

CITY OF HAMILTON, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2023



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF HAMILTON, MISSOURI
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**DANA F. COLE
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Aldermen
City of Hamilton, Missouri

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hamilton, Missouri (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Hamilton, Missouri, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Hamilton, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hamilton, Missouri's ability to continue as a going concern for twelve months beyond the financial statement date including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 of Hamilton, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hamilton, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 11 and the budgetary comparison information on pages 43 - 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hamilton, Missouri's basic financial statements. The nonmajor governmental funds-combining balance sheet and the nonmajor governmental funds - combining statement of revenues, expenditures, and changes in fund balance on pages 47 - 48 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds - combining balance sheet and the nonmajor governmental funds - combining statement of revenues, expenditures, and changes in fund balance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2025, on our consideration of the City of Hamilton, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hamilton, Missouri's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Grandview, Missouri
February 25, 2025

CITY OF HAMILTON, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Hamilton, Missouri's (the City) annual financial report presents a review of the City's financial performance during the year ended June 30, 2023. Reporting is in compliance with Government Accounting Standards Board (GASB) Statement Number 34, providing comparative information for the current and preceding fiscal years. Please read this in conjunction with the City's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide net position as of June 30, 2023, was \$9,749,570, an increase of \$738,578 from the prior year.

As of June 30, 2023, the net position for the governmental activities totaled \$2,736,723 an increase of \$148,553 from the prior year.

Business-Type activities net position was \$7,012,847 as of June 30, 2023, an increase of \$635,025 from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

The first statements are government-wide financials that provide both long-term and short-term information about the City's overall financial status. These statements are prepared on a full accrual basis of accounting to present information in a more corporate-like presentation on individual parts of the government. The remaining statements are the fund financials that focus on individual parts of the City government and report more detail.

BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the government-wide financial statements (statement of net position and statement of activities). The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the City's financial status as a whole.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: (1) the governmental funds statements, and (2) the proprietary funds statements.

The next section of the basic financial statements is the notes to the basic financial statements. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, required supplementary information is provided to show details about the City's performance relative to the budget and the City's pension plan information. After the required supplementary information, other supplementary information is provided to show further details of the City's reported transactions and detailed governmental debt schedules.

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements

The government-wide financial statements present the financial picture of the City from the economic resources' measurement focus using the accrual basis of accounting. The statements present governmental activities and business-type activities separately. These statements include certain infrastructure as well as all known liabilities (including long-term debt). Additionally, certain eliminations occurred as prescribed by the statement in regard to interfund activity, payables, and receivables.

The statement of net position and statement of activities report the City's net position and the resulting changes. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors to consider are changes in the City's sales tax base and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the overall health of the City.

The statement of activities distinguishes the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities).

Governmental activities - Most of the City's basic services are reported in this category, including General Fund, Debt Service Fund, Transportation Fund, and other non-major special revenue funds. Sales taxes, property taxes, and franchise taxes are the primary sources of revenue to fund these activities.

Business-type activities - The City charges a fee to customers to cover most of the cost of services it provides. The Water and Sewer Funds report this activity. Property taxes are assessed to repay certain debt, which is accounted for in the Water and Sewer Bond Fund.

Fund Financial Statements

The City uses two types of funds to manage its resources: governmental funds and proprietary funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related current liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The relationships or differences of activities reported in the governmental fund financial statement versus that reported in the government-wide financial statements are explained in the reconciliation schedules following the governmental fund financial statements.

Proprietary Funds

When the City charges customers for the services it provides to cover the cost of operations, these activities are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses, and changes in fund net position. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to the Basic Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning budgetary comparison schedules for the major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The following table reflects the condensed statement of net position as of June 30, 2023:

	2023			2022
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS				
Current and other assets	1,231,611	2,233,770	3,465,381	3,119,350

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

Statement of Net Position (Continued)

	2023			2022
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS (Continued)				
Capital assets	<u>1,682,606</u>	<u>8,303,203</u>	<u>9,985,809</u>	<u>9,898,739</u>
TOTAL ASSETS	<u>2,914,217</u>	<u>10,536,973</u>	<u>13,451,190</u>	<u>13,062,831</u>
LIABILITIES				
Current liabilities	41,745	239,446	281,191	280,463
Long-term liabilities	<u>135,749</u>	<u>3,284,680</u>	<u>3,420,429</u>	<u>3,771,634</u>
TOTAL LIABILITIES	<u>177,494</u>	<u>3,524,126</u>	<u>3,701,620</u>	<u>4,052,097</u>
NET POSITION				
Net investment in capital assets	1,523,389	5,019,298	6,542,687	6,102,678
Restricted	179,149	419,144	598,293	723,508
Unrestricted	<u>1,034,185</u>	<u>1,574,405</u>	<u>2,608,590</u>	<u>2,139,806</u>
TOTAL NET POSITION	<u>2,736,723</u>	<u>7,012,847</u>	<u>9,749,570</u>	<u>8,965,992</u>

Net position of the City's governmental activities was \$2,736,723 as of June 30, 2023, an increase of \$148,553 from the beginning balance on July 1, 2022.

Net position of the City's business-type activities was \$7,012,847 as of June 30, 2023, an increase of \$635,025 from the beginning balance on July 1, 2022.

The unrestricted net position of the City's governmental activities was \$1,034,185 as of June 30, 2023, an increase of \$160,666 from the beginning balance on July 1, 2022.

The unrestricted net position of the City's business-type activities was \$1,574,405. This represents an increase of \$308,118 from beginning balance on July 1, 2022.

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Statement of Activities

The following table reflects the condensed statement of activities as of June 30, 2023:

