

CITY OF TROY, MISSOURI
AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

CITY OF TROY, MISSOURI

MODIFIED CASH BASIS FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Aldermen
City of Troy, Missouri

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Missouri ("City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Missouri, as of June 30, 2018, and the respective changes in financial position-modified cash basis and where applicable, cash flows-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary Information and Other Information

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

The budgetary comparison information on pages 49 through 54 and combining nonmajor fund financial statements on pages 55 through 61 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 and the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

The management's discussion and analysis on pages 3 through 13, and LAGERS retirement system information on pages 62 through 64, 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.

Croghan + Croghan P.C.

Certified Public Accountants

Kirkwood, Missouri
December 11, 2018

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, 2018, 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.

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Crosby + Crosby P.C.

Certified Public Accountants

Kirkwood, Missouri
December 11, 2018

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**The City of Troy, Missouri
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

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, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the City's financial performance.

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

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

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2018 include the following:

- ❖ In December of 2014 the City applied for and was awarded funding from the Transportation Alternatives Program (TAP) for a new pedestrian and bicycle sidewalk to be constructed on the west side of Main Street from Main Street Elementary School to College Street. TAP is a federally funded program administered by MoDOT. The City was awarded \$240,000.00 to fund this sidewalk to enhance the safety of non-drivers. In January of 2017, the project was awarded to Cannon General Contractors at a bid of \$ 590,836.15. The project spanned two fiscal years, with completion in mid-September of 2017 and \$477,231.80 being expended in the 2017-2018 fiscal year.
- ❖ In November of 2015 the City made application to the Missouri Department of Natural Resources for a State Revolving Fund (SRF) loan. The purpose of this loan is for upgrades to the City's wastewater treatment system. The City contracted with Woodard and Curran, an engineering firm, for assessment of its current conditions and recommendations for solutions. Based on their findings, the City went to the voters to approve the issuance of \$18,887,000.00 in revenue bonds for upgrading its sewer system. The bond issue was placed on the April 2016 ballot and passed 639-202. On June 6, 2016, the Board approved a work order with Woodard and Curran that encompasses four phases: an anti-degradation report, interceptor line assistance, environmental review and ultimately the design of the upgrades and interceptor line to divert all flow to the Southeast Plant and close the Highway 47 plant. The cost of this work order is

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\$1,447,700.00. To date, the City has expended \$1,424,979.00 of this agreement, with \$1,259,680.00 expended in FY2018.

- ❖ The City received its final payment from the Economic Development Administration for the Cherry Blossom Way Project in the amount of \$139,799.13, bringing that project to a close.
- ❖ The City opted to advance refund its 2011 Series Certificates of Participation. These certificates were issued to fund the construction of the aquatic center and to make street improvements. They were paid by the issuance of 2017 Series Certificates of Participation netting a savings to the City in the amount of \$58,312.71. As part of the refunding, the City excluded a portion of the property that included a house at 650 Cap Au Gris Street from the new lease/purchase. The City solicited bids for the sale of this property, and it was sold for \$21,580.00.
- ❖ The City contracted with M & H Concrete for concrete panel replacement on Excalibur Boulevard, Hickory Drive, Hickory Court, Eastbrook Drive, Bridgeway Drive, Pebble Court and Third Street at a total expenditure of \$515,681.17.
- ❖ Wehmeyer Farms was awarded the contract to replace the water mains on Harris Street, and from Carrington Boulevard to the Hwy 47 wastewater treatment plant at a cost of \$255,331.00. The City's Public Works crew installed a new 6" meter at the Southgate subdivision at a cost of \$23,709.23. Flynn Drilling replaced the motor and pump at Well # 14 at a cost of \$20,785.00. Ozark Applicators repaired a leak and installed valves at the Hwy J water tower. They also installed a new valve at the Cherry Street tower. The total cost of these improvements was \$11,230.00. The City's three water towers were inspected and cleaned at a cost of \$7,519.05.
- ❖ A sanitary sewer line was extended from the City's Southeast Wastewater Facility at the end of Bueneman Lane, to the south side of Bueneman Lane for the 9-acre property owned by Mountain Top Motor Company. This project was performed in conjunction with Cannon General Contractors, owners of property connected to Bueneman Lane, to provide sewer service to both Mountain Top Motors and future development. The City agreed to pay engineering and materials for this project, with Cannon providing the labor. The cost of the engineering was \$22,449.00 and the cost of the materials was \$123,293.33.
- ❖ The main blower at the Southeast Wastewater Treatment Facility had to be replaced at a cost of \$13,744.62. A new blower was also purchased for the Hwy 47 Wastewater Treatment Facility at a cost of \$7,374.21. Some additional fencing was erected by Precision Fence & Vinyl at the Hwy 47 facility as well, at a cost of \$5,164.48. A Medora air mixer was purchased for use in lift stations at a cost of \$3,160.00. Two carports were constructed at the Hwy 47 facility for the storage of supplies and equipment at a cost of \$3,100.00.
- ❖ The City solicited bids for the grading of Crooked Creek Park, funded by a grant from the Missouri Department of Natural Resources, to create 4 baseball/softball fields, 3 soccer fields, an access road and parking. Karrenbrock Construction was awarded the bid at a cost of \$80,858.54.

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- ❖ The roof at City Hall was replaced at a cost of \$71,355.73, partially funded by an insurance settlement for hail damage. The southwest corner of City Hall also had to have new piers installed at a cost of \$4,500.00.
- ❖ Sewer pipe and other materials were purchased at a cost of \$4,585.26 to divert the flow of storm water in an area behind the cemetery. The Public Works Department provided the labor.
- ❖ A sewer pipe burst at the end of Friendship Court and was repaired by Bates Utility Company at a cost of \$40,799.00.
- ❖ Hansen's Tree Service performed the grinding of brush and yard waste at the City's maintenance shed at a cost of \$7,750.00. This service is performed every few years as the yard waste collection from residents accumulates.
- ❖ Several vehicles were added to the City's fleet in FY2018. Two 2017 Dodge Charger Police Cruisers were purchased on a 4-year lease at an annual cost of \$14,113.92. Two 2018 Dodge Ram Trucks equipped for snow plowing were purchased at a total cost of \$119,926.00. A pre-owned 2007 International Dump Truck was purchased for \$47,500.00. A Maxwell Trailer was purchased at a cost of \$4,200.00 for hauling equipment in the Public Works Department.
- ❖ Investments were made in technology in FY2018: a new server was purchased for the police department at a cost of \$5,551.65. The Incode Cemetery Software Module was purchased from Tyler Technologies at a cost of \$6,150.00.
- ❖ An electrical panel upgrade was completed at Fairgrounds Park on the lights at Diamond #2 at a cost of \$1,672.00.
- ❖ Other items purchased are as follows: a new fountain for the pond at Fairgrounds Park, \$1,925.00, a bite suit for the canine unit, \$1,705.00, a plasma cutter, \$1,704.95. a Rhino Oil Tank, \$1,500.00.

The City's net position (cash basis) at the end of 2018 was \$9,977,126.72. This represents a 6.5% increase over the fiscal year ending June 30, 2017.

Using the Basic Financial Statements

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

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

NET POSITION

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total June 30, 2018</u>	<u>Total June 30, 2017</u>
<u>ASSETS</u>				
Cash and Investments	\$ 4,150,759.23	\$ 2,560,713.07	\$ 6,711,472.30	\$ 7,999,770.07
Restricted Assets:				
Cash and Investments	<u>3,275,426.53</u>		<u>3,275,426.53</u>	<u>1,373,951.88</u>
Total Assets	<u>7,426,185.76</u>	<u>2,560,713.07</u>	<u>9,986,898.83</u>	<u>9,373,721.95</u>
<u>LIABILITIES</u>				
Payroll Withholdings	<u>7,183.50</u>	<u>2,588.61</u>	<u>9,772.11</u>	<u>9,484.83</u>
<u>NET POSITION</u>				
Restricted	3,520,353.28	-	3,520,353.28	2,673,750.57
Unrestricted	<u>3,898,648.98</u>	<u>2,558,124.46</u>	<u>6,456,773.44</u>	<u>6,690,486.55</u>
Total Net Position	<u>\$ 7,419,002.26</u>	<u>\$ 2,558,124.46</u>	<u>\$ 9,977,126.72</u>	<u>\$ 9,364,237.12</u>

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Government-wide Financial Analysis

