

CITY OF TROY, MISSOURI
AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

CITY OF TROY, MISSOURI

MODIFIED CASH BASIS FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Aldermen
City of Troy, Missouri

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 modified cash basis financial position 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, 2020, and the respective changes in modified cash basis financial position and where applicable, cash flows, thereof for the year then ended in accordance with the modified cash 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 opinions are not modified with respect to the matter.

Emphasis of Matter

As discussed in Note 12 of the financial statements, in March 2020, the World Health Organization declared COVID-19 a pandemic. Given the uncertainty and duration of the disruption caused by the pandemic, any related financial impact cannot be reasonably estimated at this time. Our opinions, on financial statements prepared on the modified cash basis of accounting, are not modified with respect to this matter.

Other Matters

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 and management's discussion and analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2021, on our consideration of the City of Troy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Troy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Troy's internal control over financial reporting and compliance.


Certified Public Accountants

Kirkwood, Missouri
March 5, 2021

UNAUDITED

The City of Troy, Missouri Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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, 2020. 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, 2020 include the following:

- In September 2019 the Southeast Wastewater Treatment Facility (SE WWTF) & Highway 47 Lift Station Upgrades Project, along with the Interceptor Sewer & Force Main Project went out to bid. This was the culmination of years of effort that included assessment of conditions, application to the Missouri Dept. of Natural Resources for the issuance of revenue bonds, and design work performed by Woodard & Curran, an integrated engineering, science, and operations company. In September of 2018 Woodard & Curran's work order was amended to include the bidding and construction phase of this project at a cost of \$1,903,000.00. In December of 2019, Plocher Construction of Highland, Illinois was awarded the bid for the SE WWTF Upgrades and the Highway 47 Lift Station Project at a bid price of \$17,307,200.00. KCI Construction Co. of St. Louis, Missouri was awarded the bid for the Interceptor Sewer and Force Main Project at a bid price of \$1,196,000.00. By the fiscal year-end, \$2,428,282.62 had been expended on this project. The estimated date for substantial completion is June of 2021.
- Sweetens Concrete performed the concrete replacement of South Main Street and the southern portion of Third Street at a total contract price of \$598,598.98. As of June 30th, two pay applications totaling \$309,198.13 had been submitted and paid. The northern portion of Third Street starting at Monroe Street was milled and overlain by Mid-River Asphalt at a cost of \$77,488.72. Prior to the concrete replacement the city crew replaced a deteriorating culvert pipe on Third Street with a larger culvert pipe to accommodate storm water run-off and improve traffic safety. The cost of the materials for this repair was \$23,785.65. The Third Street water main was also replaced. Wehmeyer Farms performed this project at a cost of \$250,779.00. Restriping of old and new pavement was performed by America's Parking & Remarketing at a cost of \$21,635.16.

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- The City of Troy's local Kiwanis chapter purchased 28.4 acres located in the Trojan Lake subdivision to create an all-inclusive park with walking trails. The City agreed to construct a restroom for the park at a cost not to exceed \$89,000.00. After the park's completion it will be turned over to the City to be maintained for perpetuity. The City awarded the restroom bid to UBC Precast at a bid price of \$71,900.00. At fiscal-year end \$35,700.00 of this project cost had been expended.
- The retention for the Whitetail Lift Station storage capacity upgrade project was paid to Karrenbrock Construction in the amount of \$20,213.50.
- Improvements to Crooked Creek Park continued in FY2020, with the solicitation of bids for fencing and backstops. The bid was awarded to Robinson Fence Company Inc. at a bid price of \$45,275.00. By the fiscal year-end, the City had expended \$24,845.52 for this project, which has been partially funded by the LWCF (Land and Water Conservation) grant program.
- Rights-of-way and easements had to be procured prior to the commencement of planned improvements to Cherry Street and Mennemeyer Road, as well as the Interceptor Sewer & Force Main Project. The total cost expended on these acquisitions, including appraisals and negotiation costs was \$96,520.00.
- An emergency repair had to be performed at the Highway 47 Wastewater Treatment Facility. A skimmer arm in the clarifier broke off the motor assembly and had to be rebuilt and reattached. This repair cost \$17,375.00 and was completed by Fab Tech Wastewater Solutions. In March of 2019 a power surge occurred at the Southeast Wastewater Treatment Plant, burning up a transfer switch. The repair cost was \$36,925.00, performed by Global Tech Power. Insurance covered the cost, less the \$1,000.00 deductible. The City's insurance will seek subrogation from the electric company. A blower at the SE WWTF also had to be repaired at a cost of \$6,884.00.
- Several vehicles were added to the City's fleet in FY2020. Two 2019 Dodge Charger Police Cruisers were purchased on a 4-year lease at an annual cost of \$14,993.71. A preowned 2016 Dodge Charger was purchased for police use at a cost of \$16,950.00. A preowned 2013 Ford Explorer was purchased for the Police Chief's use at a cost of \$12,620.00. The Public Works department purchased a 2020 Ford F350 1-Ton Truck equipped with a dump body, snowplow, and salt spreader at a cost of \$82,319.00. A 2020 Chevrolet Truck was purchased for the Public Works department as well, at a cost of \$29,199.00. The Parks Department purchased a 2020 Ford F250 Truck at a cost of \$29,715.00.
- Flynn Drilling performed repairs at Wells #9 & #12 at a total cost of \$52,232.00. An EZ-Valve installation was performed on Lincoln Drive at a cost of \$9,490.00.
- Projects to enhance public safety were completed. The warning siren at 1060 East Cherry Street was upgraded with new equipment that allows for remote monitoring and testing. The cost of this upgrade was \$9,500.46. A portable walk-through metal detector was purchased for use at public meetings and municipal court at a cost of \$4,083.02. Two Tasers were purchased for a total of \$3,326.00 and Tufloc Gun Racks were purchased with a LLEBG grant of \$5,589.35.

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Government-wide Financial Analysis

Revenue and Expenditure Comparison for Years
Ending June 30, 2020 and 2019

	<u>2020</u>	<u>%</u>	<u>2019</u>	<u>%</u>
Revenues				
Taxes	\$ 7,009,285.63	39.09%	\$ 6,968,234.56	50.84%
Intergovernmental	576,942.43	3.22%	438,703.08	3.20%
Licenses and Permits	139,762.08	0.78%	179,352.80	1.31%
Charges for Services	6,002,995.35	33.48%	5,648,481.96	41.21%
Interest	277,432.64	1.55%	175,836.59	1.28%
Fines and Forfeitures	131,821.26	0.74%	182,857.03	1.33%
Sale of Assets	78,901.74	0.44%	18,759.00	0.14%
SRF Loan Proceeds	3,626,932.62	20.23%		
Miscellaneous	87,813.13	0.49%	94,427.36	0.69%
Total Revenues	<u>\$ 17,931,886.88</u>	<u>100.00%</u>	<u>\$ 13,706,652.38</u>	<u>100.00%</u>
Expenditures				
General Government	\$ 698,457.27	4.94%	\$ 916,301.56	8.02%
Public Safety	2,987,641.41	21.14%	2,651,462.68	23.19%
Culture and Recreation	401,884.14	2.84%	265,636.08	2.32%
Cemetery	38,583.04	0.27%	26,954.37	0.24%
Public Works - Streets	1,747,995.43	12.37%	1,811,336.75	15.84%
Economic Development	110,530.44	0.78%	90,181.30	0.79%
Operating Expenses - Utilities	6,483,946.53	45.88%	4,216,958.86	36.89%
Debt Service - Principal/Interest	1,662,206.44	11.76%	1,453,023.58	12.71%
Total Expenditures	<u>\$ 14,131,244.70</u>	<u>100.00%</u>	<u>\$ 11,431,855.18</u>	<u>100.00%</u>

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Governmental Funds Financial Analysis

	<u>2020</u>	<u>2019</u>
Program Revenues Collected:		
Charges for Services	\$ 297,024.99	\$ 370,664.83
Operating Grants and Contributions	576,942.43	438,703.08
General Revenues Collected:		
Property Taxes	351,592.77	351,220.58
Franchise and Public Service Taxes	2,309,608.34	2,412,898.92
Sales Tax	4,348,084.52	4,204,115.06
Investment Income	202,666.15	132,274.01
Sale of Assets	42,143.87	10,643.00
Miscellaneous	87,813.13	94,427.36
Total Revenues Collected	<u>8,215,876.20</u>	<u>8,014,946.84</u>
Expenses Paid:		
General Government	698,457.27	890,722.59
Public Safety	2,987,641.41	2,670,432.68
Culture and Recreation	401,884.14	265,636.08
Cemetery	38,583.04	33,563.34
Public Works - Streets	1,747,995.43	1,811,336.75
Economic Development	110,530.44	90,181.30
Debt Service		
Principal	377,108.46	369,345.37
Interest and Fees	75,461.08	85,072.25
Total Expenses Paid	<u>6,437,661.27</u>	<u>6,216,290.36</u>
Transfers between funds	<u>(31,865.80)</u>	<u>(287,028.36)</u>
Change in Net Position	1,746,349.13	1,511,628.12
Net Position, July 1	<u>8,930,630.38</u>	<u>7,419,002.26</u>
Net Position, June 30	<u>\$ 10,676,979.51</u>	<u>\$ 8,930,630.38</u>

Business Type Activities

	<u>2020</u>	<u>2019</u>
Water Fund:		
Operating Revenue	\$1,939,624.97	\$1,837,603.84
Operating Expenditures	<u>(1,457,012.01)</u>	<u>(1,134,548.16)</u>
Operating Income/(Loss)	482,612.96	703,055.68
Non-Operating Revenue/(Expenses)	72,459.96	(51,780.99)
Operating Transfer	<u>-</u>	<u>-</u>
Net Income/(Loss)	<u>\$ 555,072.92</u>	<u>\$ 651,274.69</u>

