

***CITY OF CARTERVILLE, MISSOURI***

Independent Auditor's Report  
and Financial Statements

*For the year ended October 31, 2017*

THE MENSE CPA FIRM, LLC  
Certified Public Accountants

**CITY OF CARTERVILLE, MISSOURI**  
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**The Mense  
CPA Firm, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF  
MISSOURI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Members of the Council  
City of Carterville, Missouri

***Report on Financial Statements***

We were engaged to audit the financial statements of the City of Carterville, Missouri as of and for the year ended October 31, 2017 and the related notes to the financial statements, which collectively comprise City of Carterville, Missouri's financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by Missouri Law; this includes determining that the regulatory 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 Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

***Basis for Disclaimer of Opinion***

We were unable to obtain sufficient competent supporting documentation for transactions to satisfy ourselves that receipts and disbursements were received by or disbursed from the proper fund or account. As a result, we were not able to determine whether the receipts, disbursements and ending cash for the respective funds are correct.

***Disclaimer of Opinion***

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we were not been able to obtain sufficient audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

A handwritten signature in black ink, appearing to read 'The Mense CPA Firm, LLC', written in a cursive style.

THE MENSE CPA FIRM, LLC  
Certified Public Accountants

Joplin, Missouri  
September 27, 2019

**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash  
All Funds - Regulatory Basis  
For the year ended October 31, 2017

Fund	Beginning Cash November 1, 2016	Receipts	Disbursements	Ending Cash October 31, 2017
General	\$ 26,461	\$ 506,406	\$ 525,875	\$ 6,992
Street	(66,990)	105,894	127,433	(88,529)
Capital Improvement	18,567	37,920	33,410	23,077
Park	(11,875)	6,514	17,477	(22,838)
Use Tax and Building Payment	57,437	52,126	18,389	91,174
General Obligation Bond Debt Service	117,969	128,462	71,889	174,542
Street Project	(68,576)	2,269	9,226	(75,533)
Water and Sewer	(7,944)	623,715	599,365	16,406
Revenue Bond Debt Service	182,190	116,606	111,488	187,308
Revenue Bond Debt Service Reserve	114,875	928	-	115,803
Water and Sewer Project	533	-	-	533
	<u>\$ 362,647</u>	<u>\$ 1,580,840</u>	<u>\$ 1,514,552</u>	<u>\$ 428,935</u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**

Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual  
General Fund - Regulatory Basis  
For the year ended October 31, 2017

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Receipts:				
Taxes	\$ 171,300	\$ 171,300	\$ 156,677	\$ (14,623)
Intergovernmental Revenues	13,180	13,180	51,664	38,484
Licenses, Permits and Fees	110,875	110,875	112,325	1,450
Fines and Forfeitures	95,050	95,050	139,495	44,445
Charges for Service	90,000	90,000	12,465	(77,535)
Use of Money and Property	3,360	3,360	3,984	624
Other	-	-	29,796	29,796
Total Receipts	<u>\$ 483,765</u>	<u>\$ 483,765</u>	<u>\$ 506,406</u>	<u>\$ 22,641</u>
Disbursements:				
Administration	\$ 80,065	\$ 80,065	\$ 115,161	\$ (35,096)
Police	298,950	302,387	307,052	(4,665)
Municipal Court	14,750	14,750	13,591	1,159
Refuse	90,000	90,000	90,071	(71)
Total Disbursements	<u>\$ 483,765</u>	<u>\$ 487,202</u>	<u>\$ 525,875</u>	<u>\$ (38,673)</u>
Excess of Cash Over (Under) Disbursements			\$ (19,469)	
Beginning Cash			<u>26,461</u>	
Ending Cash			<u>\$ 6,992</u>	

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual  
Street Fund - Regulatory Basis  
For the year ended October 31, 2017

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Taxes	\$ 37,530	\$ 29,857	\$ (7,673)
Intergovernmental Revenues	73,000	76,037	3,037
Total Receipts	<u>\$ 110,530</u>	<u>\$ 105,894</u>	<u>\$ (4,636)</u>
Disbursements:			
Public Works	<u>\$ 110,530</u>	<u>\$ 127,433</u>	<u>\$ (16,903)</u>
Excess of Receipts Over (Under) Disbursements		\$ (21,539)	
Beginning Cash		<u>(66,990)</u>	
Ending Cash		<u>\$ (88,529)</u>	

