

**CITY OF TROY, MISSOURI**  
**AUDIT OF FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

CITY OF TROY, MISSOURI

CASH BASIS FINANCIAL STATEMENTS

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CITY OF TROY, MISSOURI

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## INDEPENDENT AUDITOR'S REPORT

Board of Aldermen  
City of Troy, Missouri

We have audited the accompanying 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, as of and for the year ended June 30, 2015, 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 cash basis of accounting described in Note 1; this includes determining that the 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-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, 2015, and the respective changes in financial position-cash basis and where applicable, cash flows-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 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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, budgetary comparison information on pages 47 through 52, and LAGERS retirement system information on pages 53 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Troy, Missouri's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Croghin + Croghin P.C.*  
Certified Public Accountants

Kirkwood, Missouri  
December 31, 2015

**UNAUDITED**

**City of Troy, Missouri  
Management's Discussion and Analysis  
For The Fiscal Year Ended June 30, 2015**

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, 2015. 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, 2015 include the following:

- The City contracted with t. Drury Contracting for the construction of a new well and well house. This project began in the 2014 fiscal year. The City purchased land on Elm Tree Road for the drilling of this well, designated Well # 13. The drilling there had to be abandoned due to poor water quality and high levels of running sand that could not be cased out. It was then determined that the new well, now known as Well # 14, would be drilled at a site on Third Street, on City-owned property. This well was completed and put online in the 2015 fiscal year. The cost of construction was \$791,400.83.
- Cannon General Contractors was awarded the bid for the complete reconstruction of Blair and Trail Avenues. This project was substantially complete by June 30 with \$400,476.31 of the project cost of \$444,973.68 expended in the 2015 fiscal year.
- Construction on the complete replacement of Cherry Blossom Way and the addition of sidewalks began in December of 2014. This project is a cooperative effort between the Missouri Department of Economic Development, the Community Development Block Grant and the City of Troy. The DED grant of \$756,894 and the CDBG grant of \$350,000.00 were secured by the City due to the expansion and subsequent job creation at Bodine Aluminum. The balance of this project will be funded by the City of Troy from Capital Improvements Tax revenue. At the June 30, 2015 fiscal year-end, the City had expended \$362,584.89 of the \$1,428,226.50 construction cost. Engineering and professional services costs for the 2015 fiscal year were \$24,704.96. This project is expected to be completed by September of 2015.

## *UNAUDITED*

- The City of Troy entered into an agreement with the Missouri Department of Economic Development for a grant referred to as the Neighborhood Stabilization Program (NSP) in FY2010. This program provided funding for the purchase and rehabilitation of homes in foreclosure. These homes were then made available for purchase to qualified individuals. The proceeds from the sale of these homes will be retained by the City and may be used for improvements to the City within the scope of Community Development Block Grant guidelines. This program was approved in May of 2009 and the purchase of homes began in December of 2009. At the 2015 year-end the following homes remained in the program: 110 Monroe Street and 338 Lyons Drive. This grant is being administered by the Boonslick Regional Planning Commission.
- The City and Johnson Controls entered into a Settlement Agreement and Release which discharged the obligations under the Performance Development Agreement. Pursuant to this Agreement, the City paid the sum of \$214,358.00 to Johnson Controls for mold remediation conducted at the Southeast Wastewater Treatment Plant (MBR).
- The City contracted with Mid-River Asphalt for the asphalt overlay of the following streets at a cost of \$242,298.13: Alden Street, Creech Street, Elm Tree Road, Friendship Court, Prospect Circle, and Old Cap Au Gris Road.
- In the fall of 2014, M & H Concrete Contractors Inc. performed the complete reconstruction of Judy Lane at a cost of \$109,947.75.
- The City once again entered into a cooperative purchasing agreement with Lincoln County to contract with Missouri Petroleum Products for the aggregate seal coating of the following streets at a cost of \$101,669.40: East Cherry Street, South Lincoln Drive and Boone Street.
- The water main at Cherry Street and Lincoln Drive, which was extremely deep and inconveniently placed for maintenance, was relocated and replaced. Mick Mehler & Sons performed this project at a cost of \$83,354.25.
- Foam Engineers LLC was retained to install spray foam insulation at the Southeast Wastewater Treatment Facility at a project cost of \$18,437.00.
- Insituform Technologies USA LLC performed the lining of a storm sewer pipe on Fair Court at a project cost of \$24,275.00.
- The City's maintenance facility at 335 Excalibur was expanded with the addition of a lean-to shed. Birkhead Construction built this addition at a cost of \$28,000.00.
- The City entered into a 5-year lease for an Aquatech Jetter Truck. The purchase price less the trade-in of the Vactor was \$282,396.00. The City also purchased an Aries Pathfinder Sewer Camera at a cost of \$47,466.00.
- Three (3) 2014 Dodge Chargers were added to the police fleet through a 4-year lease purchase at a total purchase price of \$83,772.76.

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- The conversion to Tyler Technologies' Incode Financial Suite for the City's accounting software was completed in the fall of 2014, with \$35,531.41 expended in FY2015.
- The building department purchased a Hewlett Packard T2500 Design Printer, costing \$9,357.45.
- Other capital equipment purchases were as follows: a used Case Wheel Loader, \$15,000.00, an ICS hydraulic saw, \$5,097.00, a Swenson Salt Spreader, \$5,302.00, Ground Speed Controls, \$4,354.00, a Metro Tech Locator, \$4,470.26, a Wachs Trash Pump, \$4,258.59, three (3) Stalker Radar Units, \$4,185.00, a John Deere Rotary Cutter, \$3,385.70 and a Norton Clipper Saw, \$2,396.80.

The City's net position (cash basis) at the end of 2015 was \$ 7,411,890.49. This represents a 1.75% increase over the fiscal year ending June 30, 2014.

### **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.

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.



**UNAUDITED**  
**NET POSITION**

The following table presents the condensed Statement of Net Position for the City as of June 30, 2014 and June 30, 2015.

	Governmental Activities	Business-Type Activities	Total June 30, 2015	Total June 30, 2014
<b>ASSETS</b>				
Cash and Investments	\$ 2,909,411.31	\$ 2,434,455.17	\$ 5,343,866.48	\$ 5,229,758.86
Restricted Assets:				
Cash and Investments	2,076,270.63		2,076,270.63	2,062,996.15
Total Assets	<u>4,985,681.94</u>	<u>2,434,455.17</u>	<u>7,420,137.11</u>	<u>7,292,755.01</u>
<b>LIABILITIES</b>				
Payroll Withholdings	6,379.51	1,867.11	8,246.62	8,058.71
<b>NET POSITION</b>				
Restricted	2,075,100.30	-	2,075,100.30	2,061,525.29
Unrestricted	<u>2,904,202.13</u>	<u>2,432,588.06</u>	<u>5,336,790.19</u>	<u>5,223,171.01</u>
Total Net Position	<u><u>4,979,302.43</u></u>	<u><u>2,432,588.06</u></u>	<u><u>7,411,890.49</u></u>	<u><u>7,284,696.30</u></u>

Total net position of the City increased by \$127,194.19 for the year due to current year activity.

**Government-wide Financial Analysis**

Revenue and Expenditure Comparison for Years  
Ending June 30, 2015 and 2014

	2015	%	2014	%
<b>Revenue - All Funds:</b>				
Taxes	\$ 6,096,142.97	52.96%	\$ 5,524,735.84	52.92%
Licenses and Permits	130,552.56	1.13%	54,096.27	0.52%
Charges for Services	4,281,064.07	37.19%	4,022,936.52	38.53%
Fines and Forfeitures	217,728.49	1.89%	262,855.49	2.52%
Sale of Assets	3,357.75	0.03%	8,450.56	0.08%
Grants	625,804.01	5.44%	462,923.77	4.43%
Interest	27,272.33	0.24%	27,078.99	0.26%
Miscellaneous	129,041.85	1.12%	76,720.35	0.73%
Total Revenues	<u>\$ 11,510,964.03</u>	<u>100.00%</u>	<u>\$ 10,439,797.79</u>	<u>100.00%</u>
<b>Expenditures -- All Fund:</b>				
General Government	\$ 654,445.56	5.75%	\$ 654,924.96	6.81%
Public Safety	2,261,675.18	19.87%	2,194,378.25	22.81%
Culture and Recreation	205,379.69	1.80%	175,109.40	1.82%
Cemetery	27,405.95	0.24%	24,681.59	0.26%
Public Works - Streets	1,686,664.86	14.82%	1,712,386.13	17.80%
Economic Development	1,087,163.27	9.55%	464,627.71	4.83%
Operating Expenses - Utilities	3,951,696.83	34.71%	2,895,910.81	30.10%
Debt Service - Principal/Interest	1,509,338.50	13.26%	1,498,044.00	15.57%
Total Expenditures	<u>\$ 11,383,769.84</u>	<u>100.00%</u>	<u>\$ 9,620,062.85</u>	<u>100.00%</u>

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**Governmental Funds Financial Analysis**

