

**CITY OF TROY, MISSOURI**  
**AUDIT OF FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

CITY OF TROY, MISSOURI

MODIFIED CASH BASIS FINANCIAL STATEMENTS

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
<b>Independent Auditor's Report</b>		1-3
<b>Management's Discussion and Analysis – Unaudited</b>		4-13
<b>Basic Financial Statements:</b>		
Government-Wide Financial Statements		
Statement of Net Position – Modified Cash Basis	A	14
Statement of Activities – Modified Cash Basis	B	15
Fund Financial Statements		
Governmental Funds Financial Statements		
Balance Sheet – Modified Cash Basis – Governmental Funds	C	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	D	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds to the Statement of Activities – Modified Cash Basis	E	18
Proprietary Funds Financial Statements		
Statement of Net Position – Modified Cash Basis – Proprietary Funds	F	19
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis – Proprietary Funds	G	20
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	H	21
Fiduciary Fund Financial Statements		
Statement of Net Position – Modified Cash Basis – Fiduciary Fund	I	22
<b>Notes to Basic Financial Statements</b>		23-49

CITY OF TROY, MISSOURI

TABLE OF CONTENTS (CONTINUED)

<b>Supplementary Information</b>	<u>STATEMENT</u>	<u>PAGE</u>
Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis – Budget and Actual – General Fund	1	50-53
Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis – Budget and Actual – Street Maintenance Fund	2	54
Notes to Budgetary Comparison Schedules		55
Combining Balance Sheet – Modified Cash Basis – Non-major Governmental Funds	3	56-57
Combining Statement of Revenues, Expenditures and Changes In Fund Balance – Modified Cash Basis – Non-major Governmental Funds	4	58-59
Combining Statement of Net Position – Modified Cash Basis– Non-major Proprietary Funds	5	60
Combining Statement of Revenues, Expenditures and Changes In Net Position – Modified Cash Basis – Non-major Proprietary Funds	6	61
Combining Statement of Cash Flows- Modified Cash Basis – Non-major Proprietary Funds	7	62
<b>Other Information – Unaudited</b>	<u>SCHEDULE</u>	
LAGERS Retirement System – Schedule of Changes in Net Pension Liability and Related Ratios	1	63
LAGERS Retirement System – Schedule of Contributions	2	64
Notes to LAGERS Retirement System		65

CITY OF TROY, MISSOURI

TABLE OF CONTENTS (CONTINUED)

<b>Federal Compliance Section</b>	<u>PAGE</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66-67
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	68-69
Schedule of Expenditures of Federal Awards	70-71
Schedule of Findings and Questioned Costs	72-73



Robert E. Croghan, Jr. CPA  
Michael P. Croghan CPA  
Cynthia Croghan Backes CPA

11007 Manchester Road  
Kirkwood, Missouri 63122-1259  
phone 314 966-6644  
fax 314 966-3074

Robert E. Croghan CPA (Retired)

## INDEPENDENT AUDITOR'S REPORT

Board of Aldermen  
City of Troy, Missouri

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Missouri ("City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to error or fraud.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position- modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Missouri, as of June 30, 2016, and the respective changes in financial position- modified cash basis and where applicable, cash flows- modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

## **Basis of Accounting**

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

## **Other Matters**

### *Supplementary Information and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Troy's basic financial statements. The budgetary comparison information, combining nonmajor fund financial statements, management's discussion and analysis and LAGERS retirement system information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary comparison information on pages 50 through 55 and combining nonmajor fund financial statements on pages 56 through 62 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

The management's discussion and analysis on pages 4 through 13, and LAGERS retirement system information on pages 63 through 65, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Kirkwood, Missouri  
December 19, 2016

**UNAUDITED**

**City of Troy, Missouri  
Management's Discussion and Analysis  
For The Fiscal Year Ended June 30, 2016**

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, 2016. 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 modified 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 modified 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, 2016 include the following:

- ❖ Construction on the complete replacement of Cherry Blossom Way and the addition of sidewalks began in December of 2014. This project has been a cooperative effort between the Missouri Department of Economic Development, the Community Development Block Grant and the City of Troy. The DED grant of \$756,894.00 and the CDBG grant of \$350,000.00 were secured by the City as a result of the expansion and subsequent job creation at Bodine Aluminum. The balance of this project was funded by the City of Troy from Capital Improvements Tax revenue. This project was completed in the fall of 2015. The total cost of construction was \$1,697,045.12, with \$1,334,460.23 being expended in the 2015-2016 fiscal year.
- ❖ The City contracted with Sweetens Concrete for concrete panel replacement on Robin Hood Drive at a cost of \$316,526.77.
- ❖ The City contracted with M & H Concrete for concrete improvements to Shellbark Drive and the intersection of Main St. & Cherry Blossom Way. The cost of these improvements was \$255,874.42.
- ❖ Asphalt improvements were made throughout Fairgrounds Park. Monroe Street, Mallard Drive and the parking areas were all overlain with new asphalt at a cost of \$330,350.62.



*UNAUDITED*

- ❖ Cannon General Contractors was awarded the bid for the complete reconstruction of Blair and Trail Avenues in October of 2014. This project was substantially complete by June 30, 2015 with only the retainage still due. The final payment of \$44,497.37 was remitted in FY2016.
- ❖ 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 will be used for improvements to Cherry Street from Main Street to Lincoln Drive. This program was approved in May of 2009 and the purchase of homes began in December of 2009. A total of seven (7) have been purchased and rehabbed since the inception of this program, and six (6) have been sold. The only home remaining in the program is 338 Lyons Drive. This grant is being administered by the Boonslick Regional Planning Commission.
- ❖ The Troy Cemetery was a beneficiary of the estate of Marion Bill Trail. In May of 2016, the Troy Cemetery received a partial distribution of its share of this bequest in the amount of \$80,000.00.
- ❖ The city entered into an agreement with the firm of Woodard & Curran for the evaluation of the City's wastewater treatment system. This agreement's execution began in FY2015, and continued for FY2016, with payments deferred to FY2016. In October of 2016 their findings were presented to the Board and the Board voted to make application to the Missouri Dept. of Natural Resources State Revolving Fund for funding to make the needed upgrades. The Board modified their agreement with Woodard & Curran for the creation of a facility plan and assistance with the SRF application. The total expended in FY2016 for these services was \$113,049.00.
- ❖ Major improvements were made to the Public Works Maintenance Building on Excalibur Drive. New offices were constructed as well as new overhead doors, a new wash bay and improvements to heating and cooling. The total expended for these improvements was \$51,662.03. A 4-post lift was also purchased for the shop at a cost of \$21,966.80, as well as a new tire changer for \$5,800.62. Building improvements were also made at City Hall. Bullet-resistant windows were installed at both the utility reception area and the building department at a cost of \$5,895.40.
- ❖ Drainage improvements were made at Weinand Park by Mick Mehler & Sons Inc. at a cost of \$23,314.00.
- ❖ A new rubber safety surface was installed around the large play structure at Avery Park at a cost of \$25,421.77.
- ❖ Several vehicles were added to the City's fleet in FY2016. The police entered into a 36-month lease for two (2) 2015 Dodge Chargers at a total cost of \$59,686.12. Two vehicles were purchased from Missouri State Surplus: a 2011 Dodge Dakota for the Parks Department at a cost of \$14,900.00 and a 2009 Chevrolet Silverado for the Wastewater Department for \$23,900.00. The Water Department purchased a 2013 Ford Pickup from an individual at a cost of \$25,000.00.

## **UNAUDITED**

- ❖ There were investments in technology in the 2015-2016 fiscal year. A new Dell Power Edge Server was purchased to serve all departments on the first floor of City Hall, at a cost of \$11,894.32. A web-based time-keeping system was purchased at a cost of \$9,515.75. Other expenditures for technology included: Incode Utility Import, \$2,500.00, Microsoft Office Standard for the Police Dept., \$4,092.15 and Traveler Email, also for the Police, \$1,000.00.
- ❖ Other capital equipment purchases were made for use in our maintenance departments as follows: a new John Deere Mower for the Cemetery, \$8,700.00, a Land Pride Brush Hog for the wastewater department, \$4,883.00, Ground Speed Controls for snow plowing, \$4,424.00, a ReelGreen Travelling Sprinkler for Parks, \$2,470.00, a Hurco Liquid Smoker, \$2,051.53 and a Hoists Direct Electric Winch, \$1,886.00, both for use in the sewer dept.
- ❖ The police department acquired two K-9's at a cost of \$4,000.00 each, from drug forfeiture funds, and donations. The department also purchased five (5) new Stalker Radar units at a cost of \$6,975.00 and 20 bulletproof vest carriers at a cost of \$4,509.45 from drug forfeiture funds. Two Tasers at a cost of \$1,029.95 each were also purchased.

The City's net position (modified cash basis) at the end of 2016 was \$ 8,093,235.22. This represents a 9.2% increase over the fiscal year ending June 30, 2015.

### **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 modified 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 (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis), provide highly consolidated modified cash basis financial information and render a government-wide perspective of the City's modified cash basis financial condition.

By showing the change in net position (modified cash basis) for the year, the reader may ascertain whether the City's modified 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, 2015 and June 30, 2016.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total June 30, 2016</u>	<u>Total June 30, 2015</u>
<b>ASSETS</b>				
Cash and Investments	\$ 3,995,121.17	\$ 2,743,900.07	\$ 6,739,021.24	\$ 5,343,866.48
Restricted Assets:				
Cash and Investments	<u>1,359,683.54</u>		<u>1,359,683.54</u>	<u>2,076,270.63</u>
Total Assets	<u>5,354,804.71</u>	<u>2,743,900.07</u>	<u>8,098,704.78</u>	<u>7,420,137.11</u>
<b>LIABILITIES</b>				
Payroll Withholdings	<u>4,258.49</u>	<u>1,211.07</u>	<u>5,469.56</u>	<u>8,246.62</u>
<b>NET POSITION</b>				
Restricted	2,182,076.90	-	2,182,076.90	2,075,100.30
Unrestricted	<u>3,168,469.32</u>	<u>2,742,689.00</u>	<u>5,911,158.32</u>	<u>5,336,790.19</u>
Total Net Position	<u>\$ 5,350,546.22</u>	<u>\$ 2,742,689.00</u>	<u>\$ 8,093,235.22</u>	<u>\$ 7,411,890.49</u>

Total net position of the City increased by \$681,344.73 for the year due to current year activity.