Revenue and Expenditure Comparison for Years
Ending June 30, 2018 and 2017

	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Revenue - All Funds:				
Taxes	\$ 6,637,243.94	43.23%	\$ 6,448,500.20	50.67%
Licenses and Permits	121,666.97	0.79%	165,620.60	1.30%
Charges for Services	5,213,246.85	33.96%	4,908,163.77	38.56%
Fines and Forfeitures	161,732.76	1.05%	222,178.74	1.75%
Sale of Assets	33,480.00	0.22%	313,537.47	2.46%
Intergovernmental	853,751.12	5.56%	508,040.92	3.99%
Interest	68,812.31	0.45%	31,071.05	0.24%
Miscellaneous	153,644.66	1.00%	130,068.36	1.02%
Refunding Certificate Proceedes	2,108,300.00	13.73%		
Total Revenues	<u>\$ 15,351,878.61</u>	<u>100.00%</u>	<u>\$ 12,727,181.11</u>	<u>100.00%</u>
Expenditures -- All Fund:				
General Government	\$ 821,298.93	5.57%	\$ 829,166.89	7.24%
Public Safety	2,588,049.23	17.56%	2,497,129.10	21.80%
Culture and Recreation	351,936.89	2.39%	301,995.29	2.64%
Cemetery	45,761.42	0.31%	31,862.44	0.28%
Public Works - Streets	1,798,522.76	12.20%	1,674,114.15	14.61%
Economic Development	594,991.22	4.04%	713,610.27	6.23%
Operating Expenses - Utilities	4,965,063.24	33.69%	3,943,494.85	34.42%
Debt Service - Principal/Interest	1,532,670.23	10.40%	1,464,806.22	12.79%
Payment to Escrow Agent	2,040,695.09	13.85%		
Total Expenditures	<u>\$ 14,738,989.01</u>	<u>100.00%</u>	<u>\$ 11,456,179.21</u>	<u>100.00%</u>

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Governmental Funds Financial Analysis

	<u>2018</u>	<u>2017</u>
Program Revenues Collected:		
Charges for Services	\$ 306,659.73	\$ 411,669.34
Operating Grants and Contributions	853,751.12	502,414.62
General Revenues Collected:		
Property Taxes	320,283.27	300,130.37
Franchise and Public Service Taxes	2,289,013.53	2,221,150.07
Sales Tax	4,027,947.14	3,927,219.76
Investment Income	51,347.63	22,207.48
Sale of Assets	29,680.00	305,545.47
Miscellaneous	153,644.66	130,068.36
Refunding Certificate Proceedes	2,108,300.00	
Total Revenues Collected	<u>10,140,627.08</u>	<u>7,820,405.47</u>
Expenses Paid:		
General Government	821,298.93	829,166.89
Public Safety	2,588,049.23	2,497,129.10
Public Works - Streets	1,798,522.76	1,674,114.15
Culture and Recreation	351,936.89	301,995.29
Cemetery	45,761.42	31,862.44
Economic Development	594,991.22	713,610.27
Debt Service		
Principal	386,654.62	324,123.19
Interest and Fees	145,000.15	138,070.07
Payment to Escrow Fund	2,040,695.09	
Total Expenses Paid	<u>8,772,910.31</u>	<u>6,510,071.40</u>
Transfers between funds	<u>(535,205.47)</u>	<u>(74,389.33)</u>
Change in Net Position	832,511.30	1,235,944.74
Net Position, July 1	<u>6,586,490.96</u>	<u>5,350,546.22</u>
Net Position, June 30	<u>\$ 7,419,002.26</u>	<u>\$ 6,586,490.96</u>

Business Type Activities

	<u>2018</u>	<u>2017</u>
Water Fund:		
Operating Revenue	\$1,619,207.95	\$1,429,859.52
Operating Expenditures	<u>(1,339,389.91)</u>	<u>(1,253,061.07)</u>
Operating Income/(Loss)	279,818.04	176,798.45
Non-Operating Revenue/(Expenses)	(79,303.71)	(55,331.29)
Operating Transfer	-	-
Net Income/(Loss)	<u>\$ 200,514.33</u>	<u>\$ 121,467.16</u>

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Business Type Activities (Cont.)

Sewer Fund:	<u>2018</u>	<u>2017</u>
Operating Revenue	\$ 2,738,079.92	\$ 2,657,446.00
Operating Expenditures	<u>(2,707,925.03)</u>	<u>(1,857,676.05)</u>
Operating Income/(Loss)	30,154.89	799,769.95
Non-Operating Revenue/(Expenses)	(900,543.87)	(879,997.24)
Operating Transfer	<u>456,167.73</u>	<u>583.48</u>
Net Income/(Loss) after Transfers	<u>\$ (414,221.25)</u>	<u>\$ (79,643.81)</u>
Sanitation Fund:	<u>2018</u>	<u>2017</u>
Operating Revenue	\$ 731,833.06	\$ 714,894.36
Operating Expenditures	<u>(733,822.22)</u>	<u>(714,489.48)</u>
Operating Income/(Loss)	(1,989.16)	404.88
Non-Operating Revenue/(Expenses)	96.80	41.07
Operating Transfer	-	-
Net Income/(Loss)	<u>\$ (1,892.36)</u>	<u>\$ 445.95</u>
Troy Aquatic Center	<u>2018</u>	<u>2017</u>
Operating Revenue	\$ 100,865.92	\$ 95,712.19
Operating Expenditures	<u>(183,926.08)</u>	<u>(176,735.21)</u>
Operating Income/(Loss)	(83,060.16)	(81,023.02)
Non-Operating Revenue/(Expenses)	-	5.03
Operating Transfer	<u>79,037.74</u>	<u>73,805.85</u>
Net Income/(Loss) after Transfers	<u>\$ (4,022.42)</u>	<u>\$ (7,212.14)</u>

The Water Fund experienced a net gain of \$200,514.33. User fee revenue increased by 14.64% over the previous fiscal year. In September of 2016 the Board of Aldermen voted on a rate increase schedule that would increase water and sewer rates incrementally through September of 2022. This rate increase, coupled with an increase in customers, led to this net gain. Interest income increased by 133%. The cost of operations increased over the prior year, due to increased wages and benefits, capital purchases and a water main project.

The Sewer Fund experienced a net loss of \$414,221.25. While sewer sales increased by 6% over the previous fiscal year due to the rate increase and increased usage, right to connect fees decreased by 6% (5 less connections). Interest earnings increased by 69%. The cost of operations was much less than the previous year, however capital expenditures increased dramatically largely due to the costs associated with the design of the upgrades to the wastewater system. These expenditures had to be supplemented by transfers from the General Fund.

The Sanitation Fund ended the fiscal year with a net loss of \$1,892.36. User fees remained the same per the City's contract with Meridian Waste Solutions, but the City had a slight increase in administration

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costs. Since the City contracts for trash disposal services, the Sanitation Fund has no bearing on the City's financial position.

The Aquatic Center ended the fiscal year with a net loss of \$4,022.42. Aquatic Center revenue was up by 5% as compared to the prior fiscal year, while expenses were up by 4%. Transfers from the General Fund increased by 7%. The City once again contracted with Midwest Pool Management for the management of the Aquatic Center for the 2017 and 2018 seasons at no increase in management fee and a slight increase in the salary budget. As pool seasons run from May to September of the calendar year and the City operates on a fiscal year, it is difficult to compare "seasons". The City continues to make strides to make the aquatic center more self-supporting.

General Fund Budgetary Highlights

General Fund revenues exceeded budgetary projections by 4.18%. Sales tax receipts exceed budgeted projections by 3.29%. Franchise tax receipts surpassed budget by 7.89%. While telecommunication taxes declined, cable franchise fees increased by 4.4%. A class action lawsuit against Ameren regarding the assessment of franchise fees on non-service charges was settled, and the City received \$27,564.00. Ameren also altered the timing of their franchise fee payments from semi-annual to monthly, so that increased receipts for the fiscal year as well. Real & personal property taxes came in 8.28% over budget and surtax exceeded budget by 12%. Conversely building permits were 21% less than budget due to the lack of commercial development. Fines and court costs fell short of budget by 27%, which can be attributed to 9.5% decrease in tickets issued as compared to FY2017. Interest revenues were over 3.5 times more than budget. Park fees fell short of budgetary projections by 10%. A one-time payment of \$30,000.00 from American Tower/Spectrasite for a lease renewal boosted general fund revenues.

