

CITY OF CARTERVILLE, MISSOURI

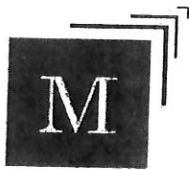
Independent Auditor's Report
and Financial Statements

For the year ended October 31, 2021

THE MENSE CPA FIRM, LLC
Certified Public Accountants

CITY OF CARTERVILLE, MISSOURI
TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY	
• Title Page	
• Table of Contents	i-ii
AUDITOR’S REPORT, FINANCIAL STATEMENTS AND RELATED NOTES	
• Independent Auditor’s Report	1-3
• Financial Section	
Statements of Receipts, Disbursements, and Changes in Cash – All Funds – Regulatory Basis	4
Statements of Receipts, Disbursements, and Changes in Cash – Budget and Actual – Regulatory Basis	
General Fund	5
Street Fund	6
Capital Improvement Fund	7
General Obligation Bond Debt Service Fund	8
American Rescue Plan Act Fund	9
Water and Sewer Fund	10
Revenue Bond Debt Service Fund	11
Revenue Bond Reserve Fund	12
Revenue Bond Depreciation and Replacement Fund	13
Notes to Financial Statements	14-27



**The Mense
CPA Firm, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of City of Carterville, Missouri, which comprise the Statement of Receipts, Disbursements and Changes in Cash – All Funds – Regulatory Basis as of October 31, 2021, and the related Statements of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances of each fund of City of Carterville, Missouri as of October 31, 2021, and their respective receipts and disbursements, and budgetary results for the year then ended, in accordance with the financial reporting provisions prescribed or permitted by Missouri Law described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of City of Carterville, Missouri, as of October 31, 2021, or the changes in financial position for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by City of Carterville, Missouri on the basis of the financial reporting provisions of Missouri Law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri Law. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed or permitted by Missouri Law, as described in Note 1. 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 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 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.



THE MENSE CPA FIRM, LLC
Certified Public Accountants

Joplin, Missouri
September 27, 2022

CITY OF CARTERVILLE, MISSOURI
Statement of Receipts, Disbursements, and Changes in Cash
All Funds - Regulatory Basis
For the year ended October 31, 2021

Funds	Beginning Cash November 1, 2020	Receipts	Disbursements	Ending Cash October 31, 2021
General	\$ 57,089	\$ 582,483	\$ 664,160	\$ (24,588)
Street	44,993	362,460	277,961	129,492
Capital Improvement	36,853	38,397	47,427	27,823
General Obligation Bond Debt Service	194,096	-	64,978	129,118
American Rescue Plan Act	-	198,557	-	198,557
Water and Sewer	103,539	1,829,638	971,739	961,438
Revenue Bond Debt Service	58,365	33,699	56,772	35,292
Revenue Bond Reserve	59,000	-	-	59,000
Revenue Bond Depreciation and Replacement	5,000	38,943	-	43,943
	<u>\$ 558,935</u>	<u>\$ 3,084,177</u>	<u>\$ 2,083,037</u>	<u>\$ 1,560,075</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, 2021

	<u>Budget *</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Receipts:			
Taxes	\$ 187,200	\$ 164,423	\$ (22,777)
Intergovernmental Revenues	-	30,538	30,538
Licenses, Permits and Fees	121,425	127,964	6,539
Fines and Forfeitures	99,300	107,172	7,872
Court Bonds Collected	-	4,184	4,184
Charges for Services	90,075	112,822	22,747
Park Receipts	6,700	17,785	11,085
Use of Money and Property	7,450	6,949	(501)
Other	-	10,646	10,646
	<u> </u>	<u> </u>	<u> </u>
Total Receipts	<u>\$ 512,150</u>	<u>\$ 582,483</u>	<u>\$ 70,333</u>
Disbursements:			
Administration	\$ 83,585	\$ 243,496	\$ (159,911)
Police	293,325	212,081	81,244
Municipal Court	50,040	53,253	(3,213)
Parks	6,700	17,862	
Refuse	90,000	131,996	(41,996)
Court Bonds Refunded	-	5,472	(5,472)
	<u> </u>	<u> </u>	<u> </u>
Total Disbursements	<u>\$ 523,650</u>	<u>\$ 664,160</u>	<u>\$ (129,348)</u>
Excess of Receipts Over (Under) Disbursements		\$ (81,677)	
Beginning Cash		<u>57,089</u>	
Ending Cash		<u>\$ (24,588)</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
Street Fund - Regulatory Basis
For the year ended October 31, 2021

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ 33,428	\$ 33,428
Intergovernmental Revenues	78,000	80,032	2,032
Capital Lease Proceeds	-	249,000	249,000
	<u>\$ 78,000</u>	<u>\$ 362,460</u>	<u>\$ 284,460</u>
Disbursements:			
Fuel	\$ 1,500	\$ 547	\$ 953
Insurance	1,500	2,358	(858)
Materials and Supplies	10,500	12,186	(1,686)
Professional Fees	1,400	1,131	269
Repairs and Maintenance	5,000	6,125	(1,125)
Signs	700	1,106	(406)
Street Paving	35,400	25,965	9,435
Street Projects	35,400	202,740	(167,340)
Utilities	22,000	24,214	(2,214)
Other	-	1,589	(1,589)
	<u>\$ 113,400</u>	<u>\$ 277,961</u>	<u>\$ (164,561)</u>
Excess of Receipts Over (Under) Disbursements		\$ 84,499	
Beginning Cash		44,993	
Ending Cash		\$ 129,492	

