CITY OF CARTERVILLE, MISSOURI

BASIC FINANCIAL STATEMENTS
(MODIFIED CASH BASIS)
WITH SUPPLEMENTARY DATA
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED

OCTOBER 31, 2024

CONTENTS

Decker & Pace
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
City of Carterville, Missouri

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information, of the City of Carterville, Missouri, as of and for the year ended October 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Carterville, Missouri'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 modified cash basis financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Carterville, Missouri, as of October 31, 2024, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

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 the Financial Statements section of our report. We are required to be independent of the City of Carterville, 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.

Emphasis of Mater-Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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 opinions. 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 include examining, on a test basis, evidence regarding the amounts 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 Carterville, 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 Carterville, 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.

Other Matters

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carterville, Missouri's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards 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, 2026, on our consideration of the City of Carterville, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Carterville, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Carterville, Missouri's internal control over financial reporting and compliance.

Decker & Pace LLC

Decker & Pace, LLC
Springfield, Missouri
February 25, 2026

CITY OF CARTERVILLE, MISSOURI
STATEMENT OF NET POSITION
(MODIFIED CASH BASIS)
OCTOBER 31, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 560,176	$ 18,438	$ 578,614
Noncurrent assets			
Construction in progress	109,781	29,094	138,875
Property, plant, and equipment			
(Net of accumulated depreciation)	1,157,125	1,776,254	2,933,379
Total noncurrent assets	1,266,906	1,805,348	3,072,254
TOTAL ASSETS	1,827,082	1,823,786	578,614
LIABILITIES			
Current Liabilities			
Current portion of long-term debt	111,552	78,965	190,517
Total current liabilities	111,552	78,965	190,517
Long-term debt			
Revenue bonds	-	1,360,000	1,360,000
Meter loan	-	299,038	299,038
GO Bond	225,000	-	225,000
Street loan	48,769	-	48,769
Total long-term liabilities	273,769	1,659,038	1,932,807
TOTAL LIABILITIES	385,321	1,738,003	2,123,324
NET POSITION			
Net investment in capital assets	881,585	67,345	948,930
Restricted	-	227,947	227,947
Unrestricted (Deficit)	560,176	(209,509)	350,667
Total Net Position	$ 1,441,761	$ 85,783	$ 1,527,544

See accompanying notes to the basic financial statements.

CITY OF CARTERVILLE, MISSOURI
STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED OCTOBER 31, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	$ 458,658	$ 28,939	$ 191,806	$ -	$ (237,913)	$ -	$ (237,913)
Public safety							
Police	257,774	82,507	25,072	-	(150,195)	-	(150,195)
Court	58,840	-	-	-	(58,840)	-	(58,840)
Sanitation	120,388	144,904	-	-	24,516	-	24,516
Park	19,415	2,565	11,780	-	(5,070)	-	(5,070)
Streets	132,658	-	18,919	506,030	392,291	-	392,291
Capital improvement	4,212	-	-	-	(4,212)	-	(4,212)
Debt service	10,228	-	-	-	(10,228)	-	(10,228)
Total governmental activities	1,047,733	258,915	247,577	506,030	(49,651)	-	(49,651)
Business-type activities:							
Utility fund	700,159	916,066	12,000	-	-	227,907	227,907
Total business-type activities	700,159	916,066	12,000	-	-	227,907	227,907
Total Government	$ 1,747,892	$1,174,981	$ 259,577	$ 506,030	(49,651)	227,907	178,256

	Governmental Activities	Business-type Activities	Total
General Revenues and transfers			
Taxes:			
Property taxes for general purposes	92,712	-	92,712
Property taxes for debt service purposes	72,604	-	72,604
Franchise taxes	132,690	-	132,690
Sales taxes	296,897	-	296,897
Missouri motor fuel taxes	98,112	-	98,112
Interest on investments	79,564	-	79,564
Insurance recoveries	236,481	-	236,481
Gain on sale of assets	2,265	-	2,265
Miscellaneous	14,972	56,839	71,811
Transfers	53,115	(53,115)	-
Total general revenues and transfers	1,079,412	3,724	1,083,136
Change in net position	1,029,761	231,631	1,261,392
Net position beginning	412,000	(145,848)	266,152
Net position ending	$ 1,441,761	$ 85,783	$1,527,544

See accompanying notes to the basic financial statements.