Capital Assets and Debt Administration

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

At the year end the City had debt in the amount of \$ 8,158,400.00:

Series 2004 Lease Purchase of EDA Well and Tower	59,000.00
Series 2010A Certificates of Participation for City Hall refunding and remodeling projects	752,000.00
Series 2012 Certificates of Participation for refunding 2004 COPS for MBR Wastewater Treatment Plant	3,960,000.00
Series 2012A Certificates of Participation for refunding 2005 COPS for MBR Wastewater Treatment Plant	1,505,000.00
Series 2017 Certificates of Participation for refunding 2011 COPS for Aquatic Center and capital improvements	1,882,400.00

UNAUDITED

Budgetary Analysis

The most notable expenditure of the 2018-2019 fiscal budget is for the upgrades to the City's wastewater treatment system. In November of 2015 the City made application to the Missouri Dept. of Natural Resources for an SRF loan (State Revolving Fund) to fund upgrades to the wastewater treatment system. The City entered into a contract with Woodard and Curran, an engineering firm, for assessment of the conditions of the City's wastewater treatment system and recommendations for solutions. Based on their findings, the City went to the voters to approve the issuance of \$18,887,000.00 in revenue bonds for upgrading its sewer system. In June of 2016 the Board approved a work order with Woodard and Curran to create a plan and design to implement their recommendations. At the 2018 fiscal year-end, the work order for the design and upgrades was 90% complete and the project was estimated to go out to bid in September 2018. Based on Woodard and Curran's estimates, \$19,286,350.00 was budgeted for the upgrades to the wastewater system, which include the closing of the Highway 47 treatment facility, the design of a pump station there, an interceptor line from the pump station to divert all flow to the Southeast Plant, and upgrades to the Southeast Plant. Costs that exceed the SRF loan will be covered by transfers from the Capital Improvements Fund. The remainder of the work order for the design in the amount of \$93,100.00 was entered into the budget as well.

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. 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. If easements are secured, the first phase of the project will commence in the 2018-2019 fiscal year at a budgeted cost of \$937,580.00.

The City of Troy, in conjunction with Witte Bros. Trucking, applied for and received a CDBG Industrial Infrastructure Grant for improvements to Menemeyer Road. Currently, Menemeyer Road has asphalt pavement with no shoulders, curbs or gutters. With approximately 250 trucks per day traveling on the asphalt road, the City is planning on making concrete improvements to the road. This grant was secured due to the expansion and subsequent job creation at Witte Bros. The estimated project cost is \$1,155,000.00. The grant award is \$800,000.00

Concrete slab replacements on Castlewood Drive, Bishop Drive and Enterprise Way will be performed at a budgeted cost of \$300,000.00. Boone Street will get a new asphalt surface at a cost of \$131,000.00

The creation of a crosswalk from Villa Drive to the Troy Walmart, across Highway 47, has been budgeted. The cost of this crosswalk will be shared with MoDOT. The City's share has been budgeted at \$80,000.00.

The water main on Third Street will be replaced at a budgeted cost of \$370,000.00. Friendship Court will get a new sewer main at a cost of \$87,640.00.

The project to upgrade the storage capacity to the Whitetail Lift Station was awarded to Cannon General Contractors in December of 2017 in the amount of \$346,885.00. No pay estimates were submitted by fiscal year-end, so this project was entered in to the FY2019 budget.

UNAUDITED

The bridge at Main Street and Annie Avenue has been earmarked for replacement. A contract with Vierbrock Sales and Service was entered into for "Cor-Slabs", which are concrete slabs that create the support structure for the bridge. The price of the slabs delivered, and set will be \$48,550.00, with the Public Works Department completing the project. The total budget for the bridge replacement has been set at \$70,000.00.

With the grading completed at the new Crooked Creek Park, the remainder of the grant funds will be expended for seed, fencing and gravel for the road and parking lots. The City's Public Works crew will be providing the labor. The City's portion of the cost of materials is \$68,989.00.

Other park improvements will be made as well. The parking lots adjacent to Fairgrounds Park Fields # 3 and #4, that were asphalted in FY2017, will be seal coated at an estimated cost of \$12,000.00. An electrical upgrade to the lighting at the ballfields in Fairgrounds Park is also planned at a budgeted cost of \$2,000.00.

The City will be adding to its fleet in FY2019. Two 2018 Dodge Chargers will be secured through a 4-year lease at budgeted annual cost of \$15,500.00. A 2018 Chevrolet 4WD pickup truck will be purchased at a cost of \$27,000.00. The City will also be looking to purchase a pre-owned pickup truck for use by the City's mechanics at a cost of \$17,000.00.

The City will engage a contractor to camera the sewer trunk line that extends from the intersection of Cherry Street and Lincoln Drive and ends east of the intersection of Hwy 47 and Lincoln Drive, near the Taco Bell. This project is estimated to cost \$14,077.00.

The SCADA system at the water treatment plant will be upgraded at a cost of \$20,000.00. The well house roof at Well # 6 and Well # 8 will be replaced at a cost of \$8,000.00.

The Board of Aldermen voted to discontinue contracting with the Troy Chamber of Commerce for economic development services. This contract had an annual cost of \$15,000.00.

The City will upgrade the first of its 5 warning sirens in FY2019 at a cost of \$9,500.00.

A storage shed will be constructed at the cemetery at a cost of \$6,200.00.

The purchase of TOP Software was approved for FY2019. TOP (Tyler Output Processor) software will allow for the emailing of utility bills, remittance advice for payables, and employee paystubs. The cost of this software is \$7,876.00.

The addition of a cremation garden has been budgeted for the cemetery at a cost of \$10,000.00. This project was approved for FY2018 but was never completed.

UNAUDITED

Capital equipment purchases have been budgeted for the 2018-2019 fiscal year as follows:

Safety Equipment (Fall Protection)	\$16,500.00	Sewer Plants
Bulk water dispenser	\$ 10,000.00	Water Fund (approved in FY2018)
Automotive scan tool	\$ 4,500.00	Maintenance Building Fund
Assorted concrete tools	\$ 4,000.00	Street Fund
72" Street sweeper attachment for skid steer	\$ 3,995.00	Street Fund
Nozzles and tools for sewer maintenance	\$ 3,428.00	Sewer Fund
Small air-powered mixers (2)	\$ 3,350.00	Sewer Plants
Millermatic wire feed welder	\$ 3,100.00	Maintenance Building Fund
Hitch mount truck hoist	\$ 1,800.00	Sewer Fund
Jetter hose 3/4" X 600'	\$ 1,732.00	Sewer Fund
Warthog 3/4" nozzle w/service kit	\$ 1,636.00	Sewer Fund
Walk-behind floor scrubber	\$ 1,600.00	Sewer Plants
Shop crane	\$ 1,350.00	Maintenance Building Fund
Aluminum tool boxes (2)	\$ 1,000.00	Water Fund
Pipe laser	\$ 650.00	Street Fund

Sales tax revenues have been budgeted essentially flat. FY2018 saw a 2.38% increase in sales tax receipts over the previous fiscal year, so the Board chose to budget sales tax revenues conservatively. The Board once again indicated that they would be offering a property tax rollback of .15 per \$100 assessed valuation, so those revenues have been budgeted flat as well. Right-to-connect fees have been budgeted at 60 connections, which is a slight increase over the previous year.

The City's health insurance plan is now renewable on January 1st. With renewal costs being unknown at budget time, but anticipated to increase dramatically, the health insurance renewal commencing January 1, 2019 was budgeted at a 30% increase. The contribution rate for the Missouri Local Government Employees Retirement (MO LAGERS) increased for general employees from 10% to 10.2% and the rate for police decreased from 9.7% to 9.6%.

No employee pay increases were budgeted for the 2018-2019 fiscal year.

Contacting the City's Financial Management

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

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Investments	\$ 4,150,759.23	\$ 2,560,713.07	\$ 6,711,472.30
Restricted Assets:			
Cash and Investments	3,275,426.53	_____	3,275,426.53
Total Assets	7,426,185.76	2,560,713.07	9,986,898.83
 <u>LIABILITIES</u>			
Payroll Withholdings	7,183.50	2,588.61	9,772.11
Total Liabilities	7,183.50	2,588.61	9,772.11
 <u>NET POSITION</u>			
Restricted for:			
Nonexpendable Permanent Funds	250,000.00	-	250,000.00
Capital Projects	1,979,232.47		1,979,232.47
Debt Service	135,384.69		135,384.69
Parks	121,724.11		121,724.11
Roads	736,451.08		736,451.08
Tourism	24,006.47		24,006.47
Cemetery	225,910.11		225,910.11
Other Purposes	47,644.35		47,644.35
Unrestricted	3,898,648.98	2,558,124.46	6,456,773.44
Total Net Position	\$ 7,419,002.26	\$ 2,558,124.46	\$ 9,977,126.72