	Year Ended 2023			Year Ended 2022
	Governmental Activities	Business-Type Activities	Total	
REVENUES				
Program revenue				
Charges for services	91,867	1,181,371	1,273,238	1,331,285
Operating grants and contributions	184,480		184,480	187,772
Capital grants and contributions		319,680	319,680	1,063,786
General revenue				
Sales and use tax	541,957		541,957	621,788
Property tax	251,471	4,289	255,760	428,217
Franchise tax	93,271		93,271	79,747
Fuel and vehicle tax	81,042		81,042	80,718
Local fuel tax	53,867		53,867	65,366
Interest	6,853	691	7,544	3,149
Miscellaneous	91,703	10,064	101,767	41,973
Total revenues	<u>1,396,511</u>	<u>1,516,095</u>	<u>2,912,606</u>	<u>3,903,801</u>
EXPENSES				
Governmental activities				
Administration	383,157		383,157	239,513
Police	371,967		371,967	332,462
Recreation	212,642		212,642	234,806
Transportation	269,870		269,870	243,241
Municipal court	2,520		2,520	5,040
Interest on long-term debt	7,802		7,802	11,371
Business-type activities				
Water		644,979	644,979	623,103
Sewer		236,091	236,091	373,097
Total expenses	<u>1,247,958</u>	<u>881,070</u>	<u>2,129,028</u>	<u>2,062,633</u>
CHANGE IN NET POSITION	148,553	635,025	783,578	1,841,168
NET POSITION, beginning of year	<u>2,588,170</u>	<u>6,377,822</u>	<u>8,965,992</u>	<u>7,124,824</u>
NET POSITION, end of year	<u><u>2,736,723</u></u>	<u><u>7,012,847</u></u>	<u><u>9,749,570</u></u>	<u><u>8,965,992</u></u>

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

As noted earlier, the City of Hamilton, Missouri, uses fund accounting to ensure and demonstrate compliance with financing and other requirements.

Governmental Funds

The General Fund is the chief operating fund of the City of Hamilton, Missouri. The General Fund includes departments of the library, museum, and police. All of these activities are provided to, and benefit all of, the citizens equally and equitably. This area tends to work on the quality of life and the protection of the citizens and assets of the citizens as a group.

At the end of the current fiscal year, the total fund balance of the General Fund was \$755,542, an increase of \$114,395 from the prior year.

General Fund Budget Highlights

Budgeted revenue was \$862,750 and actual revenue was \$858,602, a difference of \$4,148.

Budgeted expense was \$862,750 and actual expense was \$744,207, a difference of \$118,543.

Transportation Fund

This fund is established pursuant to the Missouri Constitution Article IV, Section 30(a)(2) (State Gas Tax) and Revised Missouri Statutes 94.745 (City 1/2 cent sales tax). It is used for transportation purposes within the City of Hamilton, Missouri. This fund provides for the maintenance and expansion of transportation needs of our citizens. Included in this fund are repair and maintenance of the existing public road system and upgrades to the local transportation system. At the end of the current fiscal year, total fund balance of the Transportation Fund was \$399,994, an increase of \$80,176 over the beginning balance at July 1, 2022.

Park Fund

The Park Fund is used to account for allocated property taxes and user fees to pay expenditures for City recreation and related expenses. At the end of the current fiscal year, total fund balance was a deficit of \$39,156, a decrease of \$61,855 from the beginning balance at July 1, 2022.

Proprietary Funds

The Water and Sewer Funds are based on a user fee system where individuals and businesses utilizing the service pay a fee based upon approved structured rates. At the end of the current fiscal year, the total net position of the Water and Sewer Funds were \$4,739,781 and \$2,132,199, resulting from an increase of \$582,799 in the Water Fund and an increase of \$141,092 in the Sewer Fund.

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets (net of depreciation)

	2023			2022
	Governmental Activities	Business-Type Activities	Total	Total
Land	6,517	123,622	130,139	130,139
Construction in progress	31,746		31,746	4,022,275
Equipment	627,213	427,743	1,054,956	946,312
Buildings and land improvements	1,774,690		1,774,690	1,750,038
Infrastructure	1,299,462		1,299,462	1,299,462
Water and sewer system		12,915,256	12,915,256	8,563,084
Less accumulated depreciation	<u>(2,057,022)</u>	<u>(5,163,418)</u>	<u>(7,220,440)</u>	<u>(6,812,571)</u>
Total capital assets, net of depreciation	<u>1,682,606</u>	<u>8,303,203</u>	<u>9,985,809</u>	<u>9,898,739</u>

The amount invested in capital assets, net of accumulated depreciation, for the City at June 30, 2023, is \$9,985,809, an increase of \$87,070 from the balance at July 1, 2022.

Debt Administration

At the end of the current fiscal year, the City of Hamilton, Missouri, had \$3,411,376 in outstanding debt.

Outstanding Debt

	2023			2022
	Governmental Activities	Business-Type Activities	Total	Total
General Obligation Bonds	120,000	102,500	222,500	360,000
Capital leases	7,471		7,471	89,591
Refunding Revenue Bonds		110,000	110,000	170,000
Revenue Bonds		2,536,620	2,536,620	2,595,171
USDA Bonds		534,785	534,785	549,553
Total indebtedness	<u>127,471</u>	<u>3,283,905</u>	<u>3,411,376</u>	<u>3,764,315</u>

Further analysis of the outstanding debt is presented in Note 8 in the disclosures to the financial statements.

CITY OF HAMILTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

2023 - 2024 BUDGET

The City continues to make strides in improving the water/sewer infrastructure. Progress continues to move forward with this project and anticipate completion within the coming year.

Also budgeted for the coming year are higher principal payments which are attributable to current debt service requirements. Additional details regarding future minimum payments and debt terms are available in Note 8 to the financial statements.

Overview of Estimated Revenues

Property, sales, and franchise tax revenues comprise approximately 75% of the General Fund revenues within the adopted 2023 - 2024 budget. The majority of the general fund budget is expended for salaries for Public Safety and City administration.

REQUEST FOR INFORMATION

This financial report is designed to provide the reader a general overview to the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to the Office of the City Administrator, 200 S. Davis Street, Hamilton, Missouri, 64644.