CITY OF CARTERVILLE, MISSOURI
BALANCE SHEET
(MODIFIED CASH BASIS)
OCTOBER 31, 2024

	General Fund	Street Fund	Debt Service Fund	Nonmajor Fund Capital Improvement Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 357,379	$ 32,734	$ 137,580	$ 32,483	$ 560,176
TOTAL ASSETS	$ 357,379	$ 32,734	$ 137,580	$ 32,483	$ 560,176
FUND BALANCES					
Fund Balances -					
Restricted-					
Streets	$ -	$ 32,734	$ -	$ -	$ 32,734
Capital Improvements	-	-	-	32,483	32,483
Debt Service	-	-	137,580	-	137,580
Unassigned	357,379	-	-	-	357,379
TOTAL FUND BALANCES	$ 357,379	$ 32,734	$ 137,580	$ 32,483	$ 560,176

Reconciliation to Statement of Net Position

Total Fund Balances - Total Government Funds	$ 560,176
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	1,266,906
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(385,321)
Net position of governmental activities	$ 1,441,761

See accompanying notes to the basic financial statements.

CITY OF CARTERVILLE, MISSOURI

STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED OCTOBER 31, 2024

	General Fund	Street Fund	Debt Service Fund	Nonmajor Fund Capital Improvement Fund	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 92,712	$ -	$ 72,604	$ -	$ 165,316
Franchise taxes	132,690	-	-	-	132,690
Sales & Use taxes	201,665	38,249	-	56,983	296,897
Intergovernmental revenue:					
Missouri motor fuel taxes	-	98,112	-	-	98,112
Licenses & permits	22,972	-	-	-	22,972
Fines & fees	82,507	-	-	-	82,507
Sanitation fees	144,904	-	-	-	144,904
Interest	78,988	576	-	-	79,564
Grants	220,476	524,949	-	-	745,425
Rent	8,532	-	-	-	8,532
Donations	8,182	-	-	-	8,182
Miscellaneous	14,460	512	-	-	14,972
Total Revenues	1,008,088	662,398	72,604	56,983	1,800,073
EXPENDITURES					
Current:					
General government	452,369	-	-	-	452,369
Public Safety					
Police	246,451	-	-	-	246,451
Court	58,840	-	-	-	58,840
Sanitation	120,388	-	-	-	120,388
Park	15,144	-	-	-	15,144
Streets	-	112,504	-	-	112,504
Capital outlay	276,976	571,581	-	-	848,557
Debt Service					
Principal	-	-	60,000	49,871	109,871
Interest & fees	-	-	10,228	4,212	14,440
Total Expenditures	1,170,168	684,085	70,228	54,083	1,978,564
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(162,080)	(21,687)	2,376	2,900	(178,491)
OTHER FINANCING SOURCES (USES)					
Transfer in	58,894	-	70,144	-	129,038
Transfer (out)	(4,855)	(54,952)	-	(16,116)	(75,923)
Sale of assets	2,265	-	-	-	2,265
Insurance recoveries	236,481	-	-	-	236,481
Total other financing sources (uses)	292,785	(54,952)	70,144	(16,116)	291,861
NET CHANGE IN FUND BALANCE	130,705	(76,639)	72,520	(13,216)	113,370
FUND BALANCE - BEGINNING	226,675	109,372	65,060	45,699	446,806
FUND BALANCE - ENDING	$ 357,380	$ 32,733	$ 137,580	$ 32,483	$ 560,176

See accompanying notes to the basic financial statements.

CITY OF CARTERVILLE, MISSOURI
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED OCTOBER 31, 2024

Net change in fund balances--local governmental funds	$ 113,370
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays 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	
Capital outlays	848,557
Depreciation expense	(42,037)
Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.	
Principal paid	109,871
Change in net position of governmental activities	$ 1,029,761

See accompanying notes to the basis financial statements.