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues Received			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 821,298.93	\$ 121,666.97	\$ -	\$ -	\$ (699,631.96)	\$ -	\$ (699,631.96)
Public Safety	2,588,049.23	161,732.76	128,888.58	-	(2,297,427.89)	-	(2,297,427.89)
Culture and Recreation	351,936.89				(351,936.89)		(351,936.89)
Cemetery	45,761.42	23,260.00			(22,501.42)		(22,501.42)
Public Works - Streets	1,798,522.76		425,389.19		(1,373,133.57)		(1,373,133.57)
Economic Development	594,991.22			299,473.35	(295,517.87)		(295,517.87)
Debt Service							
Principal	386,654.62				(386,654.62)		(386,654.62)
Interest and Fees	145,000.15				(145,000.15)		(145,000.15)
Total governmental activities:	6,732,215.22	306,659.73	554,277.77	299,473.35	(5,571,804.37)	-	(5,571,804.37)
Business-type Activities:							
Water	1,431,479.38	1,619,207.95	-	-	-	187,728.57	187,728.57
Sewer	3,616,851.02	2,738,079.92				(878,771.10)	(878,771.10)
Sanitation	733,822.22	731,833.06				(1,989.16)	(1,989.16)
Troy Aquatic Center	183,926.08	100,865.92				(83,060.16)	(83,060.16)
Total business-type activities:	5,966,078.70	5,189,986.85	-	-	-	(776,091.85)	(776,091.85)
Total City	\$ 12,698,293.92	\$ 5,496,646.58	\$ 554,277.77	\$ 299,473.35	(5,571,804.37)	(776,091.85)	(6,347,896.22)
General Revenues:							
Taxes							
Property Taxes					320,283.27		320,283.27
Franchise and Public Service Taxes					2,289,013.53		2,289,013.53
Sales Tax					4,027,947.14		4,027,947.14
Investment Income					51,347.63	17,464.68	68,812.31
Miscellaneous					153,644.66		153,644.66
Sale of Assets					29,680.00	3,800.00	33,480.00
Refunding Certificate Proceeds					2,108,300.00		2,108,300.00
Payment to Escrow Agent					(2,040,695.09)		(2,040,695.09)
Transfers between funds					(535,205.47)	535,205.47	-
Total General Revenues					6,404,315.67	556,470.15	6,960,785.82
Change in Net Position					832,511.30	(219,621.70)	612,889.60
Net Position - beginning					6,586,490.96	2,777,746.16	9,364,237.12
Net Position - ending					\$ 7,419,002.26	\$ 2,558,124.46	\$ 9,977,126.72

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
BALANCE SHEET- MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Major Funds</u>				Total Governmental Funds
	<u>General</u>	<u>Street Maintenance</u>	<u>Capital Improvement</u>	<u>Non-Major Funds</u>	
ASSETS					
Cash and Investments	\$ 3,904,445.59	\$ -	\$ -	\$ 246,313.64	\$ 4,150,759.23
Restricted Assets:					
Cash and Investments		737,828.02	1,967,731.19	569,867.32	3,275,426.53
Total Assets	\$ 3,904,445.59	\$ 737,828.02	\$ 1,967,731.19	\$ 816,180.96	\$ 7,426,185.76
LIABILITIES AND FUND EQUITY					
Liabilities					
Payroll Liabilities	\$ 5,796.61	\$ 1,376.94	\$ -	\$ 9.95	\$ 7,183.50
Total Liabilities	\$ 5,796.61	\$ 1,376.94	\$ -	\$ 9.95	\$ 7,183.50
Fund Equity:					
Fund Balance:					
Nonspendable	\$ -	\$ -	\$ -	\$ 250,000.00	\$ 250,000.00
Restricted for:					
Capital Projects			1,967,731.19	11,501.28	1,979,232.47
Debt Service				135,384.69	135,384.69
Parks				121,724.11	121,724.11
Roads		736,451.08			736,451.08
Tourism				24,006.47	24,006.47
Cemetery				225,910.11	225,910.11
Other purposes				47,644.35	47,644.35
Unassigned	3,898,648.98				3,898,648.98
Total Fund Equity	3,898,648.98	736,451.08	1,967,731.19	816,171.01	7,419,002.26
Total Liabilities and Fund Equity	\$ 3,904,445.59	\$ 737,828.02	\$ 1,967,731.19	\$ 816,180.96	

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

\$ 7,419,002.26

See accompanying notes to financial basic statements.

CITY OF TROY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Major Funds				Total
	General	Street Maintenance	Capital Improvements	Non-Major Funds	Governmental Funds
REVENUES:					
Taxes	\$ 3,901,608.97	\$ 1,294,054.73	\$ 1,342,480.02	\$ 99,100.22	\$ 6,637,243.94
Intergovernmental	128,888.58	425,389.19	159,674.22	139,799.13	853,751.12
Licenses, Permits and Fees	121,666.97				121,666.97
Charges for Services				23,260.00	23,260.00
Interest	27,171.02	5,287.53	10,887.68	8,001.40	51,347.63
Fines and Forfeitures	161,732.76				161,732.76
Sale of Assets	4,300.00	3,800.00	21,580.00		29,680.00
Miscellaneous	133,404.64	2,406.52	5,766.00	12,067.50	153,644.66
Total Revenues	4,478,772.94	1,730,937.97	1,540,387.92	282,228.25	8,032,327.08
EXPENDITURES:					
Current:					
General Government	745,443.20	-	-	-	745,443.20
Public Safety	2,568,111.43			14,386.15	2,582,497.58
Culture and Recreation	271,078.35				271,078.35
Cemetery	1,000.00			38,611.42	39,611.42
Public Works - Streets		1,121,766.32			1,121,766.32
Economic Development	15,000.00			93,664.81	108,664.81
Capital Outlay	162,265.92	676,756.44	486,326.41	6,150.00	1,331,498.77
Debt Service:					
Principal	160,754.62		225,900.00		386,654.62
Interest and Fees	36,805.24		108,194.91		145,000.15
Total Expenditures	3,960,458.76	1,798,522.76	820,421.32	152,812.38	6,732,215.22
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	518,314.18	(67,584.79)	719,966.60	129,415.87	1,300,111.86
OTHER FINANCING SOURCES (USES):					
Operating Transfers	(532,405.59)	-	4,775.92	(7,575.80)	(535,205.47)
Refunding Certificate Proceeds			2,108,300.00	-	2,108,300.00
Payment to Escrow Agent			(2,040,695.09)		(2,040,695.09)
Total Other Financing Sources (Uses):	(532,405.59)	-	72,380.83	(7,575.80)	(467,600.56)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(14,091.41)	(67,584.79)	792,347.43	121,840.07	832,511.30
FUND BALANCE, JULY 1, 2017	3,912,740.39	804,035.87	1,175,383.76	694,330.94	6,586,490.96
FUND BALANCE, JUNE 30, 2018	\$ 3,898,648.98	\$ 736,451.08	\$ 1,967,731.19	\$ 816,171.01	\$ 7,419,002.26

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, 2018

Net change in fund balances - total governmental funds	\$	832,511.30
There are no adjustments		<hr/>
Change in Net Position of Governmental Activities	\$	<u><u>832,511.30</u></u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2018

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
ASSETS					
Cash and Cash Equivalents	\$ 1,545,944.63	\$ 999,180.46	\$ 15,087.98	\$ 500.00	\$ 2,560,713.07
Total Assets	<u>\$ 1,545,944.63</u>	<u>\$ 999,180.46</u>	<u>\$ 15,087.98</u>	<u>\$ 500.00</u>	<u>\$ 2,560,713.07</u>
LIABILITIES					
Payroll Withholdings	\$ 799.81	\$ 1,708.11	\$ 80.69	\$ -	\$ 2,588.61
NET POSITION					
Unrestricted	<u>1,545,144.82</u>	<u>997,472.35</u>	<u>15,007.29</u>	<u>500.00</u>	<u>2,558,124.46</u>
Total Net Position	<u>\$ 1,545,144.82</u>	<u>\$ 997,472.35</u>	<u>\$ 15,007.29</u>	<u>\$ 500.00</u>	<u>\$ 2,558,124.46</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, 2018

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
OPERATING REVENUES:					
Charges for Services	\$ 1,619,207.95	\$ 2,738,079.92	\$ 731,833.06	\$ 100,865.92	\$ 5,189,986.85
OPERATING EXPENSES:					
Cost of Sales and Services	835,089.77	1,089,459.11	701,381.55	183,926.08	2,809,856.51
Administration	123,190.56	76,272.96	32,440.67		231,904.19
Capital Outlay	381,109.58	1,542,192.96			1,923,302.54
Total Operating Expenses	<u>1,339,389.91</u>	<u>2,707,925.03</u>	<u>733,822.22</u>	<u>183,926.08</u>	<u>4,965,063.24</u>
OPERATING INCOME (LOSS)	<u>279,818.04</u>	<u>30,154.89</u>	<u>(1,989.16)</u>	<u>(83,060.16)</u>	<u>224,923.61</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest	8,985.76	8,382.12	96.80	-	17,464.68
Sale of Assets	3,800.00				3,800.00
Debt Service:					
Principal	(88,231.00)	(733,231.01)			(821,462.01)
Interest and Fees	(3,858.47)	(175,694.98)			(179,553.45)
Total Non-Operating Revenues (Expenses)	<u>(79,303.71)</u>	<u>(900,543.87)</u>	<u>96.80</u>	<u>0.00</u>	<u>(979,750.78)</u>
INCOME (LOSS) BEFORE TRANSFERS	200,514.33	(870,388.98)	(1,892.36)	(83,060.16)	(754,827.17)
OPERATING TRANSFERS	-	456,167.73	-	79,037.74	535,205.47
NET INCOME (LOSS) AFTER OPERATING TRANSFER	200,514.33	(414,221.25)	(1,892.36)	(4,022.42)	(219,621.70)
TOTAL NET POSITION, JULY 1, 2017	<u>1,344,630.49</u>	<u>1,411,693.60</u>	<u>16,899.65</u>	<u>4,522.42</u>	<u>2,777,746.16</u>
TOTAL NET POSITION, JUNE 30, 2018	<u>\$ 1,545,144.82</u>	<u>\$ 997,472.35</u>	<u>\$ 15,007.29</u>	<u>\$ 500.00</u>	<u>\$ 2,558,124.46</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, 2018