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	919,410	1,552,052	2,471,462
Certificates of deposit	29,598		29,598
Receivables			
Taxes	104,263	2,707	106,970
Unbilled revenue		45,568	45,568
Accounts		91,053	91,053
Inventory		13,000	13,000
Restricted assets			
Cash and cash equivalents	178,340	463,917	642,257
Held by trustee		15,000	15,000
Certificates of deposit		50,473	50,473
Capital assets			
Land	6,517	123,622	130,139
Construction in progress	31,746		31,746
Equipment and vehicles	627,213	427,743	1,054,956
Buildings and land improvements	1,774,690		1,774,690
Infrastructure	1,299,462		1,299,462
Water and sewer system		12,915,256	12,915,256
Accumulated depreciation	<u>(2,057,022)</u>	<u>(5,163,418)</u>	<u>(7,220,440)</u>
TOTAL ASSETS	<u>2,914,217</u>	<u>10,536,973</u>	<u>13,451,190</u>
LIABILITIES			
Current liabilities			
Accounts payable	29,155	116,797	145,952
Accrued expenses	12,590	2,823	15,413
Accrued interest		6,873	6,873
Customer deposits payable from restricted assets		112,953	112,953
Current portion of long-term debt	67,471	217,165	284,636
Total current liabilities	<u>109,216</u>	<u>456,611</u>	<u>565,827</u>
Long-term liabilities			
Compensated absences	8,278	775	9,053
Long-term debt, net of current portion	60,000	3,066,740	3,126,740
Total long-term liabilities	<u>68,278</u>	<u>3,067,515</u>	<u>3,135,793</u>
TOTAL LIABILITIES	<u>177,494</u>	<u>3,524,126</u>	<u>3,701,620</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	1,523,389	5,019,298	6,542,687
Restricted	179,149	419,144	598,293
Unrestricted	<u>1,034,185</u>	<u>1,574,405</u>	<u>2,608,590</u>
TOTAL NET POSITION	<u><u>2,736,723</u></u>	<u><u>7,012,847</u></u>	<u><u>9,749,570</u></u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges	Operating	Capital	Primary Government		
		for	Grants	Grants	Governmental	Business-Type	Total
		Services	and	and	Activities	Activities	
			Contributions	Contributions			
Functions/programs							
Primary government							
Governmental activities							
Administration	383,157	16,704			(366,453)		(366,453)
Public Safety	371,967		184,480		(187,487)		(187,487)
Recreation	212,642	61,582			(151,060)		(151,060)
Transportation	269,870				(269,870)		(269,870)
Municipal court	2,520	13,581			11,061		11,061
Interest on long-term debt	7,802				(7,802)		(7,802)
Total governmental activities	<u>1,247,958</u>	<u>91,867</u>	<u>184,480</u>		<u>(971,611)</u>		<u>(971,611)</u>
Business-type activities							
Water	644,979	804,347		319,680		479,048	479,048
Sewer	236,091	377,024				140,933	140,933
Total business-type activities	<u>881,070</u>	<u>1,181,371</u>		<u>319,680</u>		<u>619,981</u>	<u>619,981</u>
Total primary government	<u>2,129,028</u>	<u>1,273,238</u>	<u>184,480</u>	<u>319,680</u>	<u>(971,611)</u>	<u>619,981</u>	<u>(351,630)</u>
General revenues							
Taxes							
Sales and use tax					462,368		462,368
Franchise tax					93,271		93,271
Fuel and vehicle tax					81,042		81,042
Property taxes					251,471	4,289	255,760
Use taxes					79,589		79,589
Local fuel tax					53,867		53,867
Interest and investment earnings					6,853	691	7,544
Miscellaneous					91,703	10,064	101,767
Total general revenues					<u>1,120,164</u>	<u>15,044</u>	<u>1,135,208</u>
CHANGE IN NET POSITION					148,553	635,025	783,578
NET POSITION, beginning of year					<u>2,588,170</u>	<u>6,377,822</u>	<u>8,965,992</u>
NET POSITION, end of year					<u>2,736,723</u>	<u>7,012,847</u>	<u>9,749,570</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Eliminations	Total
ASSETS						
ASSETS						
Cash (claim on cash) and cash equivalents	604,909	346,320	(31,819)			919,410
Certificates of deposit	29,598					29,598
Taxes receivable	40,707	56,452	994	1,229		99,382
Restricted cash and cash equivalents	<u>110,544</u>	<u> </u>	<u> </u>	<u>67,796</u>	<u> </u>	<u>178,340</u>
15 TOTAL ASSETS	<u>785,758</u>	<u>402,772</u>	<u>(30,825)</u>	<u>69,025</u>	<u> </u>	<u>1,226,730</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	25,005		3,730	420		29,155
Accrued expenses	<u>5,211</u>	<u>2,778</u>	<u>4,601</u>	<u> </u>	<u> </u>	<u>12,590</u>
Total liabilities	<u>30,216</u>	<u>2,778</u>	<u>8,331</u>	<u>420</u>	<u> </u>	<u>41,745</u>
FUND BALANCES						
Restricted	110,544			68,605		179,149
Assigned		399,994				399,994
Unassigned (deficit)	<u>644,998</u>	<u> </u>	<u>(39,156)</u>	<u> </u>	<u> </u>	<u>605,842</u>
Total fund balances	<u>755,542</u>	<u>399,994</u>	<u>(39,156)</u>	<u>68,605</u>	<u> </u>	<u>1,184,985</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>785,758</u>	<u>402,772</u>	<u>(30,825)</u>	<u>69,025</u>	<u> </u>	<u>1,226,730</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Total fund balance - total governmental funds	1,184,985
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,682,606
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(127,471)
Property taxes not collected within 60 days of the end of the fiscal year are not included in the fund financial statements as they are not available to pay current-period expenditures.	4,881
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(8,278)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>2,736,723</u></u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Eliminations	Total
REVENUES						
Sales tax	267,034	195,334				462,368
Property tax	206,380		42,879	2,212		251,471
Franchise tax	93,271					93,271
State fuel and vehicle tax		81,042				81,042
Local fuel tax		53,867				53,867
Use tax		79,589				79,589
Licenses and permits	16,583					16,583
Charges for services	121		61,582			61,703
Intergovernmental revenue	184,480					184,480
Fines and court costs				13,581		13,581
Interest	6,754			99		6,853
Other	83,979	184	1,773	5,767		91,703
Total revenues	<u>858,602</u>	<u>410,016</u>	<u>106,234</u>	<u>21,659</u>	<u></u>	<u>1,396,511</u>
EXPENDITURES						
Current						
Administration	358,911					358,911
Public Safety	362,599					362,599
Museum	5,747					5,747
Library						
Recreation			168,089			168,089
Transportation		188,102				188,102
Municipal court				2,520		2,520

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Transportation Fund	Park Fund	Other Governmental Funds	Eliminations	Total
EXPENDITURES (Continued)						
Capital outlay	16,950	58,074				75,024
Debt principal		82,120		55,000		137,120
Debt interest and agent fees		1,544		6,258		7,802
Total expenditures	<u>744,207</u>	<u>329,840</u>	<u>168,089</u>	<u>63,778</u>	<u> </u>	<u>1,305,914</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>114,395</u>	<u>80,176</u>	<u>(61,855)</u>	<u>(42,119)</u>	<u> </u>	<u>90,597</u>
FUND BALANCES, beginning of year	<u>641,147</u>	<u>319,818</u>	<u>22,699</u>	<u>110,724</u>	<u> </u>	<u>1,094,388</u>
FUND BALANCES (DEFICIT), end of year	<u>755,542</u>	<u>399,994</u>	<u>(39,156)</u>	<u>68,605</u>	<u> </u>	<u>1,184,985</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	90,597
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Governmental funds report capital outlay as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by
which capital outlay exceeded depreciation in the current
period.

