

CITY OF TROY, MISSOURI
AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

CITY OF TROY, MISSOURI

MODIFIED CASH BASIS FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Aldermen
City of Troy, Missouri

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Missouri ("City"), as of and for the year ended June 30, 2017, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Missouri, as of June 30, 2017, and the respective changes in financial position- modified cash basis and where applicable, cash flows- modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Other Matters

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Troy's basic financial statements. The budgetary comparison information, combining nonmajor fund financial statements, management's discussion and analysis and LAGERS retirement system information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information on pages 50 through 55 and combining nonmajor fund financial statements on pages 56 through 62 and the schedule of expenditures of federal awards 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 the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

The management's discussion and analysis on pages 3 through 13, and LAGERS retirement system information on pages 63 through 65, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Crosby + Crosby P.C.
Certified Public Accountants

Kirkwood, Missouri
December 20, 2017

UNAUDITED

**The City of Troy, Missouri
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

The discussion and analysis of the City of Troy's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the City's financial performance.

The financial statements of the City have been prepared on the pure cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid rather than when incurred.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2017 include the following:

- ❖ In December of 2014 the City applied for and was awarded funding from the Transportation Alternatives Program (TAP) for a new pedestrian and bicycle sidewalk to be constructed on the west side of Main Street from Main Street Elementary School to College Street. TAP is a federally funded program administered by MoDOT. The City was awarded \$240,000.00 to fund this sidewalk to enhance the safety of non-drivers. In January of 2017, the project was awarded to Cannon General Contractors at a bid of \$ 590,836.15. By the fiscal year-end, \$109,286.80 in construction costs had been expended.
- ❖ In November of 2015 the City made application to the Missouri Department of Natural Resources for a State Revolving Fund (SRF) loan. The purpose of this loan is for upgrades to the City's wastewater treatment system. The City has been working with Woodard and Curran, an engineering firm, for assessment of its current conditions and recommendations for solutions. Based on their findings, the City went to the voters to approve the issuance of \$18,887,000.00 in revenue bonds for the purpose of upgrading its sewer system. The bond issue was placed on the April 2016 ballot and passed 639-202. On June 6, 2016, the Board approved a work order with Woodard and Curran that encompasses four phases: an anti-degradation report, interceptor line assistance, environmental review and ultimately the design of the upgrades and interceptor line to divert all flow to the southeast plant and close the Highway 47 plant. The cost of this work order is \$1,385,000.00. To date the City has expended \$165,299.00 of this agreement, with \$52,250.00 expended in FY2017.

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- ❖ The City entered into a Consent Agreement/Final Order and Compliance on Consent (Docket No. CWA-07-2016-0047) with the United States Environmental Protection Agency (EPA) under which the City paid a mitigated civil penalty of \$100,000.00, agreed to improve its wastewater treatment plants and complete a Supplemental Environmental Project (SEP) with a value above \$60,000.00. Under this agreement City properties were upgraded to LED lighting at a cost of \$65,766.03 less a rebate from Ameren in the amount of \$5,000.01.
- ❖ In January of 2016 Cochran Engineering was awarded the contract for the design of the complete replacement of Cherry Street from Main Street to Lincoln Drive including sidewalks at a bid of \$223,745.00. This replacement is expected to be a multi-phase project, spanning multiple fiscal years. The City expended \$121,257.34 of this contract in the 2016-2017 fiscal year.
- ❖ The City sold approximately 15 acres of industrial ground property on Bueneman Lane to two buyers for a total of \$296,794.50.
- ❖ The City contracted with M & H Concrete for concrete panel replacement on Excalibur Blvd. at a cost of \$247,544.60.
- ❖ The City contracted with Cannon General Contractors for the storm water, sidewalk, and street replacement of Buchanan Court. The project cost was \$243,743.08.
- ❖ Membrane cartridges were replaced at the City's Southeast Wastewater Treatment Facility. The cost of these cartridges was \$185,200.00.
- ❖ The City contracted with Mid-River Asphalt for the asphalt overlay of Weston Drive, Weston Court and roads within Troy City Cemetery. Mid-River also made asphalt improvements to the Avery Park parking lot and the Weinand Park trails and parking lot. The combined cost of these asphalt improvements was \$151,215.00.
- ❖ The Cherry Street Water Tower exterior was painted by Ozark Applicators at a cost of \$152,250.00.
- ❖ In an effort to reduce I & I (Inflow and Infiltration) the City contracted with Amtec Surveying for the video surveillance of the sewer main behind the Bluffview subdivision. This project cost \$52,640.19. Johann Farms LLC was contracted to clear the right-of-way prior to this camera inspection at a cost of \$10,000.00.
- ❖ The City contracted with Mick Mehler & Sons for the replacement of a portion of the water main along Cherry Street, from the Cuivre River Electric Main Office to Carrington subdivision. This project cost \$50,229.66. Mehler & Sons also performed major sewer main repairs in the areas of Fifth Street and Blair Street. The combined total of these repairs was \$49,973.00.
- ❖ The City undertook a project to install new internet access and "voice over internet protocol" (VOIP) telephones. The total project cost was \$48,001.61.

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- ❖ GIS licensing and software was purchased to create mapping and record data of the City's infrastructure. The cost of this acquisition was \$24,964.49. In addition, the City purchased software to aid in storm water management in the amount of \$4,750.00.
- ❖ Light fixtures were replaced at the soccer field in Fairgrounds Park at a cost of \$21,243.00
- ❖ Several vehicles were added to the City's fleet in FY2017. Two 2016 Dodge Chargers Police Cruisers were purchased on a 4-year lease at an annual cost of \$14,541.22. Drug forfeiture and K-9 donation funds were utilized for the purchase of two 2013 Chevrolet Tahoes from the Missouri State Highway Patrol at a cost of \$38,200.00. A 2016 Dodge Ram, fully equipped for snow removal, was purchased at a cost of \$76,000.00. A 2005 Ford Service Truck was purchased from at a cost of \$28,000.00 for use by the Wastewater Department. The Wastewater Department also purchased a 2009 Jeep Cherokee from Missouri State Surplus for \$15,900.00.
- ❖ Old equipment was replaced by newer equipment in FY2017. A 2017 used JCB Loadall was purchased at a cost of \$49,662.00 after trade-in. A new JCB 86C-1 Hydraulic Excavator was purchased at a trade difference of \$43,040.00. A Kubota skid loader took the place of a Bobcat skid loader at a net price of \$35,306.46. A Trailerman 20-ft. trailer was purchased at a cost of \$12,200.00. The parks department acquired a new Kubota mower at a cost of \$12,513.94.
- ❖ Equipment was purchased to enhance the safety of the City's employees: Trench boxes, \$10,798.00, a light tower, \$7,391.09, and a Pelsue Lifeguard Safety System, \$4,251.13. Other items purchased for use in public works were as follows: a mosquito fogger, \$8,348.00, a used 2010 Hyster forklift, \$8,990.00, a hydraulic power pack, \$6,289.00, and backup generators, \$4,418.87.
- ❖ Building improvements were made in FY2017 as well: a new HVAC system was installed at City Hall at a cost of \$4,591.00. A new automatic gate was installed at the City's public works building at a cost of \$5,436.40.
- ❖ The police department utilized Drug Forfeiture Funds to purchase thirty (30) Glock pistols at a total cost of \$14,135.00.

The City's net position (cash basis) at June 30, 2017 was \$9,364,237.12. This represents a 15.7% increase over the fiscal year ending June 30, 2016.

Using the Basic Financial Statements

The City's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the cash basis operations of the City as a whole. The "Basic Financial Statements" section includes government-wide financial statements, fund financial statements and notes to financial statements. The government-wide financial statements, consisting of the Statement of Net Position (Cash Basis) and the Statement of Activities (Cash Basis), provide highly consolidated cash basis financial information and render a government-wide perspective of the City's cash basis financial condition.

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By showing the change in net position (cash basis) for the year, the reader may ascertain whether the City's cash basis financial condition has improved or deteriorated. The changes which are discussed in this MD&A may be financial or non-financial in nature. Non-financial factors, which may have an impact on the City's financial condition, include increases in or erosion of the property tax base, current property tax laws in Missouri restricting revenue growth, facility conditions, and other factors.

NET POSITION

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total June 30, 2017</u>	<u>Total June 30, 2016</u>
<u>ASSETS</u>				
Cash and Investments	\$ 5,219,406.71	\$ 2,780,363.36	\$ 7,999,770.07	\$ 6,739,021.24
Restricted Assets:				
Cash and Investments	<u>1,373,951.88</u>		<u>1,373,951.88</u>	<u>1,359,683.54</u>
Total Assets	<u>6,593,358.59</u>	<u>2,780,363.36</u>	<u>9,373,721.95</u>	<u>8,098,704.78</u>
<u>LIABILITIES</u>				
Payroll Withholdings	<u>6,867.63</u>	<u>2,617.20</u>	<u>9,484.83</u>	<u>5,469.56</u>
<u>NET POSITION</u>				
Restricted	2,673,750.57	-	2,673,750.57	2,182,076.90
Unrestricted	<u>3,912,740.39</u>	<u>2,777,746.16</u>	<u>6,690,486.55</u>	<u>5,911,158.32</u>
Total Net Position	<u>\$ 6,586,490.96</u>	<u>\$ 2,777,746.16</u>	<u>\$ 9,364,237.12</u>	<u>\$ 8,093,235.22</u>

Total net position of the City increased by \$1,271,001.90 for the year due to current year activity.

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Government-wide Financial Analysis

Revenue and Expenditure Comparison for Years
Ending June 30, 2017 and 2016

	<u>2017</u>	<u>%</u>	<u>2016</u>	<u>%</u>
Revenue - All Funds:				
Taxes	\$ 6,448,500.20	50.67%	\$ 6,387,556.73	49.93%
Licenses and Permits	165,620.60	1.30%	115,006.74	0.90%
Charges for Services	4,908,163.77	38.56%	4,483,980.11	35.05%
Fines and Forfeitures	222,178.74	1.75%	271,581.60	2.12%
Sale of Assets	313,537.47	2.46%	44,106.19	0.34%
Intergovernmental	508,040.92	3.99%	1,314,834.24	10.28%
Interest	31,071.05	0.24%	26,698.92	0.21%
Miscellaneous	130,068.36	1.02%	148,535.92	1.16%
Total Revenues	<u>\$ 12,727,181.11</u>	<u>100.00%</u>	<u>\$ 12,792,300.45</u>	<u>100.00%</u>
Expenditures -- All Fund:				
General Government	\$ 829,166.89	7.24%	\$ 790,256.27	6.53%
Public Safety	2,497,129.10	21.80%	2,366,151.95	19.54%
Culture and Recreation	301,995.29	2.64%	252,482.76	2.08%
Cemetery	31,862.44	0.28%	33,110.55	0.27%
Public Works - Streets	1,674,114.15	14.61%	1,372,788.18	11.34%
Economic Development	713,610.27	6.23%	2,445,969.44	20.20%
Operating Expenses - Utilities	3,943,494.85	34.42%	3,308,763.35	27.32%
Debt Service - Principal/Interest	1,464,806.22	12.79%	1,541,433.22	12.73%
Total Expenditures	<u>\$ 11,456,179.21</u>	<u>100.00%</u>	<u>\$ 12,110,955.72</u>	<u>100.00%</u>

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Governmental Funds Financial Analysis