\* Original and Final Budget

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
**Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual**  
**Capital Improvement Fund - Regulatory Basis**  
**For the year ended October 31, 2017**

	<u>Budget *</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Receipts:			
Taxes	<u>\$        41,000</u>	<u>\$        37,920</u>	<u>\$          3,080</u>
Disbursements:			
Capital Outlay	<u>\$        41,000</u>	<u>\$        33,410</u>	<u>\$          7,590</u>
Excess of Receipts Over (Under) Disbursements		\$          4,510	
Beginning Cash		<u>18,567</u>	
Ending Cash		<u>\$        23,077</u>	

\* Original and Final Budget

The accompanying notes are an integral part of this statement.



**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual  
Park Fund - Regulatory Basis  
For the year ended October 31, 2017

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Use of Money and Property	\$ -	\$ 3,215	\$ 3,215
Other	2,000	3,299	1,299
	<u>2,000</u>	<u>3,299</u>	<u>1,299</u>
Total Receipts	<u>\$ 2,000</u>	<u>\$ 6,514</u>	<u>\$ 4,514</u>
Disbursements:			
Recreation	<u>\$ 2,000</u>	<u>\$ 17,477</u>	<u>\$ (15,477)</u>
Excess of Receipts Over (Under) Disbursements		\$ (10,963)	
Beginning Cash		<u>(11,875)</u>	
Ending Cash		<u>\$ (22,838)</u>	

\* Original and Final Budget

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual  
Use Tax and Building Payment Fund - Regulatory Basis  
For the year ended October 31, 2017

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Receipts:				
Taxes	\$ 16,000	\$ 16,000	\$ 43,580	\$ (27,580)
Other	4,260	4,260	8,546	(4,286)
Total Receipts	<u>\$ 20,260</u>	<u>\$ 20,260</u>	<u>\$ 52,126</u>	<u>\$ (31,866)</u>
Disbursements:				
Capital Outlay	\$ 12,000	\$ 39,740	\$ 11,185	\$ 28,555
Capital Lease Payment	-	-	1,182	(1,182)
Community Development	8,260	8,260	6,022	2,238
Total Disbursements	<u>\$ 20,260</u>	<u>\$ 48,000</u>	<u>\$ 18,389</u>	<u>\$ 29,611</u>
Excess of Receipts Over (Under) Disbursements			\$ 33,737	
Beginning Cash			<u>57,437</u>	
Ending Cash			<u>\$ 91,174</u>	

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash  
General Obligation Bond Debt Service Fund - Regulatory Basis  
For the year ended October 31, 2017

Receipts:	
Taxes	<u>\$        128,462</u>
Disbursements:	
Debt Service	<u>\$        71,889</u>
Excess of Receipts Over (Under) Disbursements	\$        56,573
Beginning Cash	<u>117,969</u>
Ending Cash	<u><u>\$        174,542</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash  
Street Project Fund  
For the year ended October 31, 2017

Receipts:	
Other	<u>\$          2,269</u>
Disbursements:	
Public Works	<u>\$          9,226</u>
Excess of Receipts	
Over (Under) Disbursements	\$         (6,957)
Beginning Cash	<u>(68,576)</u>
Ending Cash	<u><u>\$        (75,533)</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
**Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual**  
**Water and Sewer Fund - Regulatory Basis**  
**For the year ended October 31, 2017**

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Charges for Services	\$ 627,820	\$ 601,316	\$ (26,504)
Fees	6,970	7,081	111
Sales Tax	4,500	4,630	130
Meter Deposits	-	10,555	10,555
Use of Property and Money	-	133	133
Total Receipts	<u>\$ 639,290</u>	<u>\$ 623,715</u>	<u>\$ (15,575)</u>
Disbursements:			
Water -			
Administration	\$ 58,645	\$ 67,103	\$ (8,458)
Public Works	250,605	252,018	(1,413)
Sewer -			
Administration	64,750	65,694	(944)
Public Works	97,470	83,980	13,490
Center Creek Wastewater Treatment Board	108,000	-	108,000
Other	59,820	16,017	43,803
Operating Transfers	-	114,553	(114,553)
Total Disbursements	<u>\$ 639,290</u>	<u>\$ 599,365</u>	<u>\$ 39,925</u>
Excess of Receipts Over (Under) Disbursements		\$ 24,350	
Beginning Cash		<u>(7,944)</u>	
Ending Cash		<u>\$ 16,406</u>	