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 1,619,207.95	\$ 2,738,079.92	\$ 731,833.06	\$ 100,865.92	\$ 5,189,986.85
Cash Payments to Suppliers for Goods and Services	(887,580.61)	(2,424,058.78)	(711,414.20)	(183,926.08)	(4,206,979.67)
Cash Payments to Employees for Services	(451,957.24)	(283,750.54)	(22,404.38)		(758,112.16)
Net Cash Provided (Used) by Operating Activities	<u>279,670.10</u>	<u>30,270.60</u>	<u>(1,985.52)</u>	<u>(83,060.16)</u>	<u>224,895.02</u>
Cash Flows from Noncapital Financing Activities:					
Operating Transfers	-	456,167.73	-	79,037.74	535,205.47
Net Cash Used Provided by Noncapital Financing Activities	<u>-</u>	<u>456,167.73</u>	<u>-</u>	<u>79,037.74</u>	<u>535,205.47</u>
Cash Flows from Capital and Related Financing Activities:					
Sale of Assets	3,800.00	-	-	-	3,800.00
Principal Paid on Bonds/Certificates	(88,231.00)	(733,231.01)			(821,462.01)
Interest and Fees Paid on Certificates	(3,858.47)	(175,694.98)			(179,553.45)
Net Cash Used for Capital and Related Financial Activities	<u>(88,289.47)</u>	<u>(908,925.99)</u>	<u>-</u>	<u>-</u>	<u>(997,215.46)</u>
Cash Flows from Investing Activities:					
Interest Earned	8,985.76	8,382.12	96.80	-	17,464.68
Cash and Cash Equivalents, Beginning of Year	1,345,578.24	1,413,286.00	16,976.70	4,522.42	2,780,363.36
Cash and Cash Equivalents, End of Year	<u>\$ 1,545,944.63</u>	<u>\$ 999,180.46</u>	<u>\$ 15,087.98</u>	<u>\$ 500.00</u>	<u>\$ 2,560,713.07</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income(Loss)	\$ 279,818.04	\$ 30,154.89	\$ (1,989.16)	\$ (83,060.16)	\$ 224,923.61
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities					
Changes in assets and liabilities:					
Payroll Withholdings	(147.94)	115.71	3.64	-	(28.59)
Net Cash Provided (Used) by Operating Activities	<u>\$ 279,670.10</u>	<u>\$ 30,270.60</u>	<u>\$ (1,985.52)</u>	<u>\$ (83,060.16)</u>	<u>\$ 224,895.02</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
JUNE 30, 2018

<u>ASSETS</u>	<u>Agency Funds</u>
Restricted Assets:	
Cash and Investments	\$ <u>8,236.00</u>
 <u>LIABILITIES</u>	
Due to Others - Court Bonds	\$ <u>8,236.00</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of Significant Accounting Policies

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

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

A. Principals Used to Determine Scope of Entity

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Fund Accounting

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

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

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

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

Capital Project Funds

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

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

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

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

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

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

Permanent Fund

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

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

Proprietary Funds

Enterprise Funds

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

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

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

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

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

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

Fiduciary Fund

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

Agency Fund

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

Major and Non-major Funds

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

Major Funds:

General Fund

Special Revenue Fund:

Street Maintenance

Capital Projects Fund:

Capital Improvement

Proprietary Funds:

Water

Sewer

Sanitation

Non-Major Funds:

Special Revenue Funds:

Cemetery Investment

Tourism

Protested Franchise Tax

Police Explorers

Police Forfeiture

Police Canine Unit

Park Endowment (Brown)

Debt Services Funds:

SRS 2012 Debt Service Reserve

SRS 2012 Debt Service

SRS 2012A Debt Service

SRS 2012A Debt Service Reserve

Capital Projects Funds:

Sewer Bonds

EDA/CDBG Cherry Blossom Way Project

Industrial Development

CDBG

Permanent Fund:

Park Endowment (Avery)

Proprietary

Troy Aquatic Center

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

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

Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

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

1. The City Treasurer submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
2. Public hearings are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
3. The budget was formally adopted on June 29, 2017.
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, 2018, 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, 2018, are as follows:

Street Maintenance	\$ 737,828.02
Capital Improvement	1,967,731.19
Tourism	24,006.47
Protested Franchise Tax	33,277.66
Police Forfeiture	4,811.42
Park Endowment (Brown)	87,712.64
CDBG	662.97
SRS 2012 Debt Service Reserve	100,000.00
SRS 2012 Debt Service	683.21
SRS 2012A Debt Service	199.92
SRS 2012A Debt Service Reserve	34,501.56
Park Endowment (Avery)	284,011.47
	<u>\$ 3,275,426.53</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, 2018, are classified as follows regarding level of constraint:

	General Fund	Special Revenue Funds	Capital Projects	Debt Service Funds	Permanent Funds
Fund Balances:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 250,000.00
Restricted for:					
Capital Projects			1,979,232.47		
Debt Service				135,384.69	
Parks		87,712.64			34,011.47
Roads		736,451.08			
Tourism		24,006.47			
Cemetery		225,910.11			
Other purposes		47,644.35			
Unassigned	3,898,648.98				
Total Fund Balances	\$ 3,898,648.98	\$ 1,121,724.65	\$ 1,979,232.47	\$ 135,384.69	\$ 284,011.47

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 \$65,123.59 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 \$4,348,131.00. The City's fines and court costs for minor traffic violations are 1.5% "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 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

The City also adopted GASB Statement 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

The City also adopted GASB Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits

The City also adopted GASB Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

2. Cash and Investments

The City is governed by the deposit and investment limitations of City Policy and state law. The depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation

(FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes. Debt certificate proceeds held by trustees and invested in accordance with the provisions of the trust indentures.

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

The cash and investments held at June 30, 2018, and reported at cost are as follows:

Type	Maturities	Carrying Value
Cash on hand		\$ 700.00
Deposits:		
Demand deposits		466,349.87
Money market deposits		2,879,545.56
Non-negotiable certificates of deposit	Various	5,418,034.61
Total deposits		<u>8,763,930.04</u>
Investments:		
Money market deposits		134,501.56
Mutual fund money market		883.64
MOSIP Liquid series	Demand	86,883.59
MOSIP Term Series	10/15/2018	1,000,000.00
Total investments		<u>1,222,268.79</u>
Total cash and investments		<u>\$ 9,986,898.83</u>
Reconciliation to financial statements:		
Current:		
Cash and investments		\$ 6,711,472.30
Cash and investments - restricted		3,275,426.53
Total		<u>\$ 9,986,898.83</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, 2018, the City's bank balances of \$8,826,089.13 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, 2018, 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	\$ 883.64	\$ -	\$ -	Aaa-mf
MOSIP Liquid Series	86,883.59			AAA-m
MOSIP Term Series	1,000,000.00			AAA-f

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

At June 30, 2018, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, the City had the following investments with one issuer, which represented 5% or more of total investments:

		<u>Percent of City's Total Investments</u>
MOSIP Liquid Series	\$ 86,883.59	7.1%
MOSIP Term Series	\$ 1,000,000.00	81.8%

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

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

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

	<u>Fair Value Measurements Using</u>			<u>Cost Measurement Using</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Measured at Fair Value</u>
MOSIP Liquid Series	\$ -	\$ 86,883.59	\$ -	\$ 86,883.59
MOSIP Term Series	-	1,000,000.00	-	1,000,000.00

3. Taxes

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

The assessed valuation of the tangible taxable property for the calendar year 2017 for purposes of local taxation was:

<u>Lincoln County</u>	
Real Estate	\$ 143,841,468.00
Personal Property	43,369,653.00
Railroad and Utilities	6,244,839.00
Total	<u>\$ 199,455,960.00</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2017 for purposes of local taxation was:

General Revenue	<u>\$ 0.1753</u>
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4. Long-Term Debt

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

Governmental Activities

As of June 30, 2018, 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)	\$ 752,000.00
\$2,108,300.00 certificates of participation, due in varying annual installments through June 1, 2026; interest at 2.89%	<u>1,882,400.00</u>
Total certificates of participation	<u>\$ 2,634,400.00</u>

