depreciation	<u>(1,780,049)</u>	<u>(4,721,795)</u>	<u>(6,501,844)</u>	<u>(6,202,257)</u>
Total capital assets, net of depreciation	<u>1,640,527</u>	<u>6,640,793</u>	<u>8,281,320</u>	<u>6,349,344</u>

The amount invested in capital assets, net of accumulated depreciation, for the City at June 30, 2021, is \$8,281,320, an increase of \$1,931,976 from the balance at July 1, 2020.

Debt Administration

At the end of the current fiscal year, the City of Hamilton, Missouri, had \$4,092,293 in outstanding debt.

**City of Hamilton, Missouri
Outstanding Debt**

	2021			2020 Total
	Governmental Activities	Business-Type Activities	Total	
General Obligation Bonds	230,000	270,000	500,000	635,000
Capital leases	169,279		169,279	252,794
Refunding Revenue Bonds		230,000	230,000	285,000
Revenue Bonds		2,629,000	2,629,000	130,000
USDA Bonds		564,014	564,014	578,174
Total indebtedness	<u>399,279</u>	<u>3,693,014</u>	<u>4,092,293</u>	<u>1,880,968</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

2021 - 2022 BUDGET

The City continues to make strides in improving the water/sewer infrastructure. Progress continues to move forward with this project and anticipate completion within the coming year.

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 2021 - 2022 budget. The majority of the general fund budget is expended for salaries for Public Safety and City administration.

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, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	700,852	776,177	1,477,029
Certificates of deposit	29,303		29,303
Receivables			
Taxes	93,526	5,314	98,840
Unbilled revenue		43,021	43,021
Accounts		121,634	121,634
Inventory		13,000	13,000
Restricted assets <input type="checkbox"/>			
Cash and cash equivalents	147,614	1,482,376	1,629,990
Held by trustee		15,000	15,000
Certificates of deposit	25,000	50,051	75,051
Capital assets			
Land	6,517	123,622	130,139
Construction in progress		2,306,411	2,306,411
Equipment and vehicles	576,841	369,471	946,312
Buildings and land improvements	1,750,038		1,750,038
Infrastructure	1,087,180		1,087,180
Water and sewer system		8,563,084	8,563,084
Accumulated depreciation	<u>(1,780,049)</u>	<u>(4,721,795)</u>	<u>(6,501,844)</u>
TOTAL ASSETS	<u>2,636,822</u>	<u>9,147,366</u>	<u>11,784,188</u>
LIABILITIES			
Current liabilities			
Accounts payable	6,757	418,088	424,845
Accrued expenses	6,793	1,506	8,299
Accrued interest		9,113	9,113
Customer deposits payable from restricted assets		108,927	108,927
Current portion of long-term debt	<u>134,688</u>	<u>159,461</u>	<u>294,149</u>
Total current liabilities	<u>148,238</u>	<u>697,095</u>	<u>845,333</u>
Long-term liabilities			
Compensated absences	10,157	5,730	15,887
Long-term debt, net of current portion	<u>264,591</u>	<u>3,533,553</u>	<u>3,798,144</u>
Total long-term liabilities	<u>274,748</u>	<u>3,539,283</u>	<u>3,814,031</u>
TOTAL LIABILITIES	<u>422,986</u>	<u>4,236,378</u>	<u>4,659,364</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	1,241,248	3,546,711	4,787,959
Restricted	173,423	439,670	613,093
Unrestricted	<u>799,165</u>	<u>924,607</u>	<u>1,723,772</u>
 TOTAL NET POSITION	 <u>2,213,836</u>	 <u>4,910,988</u>	 <u>7,124,824</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges	Operating	Capital	Primary Government		
		for	Grants	Grants	Governmental	Business-Type	Total
	Services	and	and	Activities	Activities		
		Contributions	Contributions				
Primary government							
Governmental activities							
Administration	183,835	12,670			(171,165)		(171,165)
Public safety	323,050		14,933		(308,117)		(308,117)
Recreation	119,485	21,716			(97,769)		(97,769)
Transportation	231,032		4,907		(226,125)		(226,125)
Municipal court	5,040	15,241			10,201		10,201
Interest on long-term debt	15,166				(15,166)		(15,166)
Total governmental activities	<u>877,608</u>	<u>49,627</u>	<u>19,840</u>		<u>(808,141)</u>		<u>(808,141)</u>
Business-type activities							
Water	696,220	671,284		523,809		498,873	498,873
Sewer	341,732	465,159				123,427	123,427
Total business-type activities	<u>1,037,952</u>	<u>1,136,443</u>		<u>523,809</u>		<u>622,300</u>	<u>622,300</u>
Total primary government	<u>1,915,560</u>	<u>1,186,070</u>	<u>19,840</u>	<u>523,809</u>	<u>(808,141)</u>	<u>622,300</u>	<u>(185,841)</u>
General revenues							
Taxes							
Sales and use tax					358,985		358,985
Franchise tax					94,904		94,904
Fuel and vehicle tax					76,573		76,573
Property taxes					268,349	104,287	372,636
Use taxes					60,723		60,723
Interest and investment earnings					2,926	2,888	5,814
Miscellaneous					35,719	3,490	39,209
Total general revenues					<u>898,179</u>	<u>110,665</u>	<u>1,008,844</u>
CHANGE IN NET POSITION					90,038	732,965	823,003
NET POSITION, beginning of year					<u>2,123,798</u>	<u>4,178,023</u>	<u>6,301,821</u>
NET POSITION, end of year					<u>2,213,836</u>	<u>4,910,988</u>	<u>7,124,824</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Elimi- nations	Total
ASSETS						
ASSETS						
Cash and cash equivalents	376,986	293,808	30,058			700,852
Certificates of deposit	29,303					29,303
Taxes receivable	31,845	46,199	910	1,229		80,183
Restricted cash and cash equivalents				147,614		147,614
Restricted certificates of deposit				25,000		25,000
15 TOTAL ASSETS	<u>438,134</u>	<u>340,007</u>	<u>30,968</u>	<u>173,843</u>		<u>982,952</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	1,881	3,529	927	420		6,757
Accrued expenses	3,072	990	2,731			6,793
Total liabilities	<u>4,953</u>	<u>4,519</u>	<u>3,658</u>	<u>420</u>		<u>13,550</u>
FUND BALANCES						
Restricted				173,423		173,423
Assigned		335,488	27,310			362,798
Unassigned	433,181					433,181
Total fund balances	<u>433,181</u>	<u>335,488</u>	<u>27,310</u>	<u>173,423</u>		<u>969,402</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>438,134</u>	<u>340,007</u>	<u>30,968</u>	<u>173,843</u>		<u>982,952</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, 2021