\* Original and Final Budget

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash  
Revenue Bond Debt Service Fund - Regulatory Basis  
For the year ended October 31, 2017

Receipts:	
Use of Money and Property	\$ 703
Other	1,350
Operating Transfers	<u>114,553</u>
Total Receipts	<u>\$ 116,606</u>
Disbursements:	
Debt Service	<u>\$ 111,488</u>
Excess of Receipts Over (Under) Disbursements	\$ 5,118
Beginning Cash	<u>182,190</u>
Ending Cash	<u><u>\$ 187,308</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash  
Revenue Bond Debt Service Reserve Fund - Regulatory Basis  
For the year ended October 31, 2017

Receipts:	
Use of Money and Property	\$ 518
Other	<u>410</u>
Total Receipts	<u>\$ 928</u>
Disbursements:	
Debt Service	<u>\$ -</u>
Excess of Receipts	
Over (Under) Disbursements	\$ 928
Beginning Cash	<u>114,875</u>
Ending Cash	<u><u>\$ 115,803</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF CARTERVILLE, MISSOURI**  
Statement of Receipts, Disbursements, and Changes in Cash  
Water and Sewer Project Fund - Regulatory Basis  
For the year ended October 31, 2017

Receipts:	
Use of Money and Property	\$            -
Disbursements:	
Capital Outlay	\$            -
Excess of Receipts	
Over (Under) Disbursements	\$            -
Beginning Cash	<u>          533</u>
Ending Cash	<u><u>          533</u></u>

The accompanying notes are an integral part of this statement.



# **CITY OF CARTERVILLE, MISSOURI**

## **Notes to Financial Statements**

October 31, 2017

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **I.A. INTRODUCTION**

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.

The accompanying financial statements present the receipts, disbursements, and changes in cash of the various funds of the City of Carterville, Missouri, and comparisons of such information with the corresponding budgeted information for those funds for which a budget is prepared. The General Fund is the City's general operating fund, accounting for all financial resources except those legally or administratively required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted by law or administrative action for specified purposes.

#### **I.B. FINANCIAL REPORTING ENTITY**

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.

#### **I.C. FUND ACCOUNTING**

The City uses funds to report on the receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

#### **I.D. BASIS OF ACCOUNTING AND PRESENTATION**

The financial statements are prepared on the regulatory basis of accounting wherein amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

## **CITY OF CARTERVILLE, MISSOURI**

### **Notes to Financial Statements**

October 31, 2017

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **I.D. BASIS OF ACCOUNTING AND PRESENTATION (CONTINUED)**

The financial statements are presented using accounting practices prescribed or permitted by the Missouri law, which includes a Statement of Receipts, Disbursements and Changes in Cash for all funds and a Statement of Receipts, Disbursements and Change in Cash for each fund compared to budget, when applicable.

##### **I.E. BUDGETARY DATA**

The City is required by State Statutes to prepare an annual operating budget. The budget shall present a complete financial plan for the ensuing budget year and shall include at least the following information:

1. A budget message;
2. Estimated receipts and a comparative statement of actual or estimated receipts for the two preceding years itemized by year, fund, and source;
3. Proposed disbursements together with a comparative statement of actual or estimated disbursements for the two preceding years itemized by year, fund, activity and object;
4. Amount required for debt payment; and
5. A general budget summary.

The City Council follow these procedures in the preparation of the budget:

1. Prior to November 1, the Mayor submits to the Council a proposed operating budget for the fiscal year commencing November 1.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.

The budget may be revised. If total disbursements are increased, the City may adopt a resolution setting forth the facts and reasons making the increase necessary. In no event shall total authorized disbursements from a fund exceed the estimated receipts plus the beginning balance.

The budget is prepared on the regulatory basis of accounting.

# **CITY OF CARTERVILLE, MISSOURI**

## **Notes to Financial Statements**

October 31, 2017

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **I.F. CASH AND INVESTMENTS**

The City maintains several deposit accounts to account for the activities of the various funds.

The City is allowed to invest in obligations of the United States Government or any agency thereof, maturing and becoming payable not more than three years from date of purchase. In addition the City may enter into repurchase agreements maturing and becoming payable within ninety days, secured by United States Governmental Agencies or instrumentalities of any maturity.