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Sewer Fund:	<u>2020</u>	<u>2019</u>
Operating Revenue	\$ 3,176,837.34	\$ 2,932,517.88
Operating Expenditures	<u>(4,142,236.51)</u>	<u>(2,131,537.25)</u>
Operating Income/(Loss)	(965,399.17)	800,980.63
Non-Operating Revenue/(Expenses)	2,455,924.28	(895,399.66)
Operating Transfer	<u>3,285.11</u>	<u>201,575.81</u>
Net Income/(Loss) after Transfers	<u>\$ 1,493,810.22</u>	<u>\$ 107,156.78</u>
Sanitation Fund:	<u>2020</u>	<u>2019</u>
Operating Revenue	\$ 814,318.26	\$ 775,080.52
Operating Expenditures	<u>(808,844.19)</u>	<u>(770,596.18)</u>
Operating Income/(Loss)	5,474.07	4,484.34
Non-Operating Revenue/(Expenses)	435.84	253.27
Operating Transfer	<u>-</u>	<u>-</u>
Net Income/(Loss)	<u>\$ 5,909.91</u>	<u>\$ 4,737.61</u>
Troy Aquatic Center	<u>2020</u>	<u>2019</u>
Operating Revenue	\$ 46,773.13	\$ 94,816.53
Operating Expenditures	<u>(75,853.82)</u>	<u>(180,277.27)</u>
Operating Income/(Loss)	(29,080.69)	(85,460.74)
Non-Operating Revenue/(Expenses)	-	8.19
Operating Transfer	<u>28,580.69</u>	<u>85,452.55</u>
Net Income/(Loss) after Transfers	<u>\$ (500.00)</u>	<u>\$ -</u>

The water fund experienced a net gain of \$555,072.92. User fee revenue increased by 7.44% over the prior fiscal year and interest income increased by 50%. Expenditures were 20% higher than the prior year, due in part to the following: a 3% wage increase, an increase of 36% in health insurance premiums and the completion of one capital project.

The sewer fund experienced a net gain of \$1,493,810.22. This dramatic increase can be attributed to many factors. As a result of the closing of the SRF Direct Loan, engineering costs paid in prior fiscal years were reimbursed to the City from the proceeds in the amount of \$885,078.00. User fee revenues increased by 5% over the prior fiscal year due to the scheduled rate increase. Sewer connection fees increased by 23% or 18 more connections from the previous fiscal year. Interest earned was more than double that of FY2019. Expenditures decreased by about 15% due in part to the lack of capital projects.

The Sanitation Fund ended the fiscal year with a net gain of \$5,909.91. User fees remained the same per the City's contract with Meridian Waste Solutions, but the contract was amended to include a fee of \$1.00 per month per household for recycling beginning January 1, 2019. Since the City contracts for trash disposal services, the Sanitation Fund has no bearing on the City's financial position.

The Aquatic Center Fund ended the fiscal year with a net loss of \$500. Due to the pandemic, the Board of Aldermen voted to not open the aquatic center for the 2020 swim season. This resulted in a decrease of income and expenses of about 50% and a 66% decrease in the need for transfers from the General Fund. The City once again contracted with Midwest Pool Management for the management of the Aquatic Center but ended the contract after the decision to remain closed was reached.

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General Fund Budgetary Highlights

General Fund revenues exceeded budgetary projections by 2.46%. Sales tax receipts exceed budgeted projections by 3.53%. Real & property tax revenue exceeded the budget by 1.44%. Surtax was nearly 6% more than budget. Building permit fees surpassed budgeted figures by 231%. Interest earned was over two times the budgeted amount. Business license revenue exceeded the budgeted amount by 41%. Conversely, franchise tax receipts failed to meet budget projections by 10%. Cable franchise fees increased by a little over 1%, but electric and gas taxes decreased by 6% and telecommunication tax receipts were down by 13%. Fines and forfeitures were 17% short of budget projections. Due to the pandemic, court dates were canceled, and warrants were not issued for a period in the spring of 2020.

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 \$ 9,636,432.62:

Series 2010A Certificates of Participation for City Hall refunding and remodeling projects	548,000.00
Series 2012 Certificates of Participation for refunding 2004 COPS for MBR Wastewater Treatment Plant	2,910,000.00
Series 2012A Certificates of Participation for refunding 2005 COPS for MBR Wastewater Treatment Plant	1,100,000.00
Series 2017 Certificates of Participation for refunding 2011 COPS for Aquatic Center and capital improvements	1,451,500.00
SRF Revenue Bonds	3,626,932.62

Budgetary Analysis

The 2020-2021 fiscal budget will see the continuation and completion of projects that have spanned prior fiscal years. In December of 2019, Plocher Construction of Highland Illinois was awarded the bid for the upgrades to the Southeast Wastewater Treatment Facility and the Highway 47 Lift Station project with a bid of \$17,307,200.00. KCI Construction Co. of St. Louis, Missouri was awarded the bid for the Interceptor Sewer and Force Main project at a bid of \$1,196,000.00. The total cost of these projects exceeded the State Revolving Fund (SRF) voted authority by \$4,030,110.00 and will be supplemented by transfers from the Capital Improvements Fund. This project is expected to be completed in June of 2021. At fiscal year-end, Plocher Construction was at 20% completion, but the City was still attempting to obtain easements from the landowners of the interceptor line route, so KCI Construction's portion of the project had not commenced.

The complete replacement of Cherry Street from Main Street to Lincoln Drive including sidewalks, is slated to begin in the 2020-2021 fiscal year. The project will begin with the replacement of the water line at an estimated cost of \$400,000.00. The remainder of the project has been budgeted at a cost of \$2,664,750.00 and will be funded in part 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 Capital Improvements Fund.

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The City of Troy, in conjunction with Witte Bros. Trucking, applied for and received a CDBG Industrial Infrastructure Grant for improvements to Mennemeyer Road. Currently, Mennemeyer Road has asphalt pavement with no shoulders, curbs, or gutters. With approximately 250 trucks per day traveling on the asphalt road, the City is planning on making concrete improvements to the road. This grant was secured due to the expansion and subsequent job creation at Witte Bros. This project went out to bid in January of 2020 and was awarded to T.S. Banze Construction at a bid of \$907,148.50. The notice to proceed was issued in May of 2020, and at fiscal year-end no pay estimates had been presented to the City. The grant funding for this project is \$800,000.00 with the remainder coming from the Street Fund. This grant is administered by Boonslick Regional Planning Commission.

Sweetens Concrete was awarded the bid for the concrete replacement of portions of Third Street and South Main Street with a bid of \$598,598.98. This project was still underway at the fiscal year-end and the remaining contract amount of \$289,400.85 was entered into the budget.

The City was awarded an 80/20 grant from the Transportation Alternatives Program (TAP) through the Missouri Department of Transportation. This project will address pedestrian limitations and safety along Villa Drive by constructing a new sidewalk on the west side of Villa Drive between Commerce Drive and Route 47, continuing north onto the Walmart property, and a crosswalk across Route 47. At the fiscal year-end, HR Green, the engineer for this project, had been paid \$31,397.06 with the PSE (plans, specifications, and estimates) at 50% completion. The construction cost for this project is estimated at \$304,165.00

The construction of a new well (Well # 15) has been budgeted in the amount of \$595,125.00. The upgrade to the SCADA system at Well # 9 has been budgeted in the amount of \$14,000.00. A coin-operated bulk water salesman was budgeted at a cost of \$10,000.00.

The City awarded the construction of a bathroom for the new Kiwanis Park off Trojan Circle to UBC Precast at a bid price of \$71,400. Of this amount \$35,700 was expended in FY2020 with the balance budgeted for FY2021. The Crooked Creek Development Project (2016 Land and Water Conservation grant) will continue with the completion of backstops and fencing. The remainder of the funds will be expended for seed and gravel for the road and parking lots. The City has budgeted \$43,325.00 for the completion of this project.

With the economic effects of the pandemic unknown at budget time, the Board of Aldermen agreed that projected sales tax revenues be reduced by 20%, gas tax revenue projections be reduced by 5% and building permit fee revenue be reduced by 50%. Capital purchases were put on hold with a plan to reassess the budget quarterly. The only capital projects undertaken for FY2021 will be the projects that were already committed and underway.

The City's health insurance plan is now renewable on January 1st. With cost increases being unknown at the fiscal year-end, the health insurance renewal was budgeted at a 30% increase. The contribution rate for the Missouri Local Government Employees Retirement (MO LAGERS) decreased for general employees from 10% to 9.5% and the rate for police decreased from 9.6% to 9.3%.

A one-step pay increase of 3% was budgeted for all employees for the 2020-2021 fiscal year.