Capital outlay	75,024	
Depreciation	<u>(144,010)</u>	
		<u>(68,986)</u>

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	137,120
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Compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(10,178)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>148,553</u></u>
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See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Water	Sewer	Water and Sewer Bond Fund	Eliminations	Total
ASSETS					
Current assets					
Cash and cash equivalents	695,110	856,942			1,552,052
Inventory	12,000	1,000			13,000
Receivable, net of allowance for doubtful accounts					
Unbilled revenue	33,193	12,375			45,568
Accounts	66,720	24,333			91,053
Taxes			2,707		2,707
Total current assets	<u>807,023</u>	<u>894,650</u>	<u>2,707</u>		<u>1,704,380</u>
Restricted assets					
Cash and cash equivalents	176,155	149,602	138,160		463,917
Held by trustee	15,000				15,000
Certificates of deposit	<u>35,943</u>	<u>14,530</u>			<u>50,473</u>
Total restricted assets	<u>227,098</u>	<u>164,132</u>	<u>138,160</u>		<u>529,390</u>
Capital assets					
Land	98,947	24,675			123,622
Equipment	264,586	163,157			427,743
Water and sewer system	10,641,222	2,274,034			12,915,256
Less accumulated depreciation	<u>(3,776,633)</u>	<u>(1,386,785)</u>			<u>(5,163,418)</u>
Net capital assets	<u>7,228,122</u>	<u>1,075,081</u>			<u>8,303,203</u>
TOTAL ASSETS	<u>8,262,243</u>	<u>2,133,863</u>	<u>140,867</u>		<u>10,536,973</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Water	Sewer	Water and Sewer Bond Fund	Eliminations	Total
LIABILITIES					
Current liabilities					
Accounts payable	116,797				116,797
Interest payable	6,873				6,873
Accrued expenses	1,159	1,664			2,823
Customer deposits payable from restricted assets	112,953				112,953
Current portion of long-term debt	217,165				217,165
Total current liabilities	<u>454,947</u>	<u>1,664</u>			<u>456,611</u>
Noncurrent liabilities					
Compensated absences	775				775
Long-term debt, net of current portion	3,066,740				3,066,740
Total noncurrent liabilities	<u>3,067,515</u>				<u>3,067,515</u>
TOTAL LIABILITIES	<u>3,522,462</u>	<u>1,664</u>			<u>3,524,126</u>
NET POSITION					
Net investment in capital assets	3,944,217	1,075,081			5,019,298
Restricted	114,145	164,132	140,867		419,144
Unrestricted	681,419	892,986			1,574,405
TOTAL NET POSITION	<u>4,739,781</u>	<u>2,132,199</u>	<u>140,867</u>		<u>7,012,847</u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Water	Sewer	Water and Sewer Bond Fund	Eliminations	Total
REVENUES					
User charges	800,868	282,113			1,082,981
Solid waste service charges		94,911			94,911
Penalties	3,479				3,479
Miscellaneous	10,064				10,064
Total revenues	<u>814,411</u>	<u>377,024</u>	<u></u>	<u></u>	<u>1,191,435</u>
EXPENSES					
Salaries and benefits	19,143	15,946			35,089
Operating agreement	194,975				194,975
Chemicals	75,949				75,949
Repairs and maintenance	12,231	4,590			16,821
Insurance	5,304	6,188			11,492
Utilities	26,641	13,716			40,357
Professional services	4,091	3,628			7,719
Lab tests		48,648			48,648
Water purchases	578				578
Solid waste contract		94,296			94,296
Depreciation	220,493	43,383			263,876
Other operating expenses	27,535	5,696			34,009
Total expenses	<u>586,940</u>	<u>236,091</u>	<u></u>	<u></u>	<u>823,809</u>
OPERATING INCOME	<u>227,471</u>	<u>140,933</u>	<u></u>	<u></u>	<u>367,626</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Water	Sewer	Water and Sewer Bond Fund	Elimi- nations	Total
NONOPERATING REVENUES (EXPENSES)					
Interest income	505	159	27		691
Grants	319,680				319,680
Property taxes			4,289		4,289
Interest expense and fiscal fees	(58,039)				(58,039)
Transfers in	93,182			(93,182)	
Transfers out			(93,182)	93,182	
Total nonoperating revenues (expenses)	<u>355,328</u>	<u>159</u>	<u>(88,866)</u>		<u>266,621</u>
CHANGE IN NET POSITION	582,799	141,092	(88,866)		635,025
NET POSITION, beginning of year	<u>4,156,982</u>	<u>1,991,107</u>	<u>229,733</u>		<u>6,377,822</u>
NET POSITION, end of year	<u><u>4,739,781</u></u>	<u><u>2,132,199</u></u>	<u><u>140,867</u></u>		<u><u>7,012,847</u></u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Water	Sewer	Water and Sewer Bond Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	807,603	381,076		1,188,679
Cash payments for materials and services	(339,485)	(176,746)		(516,231)
Cash payments to personnel	<u>(19,143)</u>	<u>(15,946)</u>		<u>(35,089)</u>
Net cash provided by operating activities	<u>448,975</u>	<u>188,384</u>		<u>637,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in certificates of deposit	(126)	(91)		(217)
Cash received from interest	<u>505</u>	<u>159</u>	<u>27</u>	<u>691</u>
Net cash provided by investing activities	<u>379</u>	<u>68</u>	<u>27</u>	<u>474</u>
CASH FLOWS FROM NONCAPITAL FINANCING				
Cash received from taxes			<u>4,289</u>	<u>4,289</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(383,282)	(36,635)		(419,917)
Grant receipts	327,387			327,387
Interest and fees paid on revenue bonds	(58,039)			(58,039)
Cash paid for long-term debt	(215,819)			(215,819)
Transfers to/from other funds	<u>93,182</u>		<u>(93,182)</u>	
Net cash used in capital and related financing activities	<u>(236,571)</u>	<u>(36,635)</u>	<u>(93,182)</u>	<u>(366,388)</u>