**Government-wide Financial Analysis**

Revenue and Expenditure Comparison for Years  
Ending June 30, 2016 and 2015

	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
<b>Revenue - All Funds:</b>				
Taxes	\$ 6,387,556.73	49.93%	\$ 6,096,142.97	52.96%
Licenses and Permits	115,006.74	0.90%	130,552.56	1.13%
Charges for Services	4,483,980.11	35.05%	4,281,064.07	37.19%
Fines and Forfeitures	271,581.60	2.12%	217,728.49	1.89%
Sale of Assets	44,106.19	0.34%	3,357.75	0.03%
Intergovernmental	1,314,834.24	10.28%	625,804.01	5.44%
Interest	26,698.92	0.21%	27,272.33	0.24%
Miscellaneous	148,535.92	1.16%	129,041.85	1.12%
Total Revenues	<u>\$ 12,792,300.45</u>	<u>100.00%</u>	<u>\$ 11,510,964.03</u>	<u>100.00%</u>
<b>Expenditures -- All Fund:</b>				
General Government	\$ 790,256.27	6.53%	\$ 654,445.56	5.75%
Public Safety	2,366,151.95	19.54%	2,261,675.18	19.87%
Culture and Recreation	252,482.76	2.08%	205,379.69	1.80%
Cemetery	33,110.55	0.27%	27,405.95	0.24%
Public Works - Streets	1,372,788.18	11.34%	1,686,664.86	14.82%
Economic Development	2,445,969.44	20.20%	1,087,163.27	9.55%
Operating Expenses - Utilities	3,308,763.35	27.32%	3,951,696.83	34.71%
Debt Service - Principal/Interest	1,541,433.22	12.73%	1,509,338.50	13.26%
Total Expenditures	<u>\$ 12,110,955.72</u>	<u>100.00%</u>	<u>\$ 11,383,769.84</u>	<u>100.00%</u>

**UNAUDITED**

**Governmental Funds Financial Analysis**

	<u>2016</u>	<u>2015</u>
Program Revenues Collected:		
Charges for Services	\$ 403,233.34	\$ 361,711.05
Operating Grants and Contributions	1,293,105.88	625,804.01
General Revenues Collected:		
Property Taxes	289,705.29	293,854.14
Franchise and Public Service Taxes	2,188,117.80	2,115,060.93
Sales Tax	3,909,733.64	3,687,227.90
Investment Income	18,860.41	18,471.67
Sale of Assets	44,106.19	3,357.75
Miscellaneous	148,535.92	129,041.85
Total Revenues Collected	<u>8,295,398.47</u>	<u>7,234,529.30</u>
Expenses Paid:		
General Government	790,256.27	654,445.56
Public Safety	2,366,151.95	2,261,675.18
Public Works - Streets	1,372,788.18	1,686,664.86
Culture and Recreation	252,482.76	205,379.69
Cemetery	33,110.55	27,405.95
Economic Development	2,445,969.44	1,087,163.27
Debt Service		
Principal	453,060.69	413,500.00
Interest and Fees	150,201.53	158,662.50
Total Expenses Paid	<u>7,864,021.37</u>	<u>6,494,897.01</u>
Transfers between funds	<u>(60,133.31)</u>	<u>(105,236.51)</u>
Change in Net Position	371,243.79	634,395.78
Net Position, July 1	<u>4,979,302.43</u>	<u>4,344,906.65</u>
Net Position, June 30	<u>\$ 5,350,546.22</u>	<u>\$ 4,979,302.43</u>

**Business Type Activities**

	<u>2016</u>	<u>2015</u>
Water Fund:		
Operating Revenue	\$1,264,517.73	\$ 1,156,701.79
Operating Expenditures	<u>(1,134,643.50)</u>	<u>(1,793,004.92)</u>
Operating Income/(Loss)	129,874.23	(636,303.13)
Non-Operating Revenue/(Expenses)	(56,847.61)	(51,837.96)
Operating Transfer	-	-
Net Income/(Loss)	<u>\$ 73,026.62</u>	<u>\$ (688,141.09)</u>

**UNAUDITED**

Sewer Fund:	<u>2016</u>	<u>2015</u>
Operating Revenue	\$ 2,397,579.83	\$ 2,378,782.85
Operating Expenditures	<u>(1,326,271.91)</u>	<u>(1,325,038.91)</u>
Operating Income/(Loss)	1,071,307.92	1,053,743.94
Non-Operating Revenue/(Expenses)	(851,826.10)	(876,578.84)
Operating Transfer	<u>4.85</u>	<u>390.14</u>
Net Income/(Loss) after Transfers	<u><u>\$ 219,486.67</u></u>	<u><u>\$ 177,555.24</u></u>

Sanitation Fund:	<u>2016</u>	<u>2015</u>
Operating Revenue	\$ 690,122.06	\$ 650,415.50
Operating Expenditures	<u>(683,812.08)</u>	<u>(647,205.73)</u>
Operating Income/(Loss)	6,309.98	3,209.77
Non-Operating Revenue/(Expenses)	43.11	24.49
Operating Transfer	<u>-</u>	<u>-</u>
Net Income/(Loss)	<u><u>\$ 6,353.09</u></u>	<u><u>\$ 3,234.26</u></u>

Troy Aquatic Center	<u>2016</u>	<u>2015</u>
Operating Revenue	\$ 115,115.49	\$ 81,733.93
Operating Expenditures	<u>(164,035.86)</u>	<u>(186,447.27)</u>
Operating Income/(Loss)	(48,920.37)	(104,713.34)
Non-Operating Revenue/(Expenses)	26.47	16.97
Operating Transfer	<u>60,128.46</u>	<u>104,846.37</u>
Net Income/(Loss) after Transfers	<u><u>\$ 11,234.56</u></u>	<u><u>\$ 150.00</u></u>

The Water Fund experienced a net gain of \$73,026.62. User fees increased by 5% over the previous fiscal year and right-to-connect fees were up by 10%. While there were no capital projects undertaken, there were pump and motor failures at Wells 3, 10, 11 and 12 that required costly repairs. Well House # 8 was damaged by fire, and the repair exceeded the insurance proceeds. Expenditures for electricity were up, as well as the purchase of water meters due to growth. Personnel expenses also increased.

The Sewer Fund experienced a net gain of \$219,486.67, which is 23% higher than FY2015. User fees increased by 5.27%, and right-to-connect fees increased by 28% (16 additional connections). Expenditures overall slightly increased.

The Sanitation Fund ended the fiscal year with a net gain of \$6,353.09. This is nearly twice the net income for the 2014-2015 year. User fees increased per our contract with Christian Environmental. As the City contracts for trash disposal services, the Sanitation Fund has no bearing on the City's financial position.

With the addition of a parks director in 2015, the City has continued to take more of the operations of its Aquatic Center in house. The City contracted with Midwest Pool Management once again for the 2015 and 2016 seasons but has continued to limit their services. The net result has been a decrease in the cost of operations of 12%. Patron fees were up by nearly 41% over the prior year, and supplemental transfers decreased by 43%. For the 2015-2016 fiscal year, supplemental transfers were from the General Fund. The City continues to strive to make the center more self-supporting.

**UNAUDITED**

**General Fund Budgetary Highlights**

The General Fund exceeded budgetary projections by 10%. Sales tax revenues exceeded projections by 6.4%. Franchise taxes were over budget by nearly 5%. While telecommunications tax receipts have been declining, cable, electric and gas taxes have been rising. Real and personal property taxes were over budget by 3%, surtax by 6% and cigarette tax by nearly 2%.

Building permits were nearly 3 times the budgeted projections. Fines and forfeiture income soared over budget by nearly 29%. Park fee income was 4% over budget and interest earned exceeded projections by 55%.

**Capital Assets and Debt Administration**

The City operates under the modified 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 \$ 10,382,766.11.

Series 2010A Certificates of Participation for City Hall refunding and remodeling projects	\$ 948,000.00
Series 2012A Certificates of Participation for refundng 2005 COPS for MBR Wastewater Treatment Plant	1,895,000.00
Series 2004 Lease Purchase of EDA Well and Tower	174,000.00
Series 2011 Certificates of Participation for Aquatic Center and capital improvements	2,145,000.00
Series 2012 Certificates of Participation for refundng 2004 COPS for MBR Wastewater Treatment Plant	<u>4,970,000.00</u> <u>10,132,000.00</u>
Capital Leases:	
Vehicles	38,456.37
Vehicles	42,906.51
Equipment	169,403.23
	<u>\$ 250,766.11</u>

## *UNAUDITED*

### **Budgetary Analysis**

In November of 2015 the City made application to the Missouri Dept. of Natural Resources for a State Revolving Fund (SRF) loan. The purpose of this loan is for upgrades to the City's wastewater treatment system. The City has been working with Woodard and Curran, an engineering firm, for assessment of its current conditions and recommendations for solutions. Based on their findings, the City went to the voters to approve the issuance of \$18,887,000.00 in revenue bonds for the purpose of upgrading its sewer system. On June 6, 2016 the Board approved a work order with Woodard and Curran that will encompass four phases: an anti-degradation report, interceptor line assistance, environmental review and ultimately the design of the upgrades and interceptor line to divert all flow to the southeast plant and close down the Hwy 47 plant. The cost of this work order is \$1,385,000.00 and is budgeted for FY2017. It will be paid from the Sewer Fund, supplemented from transfers from the General and Capital Improvements Funds.

In January of 2016 Cochran Engineering was awarded the design for the complete replacement of Cherry Street from Main Street to Lincoln Drive including sidewalks at a bid of \$223,745.00. This replacement is expected to be a multi-phase project, spanning multiple fiscal-years with a budgeted cost of \$1,100,325.00 for the 2016-2017 fiscal year. It will be funded by Surface Transportation Program (STP) Funds, proceeds from the sale of the homes owned by the City as a result of the Neighborhood Stabilization Program (NSP) and the Street Fund.

A new sidewalk will be constructed on the west side of Main Street from College Street to the Main Street Elementary School. This project was originally budgeted in the 2015-2016 fiscal year but bids received exceeded budgetary amounts. It was decided to enter this project into the 2016-2017 budget at an estimated cost of \$570,000.00 and re-bid the project. This project will be funded in part by the Transportation Alternatives Program (TAP). The City's matching funds will come from the Capital Improvements Fund.

The concrete replacement of Excalibur Boulevard has been entered into the FY2017 budget at a cost of \$260,000.00 and will be paid for from the Street Fund. The replacement of Buchanan Court was slated to occur in FY2016, but was postponed to FY2017 at an estimated cost of \$180,000.00. The repair of Weston Court and Weston Drive carried into the new fiscal year as well, at a cost of \$53,000.00.

Improvements to the trails and parking lot at Weinand Park, and the repair of the streets in the cemetery have been budgeted at a total cost of \$86,285.00.

The exterior painting of the Cherry Street Water Tank was approved and awarded in FY2016, but was not completed by fiscal year-end, so this project was added to the FY2017 budget. The cost of the project is \$152,250.00 and will be performed by Ozark Applicators LLC.

Many improvements are planned for the City's water distribution system. Replacement and additional water lines have been budgeted for the following areas: Carrington Blvd. to the Hwy 47 wastewater treatment facility, Harris Street, Myron Place and Sheets Drive, Second Street to Boone Street, Sixth Street to Boone Street, Elm Tree Road and Bodine Aluminum. The total budgeted cost for these improvements is \$355,220.00. Testing for the City's next well (#15) was budgeted at a cost of \$80,000.00 and an amount of \$12,000.00 was entered for the cleaning of water towers.

**UNAUDITED**

The Troy R-III School District approached the City offering a donation of land adjacent to their new middle school on Adelhardt Road, for use as athletic fields and trails. The donation was contingent upon the receipt of a \$150,000.00 grant available through the Missouri Dept. of Natural Resources to make improvements to the land for public use. It is a 40-acre tract and was divided into two parcels so that a portion of the land could be used for the City's grant match. The Board approved the grant application, and \$171,000.00 was entered into the FY2017 budget for land improvements, offset by grant revenue of \$150,000.00.

The City will be adding to its fleet in FY2017. Two 2016 Dodge Chargers will be secured through a 3-year lease at budgeted annual cost of \$15,000.00. A 2016 Dodge 2-ton truck was approved for purchase in FY2016, but was still on order at year-end. This purchase was entered into the FY2017 budget at an actual cost of \$76,000.00. The Street Dept. plans to purchase a heavy duty pickup truck at a cost of \$30,000.00 and the Wastewater Dept. will be looking to Missouri State Surplus for a used vehicle at cost of \$28,000.00.