#### **I.G. RECEIPTS AND DISBURSEMENTS**

##### **I.G.1. Sales Tax**

The City levies a one percent sales tax on taxable sales within the City. The tax is collected by the Missouri Department of Revenue and remitted to the City. The tax is placed in the general fund and used to provide for general operations. In addition, the City levies a one-half percent Transportation tax and a one-half percent Capital Improvement tax. These taxes are accounted for in separate funds to be used for their restricted purposes.

##### **I.G.2 Property Taxes**

Property taxes are an enforceable lien on property as of January 1. Taxes are levied November 1 and are due and payable in full by December 31, unpaid taxes become delinquent after December 31. Taxes are collected and distributed to the City by the Jasper County Collector monthly.

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

Real Estate	\$ 8,857,220
Personal Property	3,367,827
State Assessed Railroad and Utility	<u>897,015</u>
	<u>\$ 13,122,062</u>

## **CITY OF CARTERVILLE, MISSOURI**

### **Notes to Financial Statements**

October 31, 2017

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **I.G.2 Property Taxes (Continued)**

The tax levy per \$100.00 of assessed valuation of tangible real property for the calendar year 2017 for the purpose of local taxation was:

General Fund	\$ .6435
Debt Service Fund	1 .5108
Total	<u>\$ 2 .1543</u>

The City does not assess tax on personal property.

##### **I.G.3 Compensated Absences**

The City's policies regarding vacation, sick leave and compensatory time state that all full-time employees shall receive one to three weeks vacation per year depending on length of employment. The carryover of unused vacation credit shall be limited. Unused vacation credit may be paid to the employee upon separation from service under certain conditions. Sick leave is accumulated at the rate of four days per fiscal year. Unused sick leave may not be carried over to a subsequent year. No compensation for unused sick leave will be paid at time of termination of employment. Compensatory time is granted in lieu of overtime. Compensatory time earned by an employee is paid to an employee upon separation from service.

Compensated absences are recorded as a disbursement when paid.

#### **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **II.A. REVENUE BOND COVENANTS**

Ordinance 2794 authorizing the issuance of \$1,320,000, Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series 2010, contains requirements that accounts be maintained beginning with delivery of the bonds and continuing as long as any bonds remain outstanding and unpaid. The accounts to be maintained and the requirements pertaining to those accounts are as follows:

- a. Revenue Fund
- b. Operation and Maintenance Account
- c. Debt Service Account
- d. Debt Service Reserve Account
- e. Depreciation and Replacement Account
- f. Surplus Account

**CITY OF CARTERVILLE, MISSOURI**

Notes to Financial Statements

October 31, 2017

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**II.A. REVENUE BOND COVENANTS (CONTINUED)**

The sum of \$114,350 from the bond proceeds has been paid and credited to the Debt Service Reserve Account to fully fund the Debt Service Reserve.

All income collected by the City from the operation of the System will be deposited into the Revenue Fund.

Monies in the Revenue Fund shall first be credited to the Operations and Maintenance Account to pay the estimated operating expenses of the Sewerage System during the ensuing month.

There shall next be paid from the Revenue Fund on the first day of each month the following:

1. Transfer to the Debt Service Account an amount necessary to pay the next principal, interest, and paying agent fees on the Bonds.
2. Transfer to the Depreciation and Replacement Account \$2,445, so long as any bonds remain outstanding.
3. After all payments and transfers required above have been made, all remaining monies shall be transferred to the Surplus Account.

Amounts credited to the above accounts may only be used for the purpose stated in the Ordinance.

The bonds are special obligations of the City payable solely from, and secured as to principal and interest by a pledge of, the net revenues of the system.

The City covenants to maintain and collect such rates that will produce sufficient revenues to meet the rate covenants in Section 803 of the Ordinance. The City was not in compliance with Section 803 of the Ordinance.

Transfers to the Depreciation and Replacement Account were not in compliance with the Ordinance.

The Surplus Account is not active.

## **CITY OF CARTERVILLE, MISSOURI**

### **Notes to Financial Statements**

October 31, 2017

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

### **II.B. STATE STATUTES (CONTINUED)**

**Budget** - State statutes require certain information be contained in the annual budget. The City budget for the year ended October 31, 2017 did not contain all the information required. RSMo 67.010.

**Financial Statements** – State statutes require the municipality to publish semi-annual financial statements. Financial statements were not published. RSMo 77.110.