	<u>2017</u>	<u>2016</u>
Program Revenues Collected:		
Charges for Services	\$ 411,669.34	\$ 403,233.34
Operating Grants and Contributions	502,414.62	1,293,105.88
General Revenues Collected:		
Property Taxes	300,130.37	289,705.29
Franchise and Public Service Taxes	2,221,150.07	2,188,117.80
Sales Tax	3,927,219.76	3,909,733.64
Investment Income	22,207.48	18,860.41
Sale of Assets	305,545.47	44,106.19
Miscellaneous	130,068.36	148,535.92
Total Revenues Collected	<u>7,820,405.47</u>	<u>8,295,398.47</u>
Expenses Paid:		
General Government	829,166.89	790,256.27
Public Safety	2,497,129.10	2,366,151.95
Public Works - Streets	1,674,114.15	1,372,788.18
Culture and Recreation	301,995.29	252,482.76
Cemetery	31,862.44	33,110.55
Economic Development	713,610.27	2,445,969.44
Debt Service		
Principal	324,123.19	453,060.69
Interest and Fees	138,070.07	150,201.53
Total Expenses Paid	<u>6,510,071.40</u>	<u>7,864,021.37</u>
Transfers between funds	<u>(74,389.33)</u>	<u>(60,133.31)</u>
Change in Net Position	1,235,944.74	371,243.79
Net Position, July 1	<u>5,350,546.22</u>	<u>4,979,302.43</u>
Net Position, June 30	<u>\$ 6,586,490.96</u>	<u>\$ 5,350,546.22</u>

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Business Type Activities

Water Fund:	<u>2017</u>	<u>2016</u>
Operating Revenue	\$1,427,611.77	\$1,264,517.73
Operating Expenditures	<u>(1,223,827.59)</u>	<u>(1,134,643.50)</u>
Operating Income/(Loss)	203,784.18	129,874.23
Non-Operating Revenue/(Expenses)	(82,317.02)	(56,847.61)
Operating Transfer	-	-
Net Income/(Loss)	<u>\$ 121,467.16</u>	<u>\$ 73,026.62</u>

Sewer Fund:	<u>2017</u>	<u>2016</u>
Operating Revenue	\$ 2,646,075.45	\$ 2,397,579.83
Operating Expenditures	<u>(1,828,442.57)</u>	<u>(1,326,271.91)</u>
Operating Income/(Loss)	817,632.88	1,071,307.92
Non-Operating Revenue/(Expenses)	(897,860.17)	(851,826.10)
Operating Transfer	583.48	4.85
Net Income/(Loss) after Transfers	<u>\$ (79,643.81)</u>	<u>\$ 219,486.67</u>

Sanitation Fund:	<u>2017</u>	<u>2016</u>
Operating Revenue	\$ 714,894.36	\$ 690,122.06
Operating Expenditures	<u>(714,489.48)</u>	<u>(683,812.08)</u>
Operating Income/(Loss)	404.88	6,309.98
Non-Operating Revenue/(Expenses)	41.07	43.11
Operating Transfer	-	-
Net Income/(Loss)	<u>\$ 445.95</u>	<u>\$ 6,353.09</u>

Troy Aquatic Center	<u>2017</u>	<u>2016</u>
Operating Revenue	\$ 95,712.19	\$ 115,115.49
Operating Expenditures	<u>(176,735.21)</u>	<u>(164,035.86)</u>
Operating Income/(Loss)	(81,023.02)	(48,920.37)
Non-Operating Revenue/(Expenses)	5.03	26.47
Operating Transfer	73,805.85	60,128.46
Net Income/(Loss) after Transfers	<u>\$ (7,212.14)</u>	<u>\$ 11,234.56</u>

The Water Fund experienced a net gain of \$121,467.16. User fees increased by 15.3% over the previous fiscal year and right-to-connect fees were up by 50%. In September of 2016 the Board of Aldermen voted on a rate increase schedule that would increase water and sewer rates incrementally to September of 2022. This rate increase, coupled with an aggressive water meter replacement project resulted in increased revenue. In July of 2016 the Board of Aldermen also voted to increase water right-to-connect

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fees to recoup the increased costs of establishing a water connection. Overall the cost of operations decreased in the Water Fund but two capital projects, the painting of the Cherry Street Tower and the replacement of the water main along Cherry Street, resulted in increased expenditures for the water fund in FY2017 over last fiscal year.

The Sewer Fund experienced a net loss of \$79,643.81. User fees increased almost 9% over the previous fiscal year due to the rate increase as well as customer growth. Right-to-connect fees increased by 14% (10 additional connections). Major expenditures offset this increased revenue: I & I abatement projects, sewer main repairs, MBR cartridge replacement, increased bio-solids application, and capital equipment purchases.

The Sanitation Fund ended the fiscal year with a net gain of \$445.95. User fees increased per the City's contract with Meridian Waste (formerly Christian Disposal). As the City contracts for trash disposal services, the Sanitation Fund has no bearing on the City's financial position.

The Aquatic Center ended the fiscal year with a net loss of \$7,212.14. Aquatic Center income was down by nearly 17% as compared to the prior fiscal year. Expenses were up by almost 8% and transfers from the General Fund increased by 22%. The City once again contracted with Midwest Pool Management for the 2016 and 2017 seasons at no increase in fees. As pool seasons run from May to September of the calendar year and the City operates on a fiscal year, it is difficult to compare "seasons". The end of the 2016 pool season and the beginning of the 2017 pool season, which are both in the same fiscal year, were slow. The 2015 swim season was rainy, and many days the aquatic center closed early or did not open. This resulted in a refund from MPM of \$18,248.00 received in the 2016 fiscal year, which skews the comparison of expenses for the subsequent pool season. The City continues to make strides to make the aquatic center more self-supporting.

General Fund Budgetary Highlights

The General Fund exceeded budgetary projections by 8.67%, largely due to the sale of approximately 15 acres of the City's Industrial Land. Sales tax revenues slightly exceeded projections by .7%. Franchise taxes were over budget by nearly 5%, due in part to increases in cable, electric and gas gross receipts taxes and a settlement from the TracFone class action lawsuit. Real and personal property taxes were over budget by 4% and cigarette taxes were over budget by 5.5%. Surtax was virtually equivalent to the prior year. Financial Institution tax was over 4 times the budgeted figure.

Building permits were nearly 3 times the budgeted projections. Fines and forfeiture income met budget projections. Park fee income was essentially equivalent to budget, and interest earned exceeded projections by 61%.

Capital Assets and Debt Administration

The City operates under the cash basis of accounting; therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statements.

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At the year end the City had debt in the amount of \$ 9,105,000.00:

Series 2010A Certificates of Participation for City Hall refunding and remodeling projects	851,000.00
Series 2012A Certificates of Participation for refunding 2005 COPS for MBR Wastewater Treatment Plant	1,700,000.00
Series 2004 Lease Purchase of EDA Well and Tower	119,000.00
Series 2011 Certificates of Participation for Aquatic Center and capital improvements	1,965,000.00
Series 2012 Certificates of Participation for refunding 2004 COPS for MBR Wastewater Treatment Plant	4,470,000.00

Budgetary Analysis

In November of 2015 the City made application to the Missouri Dept. of Natural Resources for a State Revolving Fund (SRF) loan. The purpose of this loan is for upgrades to the City's wastewater treatment system. The City has been working with Woodard and Curran, an engineering firm, for assessment of its current conditions and recommendations for solutions. Based on their findings, the City went to the voters to approve the issuance of \$18,887,000.00 in revenue bonds for upgrading its sewer system. On June 6, 2016, the Board approved a work order with Woodard and Curran that will encompass four phases: an anti-degradation report, interceptor line assistance, environmental review and ultimately the design of the upgrades and interceptor line to divert all flow to the southeast plant and close the Hwy 47 plant. The cost of this work order is \$1,385,000.00. In addition to this work order a new work order was approved in May of 2017 in the amount of \$62,700.00. The scope of this work order includes three additional tasks: a Phase 2 archeological survey, preparation and submittal of EPA quarterly updates, and the design of the proposed Highway 47 pump station. This additional work order plus the remainder of the prior work order resulted in an entry of \$1,395,450.00 into the Sewer Fund budget for FY2018. Transfers from the General Fund Reserve and the Capital Improvements Fund will supplement sewer revenues to fund this project.

The City of Troy, in conjunction with Witte Bros. Trucking, applied for and received a CDBG Industrial Infrastructure Grant for improvements to Mennemeyer Road. Currently, Mennemeyer Road has asphalt pavement with no shoulders, curbs or gutters. With approximately 250 trucks per day traveling on the asphalt road, the City is planning on making concrete improvements to the road. This grant was secured due to the expansion and subsequent job creation at Witte Bros. The estimated project cost is \$1,265,000.00. The grant award is \$800,000.00

Concrete slab replacements on Excalibur Boulevard, Hickory Drive and Hickory Court will be performed at a budgeted cost of \$516,800.00. Chip and seal improvements will be made to Third Street and Cap Au Gris Street at a cost of \$28,160.00.

Improvements to the City's water distribution will be made in the 2017-2018 fiscal year. The water main on Cherry Street will be replaced at a budgeted cost of \$259,800.00. Water main replacements will also be performed on Harris Street and Carrington Blvd. This project was awarded to Wehmeyer Farms in FY2017 but will not commence until the new budget year. Their bid was \$225,098.00.

UNAUDITED

An upgrade to provide additional storage capacity to the Whitetail Lift Station was entered into the budget at a cost of \$285,000.00.

The construction of a new sidewalk on the west side of Main Street from College Street to the Main Street Elementary School continues into FY2018. Cannon General Contractors were awarded the project at a bid price of \$590,836.15, of which \$481,549.35 is still unexpended. The City will receive \$240,000.00 from the Transportation Alternatives Program (TAP) funds. The City's matching funds will come from the Capital Improvements Fund.

The Troy R-III School District approached the City offering a donation of land adjacent to their new middle school on Adelhardt Road, for use as athletic fields and trails. The donation was contingent upon the receipt of a \$150,000.00 grant available through the Missouri Dept. of Natural Resources to make improvements to the land for public use. It is a 40-acre tract and was divided into two parcels so that a portion of the land could be used for the City's grant match. The grant was awarded and the ground has been entitled "Crooked Creek Park". A portion of the engineering work was completed in the 2016-2017 fiscal year. The City will solicit bids for grading to create 4 baseball/softball fields and 3 soccer fields, along with grading and installation of gravel parking, gravel access road and storm sewer piping. The budgeted cost for this project is \$154,000.00 with some work being performed by the City's Public Works employees.

Other park improvements will be made as well. The newly asphalted parking areas will be seal-coated at an estimated cost of \$12,000.00. An electrical upgrade to the lighting at the ballfields in Fairgrounds Park is also planned at a budgeted cost of \$4,000.00.

The City will be adding to its fleet in FY2018. Two 2018 Dodge Chargers will be secured through a 4-year lease at budgeted annual cost of \$14,225.00. Two one-ton dual wheel 4 X 4 trucks with equipment will be purchased at a total cost for both of \$134,300.00. The City will also be looking to purchase a used large single-axle dump truck for the price of \$48,500.00.

A few investments in technology will be made in FY2018. The City will be safeguarding its electronic records by purchasing off-site cloud storage. Initial costs for this storage will be \$9,500.00 with an annual cost of \$5,360.00. The Municipal Court will be purchasing licensing for an on-demand court record search program through Tyler Technologies. This search program is mandated by the State of Missouri and will be available on the City's website. The cost of this program is \$2,750.00 annually. Cemetery records software has also been budgeted at a cost of \$2,750.00.

Two carports are budgeted for the Sewer Plant to house and protect the forklift, tractor and other implements at a cost of \$3,500.00. A generator has been budgeted as well at a cost of \$950.00.

The addition of a cremation garden has been budgeted for the cemetery at a cost of \$10,000.00

UNAUDITED

Capital equipment purchases have been budgeted for the 2017-2018 fiscal year as follows:

Bulk water dispenser	\$ 10,000.00	Water Fund
Epoxy liner for debris tank	\$ 7,000.00	Sewer Fund
20' equipment trailer	\$ 5,500.00	Street, Water & Sewer Funds
Deck-mounted trimmer	\$ 3,000.00	Cemetery Fund
Sonde locator	\$ 2,000.00	Sewer Fund
2,000-watt generator	\$ 1,900.00	Street, Water & Sewer Funds
Bulk oil tank	\$ 1,800.00	Maintenance Building Fund
Plasma cutter	\$ 1,700.00	Maintenance Building Fund

Sales tax revenues have been budgeted essentially flat. FY2017 saw a very slight increase in sales tax receipts over the previous fiscal year, so the Board chose to budget sales tax revenues conservatively. The Board once again indicated that they would be offering a property tax rollback of .15 per \$100 assessed valuation, so those revenues have been budgeted flat as well. Right-to-connect fees have been budgeted at 58 connections, which is an increase of 15 over the prior fiscal year.