Total fund balance - total governmental funds	969,402
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,640,527
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(399,279)
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.	13,343
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(10,157)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>2,213,836</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, 2021

	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Eliminations	Total
REVENUES						
Sales tax	188,584	170,401				358,985
Property tax	163,874		44,127	61,407		269,408
Franchise tax	94,904					94,904
Fuel and vehicle tax		76,573				76,573
Use tax		60,723				60,723
Licenses and permits	10,954					10,954
Charges for services	1,716		37,964			39,680
Intergovernmental revenue	14,933	4,907				19,840
Fines and court costs				15,241		15,241
Interest	1,769	758		399		2,926
Other	19,719	997	521			21,237
Total revenues	<u>496,453</u>	<u>314,359</u>	<u>82,612</u>	<u>77,047</u>	<u> </u>	<u>970,471</u>
EXPENDITURES						
Current						
Administration	154,531					154,531
Public safety	316,036					316,036
Museum	19,891					19,891
Library	416					416
Recreation			75,320			75,320
Transportation		171,385				171,385
Municipal court				5,040		5,040
Capital outlay	7,800	26,099				33,899
Debt principal	6,282	77,233		50,000		133,515
Debt interest and agent fees	90	6,431		8,645		15,166
Total expenditures	<u>505,046</u>	<u>281,148</u>	<u>75,320</u>	<u>63,685</u>	<u> </u>	<u>925,199</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

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	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Elimin- ations	Total
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,593)</u>	<u>33,211</u>	<u>7,292</u>	<u>13,362</u>	<u> </u>	<u>45,272</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	17,888				(17,888)	
Transfers out	<u> </u>	<u> </u>	<u> </u>	<u>(17,888)</u>	<u>17,888</u>	<u> </u>
Total other financing sources (uses)	<u>17,888</u>	<u> </u>	<u> </u>	<u>(17,888)</u>	<u> </u>	<u> </u>
REVENUES AND OTHER FINANCING SOURCES (OVER) UNDER EXPENDITURES AND OTHER FINANCING USES	9,295	33,211	7,292	(4,526)	<u> </u>	45,272
FUND BALANCES, beginning of year	<u>423,886</u>	<u>302,277</u>	<u>20,018</u>	<u>177,949</u>	<u> </u>	<u>924,130</u>
FUND BALANCES, end of year	<u>433,181</u>	<u>335,488</u>	<u>27,310</u>	<u>173,423</u>	<u> </u>	<u>969,402</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, 2021