CITY OF CARTERVILLE, MISSOURI

STATEMENT OF NET POSITION
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
OCTOBER 31, 2024

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 18,438
Noncurrent assets:	
Construction in progress	29,094
Property, plant, and equipment	
(Net of accumulated depreciation)	1,776,254
Total noncurrent assets	1,805,348
TOTAL ASSETS	1,823,786
LIABILITIES	
Current Liabilities	
Current portion of long-term debt	78,965
Total current liabilities	78,965
Long-term debt:	
Revenue bonds	1,360,000
Meter loan	299,038
Total long-term liabilities	1,659,038
TOTAL LIABILITIES	1,738,003
NET POSITION	
Net investment in capital assets	67,345
Restricted	227,947
Unrestricted (deficit)	(209,509)
TOTAL NET POSITION	$ 85,783

See accompanying notes to the basic financial statements.

CITY OF CARTERVILLE, MISSOURI

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION -
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR OCTOBER 31, 2024

	Utility Fund
OPERATING REVENUES:	
Charges for Services	$ 916,066
Connection charges and miscellaneous income	56,839
Total Operating Revenues	972,905
OPERATING EXPENSES:	
Dues and subscriptions	867
Contract labor	135,693
Depreciation	27,743
Group insurance and benefits	4,611
Lab testing	1,820
Miscellaneous	2,704
Office supplies and postage	8,085
Payroll taxes	17,306
Professional fees	2,554
Repairs & maintenance	98,254
Salaries	193,246
Supplies	64,027
Telephone	2,722
Utilities	71,385
Vehicle expense	10,187
Total Operating Expenses	641,204
OPERATING INCOME	331,701
NON-OPERATING (EXPENSES):	
Interest expense & agents fees	(58,955)
Total Non-Operating (Expenses)	(58,955)
NET INCOME BEFORE GRANTS & TRANSFERS	272,746
Grants	12,000
Transfer (out)	(53,115)
CHANGE IN NET POSITION	231,631
TOTAL NET POSITION - BEGINNING	(145,848)
TOTAL NET POSITION - ENDING	$ 85,783

See accompanying notes to the basic financial statements.

CITY OF CARTERVILLE, MISSOURI

STATEMENT OF CASH FLOWS
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2024

	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 972,905
Payments to suppliers	(398,298)
Payments to employees	(215,163)
Net Cash Provided by Operating Activities	359,444
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer (out)	(53,115)
Net Cash (used for) Noncapital Financing Activities	(53,115)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(1,026,461)
Grants	12,000
Payment of Principal	(76,997)
Payment of Interest & fees	(58,955)
Net Cash (Used for) Capital and Related Financing Activities	(1,150,413)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(790,969)
BALANCE - BEGINNING OF THE YEAR	809,407
BALANCE - END OF THE YEAR	$ 18,438
SUMMARY OF CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	$ 18,438
Total cash and cash equivalents	$ 18,438
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 331,701
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation expense	27,743
Net Cash Provided by Operating Activities	$ 359,444

See accompanying notes to the basic financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

FINANCIAL REPORTING ENTITY

The City of Carterville, Missouri, a City of the third class, was incorporated in 1882 and is governed by a Mayor and City Council elected by the citizens of the City and provides the following services: Public safety, public works, sanitation, recreation, public improvements, and general administration. Other services include water and sewerage utilities. These financial statements present the financial information of the City of Carterville, Missouri, the primary government.

Component units of the City are based on significant influence which the City exercises over such units. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City has no component units.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The City's funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. 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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.

b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Fund:

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Street Fund – This fund is used to account for all financial resources (Missouri Motor Fuel taxes and a sales tax) that by law or Council designation is used for street repairs, maintenance, and capital improvements. The Street Fund is considered a major fund type.

Debt Service Fund – The debt service fund is used to collect property taxes assessed for debt service purposes and to pay principal and interest payments.

Non-Major – Capital Improvement Fund – The capital improvement fund is used to collect sales tax for capital improvement purposes and make any capital asset acquisitions, as well as service the debt on any capital asset related debt.