UNAUDITED

Contacting the City's Financial Management

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

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Investments	\$ 4,937,357.91	\$ 5,377,315.17	\$ 10,314,673.08
Restricted Assets:			
Cash and Investments	<u>5,746,306.82</u>	<u> </u>	<u>5,746,306.82</u>
Total Assets	<u>10,683,664.73</u>	<u>5,377,315.17</u>	<u>16,060,979.90</u>
 <u>LIABILITIES</u>			
Payroll Withholdings	<u>6,685.22</u>	<u>1,728.58</u>	<u>8,413.80</u>
Total Liabilities	<u>6,685.22</u>	<u>1,728.58</u>	<u>8,413.80</u>
 <u>NET POSITION</u>			
Restricted for:			
Nonexpendable Permanent Funds	250,000.00	-	250,000.00
Capital Projects	4,209,890.15		4,209,890.15
Debt Service	136,497.83		136,497.83
Parks	97,245.80		97,245.80
Roads	988,589.31		988,589.31
Tourism	20,354.70		20,354.70
Cemetery	191,622.13		191,622.13
Other Purposes	58,654.90		58,654.90
Unrestricted	<u>4,724,124.69</u>	<u>5,375,586.59</u>	<u>10,099,711.28</u>
Total Net Position	<u>\$ 10,676,979.51</u>	<u>\$ 5,375,586.59</u>	<u>\$ 16,052,566.10</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2020

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	\$ 698,457.27	\$ 139,762.08	\$ -	\$ -	\$ (558,695.19)	\$ -	\$ (558,695.19)
Public Safety	2,987,641.41	131,821.26	14,245.75	-	(2,841,574.40)	-	(2,841,574.40)
Culture and Recreation	401,884.14				(401,884.14)		(401,884.14)
Cemetery	38,583.04	25,441.65			(13,141.39)		(13,141.39)
Public Works - Streets	1,747,995.43		562,696.68		(1,185,298.75)		(1,185,298.75)
Economic Development	110,530.44				(110,530.44)		(110,530.44)
Debt Service							
Principal	377,108.46				(377,108.46)		(377,108.46)
Interest and Fees	75,461.08				(75,461.08)		(75,461.08)
Total governmental activities:	<u>6,437,661.27</u>	<u>297,024.99</u>	<u>576,942.43</u>	<u>-</u>	<u>(5,563,693.85)</u>	<u>-</u>	<u>(5,563,693.85)</u>
Business-type Activities:							
Water	1,466,384.46	1,939,624.97	-	-	-	473,240.51	473,240.51
Sewer	5,342,500.96	3,176,837.34				(2,165,663.62)	(2,165,663.62)
Sanitation	808,844.19	814,318.26				5,474.07	5,474.07
Troy Aquatic Center	75,853.82	46,773.13				(29,080.69)	(29,080.69)
Total business-type activities:	<u>7,693,583.43</u>	<u>5,977,553.70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,716,029.73)</u>	<u>(1,716,029.73)</u>
Total City	<u>\$ 14,131,244.70</u>	<u>\$ 6,274,578.69</u>	<u>\$ 576,942.43</u>	<u>\$ -</u>	<u>(5,563,693.85)</u>	<u>(1,716,029.73)</u>	<u>(7,279,723.58)</u>
General Revenues:							
Taxes							
Property Taxes					351,592.77		351,592.77
Franchise and Public Service Taxes					2,309,608.34		2,309,608.34
Sales Tax					4,348,084.52		4,348,084.52
Investment Income					202,666.15	74,766.49	277,432.64
Sale of Assets					42,143.87	36,757.87	78,901.74
SRF Loan Proceeds						3,626,932.62	3,626,932.62
Miscellaneous					87,813.13		87,813.13
Transfers between funds					(31,865.80)	31,865.80	
Total General Revenues					<u>7,310,042.98</u>	<u>3,770,322.78</u>	<u>11,080,365.76</u>
Change in Net Position					1,746,349.13	2,054,293.05	3,800,642.18
Net Position - beginning					8,930,630.38	3,321,293.54	12,251,923.92
Net Position - ending					<u>\$ 10,676,979.51</u>	<u>\$ 5,375,586.59</u>	<u>\$ 16,052,566.10</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
BALANCE SHEET- MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major Funds				Total Governmental Funds
	General	Street Maintenance	Capital Improvement	Non-Major Funds	
<u>ASSETS</u>					
Cash and Investments	\$ 4,729,542.77	\$ -	\$ -	\$ 207,815.14	\$ 4,937,357.91
Restricted Assets:					
Cash and Investments		989,848.81	4,198,008.92	558,449.09	5,746,306.82
 Total Assets	 <u>\$ 4,729,542.77</u>	 <u>\$ 989,848.81</u>	 <u>\$ 4,198,008.92</u>	 <u>\$ 766,264.23</u>	 <u>\$ 10,683,664.73</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities					
Payroll Liabilities	\$ 5,418.08	\$ 1,259.50	\$ -	\$ 7.64	\$ 6,685.22
Total Liabilities	<u>5,418.08</u>	<u>1,259.50</u>	<u>-</u>	<u>7.64</u>	<u>6,685.22</u>
Fund Equity:					
Fund Balance:					
Nonspendable	-	-	-	250,000.00	250,000.00
Restricted for:					
Capital Projects			4,198,008.92	11,881.23	4,209,890.15
Debt Service				136,497.83	136,497.83
Parks				97,245.80	97,245.80
Roads		988,589.31			988,589.31
Tourism				20,354.70	20,354.70
Cemetery				191,622.13	191,622.13
Other purposes				58,654.90	58,654.90
Unassigned	4,724,124.69				4,724,124.69
Total Fund Equity	<u>4,724,124.69</u>	<u>988,589.31</u>	<u>4,198,008.92</u>	<u>766,256.59</u>	<u>10,676,979.51</u>
Total Liabilities and Fund Equity	<u>\$ 4,729,542.77</u>	<u>\$ 989,848.81</u>	<u>\$ 4,198,008.92</u>	<u>\$ 766,264.23</u>	

Reconciliation to Statement of Net Position:

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

There are no adjustments

Net position of governmental activities \$ 10,676,979.51

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, 2020

	Major Funds				Total
	General	Street Maintenance	Capital Improvements	Non-Major Funds	Governmental Funds
REVENUES:					
Taxes	\$ 4,050,578.29	\$ 1,404,574.03	\$ 1,449,272.43	\$ 104,860.88	\$ 7,009,285.63
Intergovernmental	14,245.75	562,696.68			576,942.43
Licenses, Permits and Fees	139,762.08				139,762.08
Charges for Services				25,441.65	25,441.65
Interest	93,962.16	23,027.76	72,146.61	13,529.62	202,666.15
Fines and Forfeitures	131,821.26				131,821.26
Sale of Assets	13,900.00	24,543.87		3,700.00	42,143.87
Miscellaneous	78,439.61	2,821.76		6,551.76	87,813.13
Total Revenues	4,522,709.15	2,017,664.10	1,521,419.04	154,083.91	8,215,876.20
EXPENDITURES:					
Current:					
General Government	672,880.99	-	-	-	672,880.99
Public Safety	2,942,889.85			6,266.21	2,949,156.06
Culture and Recreation	285,932.21				285,932.21
Cemetery				27,750.57	27,750.57
Public Works - Streets		1,152,255.87			1,152,255.87
Economic Development				106,830.44	106,830.44
Capital Outlay	140,987.56	595,739.56	3,700.00	49,858.47	790,285.59
Debt Service:					
Principal	158,508.46		218,600.00		377,108.46
Interest and Fees	28,763.01		46,698.07		75,461.08
Total Expenditures	4,229,962.08	1,747,995.43	268,998.07	190,705.69	6,437,661.27
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	292,747.07	269,668.67	1,252,420.97	(36,621.78)	1,778,214.93
OTHER FINANCING SOURCES (USES):					
Operating Transfers	(28,580.69)	-	-	(3,285.11)	(31,865.80)
Total Other Financing Sources (Uses):	(28,580.69)	-	-	(3,285.11)	(31,865.80)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	264,166.38	269,668.67	1,252,420.97	(39,906.89)	1,746,349.13
FUND BALANCE, JULY 1, 2019	4,459,958.31	718,920.64	2,945,587.95	806,163.48	8,930,630.38
FUND BALANCE, JUNE 30, 2020	\$ 4,724,124.69	\$ 988,589.31	\$ 4,198,008.92	\$ 766,256.59	\$ 10,676,979.51

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2020

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
ASSETS					
Cash and Cash Equivalents	\$ 2,752,425.78	\$ 2,599,193.74	\$ 25,695.65	\$ -	\$ 5,377,315.17
Total Assets	<u>\$ 2,752,425.78</u>	<u>\$ 2,599,193.74</u>	<u>\$ 25,695.65</u>	<u>\$ -</u>	<u>\$ 5,377,315.17</u>
LIABILITIES					
Payroll Withholdings	\$ 933.35	\$ 754.39	\$ 40.84	\$ -	\$ 1,728.58
NET POSITION					
Unrestricted	<u>2,751,492.43</u>	<u>2,598,439.35</u>	<u>25,654.81</u>	<u>-</u>	<u>5,375,586.59</u>
Total Net Position	<u>\$ 2,751,492.43</u>	<u>\$ 2,598,439.35</u>	<u>\$ 25,654.81</u>	<u>\$ -</u>	<u>\$ 5,375,586.59</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, 2020

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
OPERATING REVENUES:					
Charges for Services	\$ 1,939,624.97	\$ 3,176,837.34	\$ 814,318.26	\$ 46,773.13	\$ 5,977,553.70
OPERATING EXPENSES:					
Cost of Sales and Services	972,307.07	1,433,008.17	774,555.90	75,853.82	3,255,724.96
Administration	138,424.88	81,026.22	34,288.29		253,739.39
Capital Outlay	346,280.06	2,628,202.12			2,974,482.18
Total Operating Expenses	1,457,012.01	4,142,236.51	808,844.19	75,853.82	6,483,946.53
OPERATING INCOME (LOSS)	482,612.96	(965,399.17)	5,474.07	(29,080.69)	(506,392.83)
NON-OPERATING REVENUES (EXPENSES):					
Interest	45,074.54	29,256.11	435.84	-	74,766.49
Sale of Assets	36,757.87				36,757.87
Debt Service:					
Principal	(9,372.45)	(744,372.45)			(753,744.90)
Interest and Fees		(455,892.00)			(455,892.00)
SRF Loan Proceeds		3,626,932.62			3,626,932.62
Total Non-Operating Revenues (Expenses)	72,459.96	2,455,924.28	435.84	-	2,528,820.08
INCOME (LOSS) BEFORE TRANSFERS	555,072.92	1,490,525.11	5,909.91	(29,080.69)	2,022,427.25
OPERATING TRANSFERS	-	3,285.11	-	28,580.69	31,865.80
NET INCOME (LOSS) AFTER OPERATING TRANSFER	555,072.92	1,493,810.22	5,909.91	(500.00)	2,054,293.05
TOTAL NET POSITION, JULY 1, 2019	2,196,419.51	1,104,629.13	19,744.90	500.00	3,321,293.54
TOTAL NET POSITION, JUNE 30, 2020	\$ 2,751,492.43	\$ 2,598,439.35	\$ 25,654.81	\$ -	\$ 5,375,586.59