CITY OF HAMILTON, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Water	Sewer	Water and Sewer Bond Fund	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,783	151,817	(88,866)	275,734
CASH AND CASH EQUIVALENTS, beginning of year	<u>658,482</u>	<u>854,727</u>	<u>227,026</u>	<u>1,740,235</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>871,265</u></u>	<u><u>1,006,544</u></u>	<u><u>138,160</u></u>	<u><u>2,015,969</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	<u>227,471</u>	<u>140,933</u>		<u>368,404</u>
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	220,493	43,383		263,876
(Increase) decrease in the following assets				
Accounts receivable	3,256	4,052		7,308
Increase (decrease) in the following liabilities				
Accounts payable	(2,832)			(2,832)
Accrued expenses	(20)	16		(4)
Meter deposits	<u>607</u>			<u>607</u>
Total adjustments	<u>221,504</u>	<u>47,451</u>		<u>268,955</u>
Net cash provided by operating activities	<u><u>448,975</u></u>	<u><u>188,384</u></u>		<u><u>637,359</u></u>

See accompanying notes to basic financial statements.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Hamilton, Missouri (the City), is a fourth-class city that operates under Missouri state statutes and is governed by an elected Board of Aldermen and an elected Mayor. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City of Hamilton, Missouri, provides a range of municipal services, including general government administration, public safety, recreation, street maintenance, and waterworks and sewerage.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units*. For financial reporting purposes, the City includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the City.

Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

Government-Wide and Fund Financial Statements

The statement of net position and statement of activities report information on the City as a whole. They include all funds of the City. The effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect costs.

Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental,

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

proprietary, and fiduciary, even though the latter are excluded from the government-wide financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

The funds of the City are described below:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position. The following are the City's governmental fund types:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned to expenditures for specified purposes.

Major Special Revenue Funds

Transportation Fund - Established to account for the maintenance of the City's streets and financed primarily through intergovernmental road tax.

Park Fund - This fund administers all operating revenues and expenditures associated with the parks department including the swimming pool and ball fields.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds (Continued)

Nonmajor Special Revenue Funds

Economic Development Fund - Accounts for revenues received and expenditures paid for the purpose of economic development.

Municipal Court Fund - Administers all court fines and fees.

Debt Service Fund - Used to account for the accumulation of resources for and the payments of long-term debt principal, interest, and related costs.

Proprietary Fund Types

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income.

The Water and Sewer Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing water and sewer services on a continuing basis be financed or recovered primarily through user charges or where the periodic determination of net income or loss is deemed appropriate.

The Water and Sewer Bond Fund accounts for collections of property taxes which are used to transfer to the Water Fund for the payment of bonds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Grant revenues' availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured, and payment is due.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the City's Water and Sewer Funds are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

Cash consists of amounts in demand deposits, savings accounts, and money market accounts. The City considers all highly liquid investments maturing within three months to be cash equivalents.

The City is authorized to invest in U.S. Treasury obligations, U.S. government agency securities, and instruments of government-sponsored corporations, certificates of deposit at commercial banks and S & L Association Management, Inc., and repurchase agreements. Investments are reported at fair value.

Inventories

Inventories, consisting of materials and supplies, are reported in the proprietary funds. They are valued at the lower of cost or net realizable value being determined on a first in, first out (FIFO) basis. Cost is determined using the estimated replacement cost basis which approximates actual cost.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

The City of Hamilton, Missouri, recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided for possible uncollectible accounts.

Capital Assets

Under GASB Statement 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the City) are defined as assets with an estimated useful life greater than one year. Donated fixed assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5 - 15 years
Improvements	10 - 20 years
Buildings	30 - 60 years
Infrastructure	5 - 60 years
Water and sewer system	40 - 65 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based upon length of service. Unused vacation or sick leave can be rolled forward, but employees must use all accrued annual leave within the year following the anniversary date. No cash reimbursements will be made for days that exceed the carryover policy.

Any employee who is entitled to annual leave and leaves the City in good standing or whose services have been otherwise terminated can receive reimbursement for all such accrued vacation leave and paid on the same basis as regular employees remaining in the service. The City does allow for an exception in the payout of accrued leave in cases of proven theft, destruction, or willful abuse of City property.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

Unused vacation and sick pay as of June 30, 2023, is accrued as a liability on the government-wide statement of net position in the amounts of \$8,278 for the governmental activities and \$775 for the business-type activities.

Long-Term Debt

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds.

The governmental fund financial statements recognize the proceeds and payments of debt as other financing sources and uses of the current period. Issuance costs are reported as expenditures.

Equity Classification

Government-Wide Statements

Equity is classified as net position and displayed in three components:

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 improvement of those assets.

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position consists of net assets that do not meet the definition of restricted.

It is the City's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form, or (b) are legally or contractually required to be maintained intact. The City currently has no amounts classified in this category.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to the City Clerk through the budgetary process.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Unassigned

This classification includes the residual fund balance for the General Fund as it is the only fund that reports a positive, unassigned fund balance. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative, unassigned fund balance in that fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Interfund receivables and payables between funds are eliminated in the statement of net position.

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets.

Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

Billings for sewer revenues are rendered monthly. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 2. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments at June 30, 2023, consisted of the following:

	Business-Type Activities
Depreciation and replacement accounts	138,160
Held by trustee	15,000
Debt service	263,277
Meter deposits	<u>112,953</u>
	<u>529,390</u>
	Governmental Activities
Debt service	16,419
Federal programs	110,544
Municipal court	<u>51,377</u>
	<u>178,340</u>

NOTE 3. CASH AND CERTIFICATES OF DEPOSIT

The state of Missouri authorizes the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledges have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by state statutes and approved by the State.

Bond covenants authorize the City utility funds to invest in direct obligations of, or obligations that the principal of and interest on, which are unconditionally guaranteed by, the United States of America in other obligations in which public funds are permitted to be invested under Missouri laws.

Interest Rate Risk - In accordance with its investment policy, the City manages its exposure to declines in fair values by holding investments to maturity.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. CASH AND CERTIFICATES OF DEPOSIT (Continued)

Custodial Credit Risk - This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2023, all of the City's deposits with financial institutions were fully insured or collateralized by securities held in the City's name in the form of joint safekeeping receipts. It is the City's policy to require depositories to provide pledged securities to cover deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits.

Concentration of Credit Risk - The City places no limit on the amount the City may invest in any one issuer.

NOTE 4. RECEIVABLES

Taxes receivables include property, sales, and franchise taxes.

Accounts receivable in the Water and Sewer Funds reflect customer accounts receivable which have been billed by year end and also for unbilled revenue for services rendered prior to year-end but billed in the next fiscal year.

NOTE 5. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations.