	<u>2015</u>	<u>2014</u>
Program Revenues Collected:		
Charges for Services	\$ 361,711.05	\$ 327,746.76
Operating Grants and Contributions	625,804.01	454,423.77
General Revenues Collected:		
Property Taxes	293,854.14	282,371.33
Franchise and Public Service Taxes	2,115,060.93	1,930,456.86
Sales Tax	3,687,227.90	3,311,907.65
Investment Income	18,471.67	17,477.84
Sale of Assets	3,357.75	8,450.56
Miscellaneous	129,041.85	76,720.35
Total Revenues Collected	<u>7,234,529.30</u>	<u>6,409,555.12</u>
Expenses Paid:		
General Government	654,445.56	654,924.96
Public Safety	2,261,675.18	2,194,378.25
Public Works - Streets	1,686,664.86	1,712,386.13
Culture and Recreation	205,379.69	175,109.40
Cemetary	27,405.95	24,681.59
Economic Development	1,087,163.27	464,627.71
Debt	413,500.00	397,000.00
Debt Interest and Fees	158,662.50	168,455.00
Total Expenses Paid	<u>6,494,897.01</u>	<u>5,791,563.04</u>
Transfers between funds	<u>(105,236.51)</u>	<u>(102,880.97)</u>
Change in Net Position	634,395.78	515,111.11
Net Position, July 1	<u>4,344,906.65</u>	<u>3,829,795.54</u>
Net Position, June 30	<u>\$ 4,979,302.43</u>	<u>\$ 4,344,906.65</u>

**Business Type Activities**

	<u>2015</u>	<u>2014</u>
Water Fund:		
Operating Revenue	\$ 1,156,701.79	\$ 1,155,944.87
Operating Expenditures	<u>(1,793,004.92)</u>	<u>(953,073.94)</u>
Operating Income/(Loss)	(636,303.13)	202,870.93
Non-Operating Revenue/(Expenses)	(51,837.96)	(43,551.19)
Operating Transfer	-	-
Net Income/(Loss)	<u>\$ (688,141.09)</u>	<u>\$ 159,319.74</u>

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	<u>2015</u>	<u>2014</u>
Sewer Fund:		
Operating Revenue	\$ 2,378,782.85	\$ 2,134,311.86
Operating Expenditures	<u>(1,325,038.91)</u>	<u>(1,119,184.30)</u>
Operating Income/(Loss)	1,053,743.94	1,015,127.56
Non-Operating Revenue/(Expenses)	(876,578.84)	(870,985.02)
Operating Transfer	<u>390.14</u>	<u>611.58</u>
Net Income/(Loss) after Transfers	<u><u>\$ 177,555.24</u></u>	<u><u>\$ 144,754.12</u></u>
Sanitation Fund:		
Operating Revenue	\$ 650,415.50	\$ 630,658.02
Operating Expenditures	<u>(647,205.73)</u>	<u>(630,125.56)</u>
Operating Income/(Loss)	3,209.77	532.46
Non-Operating Revenue/(Expenses)	24.49	17.51
Operating Transfer	<u>-</u>	<u>-</u>
Net Income/(Loss)	<u><u>\$ 3,234.26</u></u>	<u><u>\$ 549.97</u></u>
Troy Aquatic Center		
Operating Revenue	\$ 81,733.93	\$ 91,226.77
Operating Expenditures	<u>(186,447.27)</u>	<u>(193,527.01)</u>
Operating Income/(Loss)	(104,713.34)	(102,300.24)
Non-Operating Revenue/(Expenses)	16.97	30.85
Operating Transfer	<u>104,846.37</u>	<u>102,269.39</u>
Net Income/(Loss) after Transfers	<u><u>\$ 150.00</u></u>	<u><u>\$ -</u></u>

The Water Fund experienced a net loss of \$688,141.09. While revenues were virtually equivalent to revenues for FY2014, the City, utilizing water fund reserves, undertook two capital projects in the 2014-2015 fiscal year. The City constructed a new well at a cost of \$791,400.83. The water main at Cherry St. and Lincoln Drive was also reconstructed at a cost of \$83,354.25. Right-to-connect fees were nearly two times those of the 2014 fiscal year. Interest revenues, however, were down by 18%, attributable to the decrease in fund balance due to capital expenditures. Overall, the water fund maintains a strong fund balance.

The Sewer Fund experienced a net gain of \$177,555.24, which is 22% higher than FY2014. Sewer usage fee revenue was slightly less than revenue for the 2014-2015 fiscal year, but right-to connect fees nearly doubled. Operating expenses were slightly increased but performance of a capital mold remediation project at the Southeast Wastewater Treatment Facility increased overall expenditures. The increase in connections, plus a one-time cash legal settlement resulted in the positive net income in the Sewer Fund.

The Sanitation Fund ended the fiscal year with a net gain of \$3,234.36. This is a significant increase over the 2013-2014 fiscal year. An audit was performed of the billing and some discrepancies were found and corrected, which resulted in more accurate billing and an increased net gain. As the City contracts for trash disposal services, the Sanitation Fund has no bearing on the City's financial position.

**UNAUDITED**

The City contracted once again with Midwest Pool Management (MPM) for the management of the Troy Aquatic Center for the 2014 season. In the spring of 2015 the City hired a parks and recreation director and amended the contract with MPM for the 2015 season to only contract for lifeguards, and bring the management in-house. The net effect of these steps will not be fully realized until the 2015-2016 fiscal year. The center's costs of operations are being supplemented by transfers from the Capital Improvements Fund. At the 2015 fiscal year-end, revenues and expenditures were down, and transfers from Capital Improvements were slightly higher than the previous year. The City continues to strive to make the center more self-supporting.

**General Fund Budgetary Highlights**

The General Fund once again exceeded budgetary projections. Sales tax revenues exceeded projections by 11.76%. Franchise tax receipts were over budget by 6.34%, in part due to the settlement of the class action lawsuit "O'Fallon v. CenturyLink Inc.". The City's portion of the settlement was \$25,211.94. Real and personal property tax revenues were 6.26% over budget and building permits were nearly five times the budgeted amount. This large increase can be attributed to an increase in housing starts, and commercial development. Cigarette tax receipts were 4.49% over budget. Interest revenues exceeded budgetary figures by 41%, but fines and court costs were nearly 15% below budget.

**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.

At the year end the City had debt in the amount of \$ 11,562,524.57.

Certificates of Participation for the Industrial Development Property	\$ 150,000.00
Certificates of Participation for City Hall refunding and remodeling projects	1,043,500.00
Certificates of Participation for MBR Wastewater Treatment Plant	2,080,000.00
Lease Purchase of EDA Well and Tower	229,000.00
Certificates of Participation for Aquatic Center and capital improvements	2,320,000.00
Certificates of Participation for refunding 2004 COP – MBR Wastewater Treatment Plant	5,460,000.00
Vehicle Lease	56,095.53
Equipment Lease	223,929.04

## *UNAUDITED*

### **Budgetary Analysis**

The Cherry Blossom Way reconstruction project continues for the 2015-2016 fiscal year. This project is a cooperative effort between the Missouri Department of Economic Development (DED), the Community Development Block Grant (CDBG) and the City of Troy. The DED grant of \$756,894 and the CDBG grant of \$350,000.00 were secured by the City due to the expansion and subsequent job creation at Bodine Aluminum. The balance of this project will be funded by the City from Capital Improvements Tax revenue. The contract was awarded to Cannon General Contractors in the amount of \$1,428,226.50. The balance owing on the contract for the 2015-2016 fiscal year is \$1,065,641.61. This project is expected to be completed in September of 2015.

The complete replacement of Cherry Street from Main Street to Lincoln Drive including sidewalks will begin in the 2015-2016 fiscal year as a multi-phase project. It will be funded in part by Surface Transportation Program (STP) Funds and proceeds from the sale of the homes owned by the City as a result of the Neighborhood Stabilization Program (NSP). Approximately \$1,000,000.00 has been budgeted for this project in FY2016.

The replacement of concrete panels on Robin Hood Drive was awarded to Sweeten's Concrete at a bid price of \$157,913.72 in May, and will begin in the 2016 fiscal year. This project will be paid from the Street Fund. Additional concrete panel replacements on Robin Hood Drive, Excalibur Blvd., S. Camelot and Hyde Drive have been budgeted from the Capital Improvements Fund at a cost of \$400,000.00. The reconstruction of Buchanan Court is planned at a budgeted cost of \$170,000.00. Weston Drive and Weston Court are slated for new asphalt at a budgeted cost of \$53,000.00, also from Capital Improvements.

A new sidewalk will be constructed on the west side of Main Street from College Street to the Main Street Elementary School. This project will be funded in part by funds from the Transportation Alternatives Program (TAP). The City will provide 30% matching funds from the Capital Improvements Fund. The total project cost is \$342,308.00.

Many improvements are planned in the City's parks' system for FY2016. Asphalt improvements to the parking lots and basketball courts at Fairgrounds Park, improvements to the trails, parking, and drainage system at Weinand Parks, and the installation of safety surfaces around the playground equipment at Avery Park. The total budgeted cost for these improvements is \$411,476.00 and will be paid from the Capital Improvements Fund.

The exterior painting of the Cherry Street Water Tank has been budgeted at a cost of \$176,500.00. A booster pump to pump water to the Hwy 47 tower has been budgeted at a cost of \$30,000.00 and a 12-inch water line has been budgeted to create a loop in the system to equalize pressure and flows. This line will run from Elm Tree Road to the Stonebridge subdivision and is estimated to cost \$58,000.00.

The city entered an agreement with the firm of Woodard & Curran for consulting services in regard to improvements to the City's wastewater treatment facilities. This agreement's execution began in FY2015, and continues for FY2016, with payments deferred to FY2016. The two work orders pursuant to this agreement totaled \$89,724.00.

**UNAUDITED**

The City plans to replace many aged vehicles in its fleet. The street dept. will purchase a one-ton truck equipped with a spreader and snow plow at a cost of \$76,000.00. Both the parks and wastewater departments will be looking to Missouri State Surplus for used trucks at budgeted amounts of \$20,000.00 and \$25,000.00 respectively. The water department has budgeted \$26,000.00 for a new half-ton pickup truck, and the police department plans to enter into a 4-year lease/purchase for two Dodge Chargers from the state bid at an annual cost of \$15,882.00.