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Major Enterprise Funds			Non-major Enterprise Funds	Total Enterprise Funds
	Water	Sewer	Sanitation		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 1,939,624.97	\$ 3,176,837.34	\$ 814,318.26	\$ 46,773.13	\$ 5,977,553.70
Cash Payments to Suppliers for Goods and Services	(2,003,265.74)	(3,877,369.19)	(786,266.80)	(75,853.82)	(6,742,755.55)
Cash Payments to Employees for Services	<u>546,096.15</u>	<u>(264,877.87)</u>	<u>(22,586.76)</u>		<u>258,631.52</u>
Net Cash Provided (Used) by Operating Activities	<u>482,455.38</u>	<u>(965,409.72)</u>	<u>5,464.70</u>	<u>(29,080.69)</u>	<u>(506,570.33)</u>
Cash Flows from Noncapital Financing Activities:					
Operating Transfers	<u>-</u>	<u>3,285.11</u>	<u>-</u>	<u>28,580.69</u>	<u>31,865.80</u>
Net Cash Used Provided by Noncapital Financing Activities	<u>-</u>	<u>3,285.11</u>	<u>-</u>	<u>28,580.69</u>	<u>31,865.80</u>
Cash Flows from Capital and Related Financing Activities:					
Sale of Assets	36,757.87	-	-	-	36,757.87
Principal Paid on Bonds/Certificates	(9,372.45)	(744,372.45)			(753,744.90)
Interest and Fees Paid on Certificates		(455,892.00)			(455,892.00)
SRF Loan Proceeds		<u>3,626,932.62</u>			<u>3,626,932.62</u>
Net Cash Used for Capital and Related Financial Activities	<u>27,385.42</u>	<u>2,426,668.17</u>	<u>-</u>	<u>-</u>	<u>2,454,053.59</u>
Cash Flows from Investing Activities:					
Interest Earned	<u>45,074.54</u>	<u>29,256.11</u>	<u>435.84</u>	<u>-</u>	<u>74,766.49</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,197,510.44</u>	<u>1,105,394.07</u>	<u>19,795.11</u>	<u>500.00</u>	<u>3,323,199.62</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,752,425.78</u>	<u>\$ 2,599,193.74</u>	<u>\$ 25,695.65</u>	<u>\$ -</u>	<u>\$ 5,377,315.17</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income(Loss)	\$ 482,612.96	\$ (965,399.17)	\$ 5,474.07	\$ (29,080.69)	\$ (506,392.83)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities					
Changes in assets and liabilities:					
Payroll Withholdings	<u>(157.58)</u>	<u>(10.55)</u>	<u>(9.37)</u>	<u>-</u>	<u>(177.50)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 482,455.38</u>	<u>\$ (965,409.72)</u>	<u>\$ 5,464.70</u>	<u>\$ (29,080.69)</u>	<u>\$ (506,570.33)</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
JUNE 30, 2020

<u>ASSETS</u>	<u>Agency Funds</u>
Restricted Assets:	
Cash and Investments	\$ <u>7,980.25</u>
 <u>LIABILITIES</u>	
Due to Others - Court Bonds	\$ <u>7,980.25</u>

See accompanying notes to basic financial statements.

CITY OF TROY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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 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

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

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

SRS 2012A Debt Service Fund-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 Fund-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.

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, and the revenues and expenses of SRF Direct Loan Project.

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
Industrial Development
CDBG

Permanent Fund:
Park Endowment (Avery)

Proprietary Fund:
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 27, 2019.
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, 2020, 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, 2020, are as follows:

Street Maintenance	\$	989,848.81
Capital Improvement		4,198,008.92
Tourism		20,354.70
Protested Franchise Tax		46,576.83
Police Forfeiture		7,110.96
Park Endowment (Brown)		54,959.36
CDBG		662.97
SRS 2012 Debt Service Reserve		100,000.00
SRS 2012 Debt Service		1,484.35
SRS 2012A Debt Service		511.92
SRS 2012A Debt Service Reserve		34,501.56
Park Endowment (Avery)		292,286.44
	\$	<u>5,746,306.82</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, 2020, 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			4,209,890.15		
Debt Service				136,497.83	
Parks		54,959.36			42,286.44
Roads		988,589.31			
Tourism		20,354.70			
Cemetery		191,622.13			
Other purposes		58,654.90			
Unassigned	4,724,124.69				
Total Fund Balances	\$ 4,724,124.69	\$ 1,314,180.40	\$ 4,209,890.15	\$ 136,497.83	\$ 292,286.44

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 \$46,668.69 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 \$4,508,463.40. The City's fines and court costs for minor traffic violations are 1.04% "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. Pensions

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, 2020, and reported at cost are as follows:

Type	Maturities	Carrying Value
Cash on hand		\$ 200.00
Deposits:		
Demand deposits		3,096,612.92
Money market deposits		2,279,974.88
Non-negotiable certificates of deposit	Various	7,336,341.92
Total deposits		<u>12,712,929.72</u>
Investments:		
Money market deposits		134,501.56
Mutual fund money market		1,996.27
MOSIP Liquid series	Demand	3,211,352.35
Total investments		<u>3,347,850.18</u>
Total cash and investments		<u>\$ 16,060,979.90</u>
Reconciliation to financial statements:		
Current:		
Cash and investments		\$ 10,314,673.08
Cash and investments - restricted		<u>5,746,306.82</u>
Total		<u>\$ 16,060,979.90</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, 2020, 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. However, the City does follow the investment guidelines set forth in the Missouri State Statues. At June 30, 2020, 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	\$ 1,996.27	\$ -	\$ -	Aaa-mf
MOSIP Liquid Series	3,211,352.35			AAA-m

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, 2020, 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:

MOSIP Liquid Series	\$ 3,211,352.35	Percent of City's <u>Total Investments</u> 99.94%
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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 Measurement Using</u>			<u>Cost Measurements Using</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Measured at Fair Value</u>
MOSIP Liquid Series	\$ -	\$ 3,211,352.35	\$ -	\$ 3,211,352.35

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 2019 for purposes of local taxation was:

<u>Lincoln County</u>	
Real Estate	\$ 148,331,322
Personal Property	58,638,443
Railroad and Utilities	5,884,627
Total	<u>\$ 212,854,392</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2019 for purposes of local taxation was:

General Revenue \$ 0.1753

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, 2020, the long-term debt outstanding, arising from cash transactions, to be repaid from governmental funds consisted of the following:

Certificates of Participation from direct placement:

\$1,494,000.00 certificates of participation from direct placement, due in varying installments through February 26, 2025; interest at 4.0%; upon the occurrence of an event of default, the Trustee may, and upon receipt of a directive will, by notice in writing delivered to the City, declare the principal portion and interest portion of basic rent represented by all certificates outstanding to the end of the then current fiscal year immediately due and payable. The trustee may exercise any remedies available under the lease and, to the extent consistent therewith, may sell, lease or sublease all or any portion of the equipment and whether or not it has done so, may pursue any other remedy available to it under the lease or at law or in equity; \$ 548,000.00

\$2,108,300.00 certificates of participation from direct placement, due in varying annual installments through June 1, 2026; interest at 2.89%; upon the occurrence of an event of default, the Trustee may, and upon receipt of a directive will, by notice in writing delivered to the City, declare the principal portion and interest portion of basic rent represented by all certificates outstanding to the end of the then current fiscal year immediately due and payable. The trustee may exercise any remedies available under the lease and, to the extent consistent therewith, may sell, lease or sublease all or any portion of the equipment and whether or not it has done so, may pursue any other remedy available to it under the lease or at law or in equity; 1,451,500.00

Total certificates of participation \$ 1,999,500.00

Capital Lease Obligations:

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; title passes to the City at the end of the lease term;	\$ 13,723.29
2019 capital lease with Peoples Bank & Trust, Co. for vehicles (cost \$55,049.52), payable in annual installments of \$14,582.62, including principal and interest at 4.00%, final payment due December 19, 2021; title passes to the City at the end of the lease term;	27,502.96
2020 capital lease with Clayton Holdings, LLC, for vehicles (cost: \$57,445.90), payable in annual installments of \$14,993.71, including principal and interest at 2.95%, final payment due October 24, 2022; title passes to the City at the end of the lease term;	42,452.19
2020 capital lease with US Bancorp Government Leasing and Finance, Inc for vehicle (cost: \$45,277.78), payable in annual installments of \$9,372.45, including principal and interest at 1.75%, final payment due June 20, 2024; title passes to the City at the end of the lease term;	<u>35,905.33</u>
Total capital lease obligations	<u>\$ 119,583.77</u>

Business-Type Activities

As of June 30, 2020, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

Certificates of Participation:

\$6,410,000.00 certificates of participation, due in varying installments through December 1, 2024; interest at 2.0% - 3.5%; upon the occurrence of an event of default or an event of nonappropriation, the Trustee (a) may and (b) shall, upon receipt of written instruction from owners of certificates representing not less than 25% of the aggregate principal component represented by the certificates then outstanding, by notice in writing delivered to the City. Declare the principal component and interest component of base rentals represented by all certificates outstanding to the end of the then current fiscal year immediately due and payable. The trustee may exercise any remedies available under the lease and the base lease and, to the extent consistent therewith, may sell, lease or manage any portion of the leased property or the trustee's interest in the leased property and apply the net proceeds thereof in accordance with the indenture and, whether or not it has done so, may pursue any other remedy available to it under the lease or at law or in equity;

\$ 2,910,000.00

\$2,605,000.00 certificates of participation, due in varying annual installments through July 1, 2025; interest at 0.75% - 3.3%; upon the occurrence of an event of default or an event of nonappropriation, the Trustee (a) may and (b) shall, upon receipt of written instruction from owners of certificates representing not less than 25% of the aggregate principal component represented by the certificates then outstanding, by notice in writing delivered to the City. Declare the principal component and interest component of base rentals represented by all certificates outstanding to the end of the then current fiscal year immediately due and payable. The trustee may exercise any remedies available under the lease and the base lease and, to the extent consistent therewith, may sell, lease or manage any portion of the leased property or the trustee's interest in the leased property and apply the net proceeds thereof in accordance with the indenture and, whether or not it has done so, may pursue any other remedy available to it under the lease or at law or in equity;

1,100,000.00

Total certificates of participation

\$ 4,010,000.00

Revenue Bonds:

\$18,887,000.00 (not to exceed) revenue bonds due in varying annual installments through July 1, 2051; interest at 0.90%; whenever an event of default has occurred and is continuing, DNR will have the right to take whatever action or law in equity as provided in Section 901 and 902 of the Ordinance, subject to the provisions of Section 202 of the Ordinance, and as otherwise provided by law, including, to the extent permitted by law, pursuant to Section 644.125 of the Revised Statutes of Missouri, as amended.

\$ 3,626,932.62

Total revenue bonds

\$ 3,626,932.62

Capital Lease Obligations:

2020 capital lease with US Bancorp Government Leasing and Finance, Inc for vehicle (cost: \$90,555.56), payable in annual installments of \$19,744.91, including principal and interest at 1.75%, final payment due June 20, 2024; title passes to the City at the end of the lease term;

\$ 71,810.66

Total capital lease obligations

\$ 71,810.66

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

Type of Debt	Balance Jul 1, 2019	Additions	Reductions	Balance Jun 30, 2020	Amount Due Within One Year
Governmental Activities:					
Certificates of Participation	\$ 2,321,100.00	\$ -	\$ 321,600.00	\$ 1,999,500.00	\$ 329,900.00
Capital Lease Obligations	81,741.00	102,723.68	64,880.91	119,583.77	49,691.27
Total	<u>\$ 2,402,841.00</u>	<u>\$ 102,723.68</u>	<u>\$ 386,480.91</u>	<u>\$ 2,119,083.77</u>	<u>\$ 379,591.27</u>
Business Type Activities:					
Certificates of Participation	\$ 4,745,000.00	\$ -	\$ 735,000.00	\$ 4,010,000.00	\$ 545,000.00
Revenue Bonds		3,626,932.62		3,626,932.62	
Capital Lease Obligations		90,555.56	18,744.91	71,810.65	17,488.22
Total	<u>\$ 4,745,000.00</u>	<u>\$ 3,717,488.18</u>	<u>\$ 753,744.91</u>	<u>\$ 7,708,743.27</u>	<u>\$ 562,488.22</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2020, are as follows:

Year ended June 30,	Governmental Activities			
	Certificates of Participation		Capital Leases	
	Principal	Interest	Principal	Interest
2021	\$ 329,900.00	\$ 62,255.74	\$ 49,691.27	\$ 3,371.43
2022	338,500.00	51,508.41	37,064.33	1,883.11
2023	348,200.00	40,490.41	23,616.91	749.25
2024	357,100.00	29,155.85	9,211.25	161.20
2025	366,200.00	17,541.88		
2026 - 2030	259,600.00	5,639.84		
	<u>\$ 1,999,500.00</u>	<u>\$ 206,592.13</u>	<u>\$ 119,583.76</u>	<u>\$ 6,164.99</u>

Year ended June 30,	Business Type Activities			
	Certificates of Participation		Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 545,000.00	\$ 102,415.00	\$ -	\$ 16,321.20
2022	775,000.00	99,436.25		32,642.39
2023	795,000.00	75,587.50	95,632.58	32,428.08
2024	820,000.00	49,840.00	97,168.84	31,563.93
2025	845,000.00	22,040.00	98,897.14	30,685.96
2026 - 2030	230,000.00	3,795.00	520,218.16	139,713.14
2031 - 2035			566,498.19	115,381.28
2036 - 2040			616,618.87	88,889.04
2041 - 2045			671,156.32	60,058.41
2046 - 2050			730,110.54	28,680.27
2051 - 2052			230,631.98	2,078.28
	<u>\$ 4,010,000.00</u>	<u>\$ 353,113.75</u>	<u>\$ 3,626,932.62</u>	<u>\$ 578,441.98</u>

Year ended June 30,	Business Type Activities		Total Debt Service	
	Capital Leases		Principal	Interest
	Principal	Interest	Principal	Interest
2021	\$ 17,488.22	\$ 1,256.69	\$ 942,079.49	\$ 185,620.06
2022	17,794.26	950.65	1,168,358.59	186,420.81
2023	18,105.66	639.25	1,280,555.15	149,894.49
2024	18,422.52	322.39	1,301,902.61	111,043.37
2025			1,310,097.14	70,267.84
2026 - 2030			1,009,818.16	149,147.98
2031 - 2035			566,498.19	115,381.28
2036 - 2040			616,618.87	88,889.04
2041 - 2045			671,156.32	60,058.41
2046 - 2050			730,110.54	28,680.27
2051 - 2052			230,631.98	2,078.28
	<u>\$ 71,810.66</u>	<u>\$ 3,168.98</u>	<u>\$ 9,827,827.04</u>	<u>\$ 1,147,481.83</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 Sewer Fund (\$6,410,000.00 and \$2,605,000.00 issues); Capital lease is paid from Water and Sewer funds.

5. Interfund Transfers and Balances

Interfund Transfers

Transfers between funds for the year ended June 30, 2020, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Funds:</u>		
General Funds	\$ -	\$ 28,580.69
<u>Enterprise Funds:</u>		
Sewer	888,363.11	-
SRF Direct Loan Project		885,078.00
Total Enterprise Funds	<u>888,363.11</u>	<u>885,078.00</u>
<u>Non-Major Funds:</u>		
<u>Debt Servicing Funds:</u>		
SRS 2012A Debt Service	511.92	874.35
SRS 2012A Debt Reserve		511.92
SRS 2012 Debt Service	1,484.12	2,410.76
SRS 2012 Debt Reserve		1,484.12
Total Debt Service Funds	<u>1,996.04</u>	<u>5,281.15</u>
<u>Enterprise Funds:</u>		
Troy Aquatic Center	<u>28,580.69</u>	-
Total	<u>\$ 918,939.84</u>	<u>\$ 918,939.84</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, 2020, amounted to \$28,874.57.

<u>Year Ending</u>	<u>Amount</u>
2021	\$ 28,819.51
2022	28,819.51
2023	3,060.79
2024	<u>1,369.88</u>
Total	<u>\$ 62,069.69</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.

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.

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 9.6% (Police) of annual covered payroll. For the year ended June 30, 2020 the City contributed \$267,428.78.

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 2021 with payments required monthly, based upon a rate schedule. Payments are approximately \$64,500.00 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 \$106,830.44 of such charges to the TCVB. There are covenants concerning annual budgeting, marketing, insurance, accounting and financial reporting which are to be provided to the City on a timely basis.

Also, as of June 30, 2020, 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 has received funding and is currently constructing certain wastewater treatment plant improvements.

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

10. Liability Insurance

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

11. Tax Abatements

Tax abatements, as defined by GASB Statement No. 77 *Tax Abatement Disclosures*, are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

Since the City does not and has not entered into tax abatement agreements directly with any individuals or entities, the following estimates are from tax abatements entered into by other governments, specifically the county, that has reduced the City’s tax revenues.

Enhanced enterprise zones	<u>Real Estate Tax</u>
Lincoln County	<u>\$ 2,590.33</u>

12. Risks and Uncertainties

In March 2020, the World Health Organization declared the novel coronavirus outbreak a pandemic (“COVID-19”). As a result, economic uncertainties have arisen which are likely to negatively impact net income. While the disruption caused by the pandemic is currently expected to be temporary, there is uncertainty regarding its duration. Therefore, while we expect the pandemic to impact our results of financial position, change in financial position, and liquidity, we cannot reasonably estimate the impact at this time.

13. Subsequent Events

Subsequent events were evaluated through March 5, 2021, which is the date the financial statements were available to be issued. As of that date, the City has entered into various agreements with other public and private corporations for the planning, development, construction, acquisition, or operation of various capital improvements.

The City received \$2,084.87 on July 8, 2020 and \$407,749.37 on September 3, 2020 pursuant to the Lincoln County COVID-19 Municipal Relief Program.

The City has received SRF loan funds totaling \$8,365,999.37 subsequent to June 30, 2020.

The City entered into a 36-month operating lease agreement for equipment on November 6, 2020 with monthly payments of \$1,179.35.