Fines and costs for minor traffic violations	13,581
Annual general operating revenues	273,066
Fines and costs for minor traffic violations as a percentage of annual general operating revenues	4.97%

NOTE 6. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Construction in progress	31,746			31,746
Land	6,517			6,517
Total capital assets, not being depreciated	<u>38,263</u>			<u>38,263</u>
Capital assets, being depreciated				
Equipment	576,841	50,372		627,213
Buildings and land improvements	1,750,038	24,652		1,774,690
Infrastructure	1,299,462			1,299,462
Total capital assets, being depreciated	<u>3,626,341</u>	<u>75,024</u>		<u>3,701,365</u>
Less accumulated depreciation for				
Equipment	514,483	15,238		529,721
Buildings and land improvements	1,165,306	51,246		1,216,552
Infrastructure	233,222	77,527		310,749
Total accumulated depreciation	<u>1,913,011</u>	<u>144,011</u>		<u>2,057,022</u>
Governmental activities capital assets, net	<u>1,719,847</u>	<u>(68,987)</u>		<u>1,682,606</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Construction in progress	3,990,529	361,643	(4,352,172)	
Land	123,622			123,622
Total capital assets, not being depreciated	<u>4,114,151</u>	<u>361,643</u>	<u>(4,352,172)</u>	<u>123,622</u>
Capital assets, being depreciated				
Equipment	369,471	58,272		427,743
Buildings	255,000			255,000
Water and sewer system	8,308,084	4,352,172		12,660,256
Total capital assets, being depreciated	<u>8,932,555</u>	<u>4,410,444</u>		<u>13,342,999</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (Continued)

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Less accumulated depreciation for				
Equipment	312,730	10,545		323,275
Buildings	255,000			255,000
Water and sewer system	4,331,812	253,331		4,585,143
Total accumulated depreciation	<u>4,899,542</u>	<u>263,876</u>		<u>5,163,418</u>
Business-type activities capital assets, net	<u>8,147,164</u>	<u>4,508,211</u>	<u>(4,352,172)</u>	<u>8,303,203</u>

The following table summarizes the depreciation by function for the year ended June 30, 2023:

	Governmental Activities	Business-Type Activities
Administration	8,321	
Public Safety	9,368	
Recreation	44,553	
Transportation	81,769	
Water		220,493
Sewer		43,383
Total	<u>144,011</u>	<u>263,876</u>

NOTE 8. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended June 30, 2023, consisted of the following:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due in One Year
General Obligation Bonds	175,000		55,000	120,000	60,000
Capital leases	89,591		82,120	7,471	7,471
	<u>264,591</u>		<u>137,120</u>	<u>127,471</u>	<u>67,471</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

General Obligation Bonds

In May 2015, the City secured funding totaling \$500,000 for swimming pool improvements from General Obligation Bonds. Under the terms of the bond agreement, payments are due annually in installments ranging from \$40,000 - \$60,000 commencing on March 1, 2016. The bonds have a variable interest rate of 0.90% - 3.20% with payments due semi-annually on March 1 and September 1. Debt service requirements to maturity of these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	60,000	3,780	63,780
2025	60,000	1,920	61,920
Total	<u>120,000</u>	<u>5,700</u>	<u>125,700</u>

Capital Leases

On April 1, 2018, the City entered into a capital lease totaling \$386,000 to fund street improvements. Under the terms of this lease, interest was calculated at 3.00% and monthly payments of \$6,972 were due for a total of 60 months.

Future minimum payments for the lease funding street improvements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	<u>7,471</u>	<u>54</u>	<u>7,525</u>

Business-Type Activities

Changes in the debt for the year ended June 30, 2023, consisted of the following:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due in One Year
General Obligation Bonds	185,000		82,500	102,500	32,500
Refunding Revenue Bonds	170,000		60,000	110,000	110,000
Revenue Bonds	2,595,171		58,551	2,536,620	59,262
WW & SS Revenue Bonds - USDA	549,553		14,768	534,785	15,403
	<u>3,499,724</u>		<u>215,819</u>	<u>3,283,905</u>	<u>217,165</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds

On November 15, 2021, the City issued a \$1,680,000 Combined Waterworks and Sewerage System Revenue Bond - Series C, with an interest rate at 1.25%. Monthly payments of \$4,965 including interest are required until maturity in 2056. In addition, monthly transfers are required into a debt service reserve for \$594 until fully funded at \$71,280 and monthly transfers are required into an equipment replacement reserve for \$594 for the life of the debt.

On November 15, 2021, the City issued a \$819,000 Combined Waterworks and Sewerage System Revenue Bond - Series D, with an interest rate at 1.125%. Monthly payments of \$2,371 including interest are required until maturity in 2056. In addition, monthly transfers are required into a debt service reserve for \$238 until fully funded at \$28,560 and monthly transfers are required into an equipment replacement reserve for \$238 for the life of the debt.

Waterworks Revenue Bonds, Series 2013A were issued in February 2013. The City is required to make semi-annual interest payments at a rate of 3.60% in June and December of each year. Principal payments on the debt are not due until June 2025 and June 2026.

Future debt service requirements are as follows:

Revenue Bonds				
Year Ending	Principal		Interest	Total
June 30,	2021 C & D	2013 A		
2024	58,502		33,450	91,952
2025	29,209	65,000	32,729	126,938
2026	59,924	65,000	29,661	154,585
2027	60,648		26,583	87,231
2028	61,381		26,636	88,017
2029 - 2033	318,216		121,529	439,745
2034 - 2038	337,919		101,689	439,608
2039 - 2043	358,844		80,608	439,452
2044 - 2048	381,070		58,212	439,282
2049 - 2053	404,674		34,418	439,092
2054 - 2057	336,233		13,265	349,498
Total	<u>2,406,620</u>	<u>130,000</u>	<u>558,780</u>	<u>3,095,400</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

General Obligation Bonds (Continued)

On July 1, 2007, the City issued \$385,000 in General Obligation Bonds through the State Revolving Fund Program (SRF). The debt is scheduled to mature January 2026. Principal payments are due yearly in amounts ranging from \$5,000 - \$35,000. The debt carries an interest rate of 4.00% - 5.00% over the term of the loan with interest payments due semi-annually in January and July.

Future debt service requirements for these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	32,500	5,000	37,500
2025	35,000	3,225	38,225
2026	35,000	1,750	36,750
Total	<u>102,500</u>	<u>9,975</u>	<u>112,475</u>

Waterworks Refunding Revenue Bonds

On June 18, 2012, the City issued \$685,000 in Waterworks Refunding Bonds. Principal payments are due annually through 2025. The debt carries a variable interest rate between 1.25% - 4.00% and requires semi-annual interest payments due in June and December of each year through maturity in 2024.