There will be investment in technology for the 2016 fiscal year. A new server rack system for the administration, inspection and municipal court departments will be purchased at an estimated cost of \$23,000.00. The old server will then be repurposed for use in the police department. Time-keeping software that will interface with the City's payroll software will be purchased at a cost of \$18,000.00. The police department will install Microsoft Office 2013 on all of its work stations at a cost of \$4,044.00. They will also purchase the Traveler Email system for \$1,000.00. The water department SCADA system will be upgraded at a cost of \$3,500.00 and the administration department will purchase Incode Utility Payment Import software at a cost of \$2,500.00.

Major improvements are planned for the City's maintenance facility at 336 Excalibur Blvd. The Public Works department has outgrown the office and lunchroom space at the facility and is planning a \$120,000.00 expansion to the main building. In addition, they will be installing the following: an outdoor wash bay, \$19,000.00, a four-post lift, \$20,000.00, new overhead doors, \$14,000.00, a tire machine, \$9,000.00, and new gate controls, \$7,500.00.

Safety improvements will be made at City Hall. Bullet-resistant interior windows will be installed in the front office at a cost of \$6,047.00.

Capital equipment purchases have been budgeted for 2015-2016. The parks department will purchase a zero-turn mower at a cost of \$11,000.00. The street department will be purchasing ground speed controllers for salt spreading at a cost of \$7,000.00. A zero-turn mower has been budgeted for the cemetery at a cost of \$10,000.00. The sewer department will purchase a liquid smoke tester at a cost of \$3,300.00.

Sales tax revenues have been budgeted essentially flat. FY2015 saw a dramatic increase in sales tax receipts over the previous fiscal year, but 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 conservatively at 35 connections.

A 3% pay increase for all City employees has been approved for FY2016. The Board voted to remain with United Health Care as the City's health insurance provider for the new fiscal year at an increase of 9.5% over the prior year's rates. The contribution rate for Missouri Local Government Employees Retirement (MO LAGERS) decreased for general employees from 10.2% to 9.8% and the rate for police decreased from 9.3% to 9.2%. A new position will be created for the administration department. This employee will perform payroll and accounts payable duties, and act as backup to the City Treasurer. The street department is also planning to hire an experienced maintenance worker.

***UNAUDITED***

**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 - CASH BASIS  
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Investments	\$ 2,909,411.31	\$ 2,434,455.17	\$ 5,343,866.48
Restricted Assets:			
Cash and Investments	2,076,270.63		2,076,270.63
Total Assets	4,985,681.94	2,434,455.17	7,420,137.11
 <u>LIABILITIES</u>			
Payroll Withholdings	6,379.51	1,867.11	8,246.62
 <u>NET POSITION</u>			
Restricted for:			
Capital Projects	1,078,922.53	-	1,078,922.53
Debt Service	134,703.30		134,703.30
Parks	356,979.96		356,979.96
Roads	406,587.32		406,587.32
Tourism	23,192.35		23,192.35
Other purposes	74,714.84		74,714.84
Unrestricted	2,904,202.13	2,432,588.06	5,336,790.19
Total Net Position	\$ 4,979,302.43	\$ 2,432,588.06	\$ 7,411,890.49

See accompanying notes to basic financial statements.



CITY OF TROY, MISSOURI  
STATEMENT OF ACTIVITIES - CASH BASIS  
YEAR ENDED JUNE 30, 2015

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
<b>Governmental Activities:</b>							
General Government	\$ 654,445.56	\$ 130,552.56	\$ -	\$ -	\$ (523,893.00)	\$ -	\$ (523,893.00)
Public Safety	2,261,675.18	217,728.49	28,578.13	-	(2,015,368.56)	-	(2,015,368.56)
Culture and Recreation	205,379.69				(205,379.69)		(205,379.69)
Cemetery	27,405.95	13,430.00			(13,975.95)		(13,975.95)
Public Works - Streets	1,686,664.86		408,180.70		(1,278,484.16)		(1,278,484.16)
Economic Development	1,087,163.27		189,045.18		(898,118.09)		(898,118.09)
Certificate Principal	413,500.00				(413,500.00)		(413,500.00)
Certificate Interest and Fees	158,662.50				(158,662.50)		(158,662.50)
Total governmental activities:	6,494,897.01	361,711.05	625,804.01	-	(5,507,381.95)	-	(5,507,381.95)
<b>Business-type Activities:</b>							
Water	1,849,700.92	1,156,701.79	-	-	-	(692,999.13)	(692,999.13)
Sewer	2,205,518.91	2,378,782.85			173,263.94		173,263.94
Sanitation	647,205.73	650,415.50			3,209.77		3,209.77
Troy Aquatic Center	186,447.27	81,733.93			(104,713.34)		(104,713.34)
Total business-type activities:	4,888,872.83	4,267,634.07	-	-	(621,238.76)	-	(621,238.76)
<b>Total City</b>	<b>\$ 11,383,769.84</b>	<b>\$ 4,629,345.12</b>	<b>\$ 625,804.01</b>	<b>\$ -</b>	<b>(5,507,381.95)</b>	<b>(621,238.76)</b>	<b>(6,128,620.71)</b>
<b>General Revenues:</b>							
<b>Taxes</b>							
Property Taxes					293,854.14	-	293,854.14
Franchise and Public Service Taxes					2,115,060.93		2,115,060.93
Sales Tax					3,687,227.90		3,687,227.90
Investment Income					18,471.67	8,800.66	27,272.33
Miscellaneous					129,041.85		129,041.85
Sale of Assets					3,357.75		3,357.75
Transfers between funds					(105,236.51)	105,236.51	
Total General Revenues					6,141,777.73	114,037.17	6,255,814.90
Change in Net Position					634,395.78	(507,201.59)	127,194.19
Net Position - beginning					4,344,906.65	2,939,789.65	7,284,696.30
Net Position - ending					\$ 4,979,302.43	\$ 2,432,588.06	\$ 7,411,890.49

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Major Funds				Total Governmental Funds
	General	Street Maintenance	Capital Improvement	Non-Major Funds	
<u>ASSETS</u>					
Cash and Investments	\$ 2,710,940.96	\$ -	\$ -	\$ 198,470.35	\$ 2,909,411.31
Restricted Assets:					
Cash and Investments		407,757.65	1,078,259.56	590,253.42	2,076,270.63
Total Assets	<u>\$ 2,710,940.96</u>	<u>\$ 407,757.65</u>	<u>\$ 1,078,259.56</u>	<u>\$ 788,723.77</u>	<u>\$ 4,985,681.94</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities					
Payroll Liabilities	\$ 5,200.42	\$ 1,170.33	\$ -	\$ 8.76	\$ 6,379.51
Fund Equity:					
Fund Balance:					
Nonspendable	-	-	-	250,000.00	250,000.00
Restricted for:					
Capital Projects			1,078,259.56	662.97	1,078,922.53
Debt Service				134,703.30	134,703.30
Parks				106,979.96	106,979.96
Roads		406,587.32			406,587.32
Tourism				23,192.35	23,192.35
Other purposes				74,714.84	74,714.84
Assigned for:					
Capital Projects				10,787.20	10,787.20
Cemetery				182,673.42	182,673.42
Other purposes				5,000.97	5,000.97
Unassigned	2,705,740.54				2,705,740.54
Total Fund Equity	<u>2,705,740.54</u>	<u>406,587.32</u>	<u>1,078,259.56</u>	<u>788,715.01</u>	<u>4,979,302.43</u>
Total Liabilities and Fund Equity	<u>\$ 2,710,940.96</u>	<u>\$ 407,757.65</u>	<u>\$ 1,078,259.56</u>	<u>\$ 788,723.77</u>	

## 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 \$ 4,979,302.43

See accompanying notes to financial basic statements.