Employee compensation and benefits represent roughly 30% of the FY2017-2018 Budget. The Board of Aldermen voted for pay increases in accordance with the City's compensation plan. Personnel costs for the FY2018 budget are approximately 6% higher than FY2017. In FY2017 the Board voted to convert the City's health insurance plan year to a calendar year. With renewal costs being unknown at budget time, the health insurance renewal commencing January 1, 2018 was budgeted at a 7% increase. The contribution rate for the Missouri Local Government Employees Retirement (MO LAGERS) increased for general employees from 9% to 10% and the rate for police increased from 8.7% to 9.7%.

Contacting the City's Financial Management

While this Management's Discussion & Analysis is designed to provide a general overview of the cash basis financial condition and operations of the City, citizens, tax payers and creditors may want further details. To obtain such details, please contact Mark A. Cross, Mayor, Jodi L. Schneider, City Clerk or Linda Flinn, Treasurer at the Troy City Hall, 800 Cap Au Gris, Troy, Missouri 63379 or call 636-528-4712 during regular office hours, Monday through Friday, 8:00 a.m. to 4:30 p.m.

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 5,219,406.71	\$ 2,780,363.36	\$ 7,999,770.07
Restricted Assets:			
Cash and Investments	<u>1,373,951.88</u>	<u> </u>	<u>1,373,951.88</u>
Total Assets	<u>6,593,358.59</u>	<u>2,780,363.36</u>	<u>9,373,721.95</u>
 <u>LIABILITIES</u>			
Payroll Withholdings	<u>6,867.63</u>	<u>2,617.20</u>	<u>9,484.83</u>
Total Liabilities	<u>6,867.63</u>	<u>2,617.20</u>	<u>9,484.83</u>
 <u>NET POSITION</u>			
Restricted for:			
Nonexpendable Permanent Funds	250,000.00	-	250,000.00
Capital Projects	1,051,791.47		1,051,791.47
Debt Service	134,994.11		134,994.11
Parks	117,244.38		117,244.38
Roads	804,035.87		804,035.87
Tourism	25,258.57		25,258.57
Cemetery	245,263.92		245,263.92
Other Purposes	45,162.25		45,162.25
Unrestricted	<u>3,912,740.39</u>	<u>2,777,746.16</u>	<u>6,690,486.55</u>
Total Net Position	<u>\$ 6,586,490.96</u>	<u>\$ 2,777,746.16</u>	<u>\$ 9,364,237.12</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues Received			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 829,166.89	\$ 165,620.60	\$ -	\$ -	\$ (663,546.29)	\$ -	\$ (663,546.29)
Public Safety	2,497,129.10	222,178.74	24,030.00	-	(2,250,920.36)	-	(2,250,920.36)
Culture and Recreation	301,995.29				(301,995.29)		(301,995.29)
Cemetery	31,862.44	23,870.00			(7,992.44)		(7,992.44)
Public Works - Streets	1,674,114.15		421,285.38		(1,252,828.77)		(1,252,828.77)
Economic Development	713,610.27			57,099.24	(656,511.03)		(656,511.03)
Debt Service							
Principal	324,123.19				(324,123.19)		(324,123.19)
Interest and Fees	138,070.07				(138,070.07)		(138,070.07)
Total governmental activities:	6,510,071.40	411,669.34	445,315.38	57,099.24	(5,595,987.44)	-	(5,595,987.44)
Business-type Activities:							
Water	1,312,237.07	1,427,611.77	-	-	115,374.70		115,374.70
Sewer	2,742,646.05	2,646,075.45	5,626.30		(90,944.30)		(90,944.30)
Sanitation	714,489.48	714,894.36			404.88		404.88
Troy Aquatic Center	176,735.21	95,712.19			(81,023.02)		(81,023.02)
Total business-type activities:	4,946,107.81	4,884,293.77	5,626.30	-	(56,187.74)		(56,187.74)
Total City	\$ 11,456,179.21	\$ 5,295,963.11	\$ 450,941.68	\$ 57,099.24	\$ (5,595,987.44)		\$ (5,652,175.18)
General Revenues:							
Taxes							
Property Taxes					300,130.37		300,130.37
Franchise and Public Service Taxes					2,221,150.07		2,221,150.07
Sales Tax					3,927,219.76		3,927,219.76
Investment Income					22,207.48	8,863.57	31,071.05
Miscellaneous					130,068.36		130,068.36
Sale of Assets					305,545.47	7,992.00	313,537.47
Transfers between funds					(74,389.33)	74,389.33	-
Total General Revenues					6,831,932.18	91,244.90	6,923,177.08
Change in Net Position					1,235,944.74	35,057.16	1,271,001.90
Net Position - beginning					5,350,546.22	2,742,689.00	8,093,235.22
Net Position - ending					\$ 6,586,490.96	\$ 2,777,746.16	\$ 9,364,237.12

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
BALANCE SHEET- MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Major Funds				Total Governmental Funds
	General	Street Maintenance	Capital Improvement	Non-Major Funds	
ASSETS					
Cash and Investments	\$ 3,918,356.93	\$ -	\$ 1,040,360.55	\$ 260,689.23	\$ 5,219,406.71
Restricted Assets:					
Cash and Investments		805,277.36		568,674.52	1,373,951.88
Due From Other Funds			135,023.21		135,023.21
Total Assets	\$ 3,918,356.93	\$ 805,277.36	\$ 1,175,383.76	\$ 829,363.75	\$ 6,728,381.80
LIABILITIES AND FUND EQUITY					
Liabilities					
Payroll Liabilities	\$ 5,616.54	\$ 1,241.49	\$ -	\$ 9.60	\$ 6,867.63
Due To Other Funds				135,023.21	135,023.21
Total Liabilities	\$ 5,616.54	\$ 1,241.49	\$ -	\$ 135,032.81	\$ 141,890.84
Fund Equity:					
Fund Balance:					
Nonspendable	\$ -	\$ -	\$ -	\$ 250,000.00	\$ 250,000.00
Restricted for:					
Capital Projects			1,040,360.55	11,430.92	1,051,791.47
Debt Service				134,994.11	134,994.11
Parks				117,244.38	117,244.38
Roads		804,035.87			804,035.87
Tourism				25,258.57	25,258.57
Cemetery				245,263.92	245,263.92
Other purposes				45,162.25	45,162.25
Unassigned	3,912,740.39		135,023.21	(135,023.21)	3,912,740.39
Total Fund Equity	3,912,740.39	804,035.87	1,175,383.76	694,330.94	6,586,490.96
Total Liabilities and Fund Equity	\$ 3,918,356.93	\$ 805,277.36	\$ 1,175,383.76	\$ 829,363.75	

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

There are no adjustments

Net position of governmental activities \$ 6,586,490.96

See accompanying notes to financial basic statements.

CITY OF TROY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Major Funds				Total
	General	Street Maintenance	Capital Improvements	Non-Major Funds	Governmental Funds
REVENUES:					
Taxes	\$ 3,763,910.37	\$ 1,270,869.08	\$ 1,309,028.10	\$ 104,692.65	\$ 6,448,500.20
Intergovernmental	24,030.00	421,285.38	40,719.19	16,380.05	502,414.62
Licenses, Permits and Fees	165,620.60				165,620.60
Charges for Services				23,870.00	23,870.00
Interest	10,524.87	2,381.10	3,017.64	6,283.87	22,207.48
Fines and Forfeitures	222,178.74				222,178.74
Sale of Assets	302,557.12	2,988.35			305,545.47
Miscellaneous	70,144.12	2,614.64		57,309.60	130,068.36
Total Revenues	4,558,965.82	1,700,138.55	1,352,764.93	208,536.17	7,820,405.47
EXPENDITURES:					
Current:					
General Government	764,437.99	-	-	-	764,437.99
Public Safety	2,396,749.97			20,298.14	2,417,048.11
Culture and Recreation	271,939.35				271,939.35
Cemetery				31,862.44	31,862.44
Public Works - Streets		1,216,615.04			1,216,615.04
Economic Development			30,174.74	106,191.62	136,366.36
Capital Outlay	122,530.83	457,499.11	577,243.91	52,335.00	1,209,608.85
Debt Service:					
Principal	144,123.19		180,000.00		324,123.19
Interest and Fees	41,107.57		96,962.50		138,070.07
Total Expenditures	3,740,888.90	1,674,114.15	884,381.15	210,687.20	6,510,071.40
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	818,076.92	26,024.40	468,383.78	(2,151.03)	1,310,334.07
OTHER FINANCING SOURCES (USES):					
Operating Transfers	(73,805.85)	-	(493.80)	(89.68)	(74,389.33)
Total Other Financing Sources (Uses):	(73,805.85)	-	(493.80)	(89.68)	(74,389.33)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	744,271.07	26,024.40	467,889.98	(2,240.71)	1,235,944.74
FUND BALANCE, JULY 1, 2016	3,168,469.32	778,011.47	707,493.78	696,571.65	5,350,546.22
FUND BALANCE, JUNE 30, 2017	\$ 3,912,740.39	\$ 804,035.87	\$ 1,175,383.76	\$ 694,330.94	\$ 6,586,490.96

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$	1,235,944.74
There are no adjustments		<hr/>
Change in Net Position of Governmental Activities	\$	<u><u>1,235,944.74</u></u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2017

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
ASSETS					
Cash and Cash Equivalents	\$ 1,345,578.24	\$ 1,413,286.00	\$ 16,976.70	\$ 4,522.42	\$ 2,780,363.36
Total Assets	<u>\$ 1,345,578.24</u>	<u>\$ 1,413,286.00</u>	<u>\$ 16,976.70</u>	<u>\$ 4,522.42</u>	<u>\$ 2,780,363.36</u>
LIABILITIES					
Payroll Withholdings	\$ 947.75	\$ 1,592.40	\$ 77.05	\$ -	\$ 2,617.20
NET POSITION					
Unrestricted	<u>1,344,630.49</u>	<u>1,411,693.60</u>	<u>16,899.65</u>	<u>4,522.42</u>	<u>2,777,746.16</u>
Total Net Position	<u>\$ 1,344,630.49</u>	<u>\$ 1,411,693.60</u>	<u>\$ 16,899.65</u>	<u>\$ 4,522.42</u>	<u>\$ 2,777,746.16</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
OPERATING REVENUES:					
Charges for Services	\$ 1,427,611.77	\$ 2,646,075.45	\$ 714,894.36	\$ 95,712.19	\$ 4,884,293.77
OPERATING EXPENSES:					
Cost of Sales and Services	851,843.19	1,386,556.16	684,434.10	176,735.21	3,099,568.66
Administration	113,290.81	68,735.12	30,055.38		212,081.31
Capital Outlay	258,693.59	373,151.29			631,844.88
Total Operating Expenses	1,223,827.59	1,828,442.57	714,489.48	176,735.21	3,943,494.85
OPERATING INCOME (LOSS)	203,784.18	817,632.88	404.88	(81,023.02)	940,798.92
NON-OPERATING REVENUES (EXPENSES):					
Interest	3,844.71	4,972.76	41.07	5.03	8,863.57
Sale of Assets	2,247.75	5,744.25			7,992.00
Federal Grants		5,626.30			5,626.30
Debt Service:					
Principal	(82,742.73)	(722,742.73)			(805,485.46)
Interest and Fees	(5,666.75)	(191,460.75)			(197,127.50)
Total Non-Operating Revenues (Expenses)	(82,317.02)	(897,860.17)	41.07	5.03	(980,131.09)
INCOME (LOSS) BEFORE TRANSFERS	121,467.16	(80,227.29)	445.95	(81,017.99)	(39,332.17)
OPERATING TRANSFERS	-	583.48	-	73,805.85	74,389.33
NET INCOME(LOSS) AFTER OPERATING TRANSFER	121,467.16	(79,643.81)	445.95	(7,212.14)	35,057.16
TOTAL NET POSITION, JULY 1, 2016	1,223,163.33	1,491,337.41	16,453.70	11,734.56	2,742,689.00
TOTAL NET POSITION, JUNE 30, 2017	\$ 1,344,630.49	\$ 1,411,693.60	\$ 16,899.65	\$ 4,522.42	\$ 2,777,746.16