There will be a few more investments in technology for FY2017. The City will be updating its phone and internet system at a cost of \$42,202.00. GIS software will be purchased for mapping infrastructure at a cost of \$20,000.00. Software will be purchased to assist the implementation of the MS4 program at a cost of \$5,000.00. A mobile reader will be purchased for the reading of water meters at a cost of \$4,050.00. The Wastewater Department will purchase a weather station at a cost of \$1,500.00.

Capital equipment purchases have been budgeted for the 2016-2017 fiscal year as follows:

Excavator w/24" Bucket, less trade-in	\$ 50,000.00	Street, Water & Sewer Funds
Trackloader/Skid-Steer less trade-in	\$ 32,000.00	Street, Water & Sewer Funds
20' Deckover Trailer	\$ 15,500.00	Street, Water & Sewer Funds
Emergency Light Tower	\$ 11,500.00	Street, Water & Sewer Funds
Ultra-Shore Lightweight Trenchboxes	\$ 11,500.00	Street, Water & Sewer Funds
Mosquito Fogger	\$ 8,500.00	Street Fund
Portable Hydraulic Unit	\$ 7,500.00	Street, Water & Sewer Funds
Used Generators (MO State Surplus)	\$ 5,500.00	Sewer Fund
Walk-Behind Packer	\$ 3,800.00	Street Fund
Pelsue Lifeguard Fall Protection	\$ 3,600.00	Street & Sewer Funds
Electric Jackhammer	\$ 2,600.00	Street Fund

Sales tax revenues have been budgeted essentially flat. FY2016 saw an increase of 6% 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 43 connections.



## ***UNAUDITED***

In May of 2015 the Board voted to extend the City's insurance plan year through September of 2016 in an effort to delay the costs of the Affordable Care Act regulations for the City's group size. Since the insurance premium increase was an unknown at budget time, it was decided to project a 15% increase to health insurance costs, per the recommendation of our insurance agent. The contribution rate for the Missouri Local Government Employees Retirement (MO LAGERS) decreased for general employees from 9.8% to 9% and the rate for police decreased from 9.2% to 8.7%.

There were no across-the-board pay increases budgeted.

### **Contacting the City's Financial Management**

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

CITY OF TROY, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 3,995,121.17	\$ 2,743,900.07	\$ 6,739,021.24
Restricted Assets:			
Cash and Investments	<u>1,359,683.54</u>	<u>                    </u>	<u>1,359,683.54</u>
Total Assets	<u>5,354,804.71</u>	<u>2,743,900.07</u>	<u>8,098,704.78</u>
 <u>LIABILITIES</u>			
Payroll Withholdings	<u>4,258.49</u>	<u>1,211.07</u>	<u>5,469.56</u>
Total Liabilities	<u>4,258.49</u>	<u>1,211.07</u>	<u>5,469.56</u>
 <u>NET POSITION</u>			
Restricted for:			
Nonexpendable Permanent Funds	250,000.00	-	250,000.00
Capital Projects	570,733.61		570,733.61
Debt Service	135,108.94		135,108.94
Parks	112,430.61		112,430.61
Roads	778,011.47		778,011.47
Tourism	29,033.91		29,033.91
Cemetery	246,740.91		246,740.91
Other Purposes	60,017.45		60,017.45
Unrestricted	<u>3,168,469.32</u>	<u>2,742,689.00</u>	<u>5,911,158.32</u>
Total Net Position	<u>\$ 5,350,546.22</u>	<u>\$ 2,742,689.00</u>	<u>\$ 8,093,235.22</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues Received			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	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	\$ 790,256.27	\$ 115,006.74	\$ -	\$ -	\$ (675,249.53)	\$ -	\$ (675,249.53)
Public Safety	2,366,151.95	271,581.60	59,585.54	-	(2,034,984.81)	-	(2,034,984.81)
Culture and Recreation	252,482.76				(252,482.76)		(252,482.76)
Cemetery	33,110.55	16,645.00			(16,465.55)		(16,465.55)
Public Works - Streets	1,372,788.18		432,244.11	801,276.23	(940,544.07)		(940,544.07)
Economic Development	2,445,969.44				(1,644,693.21)		(1,644,693.21)
Debt Service							
Principal Interest and Fees	453,060.69				(453,060.69)		(453,060.69)
Total governmental activities:	<u>7,864,021.37</u>	<u>403,233.34</u>	<u>491,829.65</u>	<u>801,276.23</u>	<u>(6,167,682.15)</u>	<u>-</u>	<u>(6,167,682.15)</u>
<b>Business-type Activities:</b>							
Water	1,195,139.50	1,264,517.73	-	-	-	69,378.23	69,378.23
Sewer	2,203,946.91	2,397,579.83	21,728.36	-	-	215,361.28	215,361.28
Sanitation	683,812.08	690,122.06				6,309.98	6,309.98
Troy Aquatic Center	164,035.86	115,115.49				(48,920.37)	(48,920.37)
Total business-type activities:	<u>4,246,934.35</u>	<u>4,467,335.11</u>	<u>21,728.36</u>	<u>-</u>	<u>-</u>	<u>242,129.12</u>	<u>242,129.12</u>
<b>Total City</b>	<u>\$ 12,110,955.72</u>	<u>\$ 4,870,568.45</u>	<u>\$ 513,558.01</u>	<u>\$ 801,276.23</u>	<u>(6,167,682.15)</u>	<u>242,129.12</u>	<u>(5,925,553.03)</u>
<b>General Revenues:</b>							
Taxes							
Property Taxes					289,705.29	-	289,705.29
Franchise and Public Service Taxes					2,188,117.80	-	2,188,117.80
Sales Tax					3,909,733.64	-	3,909,733.64
Investment Income					18,860.41	7,838.51	26,698.92
Miscellaneous					148,535.92	-	148,535.92
Sale of Assets					44,106.19	-	44,106.19
Transfers between funds					(60,133.31)	60,133.31	-
Total General Revenues					<u>6,538,925.94</u>	<u>67,971.82</u>	<u>6,606,897.76</u>
Change in Net Position					371,243.79	310,100.94	681,344.73
Net Position - beginning					4,979,302.43	2,432,588.06	7,411,890.49
Net Position - ending					<u>\$ 5,350,546.22</u>	<u>\$ 2,742,689.00</u>	<u>\$ 8,093,235.22</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
BALANCE SHEET- MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Major Funds				Non-Major Funds	Total Governmental Funds
	General	Street Maintenance	Capital Improvement	EDA/CDBG Cherry Blossom Way Project		
<u>ASSETS</u>						
Cash and Investments	\$ 3,171,796.55	\$ -	\$ 559,251.71	\$ -	\$ 264,072.91	\$ 3,995,121.17
Restricted Assets:						
Cash and Investments		778,936.94			580,746.60	1,359,683.54
Due From Other Funds			148,242.07			148,242.07
 Total Assets	 <u>\$ 3,171,796.55</u>	 <u>\$ 778,936.94</u>	 <u>\$ 707,493.78</u>	 <u>\$ -</u>	 <u>\$ 844,819.51</u>	 <u>\$ 5,503,046.78</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities						
Payroll Liabilities	\$ 3,327.23	\$ 925.47	\$ -	\$ -	\$ 5.79	\$ 4,258.49
Due To Other Funds				148,242.07		148,242.07
 Total Liabilities	 <u>\$ 3,327.23</u>	 <u>\$ 925.47</u>	 <u>\$ -</u>	 <u>\$ 148,242.07</u>	 <u>\$ 5.79</u>	 <u>\$ 152,500.56</u>
Fund Equity:						
Fund Balance:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 250,000.00	\$ 250,000.00
Restricted for:						
Capital Projects			559,251.71		11,481.90	570,733.61
Debt Service					135,108.94	135,108.94
Parks					112,430.61	112,430.61
Roads		778,011.47				778,011.47
Tourism					29,033.91	29,033.91
Cemetery					246,740.91	246,740.91
Other purposes					60,017.45	60,017.45
Unassigned	3,168,469.32		148,242.07	(148,242.07)		3,168,469.32
 Total Fund Equity	 <u>3,168,469.32</u>	 <u>778,011.47</u>	 <u>707,493.78</u>	 <u>(148,242.07)</u>	 <u>844,813.72</u>	 <u>5,350,546.22</u>
 Total Liabilities and Fund Equity	 <u>\$ 3,171,796.55</u>	 <u>\$ 778,936.94</u>	 <u>\$ 707,493.78</u>	 <u>\$ -</u>	 <u>\$ 844,819.51</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