CITY OF TROY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Major Funds				Total Governmental Funds
	General	Street Maintenance	Capital Improvements	Non-Major Funds	
<b>REVENUES:</b>					
Taxes	\$ 3,579,504.96	\$ 1,183,241.70	\$ 1,228,609.02	\$ 104,787.29	\$ 6,096,142.97
Intergovernmental	28,578.13	408,180.70		189,045.18	625,804.01
Licenses, Permits and Fees	130,552.56				130,552.56
Charges for Services				13,430.00	13,430.00
Interest	6,701.99	1,415.68	3,801.66	6,552.34	18,471.67
Fines and Forfeitures	217,728.49				217,728.49
Sale of Assets				3,357.75	3,357.75
Miscellaneous	54,393.89	1,018.87		73,629.09	129,041.85
<b>Total Revenues</b>	<u>4,017,460.02</u>	<u>1,593,856.95</u>	<u>1,232,410.68</u>	<u>390,801.65</u>	<u>7,234,529.30</u>
<b>EXPENDITURES:</b>					
Current:					
General Government	654,445.56				654,445.56
Public Safety	2,247,618.64			14,056.54	2,261,675.18
Culture and Recreation	205,379.69				205,379.69
Cemetery				27,405.95	27,405.95
Public Works - Streets		1,686,664.86			1,686,664.86
Economic Development			603,034.63	484,128.64	1,087,163.27
Debt Service:					
Principal	243,500.00		170,000.00		413,500.00
Interest and Fees	51,330.00		107,332.50		158,662.50
<b>Total Expenditures</b>	<u>3,402,273.89</u>	<u>1,686,664.86</u>	<u>880,367.13</u>	<u>525,591.13</u>	<u>6,494,897.01</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>615,186.13</u>	<u>(92,807.91)</u>	<u>352,043.55</u>	<u>(134,789.48)</u>	<u>739,632.29</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers	13,143.00	-	(303,807.62)	185,428.11	(105,236.51)
<b>Total Other Financing Sources (Uses):</b>	<u>13,143.00</u>	<u>-</u>	<u>(303,807.62)</u>	<u>185,428.11</u>	<u>(105,236.51)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>	628,329.13	(92,807.91)	48,235.93	50,638.63	634,395.78
<b>FUND BALANCE, JULY 1, 2014</b>	<u>2,077,411.41</u>	<u>499,395.23</u>	<u>1,030,023.63</u>	<u>738,076.38</u>	<u>4,344,906.65</u>
<b>FUND BALANCE, JUNE 30, 2015</b>	<u>\$ 2,705,740.54</u>	<u>\$ 406,587.32</u>	<u>\$ 1,078,259.56</u>	<u>\$ 788,715.01</u>	<u>\$ 4,979,302.43</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES-CASH BASIS  
YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$	634,395.78
There are no adjustments		<hr/>
Change in Net Position of Governmental Activities	\$	<u>634,395.78</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF NET POSITION - CASH BASIS  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
ASSETS					
Cash and Investments	\$ 1,150,959.07	\$ 1,272,876.85	\$ 10,119.25	\$ 500.00	\$ 2,434,455.17
Restricted Assets:					
Cash and Investments					
Total Assets	<u>\$ 1,150,959.07</u>	<u>\$ 1,272,876.85</u>	<u>\$ 10,119.25</u>	<u>\$ 500.00</u>	<u>\$ 2,434,455.17</u>
LIABILITIES					
Payroll Withholdings	<u>\$ 822.36</u>	<u>\$ 1,026.11</u>	<u>\$ 18.64</u>	<u>\$ -</u>	<u>\$ 1,867.11</u>
NET POSITION					
Unrestricted	<u>1,150,136.71</u>	<u>1,271,850.74</u>	<u>10,100.61</u>	<u>500.00</u>	<u>2,432,588.06</u>
Total Net Position	<u>\$ 1,150,136.71</u>	<u>\$ 1,271,850.74</u>	<u>\$ 10,100.61</u>	<u>\$ 500.00</u>	<u>\$ 2,432,588.06</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND  
NET POSITION - CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
OPERATING REVENUES:					
Charges for Services	\$ 1,156,701.79	\$ 2,378,782.85	\$ 650,415.50	\$ 81,733.93	\$ 4,267,634.07
OPERATING EXPENSES:					
Cost of Sales and Services	1,700,047.40	1,265,767.51	624,325.52	186,447.27	3,776,587.70
Administration	92,957.52	59,271.40	22,880.21		175,109.13
Total Operating Expenses	1,793,004.92	1,325,038.91	647,205.73	186,447.27	3,951,696.83
OPERATING INCOME (LOSS)	(636,303.13)	1,053,743.94	3,209.77	(104,713.34)	315,937.24
NON-OPERATING REVENUES (EXPENSES):					
Interest	4,858.04	3,901.16	24.49	16.97	8,800.66
Debt Service:					
Certificate Principal	(50,000.00)	(665,000.00)			(715,000.00)
Certificate Interest and Fees	(6,696.00)	(215,480.00)			(222,176.00)
Total Non-Operating Revenues (Expenses)	(51,837.96)	(876,578.84)	24.49	16.97	(928,375.34)
INCOME (LOSS) BEFORE TRANSFERS	(688,141.09)	177,165.10	3,234.26	(104,696.37)	(612,438.10)
OPERATING TRANSFERS	-	390.14	-	104,846.37	105,236.51
NET INCOME (LOSS) AFTER OPERATING TRANSFER	(688,141.09)	177,555.24	3,234.26	150.00	(507,201.59)
TOTAL NET POSITION, JULY 1, 2014	1,838,277.80	1,094,295.50	6,866.35	350.00	2,939,789.65
TOTAL NET POSITION, JUNE 30, 2015	\$ 1,150,136.71	\$ 1,271,850.74	\$ 10,100.61	\$ 500.00	\$ 2,432,588.06

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF CASH FLOWS - CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 1,156,701.79	\$ 2,378,782.85	\$ 650,415.50	\$ 81,733.93	\$ 4,267,634.07
Cash Payments to Suppliers for Goods and Services	(1,503,724.21)	(998,237.52)	(634,581.76)	(186,447.27)	(3,322,990.76)
Cash Payments to Employees for Services	(289,331.84)	(326,205.08)	(12,622.28)		(628,159.20)
Net Cash Provided (Used) by Operating Activities	<u>(636,354.26)</u>	<u>1,054,340.25</u>	<u>3,211.46</u>	<u>(104,713.34)</u>	<u>316,484.11</u>
Cash Flows from Noncapital Financing Activities:					
Operating Transfers	-	390.14	-	104,846.37	105,236.51
Net Cash Used Provided by Noncapital Financing Activities	<u>-</u>	<u>390.14</u>	<u>-</u>	<u>104,846.37</u>	<u>105,236.51</u>
Cash Flows from Capital and Related Financing Activities:					
Principal Paid on Bonds/Certificates	(50,000.00)	(665,000.00)	-	-	(715,000.00)
Interest and Fees Paid on Certificates	(6,696.00)	(215,480.00)	-	-	(222,176.00)
Net Cash Used for Capital and Related Financial Activities	<u>(56,696.00)</u>	<u>(880,480.00)</u>	<u>-</u>	<u>-</u>	<u>(937,176.00)</u>
Cash Flows from Investing Activities:					
Interest Earned	4,858.04	3,901.16	24.49	16.97	8,800.66
Cash, Beginning of Year	<u>1,839,151.29</u>	<u>1,094,725.30</u>	<u>6,883.30</u>	<u>350.00</u>	<u>2,941,109.89</u>
Cash, End of Year	<u>\$ 1,150,959.07</u>	<u>\$ 1,272,876.85</u>	<u>\$ 10,119.25</u>	<u>\$ 500.00</u>	<u>\$ 2,434,455.17</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income(Loss)	\$ (636,303.13)	\$ 1,053,743.94	\$ 3,209.77	\$ (104,713.34)	\$ 315,937.24
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities					
Changes in assets and liabilities:					
Payroll Withholdings	(51.13)	596.31	1.69	-	546.87
Net Cash Provided (Used) by Operating Activities	<u>\$ (636,354.26)</u>	<u>\$ 1,054,340.25</u>	<u>\$ 3,211.46</u>	<u>\$ (104,713.34)</u>	<u>\$ 316,484.11</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2015

<u>ASSETS</u>	<u>Agency Funds</u>
Restricted Assets:	
Cash and Investments	\$ <u>5,820.50</u>
 <u>LIABILITIES</u>	
Due to Others - Court Bonds	\$ <u>5,820.50</u>

See accompanying notes to basic financial statements.



CITY OF TROY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**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 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 – Cash Basis and the Statement of Activities – 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-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.

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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

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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 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

*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.

### Debt Service Funds

*SRS 2012 Debt Service Reserve Fund* – 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 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

*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 Funds

*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.

*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

Proprietary funds are used to account for activities similar to those found in the private sector, where the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the proprietary funds:

#### Enterprise Funds

*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 sewage 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

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 Funds:

Capital Improvement

Proprietary Funds:

Water

Sewer

Sanitation

Non-Major Funds:

Special Revenue Funds:

Cemetery Investment

Tourism

Protested Franchise Tax

Police Explorers

Police Forfeiture Fund

Police Canine Unit

Debt Services Funds:

SRS 2012 Debt Service Reserve

SRS 2012 Debt Service

SRS 2012A Debt Service

SRS 2012A Debt Reserve

Capital Projects Funds:

Sewer Bonds

Industrial Development

CDBG

EDA/CDBG Cherry Blossom Way Project

Permanent Funds:

Park Endowment (Brown)

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-Cash Basis and the Statement of Activities-Cash Basis, both governmental and business-like activities are presented using the “economic resources” measurement focus, within the limitations of the 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 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 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 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 26, 2014.
4. Budgets for City funds are prepared and adopted on the 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, 2015, the City complied, in all material respects, with applicable budget laws.

#### E. Pooled Cash and Temporary Investments

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

For the purpose of the Statement of Net Position-Cash Basis, “cash and investments” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows-Cash Basis, “cash” includes all demand, savings accounts, and certificates of deposits.

#### 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 nature of the restrictions are:

Restricted for Capital Projects: The City has restricted \$1,078,922.53 for purposes of capital improvements and community development block grant expenditures.

Restricted for Debt Service: The City has restricted \$134,703.30 for amounts set aside for certificates of participation debt service.

Restricted for Park Endowments: The City has restricted \$356,979.96 for grantor's park donations; of this amount, \$250,000.00 is considered nonexpendable.

Restricted for Roads: The City has restricted \$406,587.32 for the construction and maintenance of streets.

Restricted for Tourism: The City has restricted \$23,192.35 for the purposes of promoting the City as a convention, visitor, and tourist center.

Restricted for Other Purposes: The City has restricted \$74,714.84 for other purposes.

## H. 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.

#### I. Net Position

Net position represents the difference between assets and liabilities.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted for Capital Projects: The City has restricted \$1,078,922.53 for purposes of capital improvements and community development block grant expenditures.

Restricted for Debt Service: The City has restricted \$134,703.30 for amounts set aside for certificates of participation in debt service.

Restricted for Park Endowments: The City has restricted \$356,979.96 for grantor's park donations.

Restricted for Roads: The City has restricted \$406,587.32 for the construction and maintenance of streets.

Restricted for Tourism: The City has restricted \$23,192.35 for the purposes of promoting the City as a convention, visitor, and tourist center.

Restricted for Other Purposes: The City has restricted \$74,714.84 for other purposes.