Capital Lease Obligations

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	\$ 14,607.45
2016 capital lease with Commerce Bank for vehicles (cost \$56,192.12), payable in annual installments of \$14,541.22 including principal and interest at 2.35%, final payment due September 21, 2019	28,088.48
2017 capital lease with US Bank for vehicles (cost \$54,154.84), payable in annual installments of \$14,113.92 including principal and interest at 2.81%, final payment due August 25, 2020	<u>40,040.92</u>
Total capital lease obligations	<u>\$ 82,736.85</u>

Business-Type Activities

As of June 30, 2018, 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)	\$ 59,000.00
\$6,410,000.00 certificates of participation, due in varying installments through December 1, 2024; interest at 2.0% - 3.5% (reset annually)	3,960,000.00
\$2,605,000.00 certificates of participation, due in varying annual installments through July 1, 2025; interest at 0.75% - 3.3%	<u>1,505,000.00</u>
Total certificates of participation	<u>\$ 5,524,000.00</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

\$ 57,455.76

Total capital lease obligations

\$ 57,455.76

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

Type of Debt	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount due within one year
Governmental Activities:					
Certificates of Participation	\$ 2,816,000.00	\$ 2,108,300.00	\$ 2,289,900.00	\$ 2,634,400.00	\$ 313,300.00
Capital Lease Obligations	90,336.63	54,154.84	61,754.62	82,736.85	41,462.75
Total	<u>\$ 2,906,336.63</u>	<u>\$ 2,162,454.84</u>	<u>\$ 2,351,654.62</u>	<u>\$ 2,717,136.85</u>	<u>\$ 354,762.75</u>
Business-Type Activities:					
Certificates of Participation	\$ 6,289,000.00	\$ -	\$ 765,000.00	\$ 5,524,000.00	\$ 579,000.00
Capital Lease Obligations	113,917.77	-	56,462.01	57,455.76	57,455.76
Total	<u>\$ 6,402,917.77</u>	<u>\$ -</u>	<u>\$ 821,462.01</u>	<u>\$ 5,581,455.76</u>	<u>\$ 636,455.76</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2018, are as follows:

Year Ended June 30,	Governmental Activities				Total Debt Service Requirements to Maturity	
	Certificates of Participation		Capital Leases			
	Principal	Interest	Principal	Interest		
2019	\$ 313,300.00	\$ 82,958.33	\$ 41,462.75	\$ 2,113.92	\$ 991,218.51	\$ 222,346.95
2020	321,600.00	72,738.07	27,550.81	1,104.33	1,079,150.81	215,162.40
2021	329,900.00	62,255.74	13,723.29	390.63	1,093,623.29	184,271.37
2022	338,500.00	51,508.41			1,113,500.00	150,944.66
2023	348,200.00	40,490.41			1,143,200.00	116,077.91
2024-2027	982,900.00	52,337.57			2,877,900.00	128,012.57
Total	<u>\$ 2,634,400.00</u>	<u>\$ 362,288.53</u>	<u>\$ 82,736.85</u>	<u>\$ 3,608.88</u>	<u>\$ 8,298,592.61</u>	<u>\$ 1,016,815.86</u>

Year Ended June 30,	Business-Type Activities				Total Debt Service Requirements to Maturity	
	Certificates of Participation		Capital Leases			
	Principal	Interest	Principal	Interest		
2019	\$ 579,000.00	\$ 136,263.50	\$ 57,455.76	\$ 1,011.20	\$ 991,218.51	\$ 222,346.95
2020	730,000.00	141,320.00			1,079,150.81	215,162.40
2021	750,000.00	121,625.00			1,093,623.29	184,271.37
2022	775,000.00	99,436.25			1,113,500.00	150,944.66
2023	795,000.00	75,587.50			1,143,200.00	116,077.91
2024-2027	1,895,000.00	75,675.00			2,877,900.00	128,012.57
Total	<u>\$ 5,524,000.00</u>	<u>\$ 649,907.25</u>	<u>\$ 57,455.76</u>	<u>\$ 1,011.20</u>	<u>\$ 8,298,592.61</u>	<u>\$ 1,016,815.86</u>

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

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

On September 28, 2017 the City issued \$2,108,300.00 in Refunding Certificates of Participation, Series 2017, along with other resources, to advance refund \$1,965,000.00 of Certificates of Participation, Series 2011. The advance refunding reduced total debt service payments over the next 10 years by approximately \$85,000.00. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$58,000.00.

5. Interfund Transfers and Balances

Interfund Transfers

Transfers between funds for the year ended for the year ended June 30, 2018, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Fund	\$ 1,632.15	\$ 259,037.74
<u>General Fund (2)</u>	-	275,000.00
Capital Projects Fund:		
Capital Improvements	4,775.92	-
	<u>4,775.92</u>	<u>4,775.92</u>
Enterprise Funds:		
Sewer	456,167.73	-
<u>Special Revenue</u>		
Protested Tax	-	1,632.15
Debt Service Funds:		
SRS 2012A Debt Service	323.42	322.02
SRS 2012A Debt Service Reserve		323.42
SRS 2012 Debt Service	937.78	845.71
SRS 2012 Debt Service Reserve		937.78
Total Debt Service Funds	<u>1,261.20</u>	<u>2,428.93</u>
Enterprise Funds:		
Troy Aquatic Center	79,037.74	-
Total	<u>\$ 542,874.74</u>	<u>\$ 542,874.74</u>

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

6. Operating Leases

The City is committed under a lease for equipment. The lease for accounting purposes is considered an operating lease. Operating leases do not give rise to property rights or lease obligations. Lease expenditures for the year ended June 30, 2018, amounted to \$5,271.60.

<u>Year Ending</u>	<u>Amount</u>
2019	\$ 4,637.40
2020	2,000.00
Total	<u>\$ 6,637.40</u>

7. Retirement Plans

General Information about the Pension Plan

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

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

	<u>2018 Valuation</u>
Benefit Multiplier:	1.25% for life
Final Average Salary:	5 years
Member Contributions:	0%

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

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

	General	Police	Combined
Inactive employees or beneficiaries currently receiving benefits	6	4	10
Inactive employees entitled to but not yet receiving benefits	8	12	20
Active employees	34	21	55
	<u>48</u>	<u>37</u>	<u>85</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 10.0% (General) and 9.7% (Police) of annual covered payroll.

Net Pension Liability. The employer's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

Actuarial assumptions. The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the February 28, 2018 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

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

Changes in the Net Pension Liability-General Division

	Increase (Decrease)		
	Total	Plan	Net Pension Liability
	Pension Liability (a)	Fiduciary Net Position (b)	
Balances at 6/30/2017	\$ 2,229,884	\$ 1,643,994	\$ 585,890
Changes for the year:			
Service cost	101,670	-	101,670
Interest	164,124		164,124
Difference between expected and actual experience	64,921		64,921
Contributions - employer		157,114	(157,114)
Contributions - employee			-
Net investment income		204,717	(204,717)
Benefit payments, including refunds	(32,685)	(32,685)	-
Administrative expense		(4,185)	4,185
Other changes		(1,894)	1,894
Net changes	298,030	323,067	(25,037)
Balances at 6/30/2018	\$ 2,527,914	\$ 1,967,061	\$ 560,853

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)	\$ 2,945,920	\$ 2,527,914	\$ 2,184,556
Plan fiduciary net position	1,967,061	1,967,061	1,967,061
Net pension liability/(asset) (NPL)	\$ 978,859	\$ 560,853	\$ 217,495

Changes in the Net Pension Liability-Police Division

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2017	\$ 1,668,548	\$ 1,424,435	\$ 244,113
Changes for the year:			
Service cost	91,396	-	91,396
Interest	123,205		123,205
Difference between expected and actual experience	19,379		19,379
Contributions - employer		117,305	(117,305)
Contributions - employee			
Net investment income		177,250	(177,250)
Benefit payments, including refunds	(28,637)	(28,637)	
Administrative expense		(2,904)	2,904
Other changes		(876)	876
Net changes	205,343	262,138	(56,795)
Balances at 6/30/2018	\$ 1,873,891	\$ 1,686,573	\$ 187,318

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)	\$ 2,219,971	\$ 1,873,891	\$ 1,592,050
Plan fiduciary net position	1,686,573	1,686,573	1,686,573
Net pension liability/(asset) (NPL)	\$ 533,398	\$ 187,318	\$ (94,523)

Changes in the Net Pension Liability-Combined

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2017	\$ 3,898,432	\$ 3,068,429	\$ 830,003
Changes for the year:			
Service cost	193,066	-	193,066
Interest	287,329		287,329
Difference between expected and actual experience	84,300		84,300
Contributions - employer		274,419	(274,419)
Contributions - employee			-
Net investment income		381,967	(381,967)
Benefit payments, including refunds	(61,322)	(61,322)	-
Administrative expense		(7,089)	7,089
Other changes		(2,770)	2,770
Net changes	503,373	585,205	(81,832)
Balances at 6/30/2018	\$ 4,401,805	\$ 3,653,634	\$ 748,171

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)	\$ 5,165,891	\$ 4,401,805	\$ 3,776,606
Plan fiduciary net position	3,653,634	3,653,634	3,653,634
Net pension liability/(asset) (NPL)	\$ 1,512,257	\$ 748,171	\$ 122,972

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

For the year ended June 30, 2018 the employer actuarially determined pension expense of \$161,942 (General) and \$117,764 (Police). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General		Police		Combined	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 110,023	\$(110,826)	\$ 33,241	\$ (47,727)	\$ 143,264	\$(158,553)
Differences in assumptions	104,089	(47,117)	39,462		143,551	(47,117)
Excess (deficit) investment returns		(52,534)		(50,680)	-	(103,214)
Contributions subsequent to the measurement date*					-	-
Total	\$ 214,112	\$(210,477)	\$ 72,703	\$ (98,407)	\$ 286,815	\$(308,884)

*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, 2018.