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 1,427,611.77	\$ 2,646,075.45	\$ 714,894.36	\$ 95,712.19	\$ 4,884,293.77
Cash Payments to Suppliers for Goods and Services	(805,748.50)	(1,326,889.02)	(696,715.49)	(176,735.21)	(3,006,088.22)
Cash Payments to Employees for Services	(417,534.08)	(500,731.98)	(17,734.44)		(936,000.50)
Net Cash Provided (Used) by Operating Activities	<u>204,329.19</u>	<u>818,454.45</u>	<u>444.43</u>	<u>(81,023.02)</u>	<u>942,205.05</u>
Cash Flows from Noncapital Financing Activities:					
Operating Transfers	-	583.48	-	73,805.85	74,389.33
Net Cash Used Provided by Noncapital Financing Activities	<u>-</u>	<u>583.48</u>	<u>-</u>	<u>73,805.85</u>	<u>74,389.33</u>
Cash Flows from Capital and Related Financing Activities:					
Federal Grants	-	5,626.30	-	-	5,626.30
Sale of Assets	2,247.75	5,744.25			7,992.00
Principal Paid on Bonds/Certificates	(82,742.73)	(722,742.73)			(805,485.46)
Interest and Fees Paid on Certificates	(5,666.75)	(191,460.75)			(197,127.50)
Net Cash Used for Capital and Related Financial Activities	<u>(86,161.73)</u>	<u>(902,832.93)</u>	<u>-</u>	<u>-</u>	<u>(988,994.66)</u>
Cash Flows from Investing Activities:					
Interest Earned	3,844.71	4,972.76	41.07	5.03	8,863.57
Cash and Cash Equivalents, Beginning of Year	<u>1,223,566.07</u>	<u>1,492,108.24</u>	<u>16,491.20</u>	<u>11,734.56</u>	<u>2,743,900.07</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,345,578.24</u>	<u>\$ 1,413,286.00</u>	<u>\$ 16,976.70</u>	<u>\$ 4,522.42</u>	<u>\$ 2,780,363.36</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income(Loss)	\$ 203,784.18	\$ 817,632.88	\$ 404.88	\$ (81,023.02)	\$ 940,798.92
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities					
Changes in assets and liabilities:					
Payroll Withholdings	545.01	821.57	39.55	-	1,406.13
Net Cash Provided (Used) by Operating Activities	<u>\$ 204,329.19</u>	<u>\$ 818,454.45</u>	<u>\$ 444.43</u>	<u>\$ (81,023.02)</u>	<u>\$ 942,205.05</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
JUNE 30, 2017

<u>ASSETS</u>	<u>Agency Funds</u>
Restricted Assets:	
Cash and Investments	\$ <u>4,425.00</u>
<u>LIABILITIES</u>	
Due to Others - Court Bonds	\$ <u>4,425.00</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

1. Summary of Significant Accounting Policies

The City of Troy, Missouri, was incorporated in 1819. The City operates under a Mayor-Board of Alderman form of government. The City's major operations include police, parks and recreation, public works, and general administrative services. In addition, the City owns and operates water, sewer, and sanitation systems.

The City's financial statements are prepared in accordance with the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Principals Used to Determine Scope of Entity

The City's reporting entity includes the City's governing board and all related organizations for which the City exercises oversight responsibility. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by both GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The City has determined that no other outside agency meets the criteria set forth and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would exercise such oversight which would result in the City being considered a component unit of the entity.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis present financial information about the City's government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities- Modified Cash Basis presents a comparison between direct expenses and program revenue for each functional program. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues.

General Government	Licenses, permits and fees
Public Safety	Fine revenue; operating grants
Cemetery	Lot sales
Publics Works-Streets	Vehicle fees and sales tax and gasoline excise tax shared by the State; operating grants
Economic Development	Capital grants
Sewer	Operating grants

Fund Financial Statements

During the year, the City segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of the governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. A fund is considered major if it is the primary operating fund of the City, the City chooses the fund or meets the following criteria:

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

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds; governmental, proprietary, and fiduciary.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. The following are the City’s governmental funds:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Street Maintenance Fund – to account for transportation, gasoline, and road tax revenues received by the City and those expenditures for the construction and maintenance of streets.

Cemetery Investment Fund – to account for cemetery revenues and expenditures.

Tourism Fund – to account for revenues received by the City for the purpose of promoting the City as a convention, visitor and tourist center.

Protested Franchise Tax Fund – to account for protested franchise tax revenues received.

Police Explorers Fund – to account for police explorer revenues and expenditures.

Police Forfeiture Fund – to account for funds received from the Equitable Sharing Program of the Department of Justice Asset Forfeiture Program.

Police Canine Unit- to account for donations received to fund a canine unit for the Troy Police Department.

Park Endowment (Brown) Fund – to account for contributions and investment earnings from private sources restricted to equipment and maintenance of the children's playground at Troy City Park.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the repayment of, long-term debt principal, interest and related costs.

SRS 2012 Debt Service Reserve – to account for an amount from proceeds of the Certificates of Participation (Series 2012) applied in accordance with the provisions of the lease purchase agreement.

SRS 2012 Debt Service – to account for the accumulation of resources and payment of interest and principal of the Certificates of Participation (Series 2012).

SRS 2012A Debt Service – to account for the accumulation of resources and payment of interest and principal of the Certificates of Participation (Series 2012A).

SRS 2012A Debt Service Reserve – to account for an amount from proceeds of the Certificates of Participation (Series 2012A) applied in accordance with the provisions of the lease purchase agreement.

Capital Project Funds

Capital project funds are used to account for and report financial resources restricted, committed, or assigned for capital outlays, including the acquisition or construction of specific capital facilities or other capital items.

Sewer Bonds Fund – to account for the costs of extending and improving the sewerage system of the City. Financing was provided by General Obligation Bonds proceeds.

Capital Improvement Fund – to account for the costs associated with capital improvements. Financing provided primarily by sales tax.

Industrial Development Fund – to account for costs of property acquisition for industrial development. Financing provided by Certificates of Participation and operating transfers.

CDBG Fund – to account for revenues and expenditures for a community development block grant.

EDA/CDBG Cherry Blossom Way Project – to account for the revenues and expenditures for the reconstruction of Cherry Blossom Way, funded in part with grant funds from the Missouri Department of Economic Development and the U.S. Department of Commerce's Economic Development Administration, awarded as a result of the expansion of Bodine Aluminum.

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the parks as described.

Park Endowment (Avery) Fund – to account for contributions and investment earnings from private sources restricted to the purchase and maintenance of a public park.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

Water Fund – to account for all water sales revenues and expenses pertaining thereto including payments for interest and principal of Certificates of Participation.

Sewer Fund – to account for the revenues and expenses of the operation of the sewerage system including payments for interest and principal of Certificates of Participation.

Sanitation Fund – to account for the revenues and expenses arising from the charges to patrons of the sanitation system.

Troy Aquatic Center – to account for the revenues and expenses arising from the patrons of the aquatic center.

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

Fiduciary Fund

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

Agency Fund

Municipal Court - represents monies that are held by the City's municipal court in a fiduciary capacity on behalf of various individuals and entities. This fund is not considered an operating fund of the City.

Major and Non-major Funds

The funds are classified as major or non-major as follows:

Major Funds:

General Fund

Special Revenue Fund:

Street Maintenance

Capital Projects Fund:

Capital Improvement

Proprietary Funds:

Water

Sewer

Sanitation

Non-Major Funds:

Special Revenue Funds:

Cemetery Investment

Tourism

Protested Franchise Tax

Police Explorers

Police Forfeiture

Police Canine Unit

Park Endowment (Brown)

Debt Services Funds:

SRS 2012 Debt Service Reserve

SRS 2012 Debt Service

SRS 2012A Debt Service

SRS 2012A Debt Service Reserve

Capital Projects Funds:

Sewer Bonds

EDA/CDBG Cherry Blossom Way Project

Industrial Development

CDBG

Permanent Fund:

Park Endowment (Avery)

Proprietary

Troy Aquatic Center

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position- Modified Cash Basis and the Statement of Activities- Modified Cash Basis, both governmental and business-like activities are presented using the “economic resources” measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All government funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Basis of Accounting

The government-wide financial statements and the fund financial statements, governmental and business-like activities, are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

D. Budgets and Budgetary Accounting

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

1. The City Treasurer submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Public hearings are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The budget was formally adopted on June 24, 2016.
4. Budgets for City funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

5. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

For the year ended June 30, 2017, the City complied, in all material respects, with applicable budget laws.

E. Cash and Cash Equivalents and Investments

Cash resources of the individual funds are combined to form a pool of cash and cash equivalents and temporary investments which is managed by the City Treasurer. Pooled accounts consist of demand deposits and money market deposits. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

For the purpose of the Statement of Net Position- Modified Cash Basis, “cash and investments” includes all cash on hand, demand deposits, money market accounts, non-negotiable certificates of deposit and open-ended money market mutual funds of the City. For the purpose of the proprietary fund Statement of Cash Flows- Modified Cash Basis, “cash and cash equivalents” includes all cash on hand, demand deposits and money market accounts.

F. Capital Assets

Capital outlays of the various funds are recorded as expenditures when incurred. These capital outlays represent the cost of land, buildings and improvements, and furniture and equipment. The City does not maintain a record of its capital assets.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

The restricted assets at June 30, 2017, are as follows:

Street Maintenance	\$	805,277.36
Tourism		25,258.57
Protested Franchise Tax		27,933.42
Police Forfeiture		12,581.07
Park Endowment (Brown)		87,143.07
CDBG		662.97
SRS 2012 Debt Service Reserve		100,000.00
SRS 2012 Debt Service		369.29
SRS 2012A Debt Service		123.26
SRS 2012A Debt Service Reserve		34,501.56
Park Endowment (Avery)		280,101.31
	\$	<u>1,373,951.88</u>

H. Due From Other Funds or Governments

Receivables and payables to other funds or governments arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

I. Governmental Fund Balances

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable- Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

Restricted- Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed- Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority.

Assigned- Amounts constrained by the City's intent to be used for specific purposes but that are neither restricted nor committed.

Unassigned- The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also City policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The City has no formal minimum fund balance policies or any formal stabilization arrangement in place.

Fund balances of the City's governmental funds at June 30, 2017, are classified as follows regarding level of constraint:

	General Fund	Special Revenue Funds	Capital Projects	Debt Service Funds	Permanent Funds
Fund Balances:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 250,000.00
Restricted for:					
Capital Projects			1,051,791.47		
Debt Service				134,994.11	
Parks		87,143.07			30,101.31
Roads		804,035.87			
Tourism		25,258.57			
Cemetery		245,263.92			
Other purposes		45,162.25			
Unassigned	3,912,740.39				
Total Fund Balances	\$ 3,912,740.39	\$ 1,206,863.68	\$ 1,051,791.47	\$ 134,994.11	\$ 280,101.31

J. Net Position/Fund Balance Classifications

Government-Wide Statements

Net position is classified and displayed in three components:

1. *Net investment in capital assets.* 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 improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

K. Interfund Activity

In the process of aggregating the financial information for the government-wide Statement of Net Position- Modified Cash Basis and Statement of Activities- Modified Cash Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. *Interfund loans.* Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. *Interfund services.* Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.
- c. *Interfund reimbursement.* Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.
- d. *Interfund transfers.* Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

Interfund activity and balances resulting from cash transaction or events, if any, are eliminated or reclassified in the government-wide financial statement as follows:

- a. *Interfund balances.* Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the "Governmental" and "Business-Type Activities" columns of the Statement of Net Position- Modified Cash Basis, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. *Internal activities.* Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers- Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. See Note 5 for details of interfund transactions.