#### J. Interfund Activity

In the process of aggregating the financial information for the government-wide Statement of Net Position- Cash Basis and Statement of Activities- 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- 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.

#### K. 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 \$212,588.17 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 \$4,001,247.67. The City's fines and court costs for minor traffic violations are 5.31% "annual general operating revenue."

#### L. Estimates

The preparation of the financial statements in conformity with the 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.

#### M. Adoption of New Accounting Standards

The City adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No.27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

The City also adopted GASB Statement 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

The City also adopted GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

## 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.

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 deposits and investments held at June 30, 2015, and reported at cost are as follows:

Type	Maturities	Carrying Value
Deposits:		
Demand deposits		\$ 508,425.66
Money market deposits		6,274,016.00
Certificate of deposits	Various	502,192.15
Total deposits		<u>7,284,633.81</u>
Investments:		
Money market		134,702.89
Mutual fund money market		0.41
Total investments		<u>134,703.30</u>
Petty Cash		<u>800.00</u>
Total deposits, investments, and petty cash		<u>\$ 7,420,137.11</u>
Reconciliation to financial statements:		
Current:		
Cash and investments		\$ 5,343,866.48
Cash and investments - restricted		2,076,270.63
Total		<u>\$ 7,420,137.11</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, 2015, the City’s bank balances of \$7,708,986.00 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, 2015 the City’s investments were rated as follows:

Investment Type	Investment Maturities			Credit Rating
	<1 year	1-3 years	4-5 years	
Federated Government Obligation Fund	\$ 0.41	\$ -	\$ -	Aaa-mf

### 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 2014 for purposes of local taxation was:

<u>Lincoln County</u>	
Real Estate	\$ 118,896,998.00
Personal Property	46,687,509.00
Railroad and Utilities	6,100,151.00
Total	<u>\$ 171,684,658.00</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2014 for purposes of local taxation was:

General Revenue	<u>\$ 0.1889</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, 2015, the long-term debt outstanding, arising from cash transactions, to be repaid from governmental funds consisted of the following:

Certificates of Participation

\$1,700,000.00 certificates of participation, due in varying annual installments through May 1, 2016; interest at 4.0% (reset annually)	\$ 150,000.00
\$1,494,000.00 certificates of participation, due in varying installments through February 26, 2025; interest at 4.0% (reset annually)	1,043,500.00
\$2,815,000.00 certificates of participation, due in varying annual installments through July 1, 2026; interest at 2.05% - 5.2%	<u>2,320,000.00</u>
Total certificates of participation	<u>\$ 3,513,500.00</u>

### 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

\$ 56,095.53

Total capital lease obligations

\$ 56,095.53

### Business-Type Activities

As of June 30, 2015, 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)

\$ 229,000.00

\$6,410,000.00 certificates of participation, due in varying installments through December 1, 2024; interest at 2.0% - 3.5% (reset annually)

5,460,000.00

\$2,605,000.00 certificates of participation, due in varying annual installments through July 1, 2025; interest at 0.75% - 3.3%

2,080,000.00

Total certificates of participation

\$ 7,769,000.00

### 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

\$ 223,929.04

Total capital lease obligations

\$ 223,929.04

## Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

Type of Debt	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount due within one year
<b>Governmental Activities:</b>					
Certificates of Participation	\$ 3,927,000.00	\$ -	\$ 413,500.00	\$ 3,513,500.00	\$ 245,500.00
Capital Lease Obligations		77,038.72	20,943.19	56,095.53	17,639.16
Total	<u>\$ 3,927,000.00</u>	<u>\$ 77,038.72</u>	<u>\$ 434,443.19</u>	<u>\$ 3,569,595.53</u>	<u>\$ 263,139.16</u>
<b>Business-Type Activities:</b>					
Certificates of Participation	\$ 8,484,000.00	\$ -	\$ 715,000.00	\$ 7,769,000.00	\$ 545,000.00
Capital Lease Obligations		282,396.00	58,466.96	223,929.04	54,525.81
Total	<u>\$ 8,484,000.00</u>	<u>\$ 282,396.00</u>	<u>\$ 773,466.96</u>	<u>\$ 7,992,929.04</u>	<u>\$ 599,525.81</u>

## Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2015, are as follows:

Year Ended June 30,	Governmental Activities				Total Debt Service Requirements to Maturity			
	Certificates of Participation		Capital Leases					
	Principal	Interest	Principal	Interest				
2016	245,500.00	95,171.25	17,639.16	3,304.03	862,664.97	279,393.68		
2017	272,000.00	136,307.50	18,678.11	2,265.08				
2018	279,000.00	126,787.50	19,778.26	1,164.93				
2019	286,000.00	116,390.00						
2020	293,000.00	105,080.00						
2021-2025	1,628,000.00	327,163.75						
2026-2027	510,000.00	26,530.00						
Total	<u>\$ 3,513,500.00</u>	<u>\$ 933,430.00</u>	<u>\$ 56,095.53</u>	<u>\$ 6,734.04</u>				
Year Ended June 30,	Business-Type Activities						Total Debt Service Requirements to Maturity	
	Certificates of Participation		Capital Leases					
	Principal	Interest	Principal	Interest				
2016	545,000.00	176,977.25	54,525.81	3,941.15	11,562,524.57	2,167,225.59		
2017	740,000.00	190,823.50	55,485.46	2,981.50				
2018	765,000.00	176,054.75	56,462.01	2,004.95				
2019	774,000.00	159,623.50	57,455.76	1,011.20				
2020	730,000.00	141,320.00						
2021-2025	3,985,000.00	368,528.75						
2026-2027	230,000.00	3,795.00						
Total	<u>\$ 7,769,000.00</u>	<u>\$ 1,217,122.75</u>	<u>\$ 223,929.04</u>	<u>\$ 9,938.80</u>				

Payments on Governmental Activities - Certificates of Participation are paid from the General Fund (\$1,700,000.00 and \$1,494,000.00 issues) and from Capital Improvements Fund (\$2,815,000.00 issue); Capital lease is 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**

Transfers between funds for the year ended for the year ended June 30, 2015, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Fund	\$ 13,143.00	\$ -
Enterprise Funds:		
Troy Aquatic Center	104,846.37	-
Sewer	390.14	-
Total Enterprise Funds:	<u>105,236.51</u>	<u>-</u>
Capital Projects:		
Capital Improvements	<u>-</u>	<u>303,807.62</u>
<u>Non-major Funds:</u>		
Special Revenue Fund:		
Protested Franchise Tax Fund	<u>-</u>	<u>13,143.00</u>
Capital Projects:		
EDA/CDBG Cherry Blossom Way Project	<u>198,961.25</u>	<u>-</u>
Debt Service Fund:		
SRS 2012A Debt Service	51.93	86.90
SRS 2012A Debt Reserve		51.93
SRS 2012 Debt Service	150.55	303.24
SRS 2012 Debt Reserve		150.55
Total Debt Service Funds	<u>202.48</u>	<u>592.62</u>
Total	<u>\$ 317,543.24</u>	<u>\$ 317,543.24</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.



## 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, 2015, amounted to \$ 4,240.20.

<u>Year Ending</u>	<u>Amount</u>
2016	\$ 5,271.60
2017	5,271.60
2018	5,271.60
2019	4,637.40
2020	2,000.00
Total	<u>\$ 22,452.20</u>

## 7. Retirement Plans

### Summary of Significant Accounting Policies

*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.

### 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](http://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>2015 Valuation</u>
Benefit Multiplier:	1.25%
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, 2015, 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	4	3	7
Inactive employees entitled to but not yet receiving benefits	7	8	15
Active employees	31	24	55
	<u>42</u>	<u>35</u>	<u>77</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 10.2 (General) and 9.3% (Police) of annual covered payroll.

*Net Pension Liability.* The employer's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

*Actuarial assumptions.* The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary increase	3.5% to 6.8% including inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

*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	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	
<b>Balances at 6/30/2014</b>	<u>\$ 1,665,929</u>	<u>\$ 1,148,583</u>	<u>\$ 517,346</u>
<b>Changes for the year:</b>			
Service cost	96,014	-	96,014
Interest	123,109		123,109
Difference between expected and actual experience	(125,753)		(125,753)
Contributions - employer		137,100	(137,100)
Contributions - employee			-
Net investment income		22,982	(22,982)
Benefit payments, including refunds	(30,631)	(30,631)	-
Administrative expense		(3,915)	3,915
Other changes		37,615	(37,615)
<b>Net changes</b>	<u>62,739</u>	<u>163,151</u>	<u>(100,412)</u>
<b>Balances at 6/30/2015</b>	<u>\$ 1,728,668</u>	<u>\$ 1,311,734</u>	<u>\$ 416,934</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 one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Total pension liability (TPL)	\$ 1,994,477	\$ 1,728,668	\$ 1,504,159
Plan fiduciary net position	1,311,734	1,311,734	1,311,734
Net pension liability/(asset) (NPL)	\$ 682,743	\$ 416,934	\$ 192,425

## Changes in the Net Pension Liability – Police Division

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2014</b>	<u>\$ 1,114,115</u>	<u>\$ 939,059</u>	<u>\$ 175,056</u>
<b>Changes for the year:</b>			
Service cost	88,675	-	88,675
Interest	83,528		83,528
Difference between expected and actual experience	6,818		6,818
Contributions - employer		113,521	(113,521)
Contributions - employee			-
Net investment income		19,017	(19,017)
Benefit payments, including refunds	(11,342)	(11,342)	-
Administrative expense		(3,262)	3,262
Other changes		33,178	(33,178)
<b>Net changes</b>	<u>167,679</u>	<u>151,112</u>	<u>16,567</u>
<b>Balances at 6/30/2015</b>	<u><u>\$ 1,281,794</u></u>	<u><u>\$ 1,090,171</u></u>	<u><u>\$ 191,623</u></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 one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Total pension liability (TPL)	<u>\$ 1,507,422</u>	<u>\$ 1,281,794</u>	<u>\$ 1,094,106</u>
Plan fiduciary net position	<u>1,090,171</u>	<u>1,090,171</u>	<u>1,090,171</u>
Net pension liability/(asset) (NPL)	<u>\$ 417,251</u>	<u>\$ 191,623</u>	<u>\$ 3,935</u>