Proprietary Fund:
Water and Sewer Fund – This fund is used to account for operations of the City's water and sewer departments.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

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

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

a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

BASIS OF ACCOUNTING

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the modified cash basis of accounting to report in the statements of net position or balance sheets, cash transactions or events that provide a benefit or result in an obligation that covers a period greater that the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING - continued

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transactions or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificate of deposits or short-term investments with an original maturity of three months or less.

INVESTMENTS

Investments would be certificates of deposits acquired with cash whose original maturity term exceeds three months. Which the City had none for the fiscal year ended October 31, 2024. Investments are carried at cost, which approximates fair value.

STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DUE FROM OTHER FUNDS

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

INVENTORIES

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when cash payment is made.

RESTRICTED ASSETS

The Water and Sewer Funds, because of certain bond covenants, are required to establish and maintain prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The bond account is used only for the payment of principal and interest on revenue bonds. The depreciation and replacement account is to be expended only for repairs or replacements to the water and sewer funds. The bond reserve account is to be used only to pay bonds at maturity or interest as it becomes due and to the extent other funds are not available for this purpose.

CAPITAL ASSETS

The City's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Statements - continued

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $ 1,500 is used to report capital assets. The range of estimated useful lives by the type of asset is as follows:

Site improvements	10-50 years
Buildings and utility plants	50 years
Furniture and equipment	5-10 years
Infrastructure	20-40 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in fund financial statements as the treatment in the government-wide statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components:

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

Governmental Funds

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds - continued

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

Unassigned - The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to a specific purpose. The General Fund shall be the only fund to report a positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

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

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

Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

REVENUES, EXPENDITURES AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses and fees
Police	Fines and forfeits, operating and capital grants

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Revenues and expenditures/expenses

Revenues for governmental activities and business-type activities are recorded when they are collected. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental activities and business-type activities are recorded when paid.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Valuation for 2023 was $ 13,326,483 with the levy at $1.2001 broken down 0.6037 for the General Fund and 0.5964 for Debt service.

Revenue - Sales Taxes and Use Tax

The City has four sales tax authorizations. Recorded in the General Fund is a one cent General sales tax ($ 116,137), 1/2 cent Capital Improvement sales tax ($56,983), a 1/2 cent Transportation sales tax ($ 42,855) and a use tax ($ 80,922) for a total sales and use tax of ($ 296,897).

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

FUND FINANCIAL STATEMENTS

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

a. *Interfund loans.* Amounts provided with a requirement for repayment are reported as interfund receivables and payables

b. *Interfund transfers.* Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures, and changes in fund balance-budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with an other method of accounting (modified cash basis) for all governmental funds.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Excess of expenditures over appropriations

For the year ended October 31, 2024, expenditures did not exceed appropriations in the General Fund, but did exceed appropriations in the Street fund.

Legal Debt Margin

The City's assessed value supports a general obligation bond limit of $ 1,332,648. The City has an outstanding G.O. Bond amounting to $285,000.

Bond Reserve Compliance

The City was not in compliance with required bonded debt reserves for the year. As of October 31, 2024, there was no restricted cash set aside for the accounts below.

Account	Required
Debt Service	47,471
Debt Service Reserve	60,106
Depreciation and Replacement	120,370
	227,947

DETAILED NOTES ON ALL FUNDS

NOTE B – DEPOSITS AND INVESTMENTS

The City maintains a cash and investment account for each fund. Each fund account is displayed on the combined balance sheet as either "cash, investments, board designated investments, or bank overdrafts". In addition, investments are separately held by several of the City's funds. Deposits and investments are stated at cost, which approximates market.

Deposits. Certificates of deposits are classified as investments but are considered deposits for custodial risk determination. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

As of October 31, 2024, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

Custodial Credit Risk is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City does have a written investment policy on custodial credit risk in which all investments are either insured or registered in the City's name and held by the City's agent.

NOTE C – RESTRICTED ASSETS

As of October 31, 2024, the City did not have any cash set aside to meet restriction requirements. Restriction requirements for bond reserves in the proprietary funds can be noted in Note A.