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, 2020

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes				
Real Property	\$ 250,000.00	\$ 250,000.00	\$ 249,536.48	\$ (463.52)
Personal Property Tax	97,000.00	97,000.00	102,056.29	5,056.29
Financial Institution Tax	1,000.00	1,000.00	2,478.90	1,478.90
Railroad and Utilities Tax	9,500.00	9,500.00	10,035.24	535.24
Surtax	40,000.00	40,000.00	42,320.75	2,320.75
Sales Tax	2,800,000.00	2,800,000.00	2,898,812.09	98,812.09
Cigarette Tax	56,000.00	56,000.00	55,425.42	(574.58)
Franchise Tax	760,000.00	760,000.00	686,881.73	(73,118.27)
Penalties and Interest on Taxes	2,700.00	2,700.00	3,031.39	331.39
	<u>4,016,200.00</u>	<u>4,016,200.00</u>	<u>4,050,578.29</u>	<u>34,378.29</u>
Intergovernmental				
Federal Grants	35,240.00	35,240.00	1,538.42	(33,701.58)
Other Grants			12,707.33	12,707.33
	<u>35,240.00</u>	<u>35,240.00</u>	<u>14,245.75</u>	<u>(20,994.25)</u>
Licenses, Permits, and Fees				
Merchants and Liquor Licenses	18,500.00	18,500.00	23,585.41	5,085.41
Building Permits	43,710.00	43,710.00	93,104.97	49,394.97
Dog Licenses	150.00	150.00	143.00	(7.00)
Occupational Licenses	2,500.00	2,500.00	3,210.00	710.00
Planning Fees	1,800.00	1,800.00	12,218.14	10,418.14
Reproduced Publication Fees	50.00	50.00	225.00	175.00
Other	5,655.00	5,655.00	7,275.56	1,620.56
	<u>72,365.00</u>	<u>72,365.00</u>	<u>139,762.08</u>	<u>67,397.08</u>
Interest				
	<u>40,000.00</u>	<u>40,000.00</u>	<u>93,962.16</u>	<u>53,962.16</u>
Fines and Forfeitures				
Fines	125,000.00	125,000.00	99,745.55	(25,254.45)
Court Costs	12,000.00	12,000.00	10,615.40	(1,384.60)
Police Fines and Charges	1,200.00	1,200.00	1,807.32	607.32
Training	2,000.00	2,000.00	1,755.69	(244.31)
DWI	1,500.00	1,500.00	1,827.05	327.05
CVCF Receipts	350.00	350.00	325.02	(24.98)
POST Reimbursement	1,000.00	1,000.00	1,004.04	4.04
Jail Reimbursement	6,000.00	6,000.00	4,858.39	(1,141.61)
Restitution			1,077.80	1,077.80
Bond Forfeiture	10,000.00	10,000.00	8,681.00	(1,319.00)
Warrants	20.00	20.00	124.00	104.00
	<u>159,070.00</u>	<u>159,070.00</u>	<u>131,821.26</u>	<u>(27,248.74)</u>
Sale of Assets				
	<u>-</u>	<u>11,000.00</u>	<u>13,900.00</u>	<u>2,900.00</u>
Miscellaneous				
Park Rental Fees	18,320.00	18,320.00	12,943.68	(5,376.32)
Cell Site Lease	45,870.00	45,870.00	45,982.03	112.03
Donations			1,040.00	1,040.00
Other		16,000.00	18,473.90	2,473.90
	<u>64,190.00</u>	<u>80,190.00</u>	<u>78,439.61</u>	<u>(1,750.39)</u>
Total Revenues	<u>4,387,065.00</u>	<u>4,414,065.00</u>	<u>4,522,709.15</u>	<u>108,644.15</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, 2020

EXPENDITURES:	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Legislative				
Employee Benefits	\$ 200.00	\$ 200.00	\$ 200.00	\$ -
Legal	36,000.00	36,000.00	36,000.00	
	<u>36,200.00</u>	<u>36,200.00</u>	<u>36,200.00</u>	<u>-</u>
Executive				
Salaries and Wages	26,400.00	26,400.00	26,400.00	-
Employee Benefits	2,120.00	2,120.00	2,059.60	60.40
Purchased Services	250.00	250.00	974.00	(724.00)
Property Services	500.00	500.00	39.67	460.33
Other Purchased Services	7,375.00	7,425.00	5,611.51	1,813.49
Supplies	650.00	600.00	377.88	222.12
Property	1,200.00	1,200.00	903.59	296.41
	<u>38,495.00</u>	<u>38,495.00</u>	<u>36,366.25</u>	<u>2,128.75</u>
Administration				
Salaries and Wages	221,985.00	221,985.00	221,133.69	851.31
Employee Benefits	95,955.00	95,955.00	98,538.45	(2,583.45)
Purchased Services	113,300.00	113,300.00	98,755.23	14,544.77
Property Services	6,825.00	6,825.00	3,946.48	2,878.52
Other Purchased Services	33,950.00	33,950.00	25,901.36	8,048.64
Supplies	7,650.00	7,650.00	6,558.63	1,091.37
Property	2,000.00	2,000.00	927.23	1,072.77
Other	650.00	650.00	182.46	467.54
	<u>482,315.00</u>	<u>482,315.00</u>	<u>455,943.53</u>	<u>26,371.47</u>
Maintenance Facility				
Purchased Services	18,900.00	18,900.00	20,003.63	(1,103.63)
Property Services	9,000.00	9,000.00	6,624.27	2,375.73
Other Purchased Services	6,300.00	6,300.00	6,170.78	129.22
Supplies	30,950.00	30,950.00	31,999.34	(1,049.34)
Property	2,500.00	2,500.00	858.37	1,641.63
	<u>67,650.00</u>	<u>67,650.00</u>	<u>65,656.39</u>	<u>1,993.61</u>
Administration Building Maintenance				
Purchased Services	6,000.00	6,000.00	6,205.63	(205.63)
Property Services	31,785.00	29,485.00	26,372.98	3,112.02
Other Purchased Services	19,175.00	19,175.00	19,828.07	(653.07)
Supplies	25,700.00	25,700.00	20,255.36	5,444.64
Property	500.00	500.00	118.58	381.42
Capital Outlay	15,850.00	15,850.00	16,075.82	(225.82)
Other	25.00	25.00	26.25	(1.25)
	<u>99,035.00</u>	<u>96,735.00</u>	<u>88,882.69</u>	<u>7,852.31</u>
Safety				
Purchased Services	1,500.00	1,500.00	1,500.00	-
Property Services	5,000.00	5,000.00	405.00	4,595.00
Other Purchased Services	1,000.00	1,000.00		1,000.00
Supplies	1,585.00	1,585.00	1,422.12	162.88
Property	200.00	200.00	305.96	(105.96)
Capital Outlay	9,500.00	9,500.00	9,500.46	(0.46)
	<u>18,785.00</u>	<u>18,785.00</u>	<u>13,133.54</u>	<u>5,651.46</u>
Other				
COVID-19	-	2,300.00	2,274.87	25.13
Total General Government	<u>742,480.00</u>	<u>742,480.00</u>	<u>698,457.27</u>	<u>44,022.73</u>

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL -
GENERAL FUND
YEAR ENDED JUNE 30, 2020

EXPENDITURES (CONTINUED):	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Public Safety:				
Police				
Salaries and Wages	\$ 1,405,035.00	\$ 1,405,035.00	\$ 1,400,261.15	\$ 4,773.85
Employee Benefits	744,080.00	744,080.00	747,321.73	(3,241.73)
Purchased Services	53,000.00	53,000.00	49,347.39	3,652.61
Property Services	39,615.00	39,615.00	40,224.46	(609.46)
Other Purchased Services	258,720.00	258,720.00	250,287.56	8,432.44
Supplies	101,200.00	101,200.00	84,791.79	16,408.21
Property	11,700.00	11,700.00	10,677.37	1,022.63
Capital Outlay		30,000.00	35,159.35	(5,159.35)
Other	6,250.00	6,250.00	1,209.08	5,040.92
Debt Service				
Principal	55,800.00	55,800.00	55,508.46	291.54
Interest	2,730.00	2,730.00	2,723.01	6.99
	<u>2,678,130.00</u>	<u>2,708,130.00</u>	<u>2,677,511.35</u>	<u>30,618.65</u>
Municipal Court				
Salaries and Wages	54,695.00	54,695.00	53,269.12	1,425.88
Employee Benefits	32,450.00	32,450.00	33,467.10	(1,017.10)
Purchased Services	30,800.00	31,410.00	27,947.54	3,462.46
Property Services	815.00	205.00	112.00	93.00
Other Purchased Services	29,970.00	29,970.00	25,255.50	4,714.50
Supplies	3,070.00	3,070.00	2,298.18	771.82
Property	4,500.00	4,500.00	1,816.48	2,683.52
Other	100.00	100.00		100.00
	<u>156,400.00</u>	<u>156,400.00</u>	<u>144,165.92</u>	<u>12,234.08</u>
Inspections				
Salaries and Wages	64,305.00	64,305.00	62,686.07	1,618.93
Employee Benefits	35,985.00	35,985.00	34,559.20	1,425.80
Purchased Services	10,100.00	10,100.00	12,694.68	(2,594.68)
Property Services	1,765.00	1,765.00	228.76	1,536.24
Other Purchased Services	19,400.00	19,400.00	16,018.38	3,381.62
Supplies	5,950.00	5,950.00	6,730.97	(780.97)
Property	4,800.00	6,800.00	4,960.20	1,839.80
Other	520.00	520.00		520.00
	<u>142,825.00</u>	<u>144,825.00</u>	<u>137,878.26</u>	<u>6,946.74</u>
Stormwater Management				
Salaries and Wages	30,510.00	35,285.00	34,265.78	1,019.22
Employee Benefits	25,705.00	20,480.00	20,127.84	352.16
Purchased Services	1,000.00	300.00	267.00	33.00
Property Services	250.00	950.00	821.54	128.46
Other Purchased Services	3,200.00	1,200.00	693.14	506.86
Supplies	600.00	1,050.00	770.33	279.67
Other	350.00	350.00	250.00	100.00
	<u>61,615.00</u>	<u>59,615.00</u>	<u>57,195.63</u>	<u>2,419.37</u>
Animal Control				
Salaries and Wages	11,375.00	11,375.00	11,262.46	112.54
Employee Benefits	6,265.00	6,265.00	6,150.25	114.75
Purchased Services	200.00	200.00		200.00
Property Services	1,000.00	1,000.00	8.98	991.02
Other Purchased Services	1,855.00	1,855.00	1,639.98	215.02
Supplies	1,600.00	1,600.00	467.84	1,132.16
	<u>22,295.00</u>	<u>22,295.00</u>	<u>19,529.51</u>	<u>2,765.49</u>
Total Public Safety	<u>3,061,265.00</u>	<u>3,091,265.00</u>	<u>3,036,280.67</u>	<u>54,984.33</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, 2020