## Changes in the Net Pension Liability – Combined

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2014</b>	<u>\$ 2,780,044</u>	<u>\$ 2,087,642</u>	<u>\$ 692,402</u>
<b>Changes for the year:</b>			
Service cost	184,689	-	184,689
Interest	206,637		206,637
Difference between expected and actual experience	(118,935)		(118,935)
Contributions - employer		250,621	(250,621)
Contributions - employee			-
Net investment income		41,999	(41,999)
Benefit payments, including refunds	(41,973)	(41,973)	-
Administrative expense		(7,177)	7,177
Other changes		70,793	(70,793)
<b>Net changes</b>	<u>230,418</u>	<u>314,263</u>	<u>(83,845)</u>
<b>Balances at 6/30/2015</b>	<u><u>\$ 3,010,462</u></u>	<u><u>\$ 2,401,905</u></u>	<u><u>\$ 608,557</u></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 one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Total pension liability (TPL)	<u>\$ 3,501,899</u>	<u>\$ 3,010,462</u>	<u>\$ 2,598,265</u>
Plan fiduciary net position	<u>2,401,905</u>	<u>2,401,905</u>	<u>2,401,905</u>
Net pension liability/(asset) (NPL)	<u>\$ 1,099,994</u>	<u>\$ 608,557</u>	<u>\$ 196,360</u>

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

For the year ended June 30, 2015 the employer recognized pension expense of \$96,933 (General) and \$81,093 (Police). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>General</u>		<u>Police</u>		<u>Combined</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ -	\$(112,471)	\$ 5,980	\$ -	\$ 5,980	\$(112,471)
Differences in assumptions					-	-
Excess (deficit) investment returns	52,226		43,015		95,241	-
Contributions subsequent to the measurement date*					-	-
Total	<u>\$ 52,226</u>	<u>\$(112,471)</u>	<u>\$ 48,995</u>	<u>\$ -</u>	<u>\$ 101,221</u>	<u>\$(112,471)</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, 2015.

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

<u>Year ended</u>	<u>General</u>	<u>Police</u>	<u>Combined</u>
2016	\$ (226)	\$ 11,592	\$ 11,366
2017	(226)	11,592	11,366
2018	(226)	11,592	11,366
2019	(224)	11,591	11,367
2020	(13,282)	838	(12,444)
Thereafter	(46,061)	1,790	(44,271)
Total	<u>\$ (60,245)</u>	<u>\$ 48,995</u>	<u>\$ (11,250)</u>

**Payable to the Pension Plan**

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

## **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 2016, with payments required monthly, based upon a rate schedule. Payments are approximately \$52,000.00 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 \$96,122.21 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.

Also, as of June 30, 2015, 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. The City has signed a consent agreement and consent order of an environmental concern with the U. S. Environmental Protection Agency.

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. For the year ended June 30, 2015, federal grant expenditures did not exceed the threshold for the single audit requirement; therefore, a single audit was not performed.



**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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF TROY, MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 CASH BASIS - WITH COMPARISON TO BUDGET  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Taxes				
Real Property	\$ 201,000.00	\$ 201,000.00	\$ 207,704.56	\$ 6,704.56
Personal Property Tax	75,000.00	75,000.00	86,149.58	11,149.58
Financial Institution Tax	600.00	600.00	790.71	190.71
Railroad and Utilities Tax	11,000.00	11,000.00	11,106.40	106.40
Surtax	35,000.00	35,000.00	35,843.31	843.31
Sales Tax	2,200,000.00	2,200,000.00	2,458,618.88	258,618.88
Cigarette Tax	56,000.00	56,000.00	58,513.82	2,513.82
Franchise Tax	675,000.00	675,000.00	717,795.18	42,795.18
Penalties and Interest on Taxes	3,000.00	3,000.00	2,982.52	(17.48)
	<u>3,256,600.00</u>	<u>3,256,600.00</u>	<u>3,579,504.96</u>	<u>322,904.96</u>
Intergovernmental				
Federal Grants	-	-	28,578.13	28,578.13
Licenses, Permits, and Fees				
Merchants and Liquor Licenses	19,000.00	19,000.00	20,783.76	1,783.76
Building Permits	21,900.00	21,900.00	102,769.80	80,869.80
Dog Licenses	150.00	150.00	133.00	(17.00)
Occupational Licenses	1,320.00	1,320.00	1,530.00	210.00
Planning Fees	1,600.00	1,600.00	2,876.00	1,276.00
Reproduced Publication Fees	500.00	500.00	410.00	(90.00)
Other	900.00	900.00	2,050.00	1,150.00
	<u>45,370.00</u>	<u>45,370.00</u>	<u>130,552.56</u>	<u>85,182.56</u>
Interest	<u>4,600.00</u>	<u>4,600.00</u>	<u>6,701.99</u>	<u>2,101.99</u>
Fines and Forfeitures				
Fines	195,000.00	195,000.00	171,405.91	(23,594.09)
Court Costs	20,000.00	20,000.00	17,047.94	(2,952.06)
Police Fines and Charges	2,000.00	2,000.00	2,281.45	281.45
Training	3,200.00	3,200.00	2,856.00	(344.00)
DWI	2,500.00	2,500.00	2,066.00	(434.00)
CVCF Receipts	650.00	650.00	530.21	(119.79)
POST Reimbursement	1,500.00	1,500.00	1,761.32	261.32
Jail Reimbursement	8,000.00	8,000.00	10,089.66	2,089.66
Restitution			1,100.00	1,100.00
Bond Forfeiture	5,000.00	5,000.00	8,110.00	3,110.00
Other	1,000.00	1,000.00	480.00	(520.00)
	<u>238,850.00</u>	<u>238,850.00</u>	<u>217,728.49</u>	<u>(21,121.51)</u>
Miscellaneous				
Sale of Assets	-	-	6,573.79	6,573.79
Park Rental Fees	21,500.00	21,500.00	17,643.05	(3,856.95)
Cell Site Release	26,515.00	26,515.00	28,533.57	2,018.57
Refunds			1,609.48	1,609.48
Other			34.00	34.00
	<u>48,015.00</u>	<u>48,015.00</u>	<u>54,393.89</u>	<u>6,378.89</u>
Total Revenues	<u>3,593,435.00</u>	<u>3,593,435.00</u>	<u>4,017,460.02</u>	<u>424,025.02</u>

CITY OF TROY, MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 CASH BASIS - WITH COMPARISON TO BUDGET  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES:</b>				
General Government:				
Judicial				
Salaries and Wages	\$ 65,850.00	\$ 66,230.00	\$ 61,375.29	\$ 4,854.71
Employee Benefits	26,584.00	26,534.00	25,307.93	1,226.07
Purchased Services	62,200.00	62,650.00	59,590.86	3,059.14
Other Purchased Services	32,175.00	31,345.00	17,328.90	14,016.10
Supplies	4,070.00	4,070.00	2,245.08	1,824.92
Property Services	650.00	700.00	645.60	54.40
Property	2,000.00	2,000.00	449.99	1,550.01
	<u>193,529.00</u>	<u>193,529.00</u>	<u>166,943.65</u>	<u>26,585.35</u>
Executive				
Salaries and Wages	26,400.00	26,400.00	26,400.00	-
Employee Benefits	2,120.00	2,120.00	2,109.60	10.40
Purchased Services	200.00	200.00	70.60	129.40
Other Purchased Services	2,700.00	2,750.00	1,370.60	1,379.40
Property Services	350.00	300.00	100.00	200.00
Supplies	350.00	350.00	159.49	190.51
	<u>32,120.00</u>	<u>32,120.00</u>	<u>30,210.29</u>	<u>1,909.71</u>
Administration				
Salaries and Wages	147,347.00	149,287.00	146,296.73	2,990.27
Employee Benefits	59,113.00	59,358.00	58,231.24	1,126.76
Purchased Services	83,075.00	79,655.00	75,647.18	4,007.82
Property Services	5,800.00	5,800.00	5,300.81	499.19
Other Purchased Services	26,600.00	26,600.00	21,736.32	4,863.68
Supplies	6,400.00	6,700.00	6,017.84	682.16
Property	3,300.00	4,235.00	3,361.70	873.30
Other	150.00	150.00	32.20	117.80
	<u>331,785.00</u>	<u>331,785.00</u>	<u>316,624.02</u>	<u>15,160.98</u>
Building and Plant				
Property Services	8,600.00	10,150.00	8,916.64	1,233.36
Purchased Services	8,000.00	8,100.00	7,389.18	710.82
Other Purchased Services	4,600.00	4,600.00	4,349.05	250.95
Property	4,250.00	3,825.00	3,301.50	523.50
Supplies	35,825.00	34,600.00	34,153.84	446.16
	<u>61,275.00</u>	<u>61,275.00</u>	<u>58,110.21</u>	<u>3,164.79</u>
Administration Building Maintenance				
Property Services	32,900.00	32,100.00	26,475.87	5,624.13
Other Purchased Services	13,950.00	14,750.00	14,708.55	41.45
Supplies	28,500.00	28,500.00	22,085.83	6,414.17
Other	25.00	25.00		25.00
	<u>75,375.00</u>	<u>75,375.00</u>	<u>63,270.25</u>	<u>12,104.75</u>