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

Year ended	General	Police	Combined
2019	\$ 13,476	\$ 5,677	\$ 19,153
2020	419	(5,075)	(4,656)
2021	(20,183)	(22,352)	(42,535)
2022	(6,270)	(9,278)	(15,548)
2023	9,994	4,189	14,183
Thereafter	6,199	1,135	7,334
Total	\$ 3,635	\$ (25,704)	\$ (22,069)

Payable to the Pension Plan

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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 2018 with payments required monthly, based upon a rate schedule. Payments are approximately \$58,000.00 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 \$93,664.81 of such charges to the TCVB. There are covenants concerning annual budgeting, marketing, insurance, accounting and financial reporting which are to be provided to the City on a timely basis.

On April 5, 2016 the City voters approved a proposed issuance of combined waterworks and sewerage system revenue bonds, in the amount of \$18,887,000.00 for the purpose of acquiring, constructing, repairing, improving, furnishing and equipping waterworks and sewerage systems of the City.

Also, as of June 30, 2018, the City had commitments for various capital projects.

Contingencies

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

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

10. Liability Insurance

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

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, 2018

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes				
Real Property	\$ 211,000.00	\$ 211,000.00	\$ 232,909.49	\$ 21,909.49
Personal Property Tax	83,000.00	83,000.00	87,373.78	4,373.78
Financial Institution Tax	800.00	800.00	2,874.64	2,074.64
Railroad and Utilities Tax	11,500.00	11,500.00	10,512.94	(987.06)
Surtax	35,000.00	35,000.00	39,146.92	4,146.92
Sales Tax	2,600,000.00	2,600,000.00	2,685,467.12	85,467.12
Cigarette Tax	58,000.00	58,000.00	58,479.03	479.03
Franchise Tax	725,000.00	725,000.00	782,224.67	57,224.67
Penalties and Interest on Taxes	2,500.00	2,500.00	2,620.38	120.38
	<u>3,726,800.00</u>	<u>3,726,800.00</u>	<u>3,901,608.97</u>	<u>174,808.97</u>
Intergovernmental				
Federal Grants	150,000.00	150,000.00	115,886.69	(34,113.31)
Other Grants			13,001.89	13,001.89
	<u>150,000.00</u>	<u>150,000.00</u>	<u>128,888.58</u>	<u>(21,111.42)</u>
Licenses, Permits, and Fees				
Merchants and Liquor Licenses	20,000.00	20,000.00	18,309.16	(1,690.84)
Building Permits	112,900.00	112,900.00	89,279.27	(23,620.73)
Dog Licenses	150.00	150.00	173.00	23.00
Occupational Licenses	1,950.00	1,950.00	2,580.00	630.00
Planning Fees	2,600.00	2,600.00	4,300.00	1,700.00
Reproduced Publication Fees	50.00	50.00	110.00	60.00
Other	5,655.00	5,655.00	6,915.54	1,260.54
	<u>143,305.00</u>	<u>143,305.00</u>	<u>121,666.97</u>	<u>(21,638.03)</u>
Interest				
	<u>7,600.00</u>	<u>7,600.00</u>	<u>27,171.02</u>	<u>19,571.02</u>
Fines and Forfeitures				
Fines	185,000.00	185,000.00	124,520.36	(60,479.64)
Court Costs	15,500.00	15,500.00	12,123.18	(3,376.82)
Police Fines and Charges	1,200.00	1,200.00	1,714.00	514.00
Training	2,500.00	2,500.00	2,014.00	(486.00)
DWI	2,200.00	2,200.00	1,363.67	(836.33)
CVCF Receipts	600.00	600.00	372.85	(227.15)
POST Reimbursement	1,300.00	1,300.00	1,095.98	(204.02)
Jail Reimbursement	5,000.00	5,000.00	5,949.47	949.47
Restitution			1,132.00	1,132.00
Bond Forfeiture	7,000.00	7,000.00	11,359.50	4,359.50
Warrants	20.00	20.00	87.75	67.75
	<u>220,320.00</u>	<u>220,320.00</u>	<u>161,732.76</u>	<u>(58,587.24)</u>
Sale of Assets				
	<u>-</u>	<u>-</u>	<u>4,300.00</u>	<u>4,300.00</u>
Miscellaneous				
Park Rental Fees	19,320.00	19,320.00	18,022.95	(1,297.05)
Cell Site Lease	29,475.00	29,475.00	65,055.50	35,580.50
Donations			700.00	700.00
Other			49,626.19	49,626.19
	<u>48,795.00</u>	<u>48,795.00</u>	<u>133,404.64</u>	<u>84,609.64</u>
Total Revenues	<u>4,296,820.00</u>	<u>4,296,820.00</u>	<u>4,478,772.94</u>	<u>181,952.94</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, 2018

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES:				
General Government:				
Judicial				
Salaries and Wages	\$ 55,870.00	\$ 55,870.00	\$ 51,421.44	\$ 4,448.56
Employee Benefits	25,995.00	25,995.00	25,406.40	588.60
Purchased Services	30,700.00	30,700.00	27,588.37	3,111.63
Property Services	825.00	825.00	563.26	261.74
Other Purchased Services	24,350.00	24,350.00	30,280.76	(5,930.76)
Supplies	3,070.00	3,070.00	2,134.45	935.55
Property	500.00	500.00		500.00
Capital Outlay	4,000.00	4,000.00		4,000.00
Other	100.00	100.00		100.00
	<u>145,410.00</u>	<u>145,410.00</u>	<u>137,394.68</u>	<u>8,015.32</u>
Executive				
Salaries and Wages	26,400.00	26,400.00	26,400.00	-
Employee Benefits	2,120.00	2,120.00	2,087.60	32.40
Purchased Services	250.00	250.00	298.65	(48.65)
Property Services	500.00	500.00	338.83	161.17
Other Purchased Services	2,325.00	2,325.00	2,620.37	(295.37)
Supplies	650.00	650.00	81.47	568.53
Capital Outlay	750.00	750.00		750.00
	<u>32,995.00</u>	<u>32,995.00</u>	<u>31,826.92</u>	<u>1,168.08</u>
Administration				
Salaries and Wages	213,975.00	213,975.00	213,006.23	968.77
Employee Benefits	87,990.00	87,990.00	83,873.47	4,116.53
Purchased Services	99,170.00	99,170.00	88,935.45	10,234.55
Property Services	6,245.00	6,245.00	5,042.45	1,202.55
Other Purchased Services	31,550.00	31,550.00	23,583.13	7,966.87
Supplies	7,630.00	7,630.00	5,551.40	2,078.60
Property	1,000.00	1,000.00	1,240.39	(240.39)
Capital Outlay	2,000.00	2,000.00		2,000.00
Other	600.00	600.00	328.24	271.76
	<u>450,160.00</u>	<u>450,160.00</u>	<u>421,560.76</u>	<u>28,599.24</u>
Maintenance Facility				
Purchased Services	20,600.00	20,600.00	16,713.40	3,886.60
Property Services	13,000.00	13,000.00	7,977.51	5,022.49
Other Purchased Services	5,825.00	5,825.00	5,912.13	(87.13)
Supplies	38,525.00	38,525.00	32,047.05	6,477.95
Property	11,200.00	11,200.00	7,999.72	3,200.28
Capital Outlay				-
	<u>89,150.00</u>	<u>89,150.00</u>	<u>70,649.81</u>	<u>18,500.19</u>
Administration Building Maintenance				
Property Services	30,800.00	30,800.00	28,304.52	2,495.48
Other Purchased Services	27,425.00	27,425.00	26,657.93	767.07
Supplies	25,700.00	25,700.00	23,979.64	1,720.36
Capital Outlay	350.00	75,350.00	75,855.73	(505.73)
Other	25.00	25.00	25.00	
	<u>84,300.00</u>	<u>159,300.00</u>	<u>154,822.82</u>	<u>4,477.18</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, 2018