Net change in fund balances - total governmental funds 45,272

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	33,899	
Depreciation	<u>(122,007)</u>	<u>(88,108)</u>

Property tax revenue that does not provide current financial resources is not reported as revenues in the fund financial statements. (2,825)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 133,515

Compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 2,184

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES 90,038

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
ASSETS					
Current assets					
Cash (claim on cash) and cash equivalents	198,887	577,290			776,177
Inventory	12,000	1,000			13,000
Receivable, net of allowance for doubtful accounts					
Unbilled revenue	30,895	12,126			43,021
Accounts	97,315	24,319			121,634
Taxes			5,314		5,314
Total current assets	<u>339,097</u>	<u>614,735</u>	<u>5,314</u>		<u>959,146</u>
Restricted assets					
Cash and cash equivalents	1,182,652	132,604	167,120		1,482,376
Held by trustee	15,000				15,000
Certificates of deposit	35,679	14,372			50,051
Total restricted assets	<u>1,233,331</u>	<u>146,976</u>	<u>167,120</u>		<u>1,547,427</u>
Capital assets					
Land	98,947	24,675			123,622
Construction in progress	2,294,895	11,516			2,306,411
Equipment	242,948	126,523			369,471
Water and sewer system	6,300,566	2,262,518			8,563,084
Less accumulated depreciation	<u>(3,422,452)</u>	<u>(1,299,343)</u>			<u>(4,721,795)</u>
Net capital assets	<u>5,514,904</u>	<u>1,125,889</u>			<u>6,640,793</u>
TOTAL ASSETS	<u>7,087,332</u>	<u>1,887,600</u>	<u>172,434</u>		<u>9,147,366</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
LIABILITIES					
Current liabilities					
Accounts payable	418,088				418,088
Interest payable	9,113				9,113
Accrued expenses	328	1,178			1,506
Customer deposits payable from restricted assets	108,927				108,927
Current portion of long-term debt	<u>159,461</u>				<u>159,461</u>
Total current liabilities	<u>695,917</u>	<u>1,178</u>			<u>697,095</u>
Noncurrent liabilities					
Compensated absences	5,730				5,730
Long-term debt, net of current portion	<u>3,533,553</u>				<u>3,533,553</u>
Total noncurrent liabilities	<u>3,539,283</u>				<u>3,539,283</u>
TOTAL LIABILITIES	<u>4,235,200</u>	<u>1,178</u>			<u>4,236,378</u>
NET POSITION					
Net investment in capital assets	2,420,822	1,125,889			3,546,711
Restricted	120,260	146,976	172,434		439,670
Unrestricted	<u>311,050</u>	<u>613,557</u>			<u>924,607</u>
TOTAL NET POSITION	<u>2,852,132</u>	<u>1,886,422</u>	<u>172,434</u>		<u>4,910,988</u>

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, 2021

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
REVENUES					
User charges	664,127	295,524			959,651
Solid waste service charges		169,635			169,635
Penalties	7,157				7,157
Miscellaneous	3,490				3,490
Total revenues	<u>674,774</u>	<u>465,159</u>			<u>1,139,933</u>
EXPENSES					
Salaries and benefits	56,882	37,326			94,208
Operating agreement	141,268				141,268
Chemicals	62,546				62,546
Repairs and maintenance	34,755	49,256			84,011
Insurance	6,500	6,618			13,118
Utilities	18,370	8,122			26,492
Professional services	31,766	1,281			33,047
Lab tests		48,648			48,648
Water purchases	108,999				108,999
Solid waste contract		138,026			138,026
Depreciation	133,283	44,297			177,580
Other operating expenses	8,219	8,158			16,377
Total expenses	<u>602,588</u>	<u>341,732</u>			<u>944,320</u>
OPERATING INCOME	<u>72,186</u>	<u>123,427</u>			<u>195,613</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
NONOPERATING REVENUES (EXPENSES)					
Interest income	964	1,222	702		2,888
Grants	523,809				523,809
Property taxes			104,287		104,287
Interest expense and fiscal fees	(93,632)				(93,632)
Transfers in	93,857			(93,857)	
Transfers out			(93,857)	93,857	
Total nonoperating revenues (expenses)	<u>524,998</u>	<u>1,222</u>	<u>11,132</u>		<u>537,352</u>
CHANGE IN NET POSITION	597,184	124,649	11,132		732,965
NET POSITION, beginning of year	<u>2,254,948</u>	<u>1,761,773</u>	<u>161,302</u>		<u>4,178,023</u>
NET POSITION, end of year	<u><u>2,852,132</u></u>	<u><u>1,886,422</u></u>	<u><u>172,434</u></u>		<u><u>4,910,988</u></u>