CITY OF TROY, MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 CASH BASIS - WITH COMPARISON TO BUDGET  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES (CONTINUED):				
General Government (Continued):				
Safety				
Purchased Services	\$ 1,950.00	\$ 1,950.00	\$ 1,500.00	\$ 450.00
Supplies	1,000.00	1,000.00	916.39	83.61
Property Services	5,000.00	4,150.00		4,150.00
Property	1,050.00	1,900.00	1,870.75	29.25
	<u>9,000.00</u>	<u>9,000.00</u>	<u>4,287.14</u>	<u>4,712.86</u>
Economic Development				
Other Purchased Services	15,000.00	15,000.00	15,000.00	-
Total General Government	<u>718,084.00</u>	<u>718,084.00</u>	<u>654,445.56</u>	<u>63,638.44</u>
Public Safety:				
Police				
Salaries and Wages	1,270,120.00	1,294,420.00	1,282,097.40	12,322.60
Employee Benefits	462,688.00	471,448.00	467,039.79	4,408.21
Purchased Services	23,850.00	24,350.00	18,992.62	5,357.38
Property Services	29,750.00	39,000.00	38,813.80	186.20
Other Purchased Services	199,128.00	199,133.00	183,884.64	15,248.36
Supplies	130,050.00	103,545.00	91,771.29	11,773.71
Property	35,885.00	39,185.00	34,866.72	4,318.28
Other	400.00	400.00	380.91	19.09
	<u>2,151,871.00</u>	<u>2,171,481.00</u>	<u>2,117,847.17</u>	<u>53,633.83</u>
Inspections				
Salaries and Wages	57,740.00	57,850.00	56,686.41	1,163.59
Employee Benefits	25,807.00	26,997.00	25,302.08	1,694.92
Purchased Services	8,800.00	6,320.00	4,499.61	1,820.39
Property Services	1,150.00	1,150.00	178.59	971.41
Other Purchased Services	16,900.00	17,100.00	12,929.03	4,170.97
Supplies	11,350.00	11,625.00	8,596.03	3,028.97
Property	1,800.00	2,505.00	1,957.07	547.93
Other	20.00	20.00		20.00
	<u>123,567.00</u>	<u>123,567.00</u>	<u>110,148.82</u>	<u>13,418.18</u>
Stormwater Management				
Purchased Services	15,800.00	15,800.00	539.81	15,260.19
Other Purchased Services	6,500.00	7,000.00	5,533.97	1,466.03
Supplies	1,500.00	1,000.00		1,000.00
	<u>23,800.00</u>	<u>23,800.00</u>	<u>6,073.78</u>	<u>17,726.22</u>

CITY OF TROY, MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 CASH BASIS - WITH COMPARISON TO BUDGET  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED):				
Public Safety (Continued):				
Animal Control				
Salaries and Wages	\$ 8,235.00	\$ 8,415.00	\$ 5,970.65	\$ 2,444.35
Employee Benefits	4,995.00	5,000.00	4,431.24	568.76
Purchased Services	500.00	500.00		500.00
Other Purchased Services	1,800.00	2,840.00	1,476.21	1,363.79
Property Services	2,775.00	1,500.00	261.82	1,238.18
Supplies	2,500.00	2,550.00	1,408.95	1,141.05
	<u>20,805.00</u>	<u>20,805.00</u>	<u>13,548.87</u>	<u>7,256.13</u>
Total Public Safety	<u>2,320,043.00</u>	<u>2,339,653.00</u>	<u>2,247,618.64</u>	<u>92,034.36</u>
Culture - Recreation:				
Parks				
Salaries and Wages	92,140.00	110,620.00	106,461.18	4,158.82
Employee Benefits	23,159.00	31,769.00	31,694.22	74.78
Purchased Services	1,575.00	1,835.00	1,681.90	153.10
Property Services	29,800.00	31,800.00	28,820.62	2,979.38
Other Purchased Services	9,200.00	9,955.00	9,508.32	446.68
Supplies	31,225.00	30,750.00	25,764.45	4,985.55
Property	8,950.00	2,310.00	1,449.00	861.00
	<u>196,049.00</u>	<u>219,039.00</u>	<u>205,379.69</u>	<u>13,659.31</u>
Total Culture - Recreation	<u>196,049.00</u>	<u>219,039.00</u>	<u>205,379.69</u>	<u>13,659.31</u>
Debt Service:				
Bond Principal	243,500.00	243,500.00	243,500.00	-
Bond Interest	51,330.00	51,330.00	51,330.00	-
	<u>294,830.00</u>	<u>294,830.00</u>	<u>294,830.00</u>	<u>-</u>
Total Debt Service	<u>294,830.00</u>	<u>294,830.00</u>	<u>294,830.00</u>	<u>-</u>
Total Expenditures	<u>3,529,006.00</u>	<u>3,571,606.00</u>	<u>3,402,273.89</u>	<u>169,332.11</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers-In	-	13,143.00	13,143.00	-
Operating Transfers-Out	(275,000.00)	(275,000.00)		275,000.00
	<u>(275,000.00)</u>	<u>(261,857.00)</u>	<u>13,143.00</u>	<u>275,000.00</u>
Total Other Financing Sources	<u>(275,000.00)</u>	<u>(261,857.00)</u>	<u>13,143.00</u>	<u>275,000.00</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(210,571.00)	(240,028.00)	628,329.13	868,357.13
FUND BALANCE, JULY 1, 2014	<u>2,077,411.41</u>	<u>2,077,411.41</u>	<u>2,077,411.41</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 1,866,840.41</u>	<u>\$ 1,837,383.41</u>	<u>\$ 2,705,740.54</u>	<u>\$ 868,357.13</u>

CITY OF TROY, MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 CASH BASIS - WITH COMPARISON TO BUDGET  
 STREET MAINTENANCE FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Taxes				
Transportation	\$ 1,060,000.00	\$ 1,060,000.00	\$ 1,183,241.70	\$ 123,241.70
Intergovernmental				
Gasoline	380,000.00	380,000.00	408,180.70	28,180.70
	<u>380,000.00</u>	<u>380,000.00</u>	<u>408,180.70</u>	<u>28,180.70</u>
Interest	1,200.00	1,200.00	1,415.68	215.68
Miscellaneous	-	-	1,018.87	1,018.87
Total Revenues	<u>1,441,200.00</u>	<u>1,441,200.00</u>	<u>1,593,856.95</u>	<u>152,656.95</u>
<b>EXPENDITURES:</b>				
Public Works - Streets				
Salaries and Wages	505,650.00	480,830.00	442,150.34	38,679.66
Employee Benefits	211,702.00	213,902.00	192,642.76	21,259.24
Purchased Services	67,950.00	33,625.00	25,776.26	7,848.74
Property Services	492,950.00	641,140.00	549,229.57	91,910.43
Other Purchased Services	57,800.00	59,150.00	30,402.91	28,747.09
Supplies	520,170.00	437,590.00	403,980.05	33,609.95
Property	55,400.00	45,385.00	42,421.97	2,963.03
Other	250.00	250.00	61.00	189.00
Total Expenditures	<u>1,911,872.00</u>	<u>1,911,872.00</u>	<u>1,686,664.86</u>	<u>225,207.14</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(470,672.00)	(470,672.00)	(92,807.91)	377,864.09
FUND BALANCE, JULY 1, 2014	<u>499,395.23</u>	<u>499,395.23</u>	<u>499,395.23</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 28,723.23</u>	<u>\$ 28,723.23</u>	<u>\$ 406,587.32</u>	<u>\$ 377,864.09</u>

CITY OF TROY, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2015

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 26, 2014.
4. Budgets for City funds are prepared and adopted on the 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, 2015, the City complied, in all material respects, with applicable budget laws.



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, 2015

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	Net Pension Liability as a Percentage of Covered Employee Payroll
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%

CITY OF TROY MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 NOTES TO LAGERS RETIREMENT SYSTEM  
 JUNE 30, 2015

**Valuation Date:** February 28, 2015

**Notes:** The roll forward of total pension liability from February 28, 2015 to June 30, 2015 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

**Methods and Assumptions Used to Determine Contribution Rates:**

<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage of Payroll, Closed
<b>Remaining Amortization Period</b>	Multiple bases from 15 to 23 years
<b>Asset Valuation Method</b>	5-Year smoothed market; 20% corridor
<b>Inflation</b>	3.5% wage inflation; 3.0% price inflation
<b>Salary Increases</b>	3.5% to 6.8% including wage inflation
<b>Investment Rate of Return</b>	7.25%, net of investment and administrative expenses
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality</b>	105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.
<b>Other information:</b>	None.