	Cash	Net Position
Proprietary Funds		
Water & Sewer (Utility)	-	$ 227,947
Total Restricted	-	$ 227,947

NOTE D – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended October 31, 2024, was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in Progress	$ 51,720	$ 58,061	$ -	$ 109,781
Capital assets being depreciated:				
Buildings	$ 578,899	$ 204,963	$ -	$ 783,862
Infrastructure	393,103	549,375	-	942,478
Equipment	305,707	36,158	-	341,865
Vehicles	320,530	-	-	320,530
Total capital assets being depreciated	1,598,239	790,496	-	2,388,735
Less: Accumulated depreciation for:				
Buildings	578,795	4,107	-	582,902
Infrastructure	40,364	22,856	-	63,220
Equipment	279,579	7,947	-	287,526
Vehicles	290,835	7,127	-	297,962
Total accumulated depreciation	1,189,573	42,037	-	1,231,610
Total capital assets being depreciated, net	$ 408,666	$ 748,459	$ -	$ 1,157,125
Governmental activities capital assets, net	$ 408,666	$ 748,459	$ -	$ 1,266,906

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:	
General government	$ 4,455
Park	4,271
Street	20,154
Police	11,324
Public works	1,833
	$ 42,037

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 787,677	$ 29,094	$ 787,677	$ 29,094
Capital assets being depreciated:				
Buildings	$ 916,327	$ -	$ -	$ 916,327
Infrastruture	18,180	1,785,044	-	1,803,224
Total capital assets being depreciated	934,507	1,785,044	-	2,719,551
Less: Accumulated depreciation				
Buildings	914,392	639	-	915,031
Infrastruture	1,162	27,104	-	28,266
Total accumulated depreciation	915,554	27,743	-	943,297
Total capital assets being depreciated, net	$ 18,953	$ 1,757,301	$ -	$ 1,776,254
Business-type activities capital assets, net	$ 806,630	$ 1,786,395	$ 787,677	$ 1,805,348

Depreciation expense was charged to functions as follows in the Statement of Activities:

Business-type Activities:	
Utility Fund	$ 27,743

NOTE D – LONG-TERM DEBT

Governmental Activities

The following is a summary of debt transactions for the City for the year ended October 31, 2024, as it relates to the governmental activities:

	Beginning Balance	Additions	Reductoins	Ending balance	Current Portion
GO Bond	$ 345,000	$ -	$ 60,000	$ 285,000	$ 60,000
Street Loan	150,192	-	49,871	100,321	51,552
	$ 495,192	$ -	$ 109,871	$ 385,321	$ 111,552

The governmental long-term debt as of October 31, 2024, consists of:

$500,000 General Obligation Street Refunding Bonds, Series 2020, due in annual installments of $50,000 to $70,000. Final payment due March 1, 2029. Interest rate of 3.00% to 3.15%.	$ 285,000
Capital Lease of Real Estate (Gymnasium), dated September 17, 2021, payable in monthly installments of $4,507. Final payment due September 17, 2026. Original balance of $249,000. Interest rate of 3.25%.	100,321
	$ 385,321

The annual requirements to amortize bonded debt as of October 31, 2024, follows:

Year Ending October 31	Principal	Interest	Total
2025	$ 111,552	$ 10,565	$ 122,117
2026	108,769	6,950	115,719
2027	60,000	4,253	64,253
2028	70,000	2,205	72,205
2029	35,000	551	35,551
	$ 385,321	$ 24,524	$ 409,845

NOTE D – LONG TERM DEBT (Continued)

Business Type Activities

The following is a summary of debt transactions of the City for the year ended October 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
2020 Revenue Bond	$ 740,000	$ -	$ 35,000	$ 705,000	$ 35,000
2021 Revenue Bond	750,000	-	30,000	720,000	30,000
Meter Loan	-	325,000	11,997	313,003	13,965
	$ 1,490,000	$ 325,000	$ 76,997	$ 1,738,003	$ 78,965

Current portion long-term debt	$ 78,965
Revenue Bonds	1,360,000
Meter Loan	299,038
	$ 1,738,003