\$ 5,350,546.22

CITY OF TROY, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	Major Funds					Total
	General	Street Maintenance	Capital Improvements	EDA/CDBG Cherry Blossom Way Project	Non-Major Funds	Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 3,712,494.91	\$ 1,262,952.06	\$ 1,303,073.25	\$ -	\$ 109,036.51	\$ 6,387,556.73
Intergovernmental	59,585.54	432,244.11	39,606.59	761,669.64		1,293,105.88
Licenses, Permits and Fees	115,006.74					115,006.74
Charges for Services					16,645.00	16,645.00
Interest	8,564.39	1,602.67	2,035.08		6,658.27	18,860.41
Fines and Forfeitures	271,581.60					271,581.60
Sale of Assets	698.38	43,407.81				44,106.19
Miscellaneous	52,368.70	4,005.68			92,161.54	148,535.92
<b>Total Revenues</b>	<b>4,220,300.26</b>	<b>1,744,212.33</b>	<b>1,344,714.92</b>	<b>761,669.64</b>	<b>224,501.32</b>	<b>8,295,398.47</b>
<b>EXPENDITURES:</b>						
Current:						
General Government	690,699.60	-	-	-	-	690,699.60
Public Safety	2,310,545.41				37,477.68	2,348,023.09
Culture and Recreation	233,916.76					233,916.76
Cemetery					24,410.55	24,410.55
Public Works - Streets		1,217,819.96				1,217,819.96
Economic Development			99,078.45	67,420.48	97,809.53	264,308.46
Capital Outlay	136,251.53	154,968.22	847,200.75	1,334,460.23	8,700.00	2,481,580.73
Debt Service:						
Principal	278,060.69		175,000.00			453,060.69
Interest and Fees	47,969.03		102,232.50			150,201.53
<b>Total Expenditures</b>	<b>3,697,443.02</b>	<b>1,372,788.18</b>	<b>1,223,511.70</b>	<b>1,401,880.71</b>	<b>168,397.76</b>	<b>7,864,021.37</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>522,857.24</b>	<b>371,424.15</b>	<b>121,203.22</b>	<b>(640,211.07)</b>	<b>56,103.56</b>	<b>431,377.10</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers	(60,128.46)	-	(491,969.00)	491,969.00	(4.85)	(60,133.31)
<b>Total Other Financing Sources (Uses):</b>	<b>(60,128.46)</b>	<b>-</b>	<b>(491,969.00)</b>	<b>491,969.00</b>	<b>(4.85)</b>	<b>(60,133.31)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>	<b>462,728.78</b>	<b>371,424.15</b>	<b>(370,765.78)</b>	<b>(148,242.07)</b>	<b>56,098.71</b>	<b>371,243.79</b>
<b>FUND BALANCE, JULY 1, 2015</b>	<b>2,705,740.54</b>	<b>406,587.32</b>	<b>1,078,259.56</b>	<b>-</b>	<b>788,715.01</b>	<b>4,979,302.43</b>
<b>FUND BALANCE, JUNE 30, 2016</b>	<b>\$ 3,168,469.32</b>	<b>\$ 778,011.47</b>	<b>\$ 707,493.78</b>	<b>\$ (148,242.07)</b>	<b>\$ 844,813.72</b>	<b>\$ 5,350,546.22</b>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds	\$ 371,243.79
There are no adjustments	<u>                        </u>
Change in Net Position of Governmental Activities	<u>\$ 371,243.79</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,223,566.07	\$ 1,492,108.24	\$ 16,491.20	\$ 11,734.56	\$ 2,743,900.07
Total Assets	<u>\$ 1,223,566.07</u>	<u>\$ 1,492,108.24</u>	<u>\$ 16,491.20</u>	<u>\$ 11,734.56</u>	<u>\$ 2,743,900.07</u>
<b>LIABILITIES</b>					
Payroll Withholdings	\$ 402.74	\$ 770.83	\$ 37.50	\$ -	\$ 1,211.07
<b>NET POSITION</b>					
Unrestricted	<u>1,223,163.33</u>	<u>1,491,337.41</u>	<u>16,453.70</u>	<u>11,734.56</u>	<u>2,742,689.00</u>
Total Net Position	<u>\$ 1,223,163.33</u>	<u>\$ 1,491,337.41</u>	<u>\$ 16,453.70</u>	<u>\$ 11,734.56</u>	<u>\$ 2,742,689.00</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
OPERATING REVENUES:					
Charges for Services	\$ 1,264,517.73	\$ 2,397,579.83	\$ 690,122.06	\$ 115,115.49	\$ 4,467,335.11
OPERATING EXPENSES:					
Cost of Sales and Services	1,010,046.09	1,230,626.34	658,764.14	164,035.86	3,063,472.43
Administration	99,134.40	61,333.25	25,047.94		185,515.59
Capital Outlay	25,463.01	34,312.32			59,775.33
Total Operating Expenses	<u>1,134,643.50</u>	<u>1,326,271.91</u>	<u>683,812.08</u>	<u>164,035.86</u>	<u>3,308,763.35</u>
OPERATING INCOME (LOSS)	<u>129,874.23</u>	<u>1,071,307.92</u>	<u>6,309.98</u>	<u>(48,920.37)</u>	<u>1,158,571.76</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest	3,648.39	4,120.54	43.11	26.47	7,838.51
Federal Grants		21,728.36			21,728.36
Debt Service:					
Principal	(55,000.00)	(675,000.00)			(730,000.00)
Interest and Fees	(5,496.00)	(202,675.00)			(208,171.00)
Total Non-Operating Revenues (Expenses)	<u>(56,847.61)</u>	<u>(851,826.10)</u>	<u>43.11</u>	<u>26.47</u>	<u>(908,604.13)</u>
INCOME (LOSS) BEFORE TRANSFERS	73,026.62	219,481.82	6,353.09	(48,893.90)	249,967.63
OPERATING TRANSFERS	<u>-</u>	<u>4.85</u>	<u>-</u>	<u>60,128.46</u>	<u>60,133.31</u>
NET INCOME (LOSS) AFTER OPERATING TRANSFER	73,026.62	219,486.67	6,353.09	11,234.56	310,100.94
TOTAL NET POSITION, JULY 1, 2015	<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, JUNE 30, 2016	<u>\$ 1,223,163.33</u>	<u>\$ 1,491,337.41</u>	<u>\$ 16,453.70</u>	<u>\$ 11,734.56</u>	<u>\$ 2,742,689.00</u>

See accompanying notes to basic financial statements.



CITY OF TROY, MISSOURI  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 1,264,517.73	\$ 2,397,579.83	\$ 690,122.06	\$ 115,115.49	\$ 4,467,335.11
Cash Payments to Suppliers for Goods and Services	(717,529.04)	(825,795.21)	(666,058.78)	(164,035.86)	(2,373,418.89)
Cash Payments to Employees for Services	(417,534.08)	(500,731.98)	(17,734.44)		(936,000.50)
Net Cash Provided (Used) by Operating Activities	<u>129,454.61</u>	<u>1,071,052.64</u>	<u>6,328.84</u>	<u>(48,920.37)</u>	<u>1,157,915.72</u>
Cash Flows from Noncapital Financing Activities:					
Federal Grants		21,728.36			21,728.36
Operating Transfers	-	4.85	-	60,128.46	60,133.31
Net Cash Used Provided by Noncapital Financing Activities	<u>-</u>	<u>21,733.21</u>	<u>-</u>	<u>60,128.46</u>	<u>81,861.67</u>
Cash Flows from Capital and Related Financing Activities:					
Principal Paid on Bonds/Certificates	(55,000.00)	(675,000.00)	-	-	(730,000.00)
Interest and Fees Paid on Certificates	(5,496.00)	(202,675.00)			(208,171.00)
Net Cash Used for Capital and Related Financial Activities	<u>(60,496.00)</u>	<u>(877,675.00)</u>	<u>-</u>	<u>-</u>	<u>(938,171.00)</u>
Cash Flows from Investing Activities:					
Interest Earned	<u>3,648.39</u>	<u>4,120.54</u>	<u>43.11</u>	<u>26.47</u>	<u>7,838.51</u>
Cash and Cash Equivalents, Beginning 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>
Cash and Cash Equivalents, End of Year	<u>\$ 1,223,566.07</u>	<u>\$ 1,492,108.24</u>	<u>\$ 16,491.20</u>	<u>\$ 11,734.56</u>	<u>\$ 2,743,900.07</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income(Loss)	\$ 129,874.23	\$ 1,071,307.92	\$ 6,309.98	\$ (48,920.37)	\$ 1,158,571.76
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities					
Changes in assets and liabilities:					
Payroll Withholdings	(419.62)	(255.28)	18.86	-	(656.04)
Net Cash Provided (Used) by Operating Activities	<u>\$ 129,454.61</u>	<u>\$ 1,071,052.64</u>	<u>\$ 6,328.84</u>	<u>\$ (48,920.37)</u>	<u>\$ 1,157,915.72</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2016

<u>ASSETS</u>	<u>Agency Funds</u>
Restricted Assets:	
Cash and Investments	\$ <u>4,541.00</u>
 <u>LIABILITIES</u>	
Due to Others - Court Bonds	\$ <u>4,541.00</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. Summary of Significant Accounting Policies**

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

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

A. Principals Used to Determine Scope of Entity

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

---

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

---

Fund Financial Statements

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

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

Fund Accounting

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

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

## Governmental Funds

### General Fund

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

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

### Debt Service Funds

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

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

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

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

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

### Capital Project Funds

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

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

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

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

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

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

### Permanent Fund

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

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

## Proprietary Funds

### Enterprise Funds

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

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

*Sewer Fund* – to account for the revenues and expenses of the operation of the 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

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

#### Agency Fund

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

Major and Non-major Funds

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

Major Funds:  
General Fund

Special Revenue Fund:  
Street Maintenance

Capital Projects Funds:  
Capital Improvement  
EDA/CDBG Cherry Blossom Way Project

Proprietary Funds:  
Water  
Sewer  
Sanitation

Non-Major Funds:

Special Revenue Funds:  
Cemetery Investment  
Tourism  
Protested Franchise Tax  
Police Explorers  
Police Forfeiture  
Police Canine Unit  
Park Endowment (Brown)

Debt Services Funds:  
SRS 2012 Debt Service Reserve  
SRS 2012 Debt Service  
SRS 2012A Debt Service  
SRS 2012A Debt Service Reserve

Capital Projects Funds:  
Sewer Bonds  
Industrial Development  
CDBG

Permanent Fund:  
Park Endowment (Avery)

Proprietary  
Troy Aquatic Center

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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



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

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

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

#### Basis of Accounting

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

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

#### D. Budgets and Budgetary Accounting

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

1. The City Treasurer submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Public hearings are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.

3. The budget was formally adopted on June 29, 2015.
4. Budgets for City funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

For the year ended June 30, 2016, the City complied, in all material respects, with applicable budget laws.

E. Cash and Cash Equivalents and Investments

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

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

F. Capital Assets

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

G. Restricted Assets

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

The restricted assets at June 30, 2016, are as follows:

Street Maintenance	\$	778,936.94
Tourism		29,033.91
Protested Franchise Tax		21,795.75
Police Forfeiture		31,714.42
Park Endowment (Brown)		86,876.83
CDBG		662.97
SRS 2012 Debt Service Reserve		100,025.56
SRS 2012 Debt Service		426.10
SRS 2012A Debt Service		146.90
SRS 2012A Debt Service Reserve		34,510.38
Park Endowment (Avery)		275,553.78
	\$	<u>1,359,683.54</u>

#### H. Due From Other Funds or Governments

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

#### I. Governmental Fund Balances

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

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

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

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

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

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

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

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

Fund balances of the City's governmental funds at June 30, 2016, are classified as follows regarding level of constraint:

	General Fund	Special Revenue Funds	Capital Projects	Debt Service Funds	Permanent Funds
Fund Balances:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 250,000.00
Restricted for:					
Capital Projects			570,733.61		
Debt Service				135,108.94	
Parks		86,876.83			25,553.78
Roads		778,011.47			
Tourism		29,033.91			
Cemetery		246,740.91			
Other purposes		60,017.45			
Unassigned	3,168,469.32				
Total Fund Balances	<u>\$ 3,168,469.32</u>	<u>\$ 1,200,680.57</u>	<u>\$ 570,733.61</u>	<u>\$ 135,108.94</u>	<u>\$ 275,553.78</u>

## J. Net Position/Fund Balance Classifications

### **Government-Wide Statements**

Net position is classified and displayed in three components:

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

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

K. Interfund Activity

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

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

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

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

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

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

#### L. Fines and Court Costs

Missouri statute now requires municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for minor traffic violations. The City's fines, court costs and other revenues pertaining to minor traffic violations totaled \$138,331.00 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 \$4,159,896.73. The City's fines and court costs for minor traffic violations are 3.33% "annual general operating revenue."

#### M. Estimates

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

#### N. Adoption of New Accounting Standards

The City adopted GASB Statement 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements.

The City adopted GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

The City also adopted GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify- in the context of the current governmental financial reporting environment- the hierarchy of generally accepted accounting principles (GAAP).

The City also adopted GASB Statement 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants.