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See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Water	Sewer	Water and Sewer Bond Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	615,187	467,465		1,082,652
Cash payments for materials and services	(414,545)	(285,580)		(700,125)
Cash payments to personnel	(56,882)	(37,326)		(94,208)
	<u>143,760</u>	<u>144,559</u>		<u>288,319</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in certificates of deposit	(178)	(71)		(249)
Cash received from interest	964	1,222	702	2,888
	<u>786</u>	<u>1,151</u>	<u>702</u>	<u>2,639</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from taxes			106,582	106,582
			<u>106,582</u>	<u>106,582</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,792,452)			(1,792,452)
Grant receipts	523,809			523,809
Interest and fees paid on revenue bonds	(93,632)			(93,632)
Cash paid for long-term debt	(154,160)			(154,160)
Cash received for issuance of long-term debt	2,499,000			2,499,000
Transfers to/from other funds	93,857		(93,857)	
	<u>1,076,422</u>		<u>(93,857)</u>	<u>982,565</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Water	Sewer	Water and Sewer Bond Fund	Total
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,220,968	145,710	13,427	1,380,105
CASH AND CASH EQUIVALENTS, beginning of year	<u>160,571</u>	<u>564,184</u>	<u>153,693</u>	<u>878,448</u>
CASH AND CASH EQUIVALENTS, end of year	<u>1,381,539</u>	<u>709,894</u>	<u>167,120</u>	<u>2,258,553</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	<u>72,186</u>	<u>123,427</u>	<u> </u>	<u>195,613</u>
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	133,283	44,297		177,580
(Increase) decrease in the following assets				
Accounts receivable	(56,097)	(5,233)		(61,330)
Increase (decrease) in the following liabilities				
Accounts payable	(13,064)	(12,594)		(25,658)
Interest payable	779			779
Accrued expenses	401	(5,338)		(4,937)
Meter deposits	6,272			6,272
Total adjustments	<u>71,574</u>	<u>21,132</u>	<u> </u>	<u>92,706</u>
Net cash provided by operating activities	<u>143,760</u>	<u>144,559</u>	<u> </u>	<u>288,319</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 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, as amended by Statement 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% 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% 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 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, 2021, is accrued as a liability on the government-wide statement of net position in amounts of \$10,157 for the governmental activities and \$5,730 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, 2021, consisted of the following:

	Business-Type Activities
Depreciation and replacement accounts	220,105
Held by trustee	15,000
Debt service	167,120
Federal grant and loan requirements	1,036,275
Meter deposits	<u>108,927</u>
	<u>1,547,427</u>
	Governmental Activities
Debt service	149,573
Municipal court	<u>23,041</u>
	<u>172,614</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 pledges 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, 2021, 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	14,934
Annual general operating revenues	476,613
Fines and costs for minor traffic violations as a percentage of annual general operating revenues	3.13

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 disasters. 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, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	6,517			6,517
Capital assets, being depreciated				
Equipment	542,942	33,899		576,841
Buildings and land improvements	1,750,038			1,750,038
Infrastructure	1,087,180			1,087,180
Total capital assets, being depreciated	<u>3,380,160</u>	<u>33,899</u>		<u>3,414,059</u>
Less accumulated depreciation for				
Equipment	483,957	18,677		502,634
Buildings and land improvements	1,062,934	51,532		1,114,466
Infrastructure	111,151	51,798		162,949
Total accumulated depreciation	<u>1,658,042</u>	<u>122,007</u>		<u>1,780,049</u>
Governmental activities capital assets, net	<u>1,728,635</u>	<u>(88,108)</u>		<u>1,640,527</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Construction in progress	130,230	2,176,181		2,306,411
Land	123,622			123,622
Total capital assets, not being depreciated	<u>253,852</u>	<u>2,176,181</u>		<u>2,430,033</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Business-Type Activities (Continued)</u>				
Capital assets, being depreciated				
Equipment	364,784	4,687		369,471
Buildings	255,000			255,000
Water and sewer system	<u>8,291,288</u>	<u>16,796</u>		<u>8,308,084</u>
Total capital assets, being depreciated	<u>8,911,072</u>	<u>21,483</u>		<u>8,932,555</u>
Less accumulated depreciation for				
Equipment	292,276	9,720		301,996
Buildings	255,000			255,000
Water and sewer system	<u>3,996,939</u>	<u>167,860</u>		<u>4,164,799</u>
Total accumulated depreciation	<u>4,544,215</u>	<u>177,580</u>		<u>4,721,795</u>
Business-type activities capital assets, net	<u>4,620,709</u>	<u>2,020,084</u>		<u>6,640,793</u>