The Business-type long-term debt as of October 31, 2024, follows:

$845,000 Combines Waterworks and Sewerage System Refunding Revenue Bonds, Series 2020, dated July 1, 2020 due in annual installments of $35,000 to $55,000. Final payment due July 1, 2040. Interest rate of 2.25% to 3.40%.	$ 705,000
$780,000 Combines Waterworks and Sewerage System Revenue Bonds, Series 2021, dated October 1, 2021, due in installments of $30,000 to $100,000. Final payement due December 1, 2041. Interest rates of .80% to 2.20%	720,000
On November 14, 2023 the City received $325,000 in the form of a loan from Southwest Missouri Bank for Water Meters. 180 monthly payments of $2,847.97. Interest rate of 6.5%	313,003
	$ 1,738,003

NOTE D – LONG-TERM DEBT (Continued)

Business Type Activities (Continued)

The annual requirements to amortize bonded debt as of October 31, 2024, follows:

Year Ending October 31	Principal	Interest	Total
2025	$ 78,965	$ 55,034	$ 133,999
2026	84,914	53,037	137,951
2027	85,927	50,782	136,709
2028	91,959	48,366	140,325
2029	88,160	45,546	133,706
2030-2034	501,032	180,956	681,988
2035-2039	567,046	84,045	651,091
2040-2044	240,000	9,295	249,295
	$ 1,738,003	$ 527,061	$ 2,265,064

NOTE E– 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 property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City.
In the past three years, the City has had no losses that exceeded commercial insurance coverage.

NOTE F – GRANTS

Intergovernmental awards received by the City are subject to audit and adjustment by the grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agencies. No disallowed costs have resulted from this audit and management believes that further examination will not result in any disallowed costs.

NOTE G – TRANSFERS

Transfers between funds were for reimbursement of operating expenses.

NOTE H- SUBSEQUENT EVENTS

Management has evaluated events and transactions for subsequent events disclosures occurring after October 31, 23024, through February 25, 2026, the date of the financial statements were available to be issued and there are no material events requiring recognition of disclosure.

CITY OF CARTERVILLE, MISSOURI

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - (MODIFIED CASH BASIS) UNAUDITED
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2024

	General Fund			
	Budget			Variance With
REVENUES	Original	Final	Actual	Budget
Taxes:				
Property taxes	$ 75,700	$ 75,700	$ 92,712	$ 17,012
Franchise taxes	134,525	134,525	132,690	(1,835)
Sales & Use taxes	202,000	202,000	201,665	(335)
Licenses & permits	18,800	18,800	22,972	4,172
Fines & forfeitures	85,800	85,800	82,507	(3,293)
Sanitation fees	139,300	139,300	144,904	5,604
Interest	23,000	23,000	78,988	55,988
Grants	-	-	220,476	220,476
Rent	8,000	8,000	8,532	532
Donations	3,280	3,280	8,182	4,902
Miscellaneous	8,475	8,475	14,460	5,985
Total Revenues	698,880	698,880	1,008,088	309,208
EXPENDITURES				
Current:				
General government	238,123	238,123	452,369	(214,246)
Public Safety				
Police	273,577	273,577	246,451	27,126
Court	45,200	45,200	58,840	(13,640)
Sanitation	128,000	128,000	120,388	7,612
Park	11,280	11,280	15,144	(3,864)
Capital outlay	15,000	15,000	276,976	(261,976)
Total Expenditures	711,180	711,180	1,170,168	(458,988)
(DEFICIT) OF REVENUES OVER EXPENDITURES	(12,300)	(12,300)	(162,080)	$ (149,780)
OTHER FINANCING SOURCES (USES)				
Transfer in	12,300	12,300	58,894	46,594
Transfer (out)	-		(4,855)	(4,855)
Sale of assets	-		2,265	2,265
Insurance recoveries	-		236,481	236,481
Total other financing sources (uses)	12,300	12,300	292,785	280,485
NET CHANGE IN FUND BALANCE	$ -	$ -	130,705	$ 130,705
FUND BALANCES - BEGINNING			226,675	
FUND BALANCES - ENDING			$ 357,380	