## 2. Cash and Investments

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

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

The cash and investments held at June 30, 2016, and reported at cost are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Cash on hand		<u>\$ 750.00</u>
Deposits:		
Demand deposits		1,221,550.70
Money market deposits		6,234,225.42
Non-negotiable certificates of deposit	Various	<u>507,069.72</u>
Total deposits		<u>7,962,845.84</u>
Investments:		
Money market deposits		134,535.94
Mutual fund money market		<u>573.00</u>
Total investments		<u>135,108.94</u>
Total cash and investments		<u><u>\$ 8,098,704.78</u></u>
Reconciliation to financial statements:		
Current:		
Cash and investments		\$ 6,739,021.24
Cash and investments - restricted		<u>1,359,683.54</u>
Total		<u><u>\$ 8,098,704.78</u></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, 2016, the City’s bank balances of \$7,996,364.67 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, 2016, the City’s investments were rated as follows:

Investment Type	Investment Maturities			Credit Rating
	<1 year	1-3 years	4-5 years	
Mutual fund money market	\$ 573.00	\$ -	\$ -	Aaa-mf

### 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 2015 for purposes of local taxation was:

<u>Lincoln County</u>	
Real Estate	\$ 119,006,038.00
Personal Property	47,952,302.00
Railroad and Utilities	6,601,334.00
Total	<u>\$ 173,559,674.00</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2015 for purposes of local taxation was:

General Revenue	<u>\$ 0.19</u>
-----------------	----------------



#### 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, 2016, the long-term debt outstanding, arising from cash transactions, to be repaid from governmental funds consisted of the following:

##### Certificates of Participation

\$1,494,000.00 certificates of participation, due in varying installments through February 26, 2025; interest at 4.0% (reset annually)	\$ 948,000.00
\$2,815,000.00 certificates of participation, due in varying annual installments through July 1, 2026; interest at 2.05% - 5.2%	<u>2,145,000.00</u>
Total certificates of participation	<u>\$ 3,093,000.00</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	\$ 38,456.37
2015 capital lease with Clayton Holdings for vehicles (cost \$57,828.04), payable in annual installments of \$14,921.53 including principal and interest at 2.15%, final payment due August 19, 2018	<u>42,906.51</u>
Total capital lease obligations	<u>\$ 81,362.88</u>

### Business-Type Activities

As of June 30, 2016, 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)	\$ 174,000.00
---	---------------

\$6,410,000.00 certificates of participation, due in varying installments through December 1, 2024; interest at 2.0% - 3.5% (reset annually)	4,970,000.00
--	--------------

\$2,605,000.00 certificates of participation, due in varying annual installments through July 1, 2025; interest at 0.75% - 3.3%	<u>1,895,000.00</u>
---	---------------------

Total certificates of participation	<u>\$ 7,039,000.00</u>
-------------------------------------	------------------------

#### Capital Lease Obligations

2015 capital lease with Clayton Holdings, LLC for equipment (cost \$282,396.00), payable in annual installments of \$58,466.96, including principal and interest at 1.76%, final payment due April 21, 2019	<u>\$ 169,403.23</u>
---	----------------------

Total capital lease obligations	<u>\$ 169,403.23</u>
---------------------------------	----------------------

## Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

Type of Debt	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amount due within one year
<b>Governmental Activities:</b>					
Certificates of Participation	\$ 3,513,500.00	\$ -	\$ 420,500.00	\$ 3,093,000.00	\$ 97,000.00
Capital Lease Obligations	56,095.53	57,828.04	32,560.69	81,362.88	32,677.15
Total	<u>\$ 3,569,595.53</u>	<u>\$ 57,828.04</u>	<u>\$ 453,060.69</u>	<u>\$ 3,174,362.88</u>	<u>\$ 129,677.15</u>
<b>Business-Type Activities:</b>					
Certificates of Participation	\$ 7,769,000.00	\$ -	\$ 730,000.00	\$ 7,039,000.00	\$ 555,000.00
Capital Lease Obligations	223,929.04	-	54,525.81	169,403.23	55,485.46
Total	<u>\$ 7,992,929.04</u>	<u>\$ -</u>	<u>\$ 784,525.81</u>	<u>\$ 7,208,403.23</u>	<u>\$ 610,485.46</u>

## Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2016, are as follows:

Year Ended June 30,	Governmental Activities				Total Debt Service Requirements to Maturity	
	Certificates of Participation		Capital Leases			
	Principal	Interest	Principal	Interest		
2017	\$ 97,000.00	\$ 85,801.25	\$ 32,677.15	\$ 3,187.57	\$ 740,162.61	\$ 256,340.07
2018	279,000.00	126,787.50	34,078.28	1,786.44	1,134,540.29	306,633.64
2019	286,000.00	116,390.00	14,607.45	314.08	1,132,063.21	277,338.78
2020	293,000.00	105,080.00			1,023,000.00	246,400.00
2021	305,000.00	92,862.50			1,055,000.00	214,487.50
2022-2026	1,573,000.00	254,071.25			5,038,000.00	504,770.00
2027	260,000.00	6,760.00			260,000.00	6,760.00
Total	<u>\$ 3,093,000.00</u>	<u>\$ 787,752.50</u>	<u>\$ 81,362.88</u>	<u>\$ 5,288.09</u>	<u>\$ 10,382,766.11</u>	<u>\$ 1,812,729.99</u>
Year Ended June 30,	Business-Type Activities				Total Debt Service Requirements to Maturity	
	Certificates of Participation		Capital Leases			
	Principal	Interest	Principal	Interest		
2017	\$ 555,000.00	\$ 164,369.75	\$ 55,485.46	\$ 2,981.50	\$ 740,162.61	\$ 256,340.07
2018	765,000.00	176,054.75	56,462.01	2,004.95	1,134,540.29	306,633.64
2019	774,000.00	159,623.50	57,455.76	1,011.20	1,132,063.21	277,338.78
2020	730,000.00	141,320.00			1,023,000.00	246,400.00
2021	750,000.00	121,625.00			1,055,000.00	214,487.50
2022-2026	3,465,000.00	250,698.75			5,038,000.00	504,770.00
2027					260,000.00	6,760.00
Total	<u>\$ 7,039,000.00</u>	<u>\$ 1,013,691.75</u>	<u>\$ 169,403.23</u>	<u>\$ 5,997.65</u>	<u>\$ 10,382,766.11</u>	<u>\$ 1,812,729.99</u>

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

Interfund Transfers

Transfers between funds for the year ended for the year ended June 30, 2016, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Fund	\$ -	\$ 60,128.46
<u>Capital Projects:</u>		
Capital Improvements	-	491,969.00
EDA/CDBG Cherry Blossom Way Project	491,969.00	
	<u>491,969.00</u>	<u>491,969.00</u>
<u>Enterprise Funds:</u>		
Sewer	<u>4.85</u>	<u>-</u>
<u>Non-major Funds:</u>		
<u>Debt Service Fund:</u>		
SRS 2012A Debt Service	146.90	1.07
SRS 2012A Debt Service Reserve		146.90
SRS 2012 Debt Service	425.79	3.78
SRS 2012 Debt Service Reserve		425.79
Total Debt Service Funds	<u>572.69</u>	<u>577.54</u>
<u>Enterprise Funds:</u>		
Troy Aquatic Center	<u>60,128.46</u>	<u>-</u>
Total	<u>\$ 552,675.00</u>	<u>\$ 552,675.00</u>

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

Interfund Balances

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Improvements	EDA/CDBG Cherry Blossom Way Project	\$ 148,242.07

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

## 6. Operating Leases

The City is committed under a lease for equipment. The lease for accounting purposes is considered an operating lease. Operating leases do not give rise to property rights or lease obligations. Lease expenditures for the year ended June 30, 2016, amounted to \$ 5,271.60.

<u>Year Ending</u>	<u>Amount</u>
2017	\$ 5,271.60
2018	5,271.60
2019	4,637.40
2020	2,000.00
Total	<u>\$ 17,180.60</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.

	<b><u>2016 Valuation</u></b>
Benefit Multiplier:	1.25% for life
Final Average Salary:	5 years
Member Contributions:	0%

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

*Employees covered by benefit terms.* At June 30, 2016, the following employees were covered by the benefit terms:

	General	Police	Combined
Inactive employees or beneficiaries currently receiving benefits	5	3	8
Inactive employees entitled to but not yet receiving benefits	6	10	16
Active employees	32	22	54
	43	35	78

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 9.8% (General) and 9.2% (Police) of annual covered payroll.

*Net Pension Liability.* The employer's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2016.

*Actuarial assumptions.* The total pension liability in the February 28, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the February 28, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	43.00%	5.29%
Fixed Income	26.00%	2.23%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

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

**Changes in the Net Pension Liability – General Division**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at 6/30/2015</b>	<u>\$ 1,728,668</u>	<u>\$ 1,311,734</u>	<u>\$ 416,934</u>
<b>Changes for the year:</b>			
Service cost	94,985	-	94,985
Interest	126,677		126,677
Difference between expected and actual experience	81,322		81,322
Contributions - employer		143,935	(143,935)
Contributions - employee			-
Net investment income		(4,805)	4,805
Benefit payments, including refunds	(57,128)	(57,128)	-
Administrative expense		(3,451)	3,451
Other changes	159,850	3,551	156,299
<b>Net changes</b>	<u>405,706</u>	<u>82,102</u>	<u>323,604</u>
<b>Balances at 6/30/2016</b>	<u>\$ 2,134,374</u>	<u>\$ 1,393,836</u>	<u>\$ 740,538</u>

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

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
Total pension liability (TPL)	\$ 2,492,431	\$ 2,134,374	\$ 1,838,753
Plan fiduciary net position	1,393,836	1,393,836	1,393,836
Net pension liability/(asset) (NPL)	<u>\$ 1,098,595</u>	<u>\$ 740,538</u>	<u>\$ 444,917</u>



## Changes in the Net Pension Liability – Police Division

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	Liability (a) - (b)
<b>Balances at 6/30/2015</b>	\$ 1,281,794	\$ 1,090,171	\$ 191,623
<b>Changes for the year:</b>			
Service cost	90,972	-	90,972
Interest	95,762		95,762
Difference between expected and actual experience	20,122		20,122
Contributions - employer		116,439	(116,439)
Contributions - employee			-
Net investment income		(3,918)	3,918
Benefit payments, including refunds	(11,451)	(11,451)	-
Administrative expense		(2,946)	2,946
Other changes	61,812	(5,996)	67,808
<b>Net changes</b>	<u>257,217</u>	<u>92,128</u>	<u>165,089</u>
<b>Balances at 6/30/2016</b>	<u>\$ 1,539,011</u>	<u>\$ 1,182,299</u>	<u>\$ 356,712</u>

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

	1% Decrease	Current Single Discount Rate	1% Increase
	6.25%	Assumption 7.25%	8.25%
Total pension liability (TPL)	\$ 1,831,862	\$ 1,539,011	\$ 1,300,679
Plan fiduciary net position	1,182,299	1,182,299	1,182,299
Net pension liability/(asset) (NPL)	<u>\$ 649,563</u>	<u>\$ 356,712</u>	<u>\$ 118,380</u>

### Changes in the Net Pension Liability – Combined

	Increase (Decrease)		
	Total	Plan	Net Pension Liability
	Pension Liability (a)	Fiduciary Net Position (b)	
<b>Balances at 6/30/2015</b>	<u>\$ 3,010,462</u>	<u>\$ 2,401,905</u>	<u>\$ 608,557</u>
<b>Changes for the year:</b>			
Service cost	185,957	-	185,957
Interest	222,439		222,439
Difference between expected and actual experience	101,444		101,444
Contributions - employer		260,374	(260,374)
Contributions - employee			-
Net investment income		(8,723)	8,723
Benefit payments, including refunds	(68,579)	(68,579)	-
Administrative expense		(6,397)	6,397
Other changes	221,662	(2,445)	224,107
<b>Net changes</b>	<u>662,923</u>	<u>174,230</u>	<u>488,693</u>
<b>Balances at 6/30/2016</b>	<u><u>\$ 3,673,385</u></u>	<u><u>\$ 2,576,135</u></u>	<u><u>\$ 1,097,250</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 1 percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
	Total pension liability (TPL)	<u>\$ 4,324,293</u>	<u>\$ 3,673,385</u>
Plan fiduciary net position	<u>2,576,135</u>	<u>2,576,135</u>	<u>2,576,135</u>
Net pension liability/(asset) (NPL)	<u><u>\$ 1,748,158</u></u>	<u><u>\$ 1,097,250</u></u>	<u><u>\$ 563,297</u></u>

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

For the year ended June 30, 2016 the employer recognized pension expense of \$171,783 (General) and \$151,960 (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	\$ 71,866	\$ (99,189)	\$ 22,839	\$ -	\$ 94,705	\$ (99,189)
Differences in assumptions	141,263		54,362		195,625	-
Excess (deficit) investment returns	121,571		101,362		222,933	-
Contributions subsequent to the measurement date*					-	-
Total	<u>\$ 334,700</u>	<u>\$ (99,189)</u>	<u>\$ 178,563</u>	<u>\$ -</u>	<u>\$ 513,263</u>	<u>\$ (99,189)</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, 2016.