The following table summarizes the depreciation by function for the year ended June 30, 2021:

	Governmental Activities	Business-Type Activities
Administration	8,997	
Public safety	9,198	
Recreation	44,165	
Transportation	59,647	
Water		133,283
Sewer		<u>44,297</u>
Total	<u>122,007</u>	<u>177,580</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, 2021, consisted of the following:

	Balance July 1, 2020	Addi- tions	Retire- ments	Balance June 30, 2021	Due in One Year
General Obligation Bonds	280,000		50,000	230,000	55,000
Capital leases	252,794		83,515	169,279	79,688
	<u>532,794</u>		<u>133,515</u>	<u>399,279</u>	<u>134,688</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
2022	55,000	6,970	61,970
2023	55,000	5,430	60,430
2024	60,000	3,780	63,780
2025	60,000	1,920	61,920
Total	<u>230,000</u>	<u>18,100</u>	<u>248,100</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. This lease was paid off during the year ended June 30, 2021.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Capital Leases (Continued)

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
2022	79,688	3,975	83,663
2023	82,111	1,552	83,663
2024	7,480	54	7,534
Total	<u>169,279</u>	<u>5,581</u>	<u>174,860</u>

Business-Type Activities

Changes in the debt for the year ended June 30, 2021, consisted of the following:

	Balance July 1, 2020	Addi- tions	Retire- ments	Balance June 30, 2021	Due in One Year
General Obligation Bonds	355,000		85,000	270,000	85,000
Refunding Revenue Bonds	285,000		55,000	230,000	60,000
Revenue Bonds	130,000			130,000	
Combined Waterworks and Sewerage System Revenue Bond, Series 2020		2,499,000		2,499,000	
WW & SS Revenue Bonds - USDA	578,174		14,160	564,014	14,461
	<u>1,348,174</u>	<u>2,499,000</u>	<u>154,160</u>	<u>3,693,014</u>	<u>159,461</u>

On November 16, 2020, the City issued a \$2,499,000 Combined Waterworks and Sewerage System Revenue Bond, with an interest rate at 1.00%. Interest is payable semi-annually beginning May 1, 2021, and principal is due in full on November 1, 2022. Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022		24,990	24,990
2023	2,499,000	12,495	2,511,495
Total	<u>2,499,000</u>	<u>37,485</u>	<u>2,536,485</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
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	35,000	1,750	36,750
Total	<u>165,000</u>	<u>24,113</u>	<u>189,113</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
2022	55,000	3,040	58,040
2023	50,000	1,500	51,500
Total	<u>105,000</u>	<u>4,540</u>	<u>109,540</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
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>230,000</u>	<u>20,250</u>	<u>250,250</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 follows for the Waterworks Revenue Bonds Series 2013A.

Year Ending June 30,	Principal	Interest	Total
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>21,060</u>	<u>151,060</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
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	15,730	10,872	26,602
2027 - 2031	83,808	49,202	133,010
2032 - 2036	93,099	39,911	133,010
2037 - 2041	103,421	29,589	133,010
2042 - 2046	114,886	18,124	133,010
2047 - 2049	93,356	5,395	98,751
Total	<u>564,014</u>	<u>199,657</u>	<u>763,671</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, 2021, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>		Total
	Municipal Court	Water and Sewer Bond	
Water Fund		93,857	93,857
General Fund	<u>17,888</u>		<u>17,888</u>
	<u>17,888</u>	<u>93,857</u>	<u>111,745</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 was as follows:

Real estate	13,619,371
Personal property	<u>3,524,673</u>
Total	<u><u>17,144,044</u></u>

The tax levy per \$100 of assessed valuation of tangible, real, and personal property for the calendar year 2020 was as follows:

General Fund	0.9370
Library Fund	0.3058
Parks Fund	0.2530
Debt Service	<u>0.9597</u>
	<u><u>2.4555</u></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, 2021, were \$15,124.