Future minimum payments required for principal and interest for this debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	<u>110,000</u>	<u>4,400</u>	<u>114,400</u>

Combined Waterworks and Sewerage System Revenue Bonds

On December 1, 2014, the City issued \$652,000 worth of Combined Waterworks and Sewerage System Revenue Bonds, Series B. These bonds require annual payments of principal and interest of \$26,602 due in December of each year through maturity in 2049. Interest is set at 2.125% for the term of the loan and principal payments fluctuate based on the amount of interest paid.

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Combined Waterworks and Sewerage System Revenue Bonds (Continued)

The schedule below shows the future minimum debt payments required for the Combined Waterworks and Sewerage System Revenue Bonds, Series B:

Years Ending June 30,	Principal	Interest	Total
2024	15,403	11,199	26,602
2025	15,730	10,872	26,602
2026	16,064	10,538	26,602
2027	16,406	10,196	26,602
2028	16,754	9,848	26,602
2029 - 2033	89,265	43,745	131,152
2034 - 2038	99,162	33,848	133,010
2039 - 2043	110,154	22,856	133,010
2044 - 2048	122,367	10,643	133,010
2049	33,480	3,256	36,736
Total	<u>534,785</u>	<u>167,001</u>	<u>699,928</u>

NOTE 9. INTERFUND TRANSACTIONS

Interfund transactions as reflected either as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds." All other interfund transactions are treated as transfers. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers within the year ended June 30, 2023, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>
	Water and Sewer Bond
Water Fund	<u>93,182</u>

CITY OF HAMILTON, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation was as follows:

Real estate	15,419,173
Personal property	<u>4,815,510</u>
Total	<u>20,234,683</u>

The tax levy per \$100 of assessed valuation of tangible, real, and personal property for the calendar year 2022 was as follows:

General Fund	0.9146
Library Fund	0.2985
Park Fund	<u>0.2469</u>
	<u>1.4600</u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1, become delinquent January 1 of the following year.

NOTE 11. RETIREMENT PLANS

The City established a Section 457 retirement plan for employees meeting certain requirements, including completion of one year of employment. The city matches employee elected contributions up to 8.0% of employees' gross pay. Total contributions for the year ending June 30, 2023, were \$10,829.

NOTE 12. DEFICIT FUND BALANCE

At June 30, 2023, the Park Fund has a deficit balance of \$39,156. The City plans to restore the balance from the collection future revenues and reduction of expenses.

NOTE 13. SUBSEQUENT EVENT

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 25, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales tax	275,000	275,000	267,034	(7,966)
Property taxes	220,000	220,000	206,380	(13,620)
Franchise tax	105,000	105,000	93,271	(11,729)
Licenses and permits	11,730	11,730	16,583	4,853
Charges for services	2,480	2,480	121	(2,359)
Intergovernmental revenue	199,595	199,595	184,480	(15,115)
Interest	1,575	1,575	6,754	5,179
Other	47,370	47,370	83,979	36,609
Total revenues	<u>862,750</u>	<u>862,750</u>	<u>858,602</u>	<u>(4,148)</u>
EXPENDITURES				
Administration	252,900	252,900	358,911	(106,011)
Public Safety	352,750	352,750	362,599	(9,849)
Museum	6,200	6,200	5,747	453
Library	52,500	52,500		52,500
Transfer out	180,400	180,400		180,400
Capital outlay	18,000	18,000	16,950	1,050
Total expenditures	<u>862,750</u>	<u>862,750</u>	<u>744,207</u>	<u>118,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			114,395	
FUND BALANCE, beginning of year			<u>641,147</u>	
FUND BALANCE, end of year			<u>755,542</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HAMILTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Sales tax	240,000	240,000	195,334	(44,666)
Fuel and vehicle tax	71,500	71,500	81,042	9,542
Use tax	55,000	55,000	79,589	24,589
Local fuel tax	50,000	50,000	53,867	3,867
Interest	250	250		(250)
Transfers in	256,387	256,387		(256,387)
Other	2,000	2,000	184	(1,816)
Total revenues	<u>675,137</u>	<u>675,137</u>	<u>410,016</u>	<u>(265,121)</u>
EXPENDITURES				
Transportation	183,150	183,150	188,102	(4,952)
Capital outlay	407,987	407,987	58,074	349,913
Lease payments	84,000	84,000	82,120	1,880
Debt interest and agent fees			1,544	(1,544)
Total expenditures	<u>675,137</u>	<u>675,137</u>	<u>329,840</u>	<u>345,297</u>
EXCESS OF REVENUES OVER EXPENDITURES			80,176	
FUND BALANCE, beginning of year			<u>319,818</u>	
FUND BALANCE, end of year			<u>399,994</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HAMILTON, MISSOURI
BUDGETARY COMPARISON SCHEDULE
PARK FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property tax	46,000	46,000	42,879	(3,121)
Charges for services	45,000	45,000	61,582	16,582
Transfers from reserve	<u>2,850</u>	<u>2,850</u>	<u>1,773</u>	<u>(1,077)</u>
Total revenues	<u>93,850</u>	<u>93,850</u>	<u>106,234</u>	<u>12,384</u>
EXPENDITURES				
Recreation	<u>93,850</u>	<u>93,850</u>	<u>168,089</u>	<u>(74,239)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			(61,855)	
OTHER FINANCING SOURCES				
Transfers in	<u>19,193</u>	<u>19,193</u>	<u> </u>	<u>(19,193)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES			(61,855)	
FUND BALANCE, beginning of year			<u>22,699</u>	
FUND BALANCE (DEFICIT), end of year			<u>(39,156)</u>	

See accompanying notes to budgetary comparison schedules.

CITY OF HAMILTON, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES

NOTE 1. BUDGETARY INFORMATION

Budgets for the City are prepared and adopted on the same basis of accounting as the fund financial statements. The City performs the following procedures in establishing the budget:

The City Administrator submits to the Board of Aldermen a proposed budget for the following fiscal year.

Prior to the beginning of the next fiscal year, the budget is legally enacted through the passage of an ordinance.

Any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. The fund level constitutes the City's legal level of budgetary control. Reported budgeted amounts are as originally adopted and amended by resolution.

Appropriations lapse at fiscal year-end but may be re-appropriated in the following fiscal year.

Budgets are prepared on the modified accrual basis of accounting which corresponds with the governmental fund financial statements.