L. Fines and Court Costs

Missouri statute now requires municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for minor traffic violations. The City's fines, court costs and other revenues pertaining to minor traffic violations totaled \$110,072.40 for the fiscal year. "Annual general operating revenue" is defined in the statute and may or may not include various sources of the City's revenues. "General operating revenue" totaled \$4,534,935.82. The City's fines and court costs for minor traffic violations are 2.43% "annual general operating revenue."

M. Estimates

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the final statements and accompanying notes. Actual results may differ from those estimates.

N. Adoption of New Accounting Standards

The City adopted GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The City also adopted GASB Statement 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

The City also adopted GASB Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

The City also adopted GASB Statement 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The City also adopted GASB Statement 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Because of the accounting method used, the City does not record the net pension liability, deferred outflows of resources, or deferred inflows of resources for the pension plan.

2. Cash and Investments

The City is governed by the deposit and investment limitations of City Policy and state law. The depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes. Debt certificate proceeds held by trustees and invested in accordance with the provisions of the trust indentures.

The City may invest the funds in bonds or any instrument permitted by law for the investment of State monies in accordance with section 165.051 of the Missouri Revised Statutes.

The cash and investments held at June 30, 2017, and reported at cost are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Cash on hand		<u>\$ 700.00</u>
Deposits:		
Demand deposits		995,126.47
Money market deposits		4,726,635.49
Non-negotiable certificates of deposit	Various	2,490,012.39
Total deposits		<u>8,211,774.35</u>
Investments:		
Money market deposits		134,501.56
Mutual fund money market		492.55
MOSIP Liquid series	Demand	26,253.49
MOSIP Term Series	10/27/2017	<u>1,000,000.00</u>
Total investments		<u>1,161,247.60</u>
Total cash and investments		<u>\$ 9,373,721.95</u>
Reconciliation to financial statements:		
Current:		
Cash and investments		\$ 7,999,770.07
Cash and investments - restricted		<u>1,373,951.88</u>
Total		<u>\$ 9,373,721.95</u>

Custodial Credit Risk – Deposits – Custodial credit is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2017, the City’s bank balances of \$8,277,724.44 were covered by the Federal Deposit Insurance Corporation (FDIC), letter of credit from the financial institution, or were collateralized by the pledging financial institution or its agent in the City’s name.

Investment Rate Risk – The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The City has no formal investment policy that limits its investment choices documented above. At June 30, 2017, the City’s investments were rated as follows:

Investment Type	Investment Maturities			Credit Rating
	<1 year	1-3 years	4-5 years	
Mutual fund money market	\$ 573.00	\$ -	\$ -	Aaa-mf
MOSIP Liquid Series	26,253.49			AAA-m
MOSIP Term Series	1,000,000.00			AAA-f

Concentration of Credit Risk: The City has no formal policy to minimize the risk of loss resulting from over concentrations of assets in specific maturity, specific issuer or specific class of securities.

At June 30, 2017, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, the City had the following investments with one issuer, which represented 5% or more of total investments:

		Percent of City’s Total Investments
MOSIP Liquid Series	\$ 26,253.49	2.2%
MOSIP Term Series	\$ 1,000,000.00	86.1%

Investment in Investment Pool - The City is a voluntary participant in the Missouri Securities Investment Program (MOSIP) that is a cooperative investment service established by an intergovernmental cooperative agreement. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by MOSIP for the entire MOSIP portfolio (in relation to the amortized cost of the portfolio).

The Missouri Securities Investment Program (MOSIP) was established on October 3, 1991, as an instrumentality of Missouri Public School Districts, municipalities and other political subdivisions pursuant to an intergovernmental cooperation agreement executed under the laws of the State of Missouri. MOSIP is governed by a board of directors elected by members. The objective of MOSIP is to enable eligible organizations to pool their available funds for investment in instruments permitted by Missouri Law. The City’s participation currently is through investment in the MOSIP Liquid Series, MOSIP Term Series and MOSIP CD Program.

objective of MOSIP is to enable eligible organizations to pool their available funds for investment in instruments permitted by Missouri Law. The City's participation currently is through investment in the MOSIP Liquid Series, MOSIP Term Series and MOSIP CD Program.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	<u>Fair Value Measurements Using</u>			<u>Cost Measurement Using</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Measured at Fair Value</u>
MOSIP Liquid Series	\$ -	\$ 26,253.49	\$ -	\$ 26,253.49
MOSIP Term Series	-	1,000,000.00	-	1,000,000.00

3. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31.

The assessed valuation of the tangible taxable property for the calendar year 2016 for purposes of local taxation was:

<u>Lincoln County</u>	
Real Estate	\$ 121,286,719.00
Personal Property	45,905,869.00
Railroad and Utilities	6,153,314.00
Total	<u>\$ 173,345,902.00</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2016 for purposes of local taxation was:

General Revenue	<u>\$ 0.1922</u>
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4. Long-Term Debt

The City's long-term debt arising from cash transactions is segmented between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of June 30, 2017, the long-term debt outstanding, arising from cash transactions, to be repaid from governmental funds consisted of the following:

Certificates of Participation

\$1,494,000.00 certificates of participation, due in varying installments through February 26, 2025; interest at 4.0% (reset annually) \$ 851,000.00

\$2,815,000.00 certificates of participation, due in varying annual installments through July 1, 2026; interest at 2.05% - 5.2% 1,965,000.00

Total certificates of participation \$ 2,816,000.00

Capital Lease Obligations

2014 capital lease with Santander for vehicles (cost \$77,038.72), payable in annual installments of \$20,943.19, including principal and interest at 5.89%, final payment due October 3, 2017 \$ 19,778.26

2015 capital lease with Clayton Holdings for vehicles (cost \$57,828.04), payable in annual installments of \$14,921.53 including principal and interest at 2.15%, final payment due August 19, 2018 28,907.47

2016 capital lease with Commerce Bank for vehicles (cost \$56,192.12), payable in annual installments of \$14,541.22 including principal and interest at 2.35%, final payment due September 21, 2019 41,650.90

Total capital lease obligations \$ 90,336.63

Business-Type Activities

As of June 30, 2017, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

Certificates of Participation

\$684,000.00 certificates of participation, due in varying annual installments through May 19, 2019; interest at 1.95% (reset annually) \$ 119,000.00

\$6,410,000.00 certificates of participation, due in varying installments through December 1, 2024; interest at 2.0% - 3.5% (reset annually)	4,470,000.00
\$2,605,000.00 certificates of participation, due in varying annual installments through July 1, 2025; interest at 0.75% - 3.3%	<u>1,700,000.00</u>
Total certificates of participation	<u>\$ 6,289,000.00</u>

Capital Lease Obligations

2015 capital lease with Clayton Holdings, LLC for equipment (cost \$282,396.00), payable in annual installments of \$58,466.96, including principal and interest at 1.76%, final payment due April 21, 2019	<u>\$ 113,917.77</u>
Total capital lease obligations	<u>\$ 113,917.77</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

Type of Debt	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount due within one year
Governmental Activities:					
Certificates of Participation	\$ 3,093,000.00	\$ -	\$ 277,000.00	\$ 2,816,000.00	\$ 99,000.00
Capital Lease Obligations	81,362.88	56,192.12	47,218.37	90,336.63	47,640.70
Total	<u>\$ 3,569,595.53</u>	<u>\$ 56,192.12</u>	<u>\$ 324,218.37</u>	<u>\$ 2,906,336.63</u>	<u>\$ 146,640.70</u>
Business-Type Activities:					
Certificates of Participation	\$ 7,039,000.00	\$ -	\$ 750,000.00	\$ 6,289,000.00	\$ 570,000.00
Capital Lease Obligations	169,403.23	-	55,485.46	113,917.77	56,462.01
Total	<u>\$ 7,992,929.04</u>	<u>\$ -</u>	<u>\$ 805,485.46</u>	<u>\$ 6,402,917.77</u>	<u>\$ 626,462.01</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2017, are as follows:

Governmental Activities						
Year Ended June 30,	Certificates of Participation		Capital Leases			
	Principal	Interest	Principal	Interest		
2018	\$ 99,000.00	\$ 78,906.25	\$ 47,640.70	\$ 2,765.24		
2019	286,000.00	116,390.00	28,488.59	974.16		
2020	293,000.00	105,080.00	14,207.34	333.88		
2021	305,000.00	92,862.50				
2022	312,000.00	79,953.75				
2023-2027	1,521,000.00	180,877.50				
Total	<u>\$ 2,816,000.00</u>	<u>\$ 654,070.00</u>	<u>\$ 90,336.63</u>	<u>\$ 4,073.28</u>		

Business-Type Activities				Total Debt Service Requirements to Maturity		
Year Ended June 30,	Certificates of Participation		Capital Leases		Principal	Interest
	Principal	Interest	Principal	Interest		
2018	\$ 570,000.00	\$ 150,988.50	\$ 56,462.01	\$ 2,004.95	\$ 773,102.71	\$ 234,664.94
2019	774,000.00	159,623.50	57,455.76	1,011.20	1,145,944.35	277,998.86
2020	730,000.00	141,320.00			1,037,207.34	246,733.88
2021	750,000.00	121,625.00			1,055,000.00	214,487.50
2022	775,000.00	99,436.25			1,087,000.00	179,390.00
2023-2027	2,690,000.00	151,262.50			4,211,000.00	332,140.00
Total	<u>\$ 6,289,000.00</u>	<u>\$ 824,255.75</u>	<u>\$ 113,917.77</u>	<u>\$ 3,016.15</u>	<u>\$ 9,309,254.40</u>	<u>\$ 1,485,415.18</u>

Payments on Governmental Activities - Certificates of Participation are paid from the General Fund (\$1,494,000.00 issue) and from Capital Improvements Fund (\$2,815,000.00 issue); Capital leases are paid from General Fund.

Payments on Business-Type activities- certificate of participation are paid from Water Fund (\$684,000.00 issue) and Sewer Fund (\$6,410,000.00 and \$2,605,000.00 issues); Capital lease is paid from Water and Sewer funds.

5. Interfund Transfers and Balances

Interfund Transfers

Transfers between funds for the year ended for the year ended June 30, 2017, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Fund	<u>\$ -</u>	<u>\$ 73,805.85</u>
Capital Projects Fund:		
Capital Improvements	<u>-</u>	<u>493.80</u>
Enterprise Funds:		
Sewer	<u>583.48</u>	<u>-</u>
<u>Non-major Funds:</u>		
EDA/CDBG Cherry Blossom Way Project	<u>493.80</u>	<u>-</u>
Debt Service Funds:		
SRS 2012A Debt Service	123.26	150.23
SRS 2012A Debt Service Reserve		123.26
SRS 2012 Debt Service	357.16	433.25
SRS 2012 Debt Service Reserve		<u>357.16</u>
Total Debt Service Funds	<u>480.42</u>	<u>1,063.90</u>
Enterprise Funds:		
Troy Aquatic Center	<u>73,805.85</u>	<u>-</u>
Total	<u>\$ 75,363.55</u>	<u>\$ 75,363.55</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund Balances

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Improvements	EDA/CDBG Cherry Blossom Way Project	\$ 135,023.21

Interfund balances resulted from advances for expenses paid before grant funds received.