* 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, 2021

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Taxes	\$ 40,000	\$ 34,817	\$ (5,183)
Other	-	3,580	3,580
Total Receipts	\$ 40,000	\$ 38,397	\$ (1,603)
Disbursements:			
Capital Outlay	\$ 40,000	\$ 47,427	\$ (7,427)
Excess of Receipts Over (Under) Disbursements		\$ (9,030)	
Beginning Cash		36,853	
Ending Cash		\$ 27,823	

* 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
General Obligation Bond Debt Service Fund - Regulatory Basis
For the year ended October 31, 2021

	<u>Budget *</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Receipts:			
Taxes	<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ (130,000)</u>
Disbursements:			
Debt Service	<u>\$ 130,000</u>	<u>\$ 64,978</u>	<u>\$ 65,022</u>
Excess of Receipts Over (Under) Disbursements		\$ (64,978)	
Beginning Cash		<u>194,096</u>	
Ending Cash		<u>\$ 129,118</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
American Rescue Plan Act Fund - Regulatory Basis
For the year ended October 31, 2021

Receipts:		
Grant	\$	<u>198,557</u>
Disbursements:		
Capital Outlay	\$	<u>-</u>
Excess of Receipts Over (Under) Disbursements	\$	198,557
Beginning Cash		<u>-</u>
Ending Cash	\$	<u><u>198,557</u></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
Water and Sewer Fund - Regulatory Basis
For the year ended October 31, 2021

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Charges for Services	\$ 592,020	\$ 771,866	\$ 179,846
Fees	6,500	1,835	(4,665)
Meter Deposits	-	7,790	7,790
Grants	-	55,738	55,738
Bond Proceeds	-	780,000	780,000
Loan Proceeds	-	133,057	133,057
Insurance Proceeds	-	79,352	79,352
	<u>\$ 598,520</u>	<u>\$ 1,829,638</u>	<u>\$ 1,231,118</u>
Total Receipts			
Disbursements:			
Personal Costs	\$ 244,600	\$ 174,942	\$ 69,658
Center Creek Wastewater Treatment Board	108,000	110,729	(2,729)
Computer Support and Repairs	3,800	8,637	(4,837)
Due and Subscriptions	800	971	(171)
Equipment Rent and Repairs	4,300	7,871	(3,571)
Fuel	8,300	7,142	1,158
Health Insurance	58,403	29,287	29,116
Heritage Acres Contract	16,320	22,727	(6,407)
Insurance	20,000	30,475	(10,475)
Legal and Professional	6,000	2,034	3,966
Miscellaneous	14,300	2,255	12,045
Office Supplies	1,300	1,985	(685)
Postage	5,400	7,043	(1,643)
Repairs and Maintenance	16,600	170,705	(154,105)
Supplies and Materials	20,697	65,345	(44,648)
Telephone and Internet	2,700	3,058	(358)
Uniforms	8,500	1,919	6,581
Utilities	43,200	54,079	(10,879)
Water Testing	1,300	1,015	285
Water Tower Contract	14,000	-	14,000
Bond Issuance Costs	-	39,000	(39,000)
Capital Lease	-	23,750	(23,750)
Loan Payments	-	133,057	(133,057)
Meter Deposits Refunded	-	1,071	(1,071)
Operating Transfers	-	72,642	(72,642)
	<u>\$ 598,520</u>	<u>\$ 971,739</u>	<u>\$ (373,219)</u>
Total Disbursements			
Excess of Receipts Over (Under) Disbursements		\$ 857,899	
Beginning Cash		103,539	
Ending Cash		\$ 961,438	

* 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, 2021

	<u>Actual</u>
Receipts:	
Operating Transfers	<u>\$ 33,699</u>
Disbursements:	
Debt Service	<u>\$ 56,772</u>
Excess of Receipts Over (Under) Disbursements	\$ (23,073)
Beginning Cash	<u>58,365</u>
Ending Cash	<u><u>\$ 35,292</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
Revenue Bond Debt Reserve Fund - Regulatory Basis
For the year ended October 31, 2021

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Operating Transfers	\$ 51,400	\$ -	\$ (51,400)
Disbursements:			
Equipment Rent and Repairs	\$ 31,600	\$ -	\$ 31,600
Repairs and Supplies	19,800	-	19,800
Total Disbursements	\$ 51,400	\$ -	\$ 51,400
Excess of Receipts Over (Under) Disbursements		\$ -	
Beginning Cash		59,000	
Ending Cash		\$ 59,000	

The accompanying notes are an integral part of this statement.