**Deficit Cash Balance** – The Street, Park and Street Project Funds had deficit cash balances at October 31, 2017.

**Appropriations** – The City overspent the budget in the General, Street and Park Funds. The General Obligation Bond Debt Service, Street Project, Revenue Bond Debt Service, Revenue Bond Debt Service Reserve, and Water and Sewer Project Funds were not budgeted.

## **III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES**

### **III.A. DEPOSITS AND INVESTMENTS**

#### **Deposits-**

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. RSMo Chapter 110 requires that public funds shall be secured by the deposit of securities of the character prescribed by section 30.207, RSMo. The value of which shall at all times be not less than one hundred percent of the actual amount of the funds on deposit with the depository less the amount, if any, insured by the Federal Depository Insurance Corporation. All deposits were legally secured October 31, 2017. The City does not have any other policies for custodial credit risk.

At October 31, 2017, the City's carrying amount of deposits was \$428,060 and the bank balance was \$460,421. 100% of the bank balance was held by one bank resulting in a concentration of credit risk. Of the bank's balance, \$250,000 was insured by Federal Depository Insurance and \$210,421 was collateralized with securities held by the pledging financial institution's agents in the City's name.

## **CITY OF CARTERVILLE, MISSOURI**

### **Notes to Financial Statements**

October 31, 2017

### **III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)**

#### **III.B. RESTRICTED ASSETS**

Restricted assets as of October 31, 2017 were as follows:

Water and Sewer Fund

Customer Deposits

\$ 27,817

#### **III.C. JOINT VENTURE**

The Center Creek Wastewater Treatment Board provides wastewater treatment services to the citizens of Webb City, Carterville, and Oronogo, Missouri. In accordance with Missouri law, the Utility is operated by a Board of Directors. Bonded debt must be authorized by a resolution of the Board of Directors and approved by a vote of the citizens. The Center Creek Wastewater Treatment Board is a jointly governed organization between the cities of Webb City, Carterville, and Oronogo, Missouri, and is authorized by an enactment of the Missouri General Assembly. The Board is a component entity of the City of Webb City, Missouri, because the City of Webb City appoints a voting majority, or five out of ten members of the Board. The Board is comprised of:

- The Mayors of Webb City, Carterville, and Oronogo.
- Four citizens of Webb City, appointed by the Mayor and confirmed by the City Council.
- Two citizens of Carterville, appointed by the Mayor and confirmed by the City Council.
- One citizen of Oronogo, appointed by the Mayor and confirmed by the City Council.

The purpose of the Board is to provide responsibility for the operation, maintenance, and replacement of jointly constructed wastewater facilities which include a wastewater treatment facility, interceptor sewers, pumping facilities, and force main.



## **CITY OF CARTERVILLE, MISSOURI**

### **Notes to Financial Statements**

October 31, 2017

### **III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)**

#### **III.C. JOINT VENTURE (CONTINUED)**

In accordance with the inter-municipal agreement, ownership and responsibility for operation, maintenance and replacement costs are allocated to each city based on flow consumption of the previous year. These percentages are as follows:

City of Webb City	81.29%
City of Carterville	10.88%
City of Oronogo	7.83%

The Center Creek Wastewater Treatment Board issued separate financial statements that may be obtained by calling (417) 673-4651.

#### **III.D. LONG-TERM DEBT**

##### **General Obligation Bonds**

\$400,000 General Obligation Street Bonds, Series 2013, due in annual installments of \$20,000 to \$35,000. Final payment due March 1, 2028. Interest rate of 1.00% to 3.65%. \$ 310,000

\$400,000 General Obligation Bonds, Series 2014, due in annual installments of \$20,000 to \$35,000. Final payment due March 1, 2029. Interest rate of 1.50% to 4.20%. 340,000

Total General Obligation Bonds \$ 650,000

##### **Revenue Bonds**

\$1,320,000 Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series 2010, due in annual installments of \$40,000 to \$110,000 through February 1, 2030. Interest rate of 3.00% to 6.25%. \$ 1,005,000

Waterworks and Sewer System revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the system.