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES (CONTINUED):				
General Government (Continued):				
Safety				
Purchased Services	\$ 2,000.00	\$ 2,000.00	\$ 1,500.00	\$ 500.00
Property Services	5,500.00	5,500.00		5,500.00
Other Purchased Services	2,500.00	2,500.00		2,500.00
Supplies	1,450.00	1,450.00	1,182.90	267.10
Repairs & Maintenance			2,361.04	(2,361.04)
Property	200.00	200.00		200.00
	<u>11,650.00</u>	<u>11,650.00</u>	<u>5,043.94</u>	<u>6,606.06</u>
Economic Development				
Other Purchased Services	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>-</u>
Total General Government	<u>828,665.00</u>	<u>903,665.00</u>	<u>836,298.93</u>	<u>67,366.07</u>
Public Safety:				
Police				
Salaries and Wages	1,345,575.00	1,350,775.00	1,317,188.21	33,586.79
Employee Benefits	599,355.00	599,355.00	580,160.25	19,194.75
Purchased Services	40,900.00	40,900.00	41,058.65	(158.65)
Property Services	30,615.00	30,615.00	32,497.41	(1,882.41)
Other Purchased Services	280,105.00	280,105.00	275,074.25	5,030.75
Supplies	96,200.00	96,200.00	74,715.59	21,484.41
Property	15,050.00	15,050.00	9,383.48	5,666.52
Capital Outlay			5,551.65	
Other	1,500.00	1,500.00	636.25	863.75
Debt Service				
Principal	62,000.00	62,000.00	61,754.62	245.38
Interest	2,770.00	2,770.00	2,765.24	4.76
	<u>2,474,070.00</u>	<u>2,479,270.00</u>	<u>2,400,785.60</u>	<u>84,036.05</u>
Inspections				
Salaries and Wages	63,435.00	63,435.00	62,060.28	1,374.72
Employee Benefits	31,425.00	31,425.00	28,327.72	3,097.28
Purchased Services	10,600.00	10,600.00	9,573.12	1,026.88
Property Services	1,950.00	1,950.00	168.34	1,781.66
Other Purchased Services	19,300.00	19,300.00	14,382.63	4,917.37
Supplies	5,700.00	5,800.00	4,223.48	1,576.52
Property	950.00	950.00	880.97	69.03
Capital Outlay	2,500.00	2,500.00		2,500.00
Other	270.00	270.00		270.00
	<u>136,130.00</u>	<u>136,230.00</u>	<u>119,616.54</u>	<u>16,613.46</u>
Stormwater Management				
Salaries and Wages	29,175.00	29,175.00	26,094.22	3,080.78
Employee Benefits	14,805.00	14,805.00	11,860.03	2,944.97
Utilities	750.00	750.00	178.23	571.77
Purchased Services	250.00	250.00	856.00	(606.00)
Other Purchased Services	1,800.00	1,800.00	1,506.91	293.09
Supplies	500.00	500.00		500.00
Other	3,000.00	3,000.00	605.64	2,394.36
Capital Outlay				-
	<u>50,280.00</u>	<u>50,280.00</u>	<u>41,101.03</u>	<u>9,178.97</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, 2018

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED):				
Public Safety (Continued):				
Legislative				
Salries and Wages	\$ 18,595.00	\$ 18,595.00	\$ 17,937.43	\$ 657.57
Employee Benefits	6,585.00	7,000.00	6,970.58	29.42
Legal	37,000.00	36,000.00	36,000.00	
	<u>62,180.00</u>	<u>61,595.00</u>	<u>60,908.01</u>	<u>686.99</u>
Animal Contol				
Salaries and Wages	8,280.00	8,280.00	8,117.97	162.03
Employee Benefits	3,655.00	3,655.00	3,635.20	19.80
Purchased Services	300.00	300.00		300.00
Property Services	4,000.00	4,000.00	1,496.93	2,503.07
Other Purchased Services	1,825.00	1,825.00	1,413.99	411.01
Supplies	1,800.00	1,800.00	1,107.67	692.33
	<u>19,860.00</u>	<u>19,860.00</u>	<u>15,771.76</u>	<u>4,088.24</u>
Total Public Safety	<u>2,680,340.00</u>	<u>2,747,235.00</u>	<u>2,638,182.94</u>	<u>114,603.71</u>
Culture - Recreation:				
Parks				
Salaries and Wages	155,265.00	155,265.00	148,374.01	6,890.99
Employee Benefits	57,265.00	57,265.00	58,184.33	(919.33)
Purchased Services	8,500.00	8,500.00	9,453.21	(953.21)
Property Services	35,400.00	35,400.00	18,195.37	17,204.63
Other Purchased Services	13,700.00	13,700.00	13,084.17	615.83
Supplies	36,125.00	36,125.00	19,384.29	16,740.71
Property	12,200.00	12,200.00	4,402.97	7,797.03
Capital Outlay	170,000.00	170,000.00	80,858.54	89,141.46
Other	350.00	350.00		350.00
Total Culture - Recreation	<u>488,805.00</u>	<u>488,805.00</u>	<u>351,936.89</u>	<u>136,868.11</u>
Total Cemetary	<u>-</u>	<u>-</u>	<u>1,000.00</u>	<u>(1,000.00)</u>
Debt Service:				
Bond Principal	99,100.00	99,100.00	99,000.00	100.00
Bond Interest	34,040.00	34,040.00	34,040.00	
Total Debt Service	<u>133,140.00</u>	<u>133,140.00</u>	<u>133,040.00</u>	<u>100.00</u>
Total Expenditures	<u>4,193,130.00</u>	<u>4,272,845.00</u>	<u>3,960,458.76</u>	<u>317,937.89</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers-In	-	1,635.00	1,632.15	(2.85)
Operating Transfers-Out	(387,420.00)	(567,420.00)	(534,037.74)	33,382.26
Total Other Financing Source:	<u>(387,420.00)</u>	<u>(565,785.00)</u>	<u>(532,405.59)</u>	<u>33,379.41</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(283,730.00)	(541,810.00)	(14,091.41)	533,270.24
FUND BALANCE, JULY 1, 2017	<u>3,912,740.39</u>	<u>3,912,740.39</u>	<u>3,912,740.39</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ 3,629,010.39</u>	<u>\$ 3,370,930.39</u>	<u>\$ 3,898,648.98</u>	<u>\$ 533,270.24</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, 2018

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes				
Transportation	\$ 1,265,000.00	\$ 1,265,000.00	\$ 1,294,054.73	\$ 29,054.73
Intergovernmental				
Federal Grants	800,000.00	800,000.00	-	(800,000.00)
Gasoline	415,000.00	415,000.00	425,389.19	10,389.19
	<u>1,215,000.00</u>	<u>1,215,000.00</u>	<u>425,389.19</u>	<u>(789,610.81)</u>
Sale of Assets	-	-	3,800.00	3,800.00
Interest	1,500.00	1,500.00	5,287.53	3,787.53
Miscellaneous	-	-	2,406.52	2,406.52
Total Revenues	<u>2,481,500.00</u>	<u>2,481,500.00</u>	<u>1,730,937.97</u>	<u>(750,562.03)</u>
EXPENDITURES:				
Public Works - Streets				
Salaries and Wages	480,750.00	480,750.00	421,951.05	58,798.95
Employee Benefits	250,760.00	250,560.00	203,975.98	46,584.02
Purchased Services	213,565.00	213,565.00	12,845.00	200,720.00
Property Services	90,000.00	90,000.00	56,544.41	33,455.59
Other Purchased Services	42,700.00	42,700.00	28,702.45	13,997.55
Supplies	496,695.00	496,695.00	390,649.89	106,045.11
Property	5,000.00	5,000.00	6,351.54	(1,351.54)
Capital Outlay	1,763,370.00	1,763,370.00	676,756.44	1,086,613.56
Other	800.00	800.00	746.00	54.00
Total Expenditures	<u>3,343,640.00</u>	<u>3,343,440.00</u>	<u>1,798,522.76</u>	<u>1,544,917.24</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(862,140.00)	(861,940.00)	(67,584.79)	794,355.21
OTHER FINANCING SOURCES (USES):				
Operating Transfers-In	100,000.00	100,000.00	-	(100,000.00)
FUND BALANCE, JULY 1, 2017	<u>804,035.87</u>	<u>804,035.87</u>	<u>804,035.87</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ 41,895.87</u>	<u>\$ 42,095.87</u>	<u>\$ 736,451.08</u>	<u>\$ 694,355.21</u>

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2018

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, 2017.
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, 2018, the City complied, in all material respects, with applicable budget laws.