6. Operating Leases

The City is committed under a lease for equipment. The lease for accounting purposes is considered an operating lease. Operating leases do not give rise to property rights or lease obligations. Lease expenditures for the year ended June 30, 2017, amounted to \$ 5,271.60.

<u>Year Ending</u>	<u>Amount</u>
2018	\$ 5,271.60
2019	4,637.40
2020	2,000.00
Total	<u>\$ 11,909.00</u>

7. Retirement Plans

General Information about the Pension Plan

Plan description. The City of Troy defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Troy participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<u>2017 Valuation</u>
Benefit Multiplier:	1.25% for life
Final Average Salary:	5 years
Member Contributions:	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Combined</u>
Inactive employees or beneficiaries currently receiving benefits	5	3	8
Inactive employees entitled to but not yet receiving benefits	8	10	18
Active employees	31	23	54
	<u>44</u>	<u>36</u>	<u>80</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 9.0% (General) and 8.7% (Police) of annual covered payroll.

Net Pension Liability. The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial assumptions. The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and the pre-retirement tables were adjusted for mortality improvement back to the observation period base year for 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43.00%	5.29%
Fixed Income	26.00%	2.93%
Real Assets	21.00%	3.31%

Strategic Assets

10.00%

5.73%

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability – General Division

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2016	<u>\$ 2,134,374</u>	<u>\$ 1,393,836</u>	<u>\$ 740,538</u>
Changes for the year:			
Service cost	104,977	-	104,977
Interest	152,753		152,753
Difference between expected and actual experience	(49,501)		(49,501)
Contributions - employer		132,582	(132,582)
Contributions - employee			-
Net investment income		173,359	(173,359)
Benefit payments, including refunds	(51,664)	(51,664)	-
Administrative expense		(3,625)	3,625
Other changes	(61,055)	(494)	(60,561)
Net changes	<u>95,510</u>	<u>250,158</u>	<u>(154,648)</u>
Balances at 6/30/2017	<u>\$ 2,229,884</u>	<u>\$ 1,643,994</u>	<u>\$ 585,890</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	Current Single Discount Rate		
	1% Decrease 6.25%	Assumption 7.25%	1% Increase 8.25%
Total pension liability (TPL)	\$ 2,598,318	\$ 2,229,884	\$ 1,926,343
Plan fiduciary net position	1,643,994	1,643,994	1,643,994
Net pension liability/(asset) (NPL)	\$ 954,324	\$ 585,890	\$ 282,349

Changes in the Net Pension Liability – Police Division

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2016	\$ 1,539,011	\$ 1,182,299	\$ 356,712
Changes for the year:			
Service cost	91,768	-	91,768
Interest	114,405		114,405
Difference between expected and actual experience	(64,229)		(64,229)
Contributions - employer		106,395	(106,395)
Contributions - employee			
Net investment income		154,214	(154,214)
Benefit payments, including refunds	(12,407)	(12,407)	
Administrative expense		(2,867)	2,867
Other changes		(3,199)	3,199
Net changes	129,537	242,136	(112,599)
Balances at 6/30/2017	\$ 1,668,548	\$ 1,424,435	\$ 244,113

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total pension liability (TPL)	\$ 1,978,522	\$ 1,668,548	\$ 1,415,399
Plan fiduciary net position	1,424,435	1,424,435	1,424,435
Net pension liability/(asset) (NPL)	\$ 554,087	\$ 244,113	\$ (9,036)

Changes in the Net Pension Liability – Combined

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2016	<u>\$3,673,385</u>	<u>\$2,576,135</u>	<u>\$1,097,250</u>
Changes for the year:			
Service cost	196,745	-	196,745
Interest	267,158		267,158
Difference between expected and actual experience	(113,730)		(113,730)
Contributions - employer		238,977	(238,977)
Contributions - employee			-
Net investment income		327,573	(327,573)
Benefit payments, including refunds	(64,071)	(64,071)	-
Administrative expense		(6,492)	6,492
Other changes	(61,055)	(3,693)	(57,362)
Net changes	<u>225,047</u>	<u>492,294</u>	<u>(267,247)</u>
Balances at 6/30/2017	<u>\$3,898,432</u>	<u>\$3,068,429</u>	<u>\$ 830,003</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	Current Single Discount Rate		
	1% Decrease	Assumption	1% Increase
	6.25%	7.25%	8.25%
Total pension liability (TPL)	\$ 4,576,840	\$ 3,898,432	\$ 3,341,742
Plan fiduciary net position	3,068,429	3,068,429	3,068,429
Net pension liability/(asset) (NPL)	<u>\$ 1,508,411</u>	<u>\$ 830,003</u>	<u>\$ 273,313</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017 the employer actuarially determined pension expense of \$179,945 (General) and \$140,809 (Police). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General		Police		Combined	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 62,410	\$(129,758)	\$ 19,576	\$ (55,978)	\$ 81,986	\$(185,736)
Differences in assumptions	122,676	(54,086)	46,912		169,588	(54,086)
Excess (deficit) investment returns	32,258		21,040		53,298	-
Contributions subsequent to the measurement date*					-	-
Total	<u>\$ 217,344</u>	<u>\$(183,844)</u>	<u>\$ 87,528</u>	<u>\$ (55,978)</u>	<u>\$ 304,872</u>	<u>\$(239,822)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2017.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	General	Police	Combined
2018	\$ 21,884	\$ 17,418	\$ 39,302
2019	21,886	17,417	39,303
2020	8,829	6,665	15,494
2021	(11,773)	(10,612)	(22,385)
2022	2,142	2,462	4,604
Thereafter	(9,468)	(1,800)	(11,268)
Total	<u>\$ 33,500</u>	<u>\$ 31,550</u>	<u>\$ 65,050</u>

Payable to the Pension Plan

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

8. Other Post-Employment Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is to be paid in full by the insured on or before the twenty-fifth (25th) day of the month for the following month's coverage. There is no associated cost to the City under this program.

9. Commitments and Contingencies

Commitments

The City contracts for the collection, removal and disposal of solid waste in the City. The contract terminates in June 2017 with payments required monthly, based upon a rate schedule. Payments are approximately \$57,000.00 monthly.

The City has contracted with the Troy Area Chamber of Commerce since 2005, to establish and operate a convention and visitors bureau (TCVB) funded by a charge on sleeping rooms paid by transient guests of hotels and motels in the City. This tax is collected monthly and forwarded quarterly for the prior three months' collections. During this fiscal year, the City forwarded \$102,452.69 of such charges to the TCVB. There are covenants concerning annual budgeting, marketing, insurance, accounting and financial reporting which are to be provided to the City on a timely basis.

On April 5, 2016 the City voters approved a proposed issuance of combined waterworks and sewerage system revenue bonds, in the amount of \$18,867,000.00 for the purpose of acquiring, constructing, repairing, improving, furnishing and equipping waterworks and sewerage systems of the City.

Also, as of June 30, 2017, the City had commitments for various capital projects.

Contingencies

The City is defendant in various litigation. The aggregate liability, after insurance coverage, is not determinable at this time. No provision has been made in the accompanying statements for settlement costs, if any. Accordingly, and as a result of the City's use of the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. Also, the City entered into a Consent Agreement/Final Order and Compliance on Consent (Docket No. CWA-07-2016-0047) with the United States Environmental Protection Agency under which the City paid a mitigated civil penalty of \$100,000.00, agreed to improve its wastewater treatment plants and completed a Supplemental Environmental Project improving some of the City's lighting to LED lighting with a value of \$60,000.00. The City is currently working with an engineering firm on the design and approval of improvements to comply with the scheduling accepted by the EPA for the improvements to the City's wastewater treatment plants. Funding for the project has been approved by the voters and the City is working with the State Revolving Fund to finalize financing for the improvements.

The City participates in various federal and state grant programs that are governed by various rules and regulations of the grantor agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, which may be disallowed by the grantor, cannot be determined at this time, although the City is not aware of any noncompliance that might require the City to provide reimbursement.

10. Liability Insurance

The City is a member of the Missouri Public Entity Risk Management Fund (MOPERM), a protected self-insurance program of political subdivisions. The City does not pay premiums to purchase insurance policies, but pays an assessment to be a member of self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The pooling agreement requires the pool to be self-sustaining. The City believes it is not possible to estimate the range or contingent losses to be borne by the City. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in insurance coverage from the prior year.

11. Subsequent Event

On September 18, 2017 the City issued Refunding Certificates of Participation, series 2017 in the principal amount of \$2,108,300.00 to advance refund the City's Certificates of Participation, Series 2011.

SUPPLEMENTARY INFORMATION

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 MODIFIED CASH BASIS - BUDGET AND ACTUAL -
 GENERAL FUND
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes				
Real Property	\$ 210,000.00	\$ 210,000.00	\$ 213,471.32	\$ 3,471.32
Personal Property Tax	78,000.00	78,000.00	86,659.05	8,659.05
Financial Institution Tax	700.00	700.00	3,113.81	2,413.81
Railroad and Utilities Tax	12,000.00	12,000.00	11,505.43	(494.57)
Surtax	35,000.00	35,000.00	35,096.65	96.65
Sales Tax	2,600,000.00	2,600,000.00	2,618,191.66	18,191.66
Cigarette Tax	57,000.00	57,000.00	60,111.30	3,111.30
Franchise Tax	700,000.00	700,000.00	732,818.06	32,818.06
Penalties and Interest on Taxes	2,500.00	2,500.00	2,943.09	443.09
	<u>3,695,200.00</u>	<u>3,695,200.00</u>	<u>3,763,910.37</u>	<u>68,710.37</u>
Intergovernmental				
Federal Grants	150,000.00	150,000.00	1,913.98	(148,086.02)
Other Grants			22,116.02	22,116.02
	<u>150,000.00</u>	<u>150,000.00</u>	<u>24,030.00</u>	<u>(125,970.00)</u>
Licenses, Permits, and Fees				
Merchants and Liquor Licenses	19,000.00	19,000.00	19,994.17	994.17
Building Permits	47,220.00	47,220.00	128,874.93	81,654.93
Dog Licenses	150.00	150.00	184.00	34.00
Occupational Licenses	1,800.00	1,800.00	2,377.50	577.50
Planning Fees	2,050.00	2,050.00	4,050.00	2,000.00
Reproduced Publication Fees	150.00	150.00	35.00	(115.00)
Other	1,775.00	1,775.00	10,105.00	8,330.00
	<u>72,145.00</u>	<u>72,145.00</u>	<u>165,620.60</u>	<u>93,475.60</u>
Interest	<u>6,000.00</u>	<u>6,000.00</u>	<u>10,524.87</u>	<u>4,524.87</u>
Fines and Forfeitures				
Fines	195,000.00	195,000.00	175,282.05	(19,717.95)
Court Costs	16,000.00	16,000.00	15,548.96	(451.04)
Police Fines and Charges	2,000.00	2,000.00	1,215.00	(785.00)
Training	3,000.00	3,000.00	2,586.00	(414.00)
DWI	2,200.00	2,200.00	2,757.33	557.33
CVCF Receipts	500.00	500.00	654.63	154.63
POST Reimbursement	1,200.00	1,200.00	1,451.32	251.32
Jail Reimbursement	6,000.00	6,000.00	6,064.00	64.00
Restitution			4,446.20	4,446.20
Bond Forfeiture	5,000.00	5,000.00	12,100.00	7,100.00
Warrants	200.00	200.00	73.25	(126.75)
	<u>231,100.00</u>	<u>231,100.00</u>	<u>222,178.74</u>	<u>(8,921.26)</u>
Sale of Assets	<u>-</u>	<u>-</u>	<u>302,557.12</u>	<u>302,557.12</u>
Miscellaneous				
Park Rental Fees	19,820.00	19,820.00	20,165.02	345.02
Cell Site Lease	29,200.00	29,200.00	31,015.35	1,815.35
Refunds			206.00	206.00
Donations			14,815.00	14,815.00
Other			3,942.75	3,942.75
	<u>49,020.00</u>	<u>49,020.00</u>	<u>70,144.12</u>	<u>21,124.12</u>
Total Revenues	<u>4,203,465.00</u>	<u>4,203,465.00</u>	<u>4,558,965.82</u>	<u>355,500.82</u>