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>
2017	\$ 48,417	\$ 38,742	\$ 87,159
2018	48,417	38,742	87,159
2019	48,419	38,741	87,160
2020	35,362	27,989	63,351
2021	14,761	10,713	25,474
Thereafter	40,135	23,636	63,771
Total	<u>\$ 235,511</u>	<u>\$ 178,563</u>	<u>\$ 414,074</u>

### **Payable to the Pension Plan**

At June 30, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

### **8. Other Post-Employment Benefits**

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

## **9. Commitments and Contingencies**

### **Commitments**

The City contracts for the collection, removal and disposal of solid waste in the City. The contract terminates in June 2017 with payments required monthly, based upon a rate schedule. Payments are approximately \$55,000.00 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 \$97,809.53 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, 2016, the City had commitments for various capital projects.

### **Contingencies**

The City is defendant in various litigation. The aggregate liability, after insurance coverage, is not determinable at this time. No provision has been made in the accompanying statements for settlement costs, if any. Accordingly, and as a result of the City's use of the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. Also, the City 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.

## **10. Liability Insurance**

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

**11. Prior Period Adjustment**

Fund Financial Statements- Governmental Funds:

The City has restated the Park Endowment (Brown) Fund, which was previously reported as a nonmajor permanent fund.

	<u>Permanent Fund</u>	<u>Special Revenue Fund</u>
	Park Endowment (Brown) Fund	Park Endowment (Brown) Fund
Fund Balance- July 1, as previously reported	\$ 86,621.92	\$ -
Restatement to Special Revenue type fund	(86,621.92)	86,621.92
Fund Balance- July 1, as restated	<u>\$ -</u>	<u>\$ 86,621.92</u>

## **SUPPLEMENTARY INFORMATION**

CITY OF TROY, MISSOURI  
SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Taxes				
Real Property	\$ 203,000.00	\$ 203,000.00	\$ 212,371.24	\$ 9,371.24
Personal Property Tax	79,000.00	79,000.00	77,334.05	(1,665.95)
Financial Institution Tax	650.00	650.00	816.21	166.21
Railroad and Utilities Tax	11,000.00	11,000.00	12,124.89	1,124.89
Surtax	35,000.00	35,000.00	37,102.31	2,102.31
Sales Tax	2,450,000.00	2,450,000.00	2,606,660.39	156,660.39
Cigarette Tax	57,000.00	57,000.00	57,955.32	955.32
Franchise Tax	675,000.00	675,000.00	705,906.21	30,906.21
Penalties and Interest on Taxes	2,500.00	2,500.00	2,224.29	(275.71)
	<u>3,513,150.00</u>	<u>3,513,150.00</u>	<u>3,712,494.91</u>	<u>199,344.91</u>
Intergovernmental				
Federal Grants	-	-	17,155.35	17,155.35
Other Grants			42,430.19	42,430.19
	<u>-</u>	<u>-</u>	<u>59,585.54</u>	<u>59,585.54</u>
Licenses, Permits, and Fees				
Merchants and Liquor Licenses	19,000.00	19,000.00	19,517.50	517.50
Building Permits	33,435.00	33,435.00	88,340.90	54,905.90
Dog Licenses	150.00	150.00	162.00	12.00
Occupational Licenses	1,320.00	1,320.00	1,830.00	510.00
Planning Fees	1,200.00	1,200.00	3,200.00	2,000.00
Reproduced Publication Fees	300.00	300.00	156.34	(143.66)
Other	1,450.00	1,450.00	1,800.00	350.00
	<u>56,855.00</u>	<u>56,855.00</u>	<u>115,006.74</u>	<u>58,151.74</u>
Interest				
	<u>5,700.00</u>	<u>5,700.00</u>	<u>8,564.39</u>	<u>2,864.39</u>
Fines and Forfeitures				
Fines	175,000.00	175,000.00	221,036.75	46,036.75
Court Costs	15,000.00	15,000.00	18,738.90	3,738.90
Police Fines and Charges	1,800.00	1,800.00	1,807.52	7.52
Training	2,500.00	2,500.00	3,116.00	616.00
DWI	2,200.00	2,200.00	3,270.77	1,070.77
CVCF Receipts	500.00	500.00	576.79	76.79
POST Reimbursement	1,500.00	1,500.00	1,270.99	(229.01)
Jail Reimbursement	8,000.00	8,000.00	5,174.52	(2,825.48)
Restitution			2,435.00	2,435.00
Bond Forfeiture	5,000.00	5,000.00	13,950.00	8,950.00
Warrants	100.00	100.00	204.36	104.36
	<u>211,600.00</u>	<u>211,600.00</u>	<u>271,581.60</u>	<u>59,981.60</u>
Sale of Assets				
	<u>-</u>	<u>-</u>	<u>698.38</u>	<u>698.38</u>
Miscellaneous				
Park Rental Fees	19,500.00	19,500.00	20,141.85	641.85
Cell Site Lease	29,210.00	29,210.00	29,206.32	(3.68)
Refunds			419.03	419.03
Donations			2,600.00	2,600.00
Other			1.50	1.50
	<u>48,710.00</u>	<u>48,710.00</u>	<u>52,368.70</u>	<u>3,658.70</u>
Total Revenues	<u>3,836,015.00</u>	<u>3,836,015.00</u>	<u>4,220,300.26</u>	<u>384,285.26</u>

CITY OF TROY, MISSOURI  
SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES:				
General Government:				
Judicial				
Salaries and Wages	\$ 69,520.00	\$ 69,520.00	\$ 64,957.88	\$ 4,562.12
Employee Benefits	28,325.00	28,325.00	27,180.89	1,144.11
Purchased Services	62,800.00	62,800.00	59,482.71	3,317.29
Property Services	825.00	825.00	463.67	361.33
Other Purchased Services	26,225.00	26,225.00	18,118.83	8,106.17
Supplies	3,070.00	3,070.00	2,360.92	709.08
Property	1,000.00	1,000.00	300.58	699.42
Capital Outlay	4,310.00	4,310.00	2,559.37	1,750.63
Other	100.00	100.00	64.00	36.00
	<u>196,175.00</u>	<u>196,175.00</u>	<u>175,488.85</u>	<u>20,686.15</u>
Executive				
Salaries and Wages	26,400.00	26,400.00	26,400.00	-
Employee Benefits	2,120.00	2,120.00	2,066.60	53.40
Purchased Services	100.00	100.00	42.00	58.00
Property Services	350.00	350.00	403.94	(53.94)
Other Purchased Services	3,875.00	3,875.00	3,254.16	620.84
Supplies	250.00	250.00	89.54	160.46
	<u>33,095.00</u>	<u>33,095.00</u>	<u>32,256.24</u>	<u>838.76</u>
Administration				
Salaries and Wages	175,285.00	175,285.00	157,238.88	18,046.12
Employee Benefits	73,455.00	73,456.00	62,429.72	11,026.28
Purchased Services	87,575.00	87,575.00	78,355.26	9,219.74
Property Services	5,020.00	5,020.00	4,068.17	951.83
Other Purchased Services	29,650.00	29,650.00	23,438.51	6,211.49
Supplies	7,095.00	7,095.00	5,041.95	2,053.05
Property	1,900.00	1,900.00	7,662.95	(5,762.95)
Capital Outlay	19,050.00	19,050.00	11,531.68	7,518.32
Other	600.00	600.00	799.50	(199.50)
	<u>399,630.00</u>	<u>399,631.00</u>	<u>350,566.62</u>	<u>49,064.38</u>
Maintenance Facility				
Purchased Services	8,000.00	8,000.00	5,880.00	2,120.00
Property Services	8,600.00	8,600.00	9,145.77	(545.77)
Other Purchased Services	4,700.00	4,700.00	4,505.45	194.55
Supplies	37,025.00	37,025.00	30,286.19	6,738.81
Property	18,000.00	18,000.00	10,055.36	7,944.64
Capital Outlay	182,000.00	182,000.00	79,570.22	102,429.78
	<u>258,325.00</u>	<u>258,325.00</u>	<u>139,442.99</u>	<u>118,882.01</u>
Administration Building Maintenance				
Property Services	33,300.00	33,300.00	28,980.19	4,319.81
Other Purchased Services	15,600.00	15,600.00	15,764.63	(164.63)
Supplies	28,500.00	28,500.00	22,804.05	5,695.95
Capital Outlay	6,050.00	6,050.00	5,895.40	154.60
Other	25.00	25.00	25.00	-
	<u>83,475.00</u>	<u>83,475.00</u>	<u>73,469.27</u>	<u>10,005.73</u>



CITY OF TROY, MISSOURI  
SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED):				
General Government (Continued):				
Safety				
Purchased Services	\$ 1,800.00	\$ 1,800.00	\$ 1,500.00	\$ 300.00
Property Services	5,000.00	5,000.00	1,390.00	3,610.00
Other Purchased Services	1,000.00	1,000.00		1,000.00
Supplies	1,155.00	1,155.00	1,142.30	12.70
Property	1,000.00	1,000.00		1,000.00
	<u>9,955.00</u>	<u>9,955.00</u>	<u>4,032.30</u>	<u>5,922.70</u>
Economic Development				
Other Purchased Services	15,000.00	15,000.00	15,000.00	-
	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>-</u>
Total General Government	<u>995,655.00</u>	<u>995,656.00</u>	<u>790,256.27</u>	<u>205,399.73</u>
Public Safety:				
Police				
Salaries and Wages	1,327,355.00	1,371,090.00	1,330,358.96	40,731.04
Employee Benefits	507,345.00	507,345.00	513,421.98	(6,076.98)
Purchased Services	23,300.00	23,300.00	23,329.91	(29.91)
Property Services	31,215.00	31,215.00	33,429.28	(2,214.28)
Other Purchased Services	218,530.00	218,530.00	206,310.96	12,219.04
Supplies	116,700.00	116,700.00	73,594.52	43,105.48
Property	7,500.00	7,500.00	6,604.12	895.88
Capital Outlay	13,130.00	13,130.00	9,532.18	3,597.82
Other	1,500.00	1,500.00	468.90	1,031.10
Debt Service				
Principal	33,800.00	33,800.00	32,560.69	1,239.31
Interest	3,310.00	3,310.00	3,304.03	5.97
	<u>2,283,685.00</u>	<u>2,327,420.00</u>	<u>2,232,915.53</u>	<u>94,504.47</u>
Inspections				
Salaries and Wages	59,450.00	59,450.00	58,909.00	541.00
Employee Benefits	28,015.00	28,025.00	26,033.51	1,991.49
Purchased Services	7,800.00	7,800.00	5,601.89	2,198.11
Property Services	1,150.00	1,210.00	292.92	917.08
Other Purchased Services	16,900.00	16,900.00	11,091.98	5,808.02
Supplies	6,350.00	6,350.00	5,437.47	912.53
Property	1,000.00	1,000.00	129.99	870.01
Capital Outlay	12,240.00	12,240.00	8,596.68	3,643.32
Other	520.00	520.00	39.00	481.00
	<u>133,425.00</u>	<u>133,495.00</u>	<u>116,132.44</u>	<u>17,362.56</u>
Stormwater Management				
Purchased Services	800.00	800.00	-	800.00
Other Purchased Services	6,500.00	6,500.00	2,778.47	3,721.53
Supplies	1,500.00	1,500.00		1,500.00
	<u>8,800.00</u>	<u>8,800.00</u>	<u>2,778.47</u>	<u>6,021.53</u>