NOTE 12. CONTINGENCIES

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.

NOTE 13. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 29, 2021, 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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales tax			188,584	
Property taxes			163,874	
Franchise tax			94,904	
Licenses and permits			10,954	
Charges for services			1,716	
Intergovernmental revenue			14,933	
Interest			1,769	
Other			19,719	
Total revenues	<u>604,606</u>	<u>604,606</u>	<u>496,453</u>	<u>(108,153)</u>
EXPENDITURES				
Administration			154,531	
Public safety			316,036	
Museum			19,891	
Library			416	
Capital outlay			7,800	
Debt principal			6,282	
Debt interest and fees			90	
Total expenditures	<u>604,606</u>	<u>604,606</u>	<u>505,046</u>	<u>99,560</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(8,593)	
OTHER FINANCING SOURCES				
Transfers in			<u>17,888</u>	
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES			9,295	
FUND BALANCE, beginning of year			<u>423,886</u>	
FUND BALANCE, end of year			<u>433,181</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HAMILTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales and use tax			170,401	
Fuel and vehicle tax			76,573	
Use tax			60,723	
Intergovernmental revenue			4,907	
Interest			758	
Other			997	
Total revenues	<u>420,306</u>	<u>420,306</u>	<u>314,359</u>	<u>(105,947)</u>
EXPENDITURES				
Transportation			171,385	
Capital outlay			26,099	
Lease payments			77,233	
Debt interest and agent fees			6,431	
Total expenditures	<u>420,306</u>	<u>420,306</u>	<u>281,148</u>	<u>139,158</u>
EXCESS OF REVENUES OVER EXPENDITURES			33,211	
FUND BALANCE, beginning of year			<u>302,277</u>	
FUND BALANCE, end of year			<u>335,488</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HAMILTON, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 PARK FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property tax			44,127	
Charges for services			21,716	
Other			8,575	
Total revenues	<u>174,661</u>	<u>174,661</u>	<u>74,418</u>	<u>(100,243)</u>
 EXPENDITURES				
Recreation	<u>174,661</u>	<u>174,661</u>	<u>59,732</u>	<u>114,929</u>
 EXCESS OF REVENUES OVER EXPENDITURES			14,686	
 OTHER FINANCING SOURCES				
Transfers in			<u>14,727</u>	
 REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES			29,413	
 FUND BALANCE, beginning of year			<u>20,018</u>	
 FUND BALANCE, end of year			<u>49,431</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 re-appropriated 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, 2021

	Debt Service Fund	Municipal Court Fund	Total
ASSETS			
ASSETS			
Restricted assets			
Cash and cash equivalents	124,573	23,041	147,614
Certificates of deposit	25,000		25,000
Taxes receivable	<u>1,229</u>	<u> </u>	<u>1,229</u>
TOTAL ASSETS	<u>150,802</u>	<u>23,041</u>	<u>173,843</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	<u> </u>	<u>420</u>	<u>420</u>
FUND BALANCES			
Restricted	<u>150,802</u>	<u>22,621</u>	<u>173,423</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>150,802</u>	<u>23,041</u>	<u>173,843</u>

CITY OF HAMILTON, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

	Debt Service Fund	Municipal Court Fund	Total
REVENUES			
Taxes	61,407		61,407
Fines and court costs		15,241	15,241
Interest	194	205	399
Total revenues	<u>61,601</u>	<u>15,446</u>	<u>77,047</u>
EXPENDITURES			
Municipal court		5,040	5,040
Debt principal	50,000		50,000
Debt interest and fees	8,645		8,645
Total expenditures	<u>58,645</u>	<u>5,040</u>	<u>63,685</u>
OTHER FINANCING SOURCES (USES)			
Transfers out		<u>(17,888)</u>	<u>(17,888)</u>
NET CHANGE IN FUND BALANCES	2,956	(7,482)	(4,526)
FUND BALANCE, beginning of year	<u>147,846</u>	<u>30,103</u>	<u>177,949</u>
FUND BALANCES, end of year	<u>150,802</u>	<u>22,621</u>	<u>173,423</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, 2021, and have issued our report thereon dated December 29, 2021.

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 2021-001 and 2021-002.

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 J Cole + Company, LLP

Grandview, Missouri
December 29, 2021

CITY OF HAMILTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021

2021-001 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, 2021

2021-002 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, 2021

2020-001 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 2021-001.

2020-002 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 2021-002.