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES:				
General Government:				
Judicial				
Salaries and Wages	\$ 70,020.00	\$ 70,020.00	\$ 66,649.79	\$ 3,370.21
Employee Benefits	29,650.00	29,650.00	28,930.81	719.19
Purchased Services	62,800.00	63,025.00	61,120.91	1,904.09
Property Services	825.00	825.00	540.22	284.78
Other Purchased Services	30,900.00	30,675.00	21,909.14	8,765.86
Supplies	3,070.00	3,070.00	2,187.92	882.08
Property	500.00	500.00		500.00
Capital Outlay	4,000.00	4,000.00	1,041.57	2,958.43
Other	100.00	100.00	39.00	61.00
	<u>201,865.00</u>	<u>201,865.00</u>	<u>182,419.36</u>	<u>19,445.64</u>
Executive				
Salaries and Wages	26,400.00	26,400.00	26,400.00	-
Employee Benefits	2,120.00	2,120.00	2,066.60	53.40
Purchased Services	200.00	250.00	441.28	(191.28)
Property Services	500.00	450.00	218.46	231.54
Other Purchased Services	1,825.00	1,825.00	1,781.89	43.11
Supplies	350.00	350.00	196.71	153.29
Capital Outlay	1,700.00	6,700.00	6,699.89	0.11
	<u>33,095.00</u>	<u>38,095.00</u>	<u>37,804.83</u>	<u>290.17</u>
Administration				
Salaries and Wages	192,415.00	192,415.00	195,524.95	(3,109.95)
Employee Benefits	78,625.00	78,625.00	78,164.28	460.72
Purchased Services	91,850.00	91,850.00	87,099.38	4,750.62
Property Services	5,020.00	5,020.00	5,078.56	(58.56)
Other Purchased Services	33,625.00	33,625.00	26,420.62	7,204.38
Supplies	8,500.00	8,500.00	5,911.01	2,588.99
Property	1,500.00	2,500.00	1,821.89	678.11
Capital Outlay	1,000.00			
Other	600.00	600.00	342.50	257.50
	<u>413,135.00</u>	<u>413,135.00</u>	<u>400,363.19</u>	<u>12,771.81</u>
Maintenance Facility				
Purchased Services	9,200.00	9,200.00	12,903.72	(3,703.72)
Property Services	8,000.00	8,000.00	10,821.01	(2,821.01)
Other Purchased Services	6,315.00	6,315.00	5,659.66	655.34
Supplies	35,525.00	35,525.00	32,577.60	2,947.40
Property	17,900.00	17,900.00	2,910.36	14,989.64
Capital Outlay			5,436.40	(5,436.40)
	<u>76,940.00</u>	<u>76,940.00</u>	<u>70,308.75</u>	<u>6,631.25</u>
Administration Building Maintenance				
Property Services	33,400.00	33,400.00	27,094.18	6,305.82
Other Purchased Services	17,630.00	17,630.00	17,470.67	159.33
Supplies	26,200.00	26,200.00	23,602.78	2,597.22
Capital Outlay	42,205.00	52,605.00	52,592.61	12.39
Other	25.00	25.00	25.00	
	<u>119,460.00</u>	<u>129,860.00</u>	<u>120,785.24</u>	<u>9,074.76</u>

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED):				
General Government (Continued):				
Safety				
Purchased Services	\$ 2,000.00	\$ 2,000.00	\$ 1,500.00	\$ 500.00
Property Services	5,000.00	5,000.00		5,000.00
Other Purchased Services	2,000.00	2,000.00		2,000.00
Supplies	1,160.00	1,160.00	985.52	174.48
Property	200.00	200.00		200.00
	<u>10,360.00</u>	<u>10,360.00</u>	<u>2,485.52</u>	<u>7,874.48</u>
Economic Development				
Other Purchased Services	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>-</u>
Total General Government	<u>869,855.00</u>	<u>885,255.00</u>	<u>829,166.89</u>	<u>56,088.11</u>
Public Safety:				
Police				
Salaries and Wages	1,333,020.00	1,344,705.00	1,324,947.15	19,757.85
Employee Benefits	555,330.00	555,330.00	557,101.27	(1,771.27)
Purchased Services	23,925.00	23,925.00	28,879.06	(4,954.06)
Property Services	31,415.00	32,215.00	37,257.24	(5,042.24)
Other Purchased Services	248,760.00	247,960.00	224,165.62	23,794.38
Supplies	126,050.00	130,050.00	80,923.65	49,126.35
Property	15,050.00	15,050.00	14,485.36	564.64
Capital Outlay		4,815.00	4,815.00	
Other	1,500.00	1,500.00	1,213.50	286.50
Debt Service				
Principal	44,850.00	44,850.00	47,123.19	(2,273.19)
Interest	3,190.00	3,190.00	3,187.57	2.43
	<u>2,383,090.00</u>	<u>2,403,590.00</u>	<u>2,324,098.61</u>	<u>79,491.39</u>
Inspections				
Salaries and Wages	59,450.00	59,450.00	59,780.65	(330.65)
Employee Benefits	28,900.00	28,900.00	26,282.53	2,617.47
Purchased Services	7,800.00	7,800.00	7,106.32	693.68
Property Services	1,450.00	1,450.00	1,784.12	(334.12)
Other Purchased Services	21,280.00	21,280.00	12,019.65	9,260.35
Supplies	7,000.00	7,000.00	6,766.51	233.49
Property	800.00	800.00		800.00
Capital Outlay	15,100.00	15,100.00	18,180.99	(3,080.99)
Other	520.00	520.00	-	520.00
	<u>142,300.00</u>	<u>142,300.00</u>	<u>131,920.77</u>	<u>10,379.23</u>
Stormwater Management				
Purchased Services	-	600.00	589.00	11.00
Other Purchased Services	3,000.00	2,300.00	110.75	2,189.25
Supplies		100.00	51.38	48.62
Capital Outlay	5,000.00	5,000.00	4,750.00	250.00
	<u>8,000.00</u>	<u>8,000.00</u>	<u>5,501.13</u>	<u>2,248.87</u>

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED):				
Public Safety (Continued):				
Animal Control				
Salaries and Wages	\$ 6,620.00	\$ 6,620.00	\$ 6,727.32	\$ (107.32)
Employee Benefits	3,410.00	3,410.00	2,707.43	702.57
Purchased Services	300.00	300.00	110.00	190.00
Property Services	3,500.00	2,800.00	1,107.88	1,692.12
Other Purchased Services	1,725.00	1,725.00	1,352.97	372.03
Supplies	700.00	1,400.00	1,280.61	119.39
	<u>16,255.00</u>	<u>16,255.00</u>	<u>13,286.21</u>	<u>2,968.79</u>
Total Public Safety	<u>2,549,645.00</u>	<u>2,570,145.00</u>	<u>2,474,806.72</u>	<u>95,088.28</u>
Culture - Recreation:				
Parks				
Salaries and Wages	148,640.00	148,640.00	143,272.94	5,367.06
Employee Benefits	51,500.00	51,500.00	51,915.10	(415.10)
Purchased Services	2,445.00	12,670.00	16,107.76	(3,437.76)
Property Services	35,400.00	35,400.00	23,023.92	12,376.08
Other Purchased Services	14,145.00	14,145.00	11,794.58	2,350.42
Supplies	39,925.00	39,925.00	23,730.25	16,194.75
Property	35,950.00	25,725.00	1,643.00	24,082.00
Capital Outlay	183,500.00	183,500.00	30,055.94	153,444.06
Other	350.00	350.00		350.00
	<u>511,855.00</u>	<u>511,855.00</u>	<u>301,543.49</u>	<u>210,311.51</u>
Total Culture - Recreation	<u>511,855.00</u>	<u>511,855.00</u>	<u>301,543.49</u>	<u>210,311.51</u>
Historical Preservation				
Property Services	400.00	400.00	123.12	276.88
Other Purchased Services	600.00	600.00	328.68	
	<u>1,000.00</u>	<u>1,000.00</u>	<u>451.80</u>	<u>276.88</u>
Total Debt Service	<u>1,000.00</u>	<u>1,000.00</u>	<u>451.80</u>	<u>276.88</u>
Debt Service:				
Bond Principal	97,000.00	97,000.00	97,000.00	-
Bond Interest	37,920.00	37,920.00	37,920.00	
	<u>134,920.00</u>	<u>134,920.00</u>	<u>134,920.00</u>	<u>-</u>
Total Debt Service	<u>134,920.00</u>	<u>134,920.00</u>	<u>134,920.00</u>	<u>-</u>
Total Expenditures	<u>4,066,275.00</u>	<u>4,103,175.00</u>	<u>3,740,888.90</u>	<u>361,487.90</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers-Out	(603,510.00)	(603,510.00)	(73,805.85)	529,704.15
Total Other Financing Sources	<u>(603,510.00)</u>	<u>(603,510.00)</u>	<u>(73,805.85)</u>	<u>529,704.15</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(466,320.00)	(503,220.00)	744,271.07	1,246,692.87
FUND BALANCE, JULY 1, 2016	<u>3,168,469.32</u>	<u>3,168,469.32</u>	<u>3,168,469.32</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 2,702,149.32</u>	<u>\$ 2,665,249.32</u>	<u>\$ 3,912,740.39</u>	<u>\$ 1,246,692.87</u>

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 MODIFIED CASH BASIS - BUDGET AND ACTUAL -
 STREET MAINTENANCE FUND
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes				
Transportation	\$ 1,260,000.00	\$ 1,260,000.00	\$ 1,270,869.08	\$ 10,869.08
Intergovernmental				
Federal Grants	187,000.00	187,000.00	-	(187,000.00)
Gasoline	400,000.00	400,000.00	421,285.38	21,285.38
	<u>587,000.00</u>	<u>587,000.00</u>	<u>421,285.38</u>	<u>(165,714.62)</u>
Sale of Assets	-	-	2,988.35	2,988.35
Interest	1,000.00	1,000.00	2,381.10	1,381.10
Miscellaneous	-	-	2,614.64	2,614.64
Total Revenues	<u>1,848,000.00</u>	<u>1,848,000.00</u>	<u>1,700,138.55</u>	<u>(147,861.45)</u>
EXPENDITURES:				
Public Works - Streets				
Salaries and Wages	496,695.00	496,695.00	413,145.71	83,549.29
Employee Benefits	239,690.00	239,490.00	208,096.69	31,393.31
Purchased Services	238,725.00	257,375.00	145,977.84	111,397.16
Property Services	86,000.00	86,000.00	71,148.58	14,851.42
Other Purchased Services	37,900.00	37,900.00	27,994.88	9,905.12
Supplies	504,175.00	454,563.00	348,900.56	105,662.44
Property	4,000.00	4,000.00	670.78	3,329.22
Capital Outlay	1,345,735.00	1,395,397.00	457,499.11	937,897.89
Other	775.00	775.00	680.00	95.00
Total Expenditures	<u>2,953,695.00</u>	<u>2,972,195.00</u>	<u>1,674,114.15</u>	<u>1,298,080.85</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,105,695.00)	(1,124,195.00)	26,024.40	1,150,219.40
OTHER FINANCING SOURCES (USES):				
Operating Transfers-In	700,000.00	700,000.00	-	(700,000.00)
FUND BALANCE, JULY 1, 2016	<u>778,011.47</u>	<u>778,011.47</u>	<u>778,011.47</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 372,316.47</u>	<u>\$ 353,816.47</u>	<u>\$ 804,035.87</u>	<u>\$ 450,219.40</u>

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2017

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

1. The City Treasurer submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Public hearings are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The budget was formally adopted on June 24, 2016.
4. Budgets for City funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

For the year ended June 30, 2017, the City complied, in all material respects, with applicable budget laws.