Actual expenditures may not legally exceed the budgeted fund.

Actual expenditures exceeded budgeted amounts in the City's Park Fund.

SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Debt Service Fund	Municipal Court Fund	Total
ASSETS			
ASSETS			
Restricted assets			
Cash and cash equivalents	16,419	51,377	67,796
Taxes receivable	<u>1,229</u>	<u> </u>	<u>1,229</u>
TOTAL ASSETS	<u>17,648</u>	<u>51,377</u>	<u>69,025</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	<u> </u>	<u>420</u>	<u>420</u>
FUND BALANCES			
Restricted	<u>17,648</u>	<u>50,957</u>	<u>68,605</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>17,648</u>	<u>51,377</u>	<u>69,025</u>

CITY OF HAMILTON, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	Debt Service Fund	Municipal Court Fund	Total
REVENUES			
Taxes	2,212		2,212
Fines and court costs		13,581	13,581
Interest	79	20	99
Other		5,767	5,767
Total revenues	<u>2,291</u>	<u>19,368</u>	<u>21,659</u>
EXPENDITURES			
Recreation			
Municipal court		2,520	2,520
Debt principal	55,000		55,000
Debt interest and fees	6,258		6,258
Total expenditures	<u>61,258</u>	<u>2,520</u>	<u>63,778</u>
NET CHANGE IN FUND BALANCES	(58,967)	16,848	(42,119)
FUND BALANCE, beginning of year	<u>76,615</u>	<u>34,109</u>	<u>110,724</u>
FUND BALANCES, end of year	<u>17,648</u>	<u>50,957</u>	<u>68,605</u>



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and Board of Aldermen
City of Hamilton, 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 Hamilton, Missouri, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hamilton, Missouri's basic financial statements and have issued our report thereon dated February 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Hamilton, Missouri's internal control over financial reporting (internal control) as a basis for designing 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 of Hamilton, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hamilton, Missouri's internal control.

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

Our consideration of internal control 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hamilton, Missouri'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 one instance of noncompliance that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-004.

The City of Hamilton, Missouri's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Hamilton, Missouri's responses to the findings identified in our audit that are described in the accompanying schedule of findings and responses. The City of Hamilton, Missouri's responses were not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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 of Hamilton, Missouri'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 of Hamilton, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana J Cole+Company, LLP

Grandview, Missouri
February 25, 2025

CITY OF HAMILTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2023-001 SEGREGATION OF DUTIES

Criteria

Internal controls should be in place to safeguard against possible loss or misuse of funds and to provide reasonable assurance that all transactions are accounted for properly and all assets are adequately safeguarded.

Condition

Due to the number of personnel and the size of the City, there is limited segregation of duties over accounting functions. The same individuals record transactions, reconcile the bank statements, maintain the water billing system, and manages the general ledger functions. Administrative personnel have access to cash receipts, preparing checks, recording transactions, and making deposits.

Cause

The City has a limited number of personnel involved in the accounting function, thus limiting its internal control procedures.

Potential Effect

Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting.

Recommendation

We recommend that the City monitor and evaluate its internal controls with the use of limited personnel and to provide as much segregation of duties as determined to be feasible within its operations.

City's Response

The size and budget of the City of Hamilton, Missouri, limits the application of adequate segregation of duties.

CITY OF HAMILTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2023-002 MAINTENANCE/RECONCILIATION OF GENERAL LEDGER ACCOUNTS AND RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including maintaining and reconciling general ledger accounts, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

Management should possess the ability to maintain and reconcile general ledger accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors.

Cause

City personnel do not obtain the expertise necessary to provide the auditors with a trial balance adjusted in accordance with accounting principles generally accepted in the United States of America and to draft the year-end financial statements, supplementary information, and notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries and the adequacy of financial statement disclosures prepared by the auditors and apply analytical procedures to the draft financial statements to ensure that all assets and liabilities of the City are recorded, among other procedures as considered necessary by management.

City's Response

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments. The City also uses analytical procedures among other procedures necessary to complete the management's discussion and analysis.

CITY OF HAMILTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2023-003 ORGANIZATION OF RECORDS TO SUPPORT POSTED TRANSACTIONS

Criteria

Each transaction posted to general ledger accounts should be supported by documentation that can be obtained and readily available.

Condition

During the testing of our audit procedures, certain requested documentation was not readily available to support the posted transaction and required the need to search for the information or obtain such information from other sources. It also included the need to perform alternative procedures in certain cases to determine the proper treatment of the transaction.

Cause

City personnel in keys areas of the administrative department changed multiple times.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be supported with proper documentation.

Recommendation

We recommend that the City review its record retention policies to ensure transactions and account balances are properly supported with adequate documentation.

City's Response

The City is working with current staff to ensure financial records are properly recorded and supported with adequate documentation.

2023-004 BUDGETARY CONTROLS

Criteria

Section 67.010, RSMo requires that a budget present a complete financial plan for the ensuing budget year. Additionally, Section 67.080, RSMo, states that no disbursement of public monies should be made unless it is authorized within the budget and Section 67.040, RSMo, allows for budget increases if the governing body adopts a resolution detailing the facts and circumstances for the budget amendment.

Condition

As shown in the required supplementary information, the City's actual disbursements exceeded budgeted disbursements in the Park Fund.

CITY OF HAMILTON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

2023-004 BUDGETARY CONTROLS (Continued)

Cause

The budget was not amended from its original form when additional expenditures were paid.

Potential Effect

The potential effect can lead to non-compliance with State Statutes and overspending could allow for a fund to result in a deficit balance.

Recommendation

We recommend that the City implement procedures to ensure all sources of revenue are included in the budget and adequately monitor budget to actual disbursements to ensure disbursements do not exceed budgeted funds.

City's Response

The City is working with current staff to ensure financial records are properly recorded and compared to the budget and, if necessary, conduct the proper procedures for amending the budget.

CITY OF HAMILTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

2022-001 SEGREGATION OF DUTIES

Due to the limited number of personnel, and size of the City, there is limited segregation of duties over accounting functions. The same individuals record transactions, reconcile the bank statements, maintain the water billing system, and manages the general ledger functions. Administrative personnel have access to cash receipts, preparing checks, recording transactions, and making deposits. This is a continued finding as noted in item 2023-001.

2022-002 MAINTENANCE/RECONCILIATION OF GENERAL LEDGER ACCOUNTS AND RELIANCE UPON THE AUDITOR

Management should possess the ability to maintain and reconcile general ledger accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. This is a continued finding as noted in item 2023-002.