CITY OF TROY, MISSOURI  
SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES (CONTINUED):				
Public Safety (Continued):				
Animal Control				
Salaries and Wages	\$ 6,620.00	\$ 6,620.00	\$ 6,398.26	\$ 221.74
Employee Benefits	4,835.00	4,835.00	3,065.52	1,769.48
Purchased Services	500.00	500.00	46.00	454.00
Property Services	1,500.00	1,500.00	402.84	1,097.16
Other Purchased Services	1,725.00	1,725.00	1,374.85	350.15
Supplies	1,500.00	1,500.00	1,425.08	74.92
	<u>16,680.00</u>	<u>16,680.00</u>	<u>12,712.55</u>	<u>3,967.45</u>
Total Public Safety	<u>2,442,590.00</u>	<u>2,486,395.00</u>	<u>2,364,538.99</u>	<u>121,856.01</u>
Culture - Recreation:				
Parks				
Salaries and Wages	143,735.00	143,775.00	133,167.91	10,607.09
Employee Benefits	47,950.00	47,950.00	46,787.06	1,162.94
Purchased Services	2,375.00	2,375.00	1,891.46	483.54
Property Services	35,100.00	35,100.00	13,018.37	22,081.63
Other Purchased Services	11,100.00	11,100.00	10,136.69	963.31
Supplies	39,700.00	39,710.00	23,691.51	16,018.49
Property	26,000.00	26,075.00	5,030.76	21,044.24
Capital Outlay	31,620.00	31,620.00	18,566.00	13,054.00
Other	250.00	261.00	193.00	68.00
	<u>337,830.00</u>	<u>337,966.00</u>	<u>252,482.76</u>	<u>85,483.24</u>
Total Culture - Recreation	<u>337,830.00</u>	<u>337,966.00</u>	<u>252,482.76</u>	<u>85,483.24</u>
Debt Service:				
Bond Principal	245,500.00	245,500.00	245,500.00	-
Bond Interest	44,665.00	44,665.00	44,665.00	-
	<u>290,165.00</u>	<u>290,165.00</u>	<u>290,165.00</u>	<u>-</u>
Total Debt Service	<u>290,165.00</u>	<u>290,165.00</u>	<u>290,165.00</u>	<u>-</u>
Total Expenditures	<u>4,066,240.00</u>	<u>4,110,182.00</u>	<u>3,697,443.02</u>	<u>412,738.98</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers-In	-	-	-	-
Operating Transfers-Out	(156,405.00)	(156,405.00)	(60,128.46)	96,276.54
	<u>(156,405.00)</u>	<u>(156,405.00)</u>	<u>(60,128.46)</u>	<u>96,276.54</u>
Total Other Financing Sources	<u>(156,405.00)</u>	<u>(156,405.00)</u>	<u>(60,128.46)</u>	<u>96,276.54</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(386,630.00)	(430,572.00)	462,728.78	893,300.78
FUND BALANCE, JULY 1, 2015	<u>2,705,740.54</u>	<u>2,705,740.54</u>	<u>2,705,740.54</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 2,319,110.54</u>	<u>\$ 2,275,168.54</u>	<u>\$ 3,168,469.32</u>	<u>\$ 893,300.78</u>

CITY OF TROY, MISSOURI  
 SUPPLEMENTARY INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
 STREET MAINTENANCE FUND  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes				
Transportation	\$ 1,180,000.00	\$ 1,180,000.00	\$ 1,262,952.06	\$ 82,952.06
Intergovernmental				
Federal Grants	187,000.00	187,000.00	17,403.45	(169,596.55)
Gasoline	400,000.00	400,000.00	414,840.66	14,840.66
	<u>587,000.00</u>	<u>587,000.00</u>	<u>432,244.11</u>	<u>(154,755.89)</u>
Sale of Assets	-	-	43,407.81	43,407.81
Interest	1,000.00	1,000.00	1,602.67	602.67
Miscellaneous	-	-	4,005.68	4,005.68
Total Revenues	<u>1,768,000.00</u>	<u>1,768,000.00</u>	<u>1,744,212.33</u>	<u>(23,787.67)</u>
<b>EXPENDITURES:</b>				
Public Works - Streets				
Salaries and Wages	555,245.00	555,245.00	438,414.91	116,830.09
Employee Benefits	236,286.00	236,286.00	206,173.88	30,112.12
Purchased Services	154,550.00	154,550.00	58,815.61	95,734.39
Property Services	86,000.00	86,000.00	66,864.04	19,135.96
Other Purchased Services	55,400.00	55,400.00	27,841.02	27,558.98
Supplies	558,675.00	558,675.00	415,591.69	143,083.31
Property	4,000.00	6,205.00	3,509.81	2,695.19
Capital Outlay	1,161,325.00	1,161,325.00	154,968.22	1,006,356.78
Other	700.00	700.00	609.00	91.00
Total Expenditures	<u>2,812,181.00</u>	<u>2,814,386.00</u>	<u>1,372,788.18</u>	<u>1,441,597.82</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,044,181.00)	(1,046,386.00)	371,424.15	1,417,810.15
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers-In	700,000.00	700,000.00	-	(700,000.00)
FUND BALANCE, JULY 1, 2015	<u>406,587.32</u>	<u>406,587.32</u>	<u>406,587.32</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 62,406.32</u>	<u>\$ 60,201.32</u>	<u>\$ 778,011.47</u>	<u>\$ 717,810.15</u>

CITY OF TROY, MISSOURI  
SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2016

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 29, 2015.
4. Budgets for City funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

For the year ended June 30, 2016, the City complied, in all material respects, with applicable budget laws.

CITY OF TROY, MISSOURI  
 SUPPLEMENTARY INFORMATION  
 COMBINING BALANCE SHEET- MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	Special Revenue Funds							Capital Projects Funds		
	Cemetery Investment	Tourism	Protested Franchise Tax	Police Explorers	Police Forfeiture	Police Canine Unit	Park Endowment Brown	Industrial Development	Sewer Bonds	CDBG
Cash and Investments	\$ 246,746.70	\$ -	\$ -	\$ 662.46	\$ -	\$ 5,844.82	\$ -	\$ 4,646.16	\$ 6,172.77	\$ -
Restricted Assets:										
Cash and Investments		29,033.91	21,795.75		31,714.42		86,876.83			662.97
Total Assets	\$ 246,746.70	\$ 29,033.91	\$ 21,795.75	\$ 662.46	\$ 31,714.42	\$ 5,844.82	\$ 86,876.83	\$ 4,646.16	\$ 6,172.77	\$ 662.97

LIABILITIES AND FUND EQUITY

Liabilities:										
Payroll Liabilities	\$ 5.79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Capital Projects								4,646.16	6,172.77	662.97
Debt Service										
Parks							86,876.83			
Tourism		29,033.91								
Cemetery	246,740.91									
Other purposes			21,795.75	662.46	31,714.42	5,844.82				
Total Fund Balance	246,740.91	29,033.91	21,795.75	662.46	31,714.42	5,844.82	86,876.83	4,646.16	6,172.77	662.97
Total Liabilities and Fund Equity	\$ 246,746.70	\$ 29,033.91	\$ 21,795.75	\$ 662.46	\$ 31,714.42	\$ 5,844.82	\$ 86,876.83	\$ 4,646.16	\$ 6,172.77	\$ 662.97

STATEMENT 3  
(CONTINUED)

	Debt Service Funds				Permanent Fund Park Endowment Avery	Total Non-Major Governmental Funds
	SRS 2012 Debt Service Reserve	SRS 2012 Debt Service	SRS 2012A Debt Service	SRS 2012A Debt Service Reserve		
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,072.91
Restricted Assets:						
Cash and Investments	100,025.56	426.10	146.90	34,510.38	275,553.78	580,746.60
Total Assets	\$ 100,025.56	\$ 426.10	\$ 146.90	\$ 34,510.38	\$ 275,553.78	\$ 844,819.51

ASSETS

LIABILITIES AND FUND EQUITY

Liabilities:						
Payroll Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.79
Fund Balances						
Nonspendable	-	-	-	-	250,000.00	250,000.00
Restricted for:						
Capital Projects						11,481.90
Debt Service	100,025.56	426.10	146.90	34,510.38	25,553.78	135,108.94
Parks						112,430.61
Tourism						29,033.91
Cemetery						246,740.91
Other purposes						60,017.45
Total Fund Balance	100,025.56	426.10	146.90	34,510.38	275,553.78	844,813.72
Total Liabilities and Fund Equity	\$ 100,025.56	\$ 426.10	\$ 146.90	\$ 34,510.38	\$ 275,553.78	\$ 844,819.51

CITY OF TROY, MISSOURI  
 SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	Special Revenue Funds							Capital Projects Funds			
	Cemetery Investment	Tourism	Protested Franchise Tax	Police Explorers	Police Forfeiture	Police Canine Unit	Park Endowment Brown	Industrial Development	Sewer Bonds	CDBG	
<b>REVENUES:</b>											
Taxes	\$ -	\$ 103,599.46	\$ 5,437.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Charges for Services	16,645.00										
Interest	533.04	51.63	55.79	1,498.50	124.94	10,000.00	254.91	13.63	18.10		
Miscellaneous	80,000.00				663.04						
<b>Total Revenues</b>	<u>97,178.04</u>	<u>103,651.09</u>	<u>5,492.84</u>	<u>1,498.50</u>	<u>787.98</u>	<u>10,000.00</u>	<u>254.91</u>	<u>13.63</u>	<u>18.10</u>	<u>-</u>	
<b>EXPENDITURES:</b>											
Current:											
Cemetery	24,410.55										
Economic Development		97,809.53				8,293.73					
Public Safety				1,698.46	27,485.49						
Capital Outlay	8,700.00										
<b>Total Expenditures</b>	<u>33,110.55</u>	<u>97,809.53</u>	<u>-</u>	<u>1,698.46</u>	<u>27,485.49</u>	<u>8,293.73</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>64,067.49</u>	<u>5,841.56</u>	<u>5,492.84</u>	<u>(199.96)</u>	<u>(26,697.51)</u>	<u>1,706.27</u>	<u>254.91</u>	<u>13.63</u>	<u>18.10</u>	<u>-</u>	
<b>OTHER FINANCING SOURCES (USES):</b>											
Operating Transfers-In	-	-	-	-	-	-	-	-	-	-	
Operating Transfers-Out											
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>64,067.49</u>	<u>5,841.56</u>	<u>5,492.84</u>	<u>(199.96)</u>	<u>(26,697.51)</u>	<u>1,706.27</u>	<u>254.91</u>	<u>13.63</u>	<u>18.10</u>	<u>-</u>	
<b>FUND BALANCE, JULY 1, 2015</b>	<u>182,673.42</u>	<u>23,192.35</u>	<u>16,302.91</u>	<u>862.42</u>	<u>58,411.93</u>	<u>4,138.55</u>	<u>86,621.92</u>	<u>4,632.53</u>	<u>6,154.67</u>	<u>662.97</u>	
<b>FUND BALANCE, JUNE 30, 2016</b>	<u>\$ 246,740.91</u>	<u>\$ 29,033.91</u>	<u>\$ 21,795.75</u>	<u>\$ 662.46</u>	<u>\$ 31,714.42</u>	<u>\$ 5,844.82</u>	<u>\$ 86,876.83</u>	<u>\$ 4,646.16</u>	<u>\$ 6,172.77</u>	<u>\$ 662.97</u>	