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds							Capital Projects Funds			
	Cemetery Investment	Tourism	Protested Franchise Tax	Police Explorers	Police Forfeiture	Police Canine Unit	Park Endowment Brown	Industrial Development	Cherry Blossom Way Project	Sewer Bonds	CDBG
Cash and Investments	\$ 245,273.52	\$ -	\$ -	\$ 271.71	\$ -	\$ 4,376.05	\$ -	\$ 4,576.26	\$ -	\$ 6,191.69	\$ -
Restricted Assets:											
Cash and Investments		25,258.57	27,933.42		12,581.07		87,143.07				662.97
Total Assets	\$ 245,273.52	\$ 25,258.57	\$ 27,933.42	\$ 271.71	\$ 12,581.07	\$ 4,376.05	\$ 87,143.07	\$ 4,576.26	\$ -	\$ 6,191.69	\$ 662.97
LIABILITIES AND FUND EQUITY											
Liabilities:											
Payroll Liabilities	\$ 9.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds									135,023.21		
Total Liabilities	\$ 9.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,023.21	\$ -	\$ -
Fund Balances											
Nonspendable											
Restricted for:											
Capital Projects										6,191.69	
Debt Service								4,576.26			662.97
Parks							87,143.07				
Tourism		25,258.57									
Cemetery	245,263.92										
Other purposes			27,933.42	271.71	12,581.07	4,376.05					
Unassigned											
Total Fund Balance	245,263.92	25,258.57	27,933.42	271.71	12,581.07	4,376.05	87,143.07	4,576.26	(135,023.21)	6,191.69	662.97
Total Liabilities and Fund Equity	\$ 245,273.52	\$ 25,258.57	\$ 27,933.42	\$ 271.71	\$ 12,581.07	\$ 4,376.05	\$ 87,143.07	\$ 4,576.26	\$ -	\$ 6,191.69	\$ 662.97

STATEMENT 3
(CONTINUED)

	Debt Service Funds				Permanent Fund Park Endowment Avery	Total Non-Major Governmental Funds
	SRS 2012 Debt Service Reserve	SRS 2012 Debt Service	SRS 2012A Debt Service	SRS 2012A Debt Service Reserve		
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,689.23
Restricted Assets:						
Cash and Investments	100,000.00	369.29	123.26	34,501.56	280,101.31	568,674.52
Total Assets	\$ 100,000.00	\$ 369.29	\$ 123.26	\$ 34,501.56	\$ 280,101.31	\$ 829,363.75
LIABILITIES AND FUND EQUITY						
Liabilities:						
Payroll Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.60
Due To Other Funds						135,023.21
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,032.81
Fund Balances						
Nonspendable	-	-	-	-	250,000.00	250,000.00
Restricted for:						
Capital Projects						11,430.92
Debt Service	100,000.00	369.29	123.26	34,501.56	30,101.31	134,994.11
Parks						117,244.38
Tourism						25,258.57
Cemetery						245,263.92
Other purposes						45,162.25
Unassigned						(135,023.21)
Total Fund Balance	100,000.00	369.29	123.26	34,501.56	280,101.31	694,330.94
Total Liabilities and Fund Equity	\$ 100,000.00	\$ 369.29	\$ 123.26	\$ 34,501.56	\$ 280,101.31	\$ 829,363.75

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds							Capital Projects Funds			
	Cemetery Investment	Tourism	Franchise Tax	Police Explorers	Police Forfeiture	Police Canine Unit	Park Endowment Brown	Industrial Development	Cherry Blossom Way Project	Sewer Bonds	CDBG
REVENUES:											
Taxes											
Intergovernmental											
Charges for Services	23,870.00								16,380.05		
Interest	756.96	45.56	76.81	548.50	89.16	13,540.00	266.24	14.04	18.92		
Miscellaneous	5,758.49				37,462.61						
Total Revenues	30,385.45	98,677.35	6,137.67	548.50	37,551.77	13,540.00	266.24	14.04	18.92		
EXPENDITURES:											
Current:											
Cemetery	31,862.44										
Economic Development		102,452.69						83.94	3,654.99		
Public Safety				939.25	56,685.12	15,008.77					
Total Expenditures	31,862.44	102,452.69		939.25	56,685.12	15,008.77		83.94	3,654.99		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,476.99)	(3,775.34)	6,137.67	(390.75)	(19,133.35)	(1,468.77)	266.24	(69.90)	12,725.06	18.92	
OTHER FINANCING SOURCES (USES):											
Operating Transfers-In									493.80		
Operating Transfers-Out											
Total Other Financing Sources (Uses)									493.80		
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,476.99)	(3,775.34)	6,137.67	(390.75)	(19,133.35)	(1,468.77)	266.24	(69.90)	13,218.86	18.92	
FUND BALANCE, JULY 1, 2016	246,740.91	29,033.91	21,795.75	662.46	31,714.42	5,844.82	86,876.83	4,646.16	(148,242.07)	6,172.77	662.97
FUND BALANCE, JUNE 30, 2017	245,263.92	25,258.57	27,933.42	271.71	12,581.07	4,376.05	87,143.07	4,576.26	(135,023.21)	6,191.69	662.97

STATEMENT 4
(CONTINUED)

	Debt Service Funds				Permanent Fund Park Endowment Avery	Total Non-Major Governmental Funds
	SRS 2012 Debt Service Reserve	SRS 2012 Debt Service	SRS 2012A Debt Service	SRS 2012A Debt Service Reserve		
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,692.65
Intergovernmental						16,380.05
Charges for Services						23,870.00
Interest	331.60	19.28	3.33	114.44	4,547.53	6,283.87
Miscellaneous						57,309.60
Total Revenues	331.60	19.28	3.33	114.44	4,547.53	208,536.17
EXPENDITURES:						
Current:						
Cometary						31,862.44
Economic Development						106,191.62
Public Safety						72,633.14
Total Expenditures	-	-	-	-	-	210,687.20
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	331.60	19.28	3.33	114.44	4,547.53	(2,151.03)
OTHER FINANCING SOURCES (USES):						
Operating Transfers-In	-	357.16	123.26	-	-	974.22
Operating Transfers-Out	(357.16)	(433.25)	(150.23)	(123.26)	-	(1,063.90)
Total Other Financing Sources (Uses)	(357.16)	(76.09)	(26.97)	(123.26)	-	(89.68)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(25.56)	(56.81)	(23.64)	(8.82)	4,547.53	(2,240.71)
FUND BALANCE, JULY 1, 2016	100,025.56	426.10	146.90	34,510.38	275,553.78	696,571.65
FUND BALANCE, JUNE 30, 2017	\$ 100,000.00	\$ 369.29	\$ 123.26	\$ 34,501.56	\$ 280,101.31	\$ 694,330.94

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 NON-MAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	<u>Troy Aquatic Center</u>	<u>Total Non Major Funds</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>4,522.42</u>	\$ <u>4,522.42</u>
Total Assets	\$ <u><u>4,522.42</u></u>	\$ <u><u>4,522.42</u></u>
 <u>LIABILITIES</u>		
Liabilities:		
None	\$ <u>-</u>	\$ <u>-</u>
 <u>NET POSITION</u>		
Unrestricted	<u>4,522.42</u>	<u>4,522.42</u>
Total Net Position	\$ <u><u>4,522.42</u></u>	\$ <u><u>4,522.42</u></u>

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 NET POSITION - MODIFIED CASH BASIS
 NON-MAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	<u>Troy Aquatic Center</u>	<u>Total Non Major Funds</u>
OPERATING REVENUES:		
Charges for Service	\$ <u>95,712.19</u>	\$ <u>95,712.19</u>
OPERATING EXPENSES:		
Salaries and Wages	15,140.33	15,140.33
Employee Benefits	2,135.98	2,135.98
Purchased Services	1,379.54	1,379.54
Property Services	3,713.09	3,713.09
Other Purchased Services	119,712.74	119,712.74
Supplies	32,710.90	32,710.90
Property	79.75	79.75
Other	1,862.88	1,862.88
Total Operating Expenses	<u>176,735.21</u>	<u>176,735.21</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest	<u>5.03</u>	<u>5.03</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(81,017.99)	(81,017.99)
OPERATING TRANSFERS	<u>73,805.85</u>	<u>73,805.85</u>
NET INCOME (LOSS) AFTER TRANSFERS	(7,212.14)	(7,212.14)
TOTAL NET POSITION, JULY 1, 2016	<u>11,734.56</u>	<u>11,734.56</u>
TOTAL NET POSITION, JUNE 30, 2017	<u>\$ 4,522.42</u>	<u>\$ 4,522.42</u>

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
 NON- MAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	Troy Aquatic Center	Total Non Major Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 95,712.19	\$ 95,712.19
Cash Payments to Suppliers for Goods and Services	(159,458.90)	(159,458.90)
Cash Payments to Employees for Services	<u>(17,276.31)</u>	<u>(17,276.31)</u>
Net Cash Provided (Used) by Operating Activities	<u>(81,023.02)</u>	<u>(81,023.02)</u>
Cash Flows from Noncapital Financing Activities:		
Operating Transfers	<u>73,805.85</u>	<u>73,805.85</u>
Cash Flows from Capital and Related Financing Activities:		
None	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest Earned	<u>5.03</u>	<u>5.03</u>
Cash and Cash Equivalents, Beginning of Year	<u>11,734.56</u>	<u>11,734.56</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,522.42</u>	<u>\$ 4,522.42</u>

Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities

Operating Income(Loss)	\$ (81,023.02)	\$ (81,023.02)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Changes in assets and liabilities:		
None	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (81,023.02)</u>	<u>\$ (81,023.02)</u>

OTHER INFORMATION

CITY OF TROY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 LAGERS RETIREMENT SYSTEM
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 YEAR ENDED JUNE 30, 2017

Year Ended June 30,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	Covered Employee Payroll	Liability as a Percentage of Covered Employee Payroll
2017	\$ 3,898,432	\$ 3,068,429	\$ 830,003	78.71%	\$ 2,613,740	31.8%
2016	3,673,385	2,576,135	1,097,250	70.13%	2,646,908	41.5%
2015	3,010,462	2,401,905	608,557	79.79%	2,570,374	23.7%

* Note: The above information is not available for years prior to the implementation of GASB 68.

CITY OF TROY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 LAGERS RETIREMENT SYSTEM
 SCHEDULE OF CONTRIBUTIONS
 LAST 10 FISCAL YEARS

Year Ended June 30,	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2009	\$ 241,012.16	\$ 241,012.16	\$ -	\$ 2,382,607.47	10.12%
2010	226,015.27	226,015.27	-	2,293,898.36	9.85%
2011	225,807.66	225,807.62	0.04	2,291,780.61	9.85%
2012	227,680.06	227,680.29	(0.23)	2,297,568.21	9.91%
2013	241,941.21	241,941.33	(0.12)	2,368,290.37	10.22%
2014	249,148.98	249,148.87	0.11	2,440,202.29	10.21%
2015	250,620.30	250,620.17	0.13	2,564,766.27	9.77%
2016	260,357.71	260,357.67	0.04	2,734,198.39	9.52%
2017	238,993.65	238,993.61	0.04	2,696,248.41	8.86%

CITY OF TROY MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 NOTES TO LAGERS RETIREMENT SYSTEM
 JUNE 30, 2017

Valuation Date: February 28, 2017

Notes: The roll forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal and Modified Terminal Funding

Amortization Method A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining Amortization Period Multiple bases from 13 to 21 years

Asset Valuation Method 5-Year smoothed market; 20% corridor

Inflation 3.25% wage inflation; 2.50% price inflation

Salary Increases 3.25% to 6.55% including wage inflation

Investment Rate of Return 7.25%, net of investment

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.

Mortality The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information: None.