CITY OF CARTERVILLE, MISSOURI

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - (MODIFIED CASH BASIS) UNAUDITED
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2024

	Street Fund			
	Budget			Variance With
REVENUES	Original	Final	Actual	Budget
Taxes:				
Sales taxes	82,000	82,000	38,249	(43,751)
Intergovernmental revenue:				
Missouri motor fuel taxes	71,500	71,500	98,112	26,612
Interest	-	-	576	576
Grants	-	-	524,949	524,949
Miscellaneous	-	-	512	512
Total Revenues	153,500	153,500	662,398	508,898
EXPENDITURES				
Current:				
Streets	90,500	90,500	112,504	(22,004)
Capital outlay	63,000	63,000	571,581	(508,581)
Total Expenditures	153,500	153,500	684,085	(530,585)
(DEFICIT) OF REVENUES OVER EXPENDITURES	-	-	(21,687)	$ (21,687)
OTHER FINANCING (USES)				
Transfer (out)	-	-	(54,952)	(54,952)
NET CHANGE IN FUND BALANCE	$ -	$ -	(76,639)	$ (76,639)
FUND BALANCES - BEGINNING			109,372	
FUND BALANCES - ENDING			$ 32,733	

Decker & Pace
CERTIFIED PUBLIC ACCOUNTANTS

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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 City Council
City of Carterville, 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, and each major fund, and the aggregate remaining information of City of Carterville, Missouri, as of and for the year ended October 31, 2024, and the related notes to the financial statements, which collectively comprise City of Carterville, Missouri's basic financial statements, and have issued our report thereon dated February 25, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Carterville, 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 City of Carterville, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Carterville, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Decker & Pace, LLC

Decker & Pace, LLC

Springfield, Missouri
February 25, 2026

Decker & Pace

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

To the City Council
City of Carterville, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Carterville, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Carterville, Missouri's major federal programs for the year ended October 31, 2024. City of Carterville, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Carterville, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Carterville, Missouri and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Carterville, Missouri's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Carterville, Missouri's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Carterville, Missouri's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Carterville, Missouri's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Carterville, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Carterville, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Carterville, Missouri's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Decker & Pace, LLC

Decker & Pace, LLC

Springfield, Missouri

February 25, 2026

CITY OF CARTERVILLE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED OCTOBER 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Account Listing Number	Pass-Through Entity Name	Agency or Pass-Through Number	Federal Expenditures
Other Programs (Treated individually for major program determination)				
Department of Housing and Urban Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Missouri Department of Economic Development	2021-GI-11	497,115
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				497,115
Total Department of Housing and Urban Development				497,115
United States Environmental Protection Agency				
Drinking Water State Revolving Fund				
Drinking Water State Revolving Fund	66.468	Missouri Department of Natural Resources	DWLSL-249-23	585,730
Total Drinking Water State Revolving Fund				585,730
Total United States Environmental Protection Agency				585,730
Total Other Programs (Treated individually for major program determination)				1,082,845
Total Expenditures of Federal Awards				$ 1,082,845

The accompanying notes are an integral part of this schedule

*None of the federal expenditures were passed through to subrecipients.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal activity of the City of Carterville, Missouri, under programs of the federal government for the year ended October 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Carterville, Missouri, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Carterville, Missouri.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

City of Carterville, Missouri, has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF CARTERVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED OCTOBER 31, 2024

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __✓__ no
- Significant deficiency(ies) identified? _____ yes __✓__ none reported
- Noncompliance material to financial statements noted? _____ yes __✓__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes __✓__ no
- Significant deficiency(ies) identified? _____ yes __✓__ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __✓__ no

The programs tested as major programs were:
ALN: 66.468 Drinking Water State Revolving Fund

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

Auditee qualified as low-risk auditee? _____ yes __✓__ no

B. FINANCIAL STATEMENTS FINDINGS-

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS-

None

CITY OF CARTERVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED OCTOBER 31, 2024

Reference Number	Finding	Questioned Costs
N/A	The City of Carterville, Missouri had no federal grants in the prior year that had any findings to correct or report.	