STATEMENT 4  
(CONTINUED)

	Debt Service Funds				Permanent Fund Park Endowment Avery	Total Non-Major Governmental Funds
	SRS 2012 Debt Service Reserve	SRS 2012 Debt Service	SRS 2012A Debt Service	SRS 2012A Debt Service Reserve		
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,036.51
Charges for Services						16,645.00
Interest	301.66	3.68	1.07	104.08	5,195.74	6,658.27
Miscellaneous						92,161.54
Total Revenues	301.66	3.68	1.07	104.08	5,195.74	224,501.32
EXPENDITURES:						
Current:						
Cemetery						24,410.55
Economic Development						97,809.53
Public Safety						37,477.68
Capital Outlay						8,700.00
Total Expenditures	-	-	-	-	-	168,397.76
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	301.66	3.68	1.07	104.08	5,195.74	56,103.56
OTHER FINANCING SOURCES (USES):						
Operating Transfers-In	-	425.79	146.90	-	-	572.69
Operating Transfers-Out	(425.79)	(3.78)	(1.07)	(146.90)	-	(577.54)
Total Other Financing Sources (Uses)	(425.79)	422.01	145.83	(146.90)	-	(4.85)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	(124.13)	425.69	146.90	(42.82)	5,195.74	56,098.71
FUND BALANCE, JULY 1, 2015	100,149.69	0.41	-	34,553.20	270,358.04	788,715.01
FUND BALANCE, JUNE 30, 2016	\$ 100,025.56	\$ 426.10	\$ 146.90	\$ 34,510.38	\$ 275,553.78	\$ 844,813.72



CITY OF TROY, MISSOURI  
 SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 NON-MAJOR PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2016

	<u>Troy Aquatic Center</u>	<u>Total Non Major Funds</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>11,734.56</u>	\$ <u>11,734.56</u>
Total Assets	\$ <u><u>11,734.56</u></u>	\$ <u><u>11,734.56</u></u>
 <u>LIABILITIES</u>		
Liabilities:		
None	\$ <u>-</u>	\$ <u>-</u>
 <u>NET POSITION</u>		
Unrestricted	<u>11,734.56</u>	<u>11,734.56</u>
Total Net Position	\$ <u><u>11,734.56</u></u>	\$ <u><u>11,734.56</u></u>

CITY OF TROY, MISSOURI  
 SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 NET POSITION - MODIFIED CASH BASIS  
 NON-MAJOR PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2016

	<u>Troy Aquatic Center</u>	<u>Total Non Major Funds</u>
OPERATING REVENUES:		
Charges for Service	\$ <u>115,115.49</u>	\$ <u>115,115.49</u>
 OPERATING EXPENSES:		
Salaries and Wages	14,846.56	14,846.56
Employee Benefits	2,308.09	2,308.09
Purchased Services	1,054.60	1,054.60
Property Services	4,744.68	4,744.68
Other Purchased Services	106,437.70	106,437.70
Supplies	30,599.06	30,599.06
Property	2,413.73	2,413.73
Other	1,631.44	1,631.44
Total Operating Expenses	<u>164,035.86</u>	<u>164,035.86</u>
 NON-OPERATING REVENUES (EXPENSES):		
Interest	<u>26.47</u>	<u>26.47</u>
 NET INCOME (LOSS) BEFORE TRANSFERS	(48,893.90)	(48,893.90)
 OPERATING TRANSFERS	<u>60,128.46</u>	<u>60,128.46</u>
 NET INCOME (LOSS) AFTER TRANSFERS	11,234.56	11,234.56
 TOTAL NET POSITION, JULY 1, 2015	<u>500.00</u>	<u>500.00</u>
 TOTAL NET POSITION, JUNE 30, 2016	<u>\$ 11,734.56</u>	<u>\$ 11,734.56</u>

CITY OF TROY, MISSOURI  
 SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
 NON- MAJOR PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2016

	Troy Aquatic Center	Total Non Major Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 115,115.49	\$ 115,115.49
Cash Payments to Suppliers for Goods and Services	(146,881.21)	(146,881.21)
Cash Payments to Employees for Services	(17,154.65)	(17,154.65)
	(48,920.37)	(48,920.37)
Net Cash Provided (Used) by Operating Activities	(48,920.37)	(48,920.37)
Cash Flows from Noncapital Financing Activities:		
Operating Transfers	60,128.46	60,128.46
	-	-
Cash Flows from Capital and Related Financing Activities:		
None	-	-
Cash Flows from Investing Activities:		
Interest Earned	26.47	26.47
	500.00	500.00
Cash and Cash Equivalents, Beginning of Year	500.00	500.00
Cash and Cash Equivalents, End of Year	\$ 11,734.56	\$ 11,734.56
Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income(Loss)	\$ (48,920.37)	\$ (48,920.37)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Changes in assets and liabilities:		
None	-	-
Net Cash Provided (Used) by Operating Activities	\$ (48,920.37)	\$ (48,920.37)

## **OTHER INFORMATION**

CITY OF TROY, MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 LAGERS RETIREMENT SYSTEM  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 YEAR ENDED JUNE 30, 2016

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
2016	\$ 3,673,385	\$ 2,576,135	\$ 1,097,250	70.13%	\$ 2,646,908	41.5%
2015	3,010,462	2,401,905	608,557	79.79%	2,570,374	23.7%

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

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

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

CITY OF TROY MISSOURI  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 NOTES TO LAGERS RETIREMENT SYSTEM  
 JUNE 30, 2016

**Valuation Date:** February 28, 2016

**Notes:** The roll forward of total pension liability from February 28, 2016 to June 30, 2016 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 and Modified Terminal Funding
<b>Amortization Method</b>	Level Percentage of Payroll, Closed
<b>Remaining Amortization Period</b>	Multiple bases from 14 to 22 years
<b>Asset Valuation Method</b>	5-Year smoothed market; 20% corridor
<b>Inflation</b>	3.25% wage inflation; 2.50% price inflation
<b>Salary Increases</b>	3.25% to 6.55% including wage inflation
<b>Investment Rate of Return</b>	7.25%, net of investment
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality</b>	<p>The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.</p> <p>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.</p>
<b>Other information:</b>	New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

**FEDERAL COMPLIANCE SECTION**





Robert E. Croghan, Jr. CPA  
Michael P. Croghan CPA  
Cynthia Croghan Backes CPA

11007 Manchester Road  
Kirkwood, Missouri 63122-1259  
phone 314 966-6644  
fax 314 966-3074

Robert E. Croghan CPA (Retired)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Aldermen  
City of Troy, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Missouri ("City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we considered to be a material weakness as item 2016-1.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cragin + Cragin P.C.*

Certified Public Accountants

Kirkwood, Missouri  
December 19, 2016



Robert E. Croghan, Jr. CPA  
Michael P. Croghan CPA  
Cynthia Croghan Backes CPA

11007 Manchester Road  
Kirkwood, Missouri 63122-1259  
phone 314 966-6644  
fax 314 966-3074

Robert E. Croghan CPA (Retired)

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Aldermen  
City of Troy, Missouri

### Report on Compliance for Each Major Federal Program

We have audited the City of Troy, Missouri's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Croghan + Croghan P.C.*

Certified Public Accountants

Kirkwood, Missouri  
December 19, 2016

CITY OF TROY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

Program Title	Federal CFDA Number	Pass-Through Identification Program	Expenditures
<u>U.S. Department of Commerce</u>			
Direct:			
Investments for Public Works and Economic Development Facilities	11.300	N/A	<u>\$ 529,262.69</u>
<u>U.S. Department of Housing &amp; Urban Development</u>			
Passed through Missouri Department of Economic Development:			
Community Development Block Grant/States Program and Non-Entitlement Grants in Hawaii	14.228	2012-ED-02	<u>157,793.63</u>
<u>U.S. Department of Justice</u>			
Direct:			
Bulletproof Vest Partnership Program	16.607	N/A	<u>1,958.86</u>
<u>U.S. Department of Transportation</u>			
Passed through Missouri Department of Transportation:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	15-PT-02-086 16-PT-02-076	2,855.24 <u>4,299.27</u>
Subtotal CFDA # 20.600			<u>7,154.51</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	15-M5HVE-03-064	577.25
Non-cluster:			
Highway Planning and Construction	20.205	TAP9900(383)	43,755.05
Passed through University of Central Missouri:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	15-M5HVE-03-035 15-M5HVE-03-064 15-M5HVE-05-022 16-M5HVE-03-060 16-M5HVE-05-002	964.10 967.02 500.00 4,330.07 <u>700.00</u>
Subtotal CFDA # 20.616			<u>7,461.19</u>
Non-cluster:			
Alcohol Open Container Requirements	20.607	16-154-A6-141	<u>1,458.03</u>
Total Highway Safety Cluster			15,192.95
Total Non-cluster			<u>45,213.08</u>
Total U.S. Department of Transportation			<u>60,406.03</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Emergency Mgmt. Agency (SEMA)			
Hazard Mitigation Grant	97.039	113-99113-00	11,762.36
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	113-73942-00	<u>27,369.45</u>
Total U.S. Department of Homeland Security			<u>39,131.81</u>
			<u>\$ 788,553.02</u>

CITY OF TROY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2016. The information reported in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified cash basis of accounting, which recognizes expenditures in the period the liabilities are paid. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**3. Subrecipients**

The City did not provide federal awards to any subrecipients during the fiscal year ended June 30, 2016.

CITY OF TROY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2016

**1. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	None reported

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u>      </u>	Yes	<u>  X  </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.300	Investments for Public Works and Economic Development Facilities

Dollar threshold used to distinguish between Type A and Type B programs:   \$750,000  

Auditee qualified as low-risk auditee?        Yes   X   No

CITY OF TROY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016

2. FINANCIAL STATEMENT FINDINGS

2016-1

Criteria: Statement on Auditing Standards (SAS) No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and SAS No. 115, *Communicating Internal Control Related Matters in an Audit*

Condition: Lack of sufficient segregation of duties in the accounting department.

Context: A review of the internal control procedures. *Internal control* is a process effected by the City's Board of Aldermen, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Effect: The design of internal control over financial reporting that could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements and the assurance that assets are safeguarded against loss from use or disposition.

Cause: Size and budget constraints limiting the number of personnel with the accounting department.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Views of Responsible Officials and Planned Corrective Actions: The City of Troy acknowledges this finding. In March of 2016, the City added a new position. The job description for this new position is Deputy Treasurer/Payroll/AP Clerk. This new position segregates the duties of accounts payable from the Treasurer. The Treasurer oversees the activities of the Deputy Treasurer. The City continues to review its processes and intends to make strides in improving this condition.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings and questioned costs.

4. FOLLOW-UP PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year federal award findings and questioned costs.