**CITY OF CARTERVILLE, MISSOURI**

Notes to Financial Statements

October 31, 2017

**III.D. LONG-TERM DEBT (CONTINUED)**

**Capital Lease Obligations**

Capital Lease of Real Estate (Public Works Building), dated April 24, 2008, 310 S. Tennessee, Carterville, Missouri payable in monthly installments which vary from year to year based on the interest rate. Payable in monthly installments of \$1,135. Final payment due June 8, 2018. Original balance was \$125,000. Interest rate is variable. Interest rate 2.25%. \$ 7,915

Capital Lease of Real Estate (City Hall Building), dated November 29, 2004, payable in monthly installments which vary from year to year based on the interest rate. Payable in monthly installments of \$1,000. Final payment due November 29, 2019. Original balance was \$120,000. Interest rate is variable. Interest rate 5.50%. 19,466

Capital Lease of Water Meters, dated May 21, 2015, payable in semi-annual installments of \$5,000 to \$25,000. Final payment due February 1, 2025. Original balance was \$170,000. Interest rate 3.75%. 155,000

Capital Lease of Equipment and Vehicles, dated April 28, 2015, payable in monthly installments of \$1,129. Final payment due May 5, 2020. Original balance was \$62,221. Interest rate 3.30%.

Capital Lease of 2014 Chevy Caprice, dated September 23, 2015, payable in monthly installments of \$372. Final payment due September 23, 2019. Original balance was \$16,544. Interest rate 3.75%. 8,241

Capital Lease of Real Estate (Gymnasium), dated December 20, 2016, payable in monthly installments of \$1,076. Final payment due December 20, 2031. Original balance of \$105,000. Interest rate of 5.75%. 99,138

Total Capital Lease Obligations \$ 323,229

# CITY OF CARTERVILLE, MISSOURI

## Notes to Financial Statements

October 31, 2017

### III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)

#### III.D. LONG-TERM DEBT (CONTINUED)

##### Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year:

	Beginning of the year	Issued	Retired	End of the year
General Obligation Bonds	\$ 695,000	\$ -	\$ 45,000	\$ 650,000
Revenue Bonds	1,055,000	-	50,000	1,005,000
Capital Lease Obligations	358,155	105,000	139,926	323,229
Total	<u>\$ 2,108,155</u>	<u>\$ 105,000</u>	<u>\$ 234,926</u>	<u>\$ 1,978,229</u>

##### Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt of the City as of October 31, 2017 are as follows:

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Capital Lease Obligations</u>	
<u>October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 50,000	\$ 20,938	\$ 55,000	\$ 58,506	\$ 58,363	\$ 13,206
2019	50,000	19,838	55,000	55,825	48,164	10,798
2020	50,000	18,600	60,000	52,875	31,116	9,084
2021	50,000	17,225	65,000	49,350	28,795	7,867
2022	50,000	15,732	65,000	45,450	29,315	6,597
2023-2027	295,000	49,173	400,000	160,069	127,476	13,197
2028-2030	105,000	3,579	305,000	29,531	-	-
	<u>\$ 650,000</u>	<u>\$ 145,085</u>	<u>\$ 1,005,000</u>	<u>\$ 451,606</u>	<u>\$ 323,229</u>	<u>\$ 60,749</u>

## **CITY OF CARTERVILLE, MISSOURI**

### **Notes to Financial Statements**

October 31, 2017

#### **IV. INTERFUND TRANSFERS**

Interfund transfers for the year ended October 31, 2017 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Water and Sewer	\$ -	\$ 114,573
Revenue Bond Debt Service	114,553	-
Total	<u>\$ 114,553</u>	<u>\$ 114,573</u>

#### **V. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other municipalities in the State to participate in Missouri Public Entity Risk Management Fund (MOPERM), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to MOPERM for its property and liability, general liability, law enforcement liability, errors and omissions, and employment practice liability coverage. The agreement to participate provides that MOPERM will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by MOPERM management.

The City continues to carry commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **VI. CONTINGENCIES**

##### **Litigation**

The City, from time to time, is party to various legal proceedings which normally occur in governmental operations. The City manages such litigation, should any risk arise, by carrying commercial insurance. Should any settlement or judgment be determined not covered by insurance, the City feels that it would not have a material effect on the financial condition of the City.

## **CITY OF CARTERVILLE, MISSOURI**

Notes to Financial Statements

October 31, 2017

### **VI. CONTINGENCIES (CONTINUED)**

#### **Grant Program Involvement**

The City receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

### **VII. SUBSEQUENT EVENTS**

Management has evaluated the effects on the financial statements of subsequent events occurring through the date of this report, which is the date at which the financial statements were available to be issued.