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (CONTINUED):				
Historical Preservation				
Property Services	\$ 125.00	\$ 125.00	\$ -	\$ 125.00
Other Purchased Services	380.00	380.00		380.00
Total Historic Preservation	505.00	505.00	-	505.00
Culture - Recreation:				
Parks				
Salaries and Wages	166,560.00	166,560.00	154,374.56	12,185.44
Employee Benefits	71,885.00	71,885.00	71,890.97	(5.97)
Purchased Services	4,700.00	4,700.00	2,193.52	2,506.48
Property Services	31,400.00	31,400.00	18,337.73	13,062.27
Other Purchased Services	16,550.00	16,550.00	16,191.64	358.36
Supplies	35,125.00	35,125.00	17,627.06	17,497.94
Property	9,700.00	9,700.00	5,201.73	4,498.27
Capital Outlay	127,900.00	127,900.00	80,251.93	47,648.07
Other	350.00	350.00	115.00	235.00
Total Culture - Recreation	464,170.00	464,170.00	366,184.14	97,985.86
Debt Service:				
Bond Principal	103,000.00	103,000.00	103,000.00	-
Bond Interest	26,040.00	26,040.00	26,040.00	
Total Debt Service	129,040.00	129,040.00	129,040.00	-
Total Expenditures	4,397,460.00	4,427,460.00	4,229,962.08	197,497.92
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,395.00)	(13,395.00)	292,747.07	306,142.07
OTHER FINANCING SOURCES (USES):				
Operating Transfers-Out	(121,250.00)	(121,250.00)	(28,580.69)	92,669.31
Total Other Financing Sources (Uses)	(121,250.00)	(121,250.00)	(28,580.69)	92,669.31
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	(131,645.00)	(134,645.00)	264,166.38	398,811.38
FUND BALANCE, JULY 1, 2019	4,459,958.31	4,459,958.31	4,459,958.31	-
FUND BALANCE, JUNE 30, 2020	\$ 4,328,313.31	\$ 4,325,313.31	\$ 4,724,124.69	\$ 398,811.38

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, 2020

	Budget Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes				
Transportation	\$ 1,355,000.00	\$ 1,355,000.00	\$ 1,404,574.03	\$ 49,574.03
Intergovernmental				
Federal Grants	291,875.00	291,875.00	22,895.51	(268,979.49)
Gasoline	423,000.00	423,000.00	415,696.15	(7,303.85)
State Grants	800,000.00	800,000.00	84,105.02	(715,894.98)
County Cost-Share	40,000.00	40,000.00	40,000.00	
STP Funds	186,000.00	186,000.00	186,000.00	(186,000.00)
	<u>1,740,875.00</u>	<u>1,740,875.00</u>	<u>562,696.68</u>	<u>(1,178,178.32)</u>
Sale of Assets	-	-	24,543.87	24,543.87
Interest	5,000.00	5,000.00	23,027.76	18,027.76
Miscellaneous	-	-	2,821.76	2,821.76
Total Revenues	<u>3,100,875.00</u>	<u>3,100,875.00</u>	<u>2,017,664.10</u>	<u>(1,083,210.90)</u>
EXPENDITURES:				
Public Works - Streets				
Salaries and Wages	435,665.00	435,665.00	408,451.03	27,213.97
Employee Benefits	259,535.00	259,535.00	263,991.73	(4,456.73)
Purchased Services	272,780.00	272,780.00	18,163.30	254,616.70
Property Services	3,250,315.00	3,237,215.00	66,131.43	3,171,083.57
Other Purchased Services	44,850.00	44,850.00	31,778.45	13,071.55
Supplies	439,125.00	439,125.00	340,084.04	99,040.96
Property	24,500.00	37,600.00	19,151.89	18,448.11
Capital Outlay	28,500.00	28,500.00	595,739.56	(567,239.56)
Other	550.00	550.00	4,504.00	(3,954.00)
Total Expenditures	<u>4,755,820.00</u>	<u>4,755,820.00</u>	<u>1,747,995.43</u>	<u>3,007,824.57</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,654,945.00)	(1,654,945.00)	269,668.67	1,924,613.67
OTHER FINANCING SOURCES (USES):				
Operating Transfers-In	965,000.00	965,000.00	-	(965,000.00)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(689,945.00)</u>	<u>(689,945.00)</u>	<u>269,668.67</u>	<u>959,613.67</u>
FUND BALANCE, JULY 1, 2019	<u>718,920.64</u>	<u>718,920.64</u>	<u>718,920.64</u>	-
FUND BALANCE, JUNE 30, 2020	<u>\$ 28,975.64</u>	<u>\$ 28,975.64</u>	<u>\$ 988,589.31</u>	<u>\$ 959,613.67</u>

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2020

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 27, 2019.
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, 2020, the City complied, in all material respects, with applicable budget laws.

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING BALANCE SHEET- MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds							Capital Projects Funds			
	Cemetery Investment	Tourism	Protected Franchise Tax	Police Explorers	Police Forfeiture	Police Canine Unit	Park Endowment Brown	Industrial Development	Sewer Bonds	CDBG	
Cash and Investments	\$ 191,629.77	\$ -	\$ -	\$ 508.71	\$ -	\$ 4,458.40	\$ -	\$ 4,767.63	\$ 6,450.63	\$ -	
Restricted Assets:											
Cash and Investments		20,354.70	46,576.83		7,110.96		54,959.36			662.97	
Total Assets	\$ 191,629.77	\$ 20,354.70	\$ 46,576.83	\$ 508.71	\$ 7,110.96	\$ 4,458.40	\$ 54,959.36	\$ 4,767.63	\$ 6,450.63	\$ 662.97	

ASSETS

LIABILITIES AND FUND EQUITY

Liabilities:	\$ 7.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Liabilities										
Fund Balances										
Nonspendable										
Restricted for:										
Capital Projects								4,767.63	6,450.63	662.97
Debt Service										
Parks										
Tourism		20,354.70					54,959.36			
Cemetery	191,622.13									
Other purposes										
Total Fund Balance	\$ 191,622.13	\$ 20,354.70	\$ 46,576.83	\$ 508.71	\$ 7,110.96	\$ 4,458.40	\$ 54,959.36	\$ 4,767.63	\$ 6,450.63	\$ 662.97
Total Liabilities and Fund Equity	\$ 191,629.77	\$ 20,354.70	\$ 46,576.83	\$ 508.71	\$ 7,110.96	\$ 4,458.40	\$ 54,959.36	\$ 4,767.63	\$ 6,450.63	\$ 662.97

STATEMENT 3
(CONTINUED)

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET- MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Debt Service Funds				Permanent Fund	Total
	SRS 2012 Debt Service Reserve	SRS 2012 Debt Service	SRS 2012A Debt Service	SRS 2012A Debt Service Reserve	Park Endowment Avery	Non-Major Governmental Funds
ASSETS						
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,815.14
Restricted Assets:						
Cash and Investments	100,000.00	1,484.35	511.92	34,501.56	292,286.44	558,449.09
Total Assets	\$ 100,000.00	\$ 1,484.35	\$ 511.92	\$ 34,501.56	\$ 292,286.44	\$ 766,264.23
LIABILITIES AND FUND EQUITY						
Liabilities:						
Payroll Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.64
Fund Balances						
Nonspendable	-	-	-	-	250,000.00	250,000.00
Restricted for:						
Capital Projects						11,881.23
Debt Service		1,484.35	511.92	34,501.56	42,286.44	136,497.83
Parks						97,245.80
Tourism						20,354.70
Cemetery						191,622.13
Other purposes						58,654.90
Total Fund Balance	100,000.00	1,484.35	511.92	34,501.56	292,286.44	766,256.59
Total Liabilities and Fund Equity	\$ 100,000.00	\$ 1,484.35	\$ 511.92	\$ 34,501.56	\$ 292,286.44	\$ 766,264.23