## **OTHER SUPPLEMENTARY INFORMATION**

CITY OF TROY, MISSOURI  
 COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS - NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Special Revenue Funds							Capital Projects Funds				
	Cemetery Investment	Tourism	Protested Tax	Police Explorers	Police Forfeiture	Police Canine Unit	Industrial Development	Sewer Bonds	CDBG			
<u>ASSETS</u>												
Cash and Investments	\$ 182,682.18	\$ -	\$ -	\$ 862.42	\$ -	\$ 4,138.55	\$ 4,632.53	\$ 6,154.67	\$ -			
Restricted Assets:												
Cash and Investments		23,192.35	16,302.91		58,411.93							662.97
Total Assets	\$ 182,682.18	\$ 23,192.35	\$ 16,302.91	\$ 862.42	\$ 58,411.93	\$ -	\$ 4,632.53	\$ 6,154.67	\$ -			\$ 662.97
<u>LIABILITIES AND FUND EQUITY</u>												
Liabilities:												
Payroll Liabilities	\$ 8.76	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Fund Balances												
Nonspendable												
Restricted for:												
Capital Projects			16,302.91		58,411.93		4,632.53	6,154.67				
Debt Service												
Parks												
Tourism		23,192.35										
Other purposes												
Assigned for:												
Capital Projects												
Cemetery	182,673.42			862.42		4,138.55						
Other purposes				862.42		4,138.55						
Total Fund Balance	\$ 182,673.42	\$ 23,192.35	\$ 16,302.91	\$ 862.42	\$ 58,411.93	\$ 4,138.55	\$ 4,632.53	\$ 6,154.67	\$ -			\$ 662.97
Total Liabilities and Fund Equity	\$ 182,682.18	\$ 23,192.35	\$ 16,302.91	\$ 862.42	\$ 58,411.93	\$ 4,138.55	\$ 4,632.53	\$ 6,154.67	\$ -			\$ 662.97

SCHEDULE 1  
(CONTINUED)

	Capital Project Funds		Debt Service Funds				Permanent Fund			Total Non-Major Governmental Funds
	EDA/CDBG Cherry Blossom Way Project	SRS 2012 Debt Reserve	SRS 2012 Debt Service	SRS 2012A Debt Service	SRS 2012A Debt Reserve	Park Endowment Brown	Park Endowment Avery			
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,470.35	
Restricted Assets:										
Cash and Investments		100,149.69	0.41		34,553.20	86,621.92	270,358.04		590,253.42	
Total Assets	\$ -	\$ 100,149.69	\$ 0.41	\$ -	\$ 34,553.20	\$ 86,621.92	\$ 270,358.04	\$ -	\$ 788,723.77	

ASSETS

LIABILITIES AND FUND EQUITY

Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.76
Payroll Liabilities									
Fund Balances									
Nonspendable							250,000.00		250,000.00
Restricted for:									
Capital Projects								662.97	662.97
Debt Service		100,149.69	0.41		34,553.20				134,703.30
Parks						86,621.92	20,358.04		106,979.96
Tourism									23,192.35
Other purposes									74,714.84
Assigned for:									
Capital Projects									10,787.20
Cemetery									182,673.42
Other purposes									5,000.97
Total Fund Balance		\$ 100,149.69	\$ 0.41	\$ -	\$ 34,553.20	\$ 86,621.92	\$ 270,358.04	\$ -	\$ 788,715.01
Total Liabilities and Fund Equity	\$ -	\$ 100,149.69	\$ 0.41	\$ -	\$ 34,553.20	\$ 86,621.92	\$ 270,358.04	\$ -	\$ 788,723.77

CITY OF TROY, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - CASH BASIS -  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Special Revenue Funds							Capital Projects Funds			
	Cemetery Investment	Tourism	Protested Tax	Police Explorers	Police Forfeiture	Police Canine Unit	Industrial Development	Sewer Bonds	CDBG		
<u>REVENUES:</u>											
Taxes	\$ -	\$ 96,546.79	\$ 8,240.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Intergovernmental Charges for Services	13,430.00										
Interest	535.18	49.11	59.26		54.46		13.09	17.27			
Sale of Assets	3,357.75			1,534.00	69,045.09	3,000.00					
Miscellaneous	50.00										
Total Revenues	17,372.93	96,595.90	8,299.76	1,534.00	69,099.55	3,000.00	13.09	17.27	-		
<u>EXPENDITURES:</u>											
Current:											
Cemetery	27,405.95	-	-	-	-	-	-	-	-		
Economic Development		96,122.21		1,178.25	12,016.84	861.45					
Public Safety											
Total Expenditures	27,405.95	96,122.21	-	1,178.25	12,016.84	861.45	-	-	-		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,033.02)	473.69	8,299.76	355.75	57,082.71	2,138.55	13.09	17.27	-		
<u>OTHER FINANCING SOURCES (USES):</u>											
Operating Transfers-In	-	-	-	-	-	-	-	-	-		
Operating Transfers-Out			(13,143.00)								
Total Other Financing Sources (Uses)	-	-	(13,143.00)	-	-	-	-	-	-		
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(10,033.02)	473.69	(4,843.24)	355.75	57,082.71	2,138.55	13.09	17.27	-		
FUND BALANCE, JULY 1, 2014	192,706.44	22,718.66	21,146.15	506.67	1,329.22	2,000.00	4,619.44	6,137.40	662.97		
FUND BALANCE, JUNE 30, 2015	\$ 182,673.42	\$ 23,192.35	\$ 16,302.91	\$ 862.42	\$ 58,411.93	\$ 4,138.55	\$ 4,632.53	\$ 6,154.67	\$ 662.97		

	Capital Project Funds		Debt Service Funds				Permanent Funds		Total Non-Major Governmental Funds
	EDA/CDBG Cherry Blossom Way Project	SRS 2012 Debt Reserve	SRS 2012 Debt Service	SRS 2012A Debt Service	SRS 2012A Debt Reserve	Park Endowment Brown	Park Endowment Avery		
REVENUES:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Taxes	189,045.18							189,045.18	
Intergovernmental Charges for Services								13,430.00	
Interest		300.24	3.04	0.93	103.57	242.28	5,173.91	6,552.34	
Sale of Assets								3,357.75	
Miscellaneous								73,629.09	
Total Revenues	189,045.18	300.24	3.04	0.93	103.57	242.28	5,173.91	390,801.65	
EXPENDITURES:									
Current:									
Cemetery	-							27,405.95	
Economic Development	388,006.43							484,128.64	
Public Safety								14,056.54	
Total Expenditures	388,006.43							525,591.13	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(198,961.25)	300.24	3.04	0.93	103.57	242.28	5,173.91	(134,789.48)	
OTHER FINANCING SOURCES (USES):									
Operating Transfers-In	198,961.25		150.55	51.93				199,163.73	
Operating Transfers-Out	(150.55)	(150.55)	(303.24)	(86.90)	(51.93)			(13,735.62)	
Total Other Financing Sources (Uses)	198,961.25	(150.55)	(152.69)	(34.97)	(51.93)			185,428.11	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	149.69	(149.65)	(34.04)	51.64	242.28	5,173.91	50,638.63	
FUND BALANCE, JULY 1, 2014	-	100,000.00	150.06	34.04	34,501.56	86,379.64	265,184.13	738,076.38	
FUND BALANCE, JUNE 30, 2015	\$ -	\$ 100,149.69	\$ 0.41	\$ 0.00	\$ 34,553.20	\$ 86,621.92	\$ 270,358.04	\$ 788,715.01	



CITY OF TROY, MISSOURI  
 COMBINING STATEMENT OF NET POSITION - CASH BASIS  
 ARISING FROM CASH TRANSACTIONS- PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2015

	Troy Aquatic Center	Total Non Major Funds
<u>ASSETS</u>		
Cash and Investments	\$ <u>500.00</u>	\$ <u>500.00</u>
Total Assets	\$ <u><u>500.00</u></u>	\$ <u><u>500.00</u></u>
 <u>LIABILITIES</u>		
Liabilities:		
None	\$ <u>-</u>	\$ <u>-</u>
 <u>NET POSITION</u>		
Unrestricted	<u>500.00</u>	<u>500.00</u>
Total Net Position	\$ <u><u>500.00</u></u>	\$ <u><u>500.00</u></u>

CITY OF TROY, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 NET POSITION - CASH BASIS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2015

	Troy Aquatic Center	Total Non Major Funds
	<u>                    </u>	<u>                    </u>
OPERATING REVENUES:		
Charges for Service	\$ 81,750.90	\$ 81,750.90
	<u>                    </u>	<u>                    </u>
OPERATING EXPENSES:		
Salaries and Wages	4,025.86	4,025.86
Employee Benefits	307.93	307.93
Purchased Services	563.47	563.47
Property Services	3,467.45	3,467.45
Other Purchased Services	135,859.33	135,859.33
Supplies	38,215.30	38,215.30
Property	1,304.58	1,304.58
Other	2,703.35	2,703.35
Total Operating Expenses	<u>186,447.27</u>	<u>186,447.27</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(104,696.37)	(104,696.37)
OPERATING TRANSFERS	<u>104,846.37</u>	<u>104,846.37</u>
NET INCOME (LOSS) AFTER TRANSFERS	150.00	150.00
TOTAL NET POSITION, JULY 1, 2014	<u>350.00</u>	<u>350.00</u>
TOTAL NET POSITION, JUNE 30, 2015	<u>\$ 500.00</u>	<u>\$ 500.00</u>

CITY OF TROY, MISSOURI  
 COMBINING STATEMENT OF CASH FLOWS - CASH BASIS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2015

	Troy Aquatic Center	Total Non Major Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 81,750.90	\$ 81,750.90
Cash Payments to Suppliers for Goods and Services	<u>(186,447.27)</u>	<u>(186,447.27)</u>
Net Cash Provided (Used) by Operating Activities	<u>(104,696.37)</u>	<u>(104,696.37)</u>
Cash Flows from Noncapital Financing Activities:		
Operating Transfers	<u>104,846.37</u>	<u>104,846.37</u>
Cash Flows from Capital and Related Financing Activities:		
None	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:		
None	<u>-</u>	<u>-</u>
Cash, Beginning of Year	<u>350.00</u>	<u>350.00</u>
Cash, End of Year	<u>\$ 500.00</u>	<u>\$ 500.00</u>

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

Operating Income(Loss)	\$ (104,696.37)	\$ (104,696.37)
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>\$ (104,696.37)</u>	<u>\$ (104,696.37)</u>