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds							Capital Projects Funds			
	Cemetery Investment	Tourism	Franchise Tax	Police Explorers	Police Forfeiture	Police Canine Unit	Park Endowment Brown	Industrial Development	Sewer Bonds	CDBG	
<u>REVENUES:</u>											
Taxes	\$ -	\$ 99,147.10	\$ 5,713.78	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Charges for Services	18,720.00				6,721.65						
Sale of Assets	3,700.00										
Interest	3,697.80	296.34	817.43		14.59		1,576.02	121.09			
Miscellaneous				250.00		6,301.76					
Total Revenues	26,117.80	99,443.44	6,531.21	250.00	6,736.24	6,301.76	1,576.02	89.48	121.09	-	
<u>EXPENDITURES:</u>											
Current:											
Cemetery	27,750.57										
Economic Development		106,830.44									
Public Safety						6,266.21					
Capital Outlay	10,832.47					3,326.00	35,700.00				
Total Expenditures	38,583.04	106,830.44				9,592.21	35,700.00				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,465.24)	(7,387.00)	6,531.21	250.00	6,736.24	(3,290.45)	(34,123.98)	89.48	121.09	-	
OTHER FINANCING SOURCES (USES):											
Operating Transfers-In											
Operating Transfers-Out											
Total Other Financing Sources (Uses)											
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(12,465.24)	(7,387.00)	6,531.21	250.00	6,736.24	(3,290.45)	(34,123.98)	89.48	121.09	-	
FUND BALANCE, JULY 1, 2019	204,087.37	27,741.70	40,045.62	258.71	374.72	7,748.85	89,083.34	4,678.15	6,329.54	662.97	
FUND BALANCE, JUNE 30, 2020	\$ 191,622.13	\$ 20,354.70	\$ 46,576.83	\$ 508.71	\$ 7,110.96	\$ 4,458.40	\$ 54,959.36	\$ 4,767.63	\$ 6,450.63	\$ 662.97	

CITY OF TROY, MISSOURI
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Debt Service Funds				Permanent Fund Park Endowment Avery	Total Non-Major Governmental Funds
	SRS 2012 Debt Service Reserve	SRS 2012 Debt Service	SRS 2012A Debt Service	SRS 2012A Debt Service Reserve		
<u>REVENUES:</u>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,860.88
Charges for Services						25,441.65
Sale of Assets	1,484.12	379.24	191.45	511.92	4,350.14	3,700.00
Interest						13,529.62
Miscellaneous						6,551.76
Total Revenues	1,484.12	379.24	191.45	511.92	4,350.14	154,083.91
<u>EXPENDITURES:</u>						
Current:						
Cemetery						27,750.57
Economic Development						106,830.44
Public Safety						6,266.21
Capital Outlay						49,858.47
Total Expenditures						190,705.69
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,484.12	379.24	191.45	511.92	4,350.14	(36,621.78)
OTHER FINANCING SOURCES (USES):						
Operating Transfers-In		1,484.12	511.92			1,996.04
Operating Transfers-Out	(1,484.12)	(2,410.76)	(874.35)	(511.92)		(5,281.15)
Total Other Financing Sources (Uses)	(1,484.12)	(926.64)	(362.43)	(511.92)		(3,285.11)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES					4,350.14	(39,906.89)
FUND BALANCE, JULY 1, 2019	100,000.00	2,031.75	682.90	34,501.56	287,936.30	806,163.48
FUND BALANCE, JUNE 30, 2020	\$ 100,000.00	\$ 1,484.35	\$ 511.92	\$ 34,501.56	\$ 292,286.44	\$ 766,256.59

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 NON-MAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2020

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

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 NET POSITION - MODIFIED CASH BASIS
 NON-MAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2020

	<u>Troy Aquatic Center</u>	<u>Total Non Major Funds</u>
OPERATING REVENUES:		
Charges for Service	\$ 46,773.13	\$ 46,773.13
OPERATING EXPENSES:		
Salaries and Wages	7,727.10	7,727.10
Employee Benefits	1,595.82	1,595.82
Purchased Services	1,252.55	1,252.55
Property Services	1,961.84	1,961.84
Other Purchased Services	39,316.22	39,316.22
Supplies	21,978.20	21,978.20
Property	720.00	720.00
Other	1,302.09	1,302.09
Total Operating Expenses	<u>75,853.82</u>	<u>75,853.82</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(29,080.69)	(29,080.69)
OPERATING TRANSFERS	<u>28,580.69</u>	<u>28,580.69</u>
NET INCOME (LOSS) AFTER TRANSFERS	(500.00)	(500.00)
TOTAL NET POSITION, JULY 1, 2019	<u>500.00</u>	<u>500.00</u>
TOTAL NET POSITION, JUNE 30, 2020	<u>\$ -</u>	<u>\$ -</u>

CITY OF TROY, MISSOURI
 SUPPLEMENTARY INFORMATION
 COMBINING STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
 NON- MAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2020

	Troy Aquatic Center	Total Non Major Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 46,773.13	\$ 46,773.13
Cash Payments to Suppliers for Goods and Services	(66,530.90)	(66,530.90)
Cash Payments to Employees for Services	(9,322.92)	(9,322.92)
Net Cash Provided (Used) by Operating Activities	(29,080.69)	(29,080.69)
Cash Flows from Noncapital Financing Activities:		
Operating Transfers	28,580.69	28,580.69
Cash and Cash Equivalents, Beginning of Year	500.00	500.00
Cash and Cash Equivalents, End of Year	\$ 0.00	\$ 0.00

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

Operating Income(Loss)	\$ (29,080.69)	\$ (29,080.69)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Changes in assets and liabilities:		
None	-	-
Net Cash Provided (Used) by Operating Activities	\$ (29,080.69)	\$ (29,080.69)

FEDERAL COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

Board of Aldermen
City of Troy, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Missouri ("City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 5, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-1 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-2 to be a significant deficiency.

Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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

Croghin + Croghin P.C.
Certified Public Accountants

Kirkwood, Missouri
March 5, 2021



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

Board of Aldermen
City of Troy, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Troy, Missouri's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-3. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-3, that we consider to be a significant deficiency.

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

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


Certified Public Accountants

Kirkwood, Missouri
March 5, 2021

CITY OF TROY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Program Title	Federal CFDA Number	Pass-Through Identification Program	Expenditures
<u>U.S. Department of Justice</u>			
Direct:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 1,926.78
Equitable Sharing Program	16.922	N/A	6,721.65
Passed through Missouri Department of Public Safety:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-LLEBG-078	<u>5,589.35</u>
Total U.S. Department of Justice			<u>14,237.78</u>
<u>U.S. Department of Housing & Urban Development</u>			
Passed through Missouri Department of Economic Development:			
Community Development Block Grant/States Program and Non-Entitlement Grants in Hawaii	14.228	2016-ED-01	<u>16,992.45</u>
<u>U.S. Department of Transportation</u>			
Passed through Missouri Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	TAP9900(391)	<u>25,117.64</u>
Passed through University of Central Missouri:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	20-M2HVE-05-030	1,437.47
State and Community Highway Safety	20.600	19-PT-02-067	500.00
Passed through Missouri Division of Highway Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	19-PT-02-131	150.65
State and Community Highway Safety	20.600	20-PT-02-127	<u>3,838.05</u>
Total Highway Safety Cluster			<u>5,926.17</u>
Passed through Missouri Division of Highway Safety:			
Alcohol Open Container Requirements	20.607	19-154-AL-144	838.37
Alcohol Open Container Requirements	20.607	20-154-AL-132	<u>5,501.49</u>
Total Alcohol Open Container Requirements			<u>6,339.86</u>
Total U.S. Department of Transportation			<u>37,383.67</u>
<u>U.S. Department of Interior</u>			
Passed through Missouri Department of Natural Resources			
Outdoor Recreation Acquisition, Development and Planning	15.916	29-01645	<u>12,115.62</u>
<u>U.S. Department of Treasury</u>			
Passed through Lincoln County, Missouri			
COVID19-Coronavirus Relief Fund	21.019	253	<u>2,084.87</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through Missouri Department of Natural Resources			
Clean Water State Revolving Fund Cluster:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	C295822-01	<u>3,626,932.62</u>
Total expenditures of federal awards			<u>\$ 3,709,747.01</u>

CITY OF TROY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2020. The information reported in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting, which recognizes expenditures in the period the liabilities are paid. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

3. Subrecipients

The City did not provide federal awards to any subrecipients during the fiscal year ended June 30, 2020.

CITY OF TROY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2020

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified not considered to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses? X Yes None reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? Yes X No

CITY OF TROY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. FINANCIAL STATEMENT FINDINGS

2020-1

Criteria: City is responsible for establishing and maintaining internal controls.

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions: The City of Troy acknowledges this finding. The City continues to review its processes and intends to make strides in improving this condition.

2020-2

Criteria: City is responsible for establishing and maintaining internal controls.

Condition: Components of internal control, including accounting policies and procedures, and controls pertaining to federal awards, are not in written form.

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

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

Cause: Formal policies or procedures have not been implemented.

Recommendation: Components of internal control, including accounting policies and procedures, and controls pertaining to federal awards, should be designed and documented.

Views of Responsible Officials and Planned Corrective Actions: The City of Troy acknowledges this finding. The City continues to review its processes and intends to make strides in improving this condition.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-3

Criteria: The Office of Management and Budget's (OMB) Uniform Guidance requires a non-federal entity to have certain written policies and procedures in place surrounding the management of their federal awards.

Condition: The City has not adopted written policies and procedures related to federal awards as required by the Uniform Guidance.

Context: The lack of written controls pertains to all federal awards.

Cause: This condition appears to be the result of a time lag in identifying the requirement and developing a plan for compliance.

Effect: As a result of this condition, the City may not fully comply with the Uniform Guidance applicable to certain federal awards.

Questioned Costs: No costs have been questioned as a result of this finding.

Recommendation: We recommend the City adopt the required written policies and procedures required by the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: The City of Troy is currently in the process of revising its policies and procedures to include the specifics of the Uniform Guidance (2CFR Part 200).

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

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