CITY OF CARTERVILLE, MISSOURI
Statement of Receipts, Disbursements, and Changes in Cash
Revenue Bond Depreciation and Replacement Fund - Regulatory Basis
For the year ended October 31, 2021

	<u>Actual</u>
Receipts:	
Operating Transfers	<u>\$ 38,943</u>
Disbursements:	
Debt Service	<u>\$ -</u>
Excess of Receipts Over (Under) Disbursements	\$ 38,943
Beginning Cash	<u>5,000</u>
Ending Cash	<u><u>\$ 43,943</u></u>

The accompanying notes are an integral part of this statement.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

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, 2021

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, 2021

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 2021 for purposes of local taxation was:

Real Estate	\$	10,528,730
Personal Property		3,612,908
State Assessed Railroad and Utility		1,077,170
Total	\$	<u>15,218,808</u>

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

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 2021 for the purpose of local taxation was:

General Fund	\$ <u>.6037</u>
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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

Combined Waterworks and Sewerage System Revenue Bonds, Series 2021

Ordinance 2981, passed September 14, 2021 authorizing the issuance of \$780,000, Combined Waterworks and Sewerage System Revenue Bonds, Series 2021, dated October 1, 2021 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, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.A. REVENUE BOND COVENANTS (CONTINUED)

**Combined Waterworks and Sewerage System Revenue Bonds, Series 2021
(Continued)**

The net proceeds received from the sale of the bonds shall be deposited upon delivery of the bonds into the "Project Fund". Moneys in the Project Fund shall be used solely for the purpose of (a) paying project costs and (b) bond issuance costs. Any surplus moneys remaining shall be deposited in the "Debt Service Account".

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 Debt Service Reserve Account \$900 until the amount aggregates the Debt Service Reserve Requirement of \$60,106.
3. Transfer to the Depreciation and Replacement Account \$640 until the Debt Service Reserve Requirement is met then \$1,800 as long as any bond remain outstanding.
4. 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 802 of the Ordinance. The City was in compliance with the rate covenant.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.A. REVENUE BOND COVENANTS (CONTINUED)

Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2021 (Continued)

No transfers to the Debt Service Reserve Account were made during the year.

The Surplus Account is not active.

Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2020

Ordinance 2967 authorizing the issuance of \$845,000, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2020, contains requirements that accounts be maintained beginning with delivery of the bonds and continuing as any 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

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 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 Debt Service Reserve Account until the aggregate reserve requirement of \$59,000 is met. This account has been fully funded with the issuance of the bonds.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.A. REVENUE BOND COVENANTS (CONTINUED)

Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2020 (Continued)

3. Transfer to the Depreciation and Replacement Account \$1,000, so long as any bonds remain outstanding.
4. 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 802 of the Ordinance.

The city was in substantial compliance with the Ordinance.

The Surplus Account is not active.

II.B. STATUTORY COMPLIANCE

Budget – State statutes require certain information be contained in the annual budget. The City budget for the year ended October 31, 2021 did not contain all required information. RSM0 67.010.

Deficit Cash Balance – The General Fund had deficit cash balances at October 31, 2021.

Appropriations – The City overspent the budget in the General, Street, Capital Improvement and Water and Sewer Funds. The American Rescue Plan Act, Revenue Bond Debt Service, Revenue Bond Reserve, and Revenue Bond Depreciation and Replacement Funds were not budgeted.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

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 (FDIC). All deposits were legally secured October 31, 2021. The City does not have any other policies for custodial credit risk.

At October 31, 2021, the City’s carrying amount of deposits was \$1,559,550 and the bank balance was \$1,670,323. 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 FDIC and \$1,420,323 was collateralized with securities held by the pledging financial institution’s agents in the City’s name.

III.B. RESTRICTED ASSETS

Restricted assets as of October 31, 2021 were as follows:

Water and Sewer Fund	
Customer Deposits	\$ 41,540
Combined Waterworks and Sewerage System	
Revenue Bonds, Series 2021, Project Account	741,000
	<hr/>
	\$ 782,540
	<hr/> <hr/>

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

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

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 members of the Webb City Wastewater and Solid Waste Board.
- Two citizens of Carterville, appointed by the Mayor of Carterville and approved by the City Council.
- One citizen of Oronogo, appointed by the Mayor of Oronogo and approved by the City Council.

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

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	82.17%
City of Carterville	10.69%
City of Oronogo	7.04%

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

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

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

III.D. LONG-TERM DEBT

General Obligation Bonds

\$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%. \$ 450,000

Revenue Bonds

\$845,000 Combined 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%. \$ 780,000

\$780,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2021, dated October 1, 2021, due in annual installments of \$30,000 to \$100,000. Final payment due December 1, 2041. Interest rate of .80% to 2.20%. 810,000

Total Revenue Bonds \$ 1,590,000

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

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

III.D. LONG-TERM DEBT (CONTINUED)

Capital Lease Obligations

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%.

\$ 90,000

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%.

245,167

Total Capital Lease Obligations

\$ 335,167

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	\$ 500,000	\$ -	\$ 50,000	\$ 450,000
Revenue Bonds	845,000	780,000	35,000	1,590,000
Capital Lease Obligations	148,411	249,000	62,244	335,167
Interim Financing Loan	-	133,057	133,057	-
Total	\$ 1,493,411	\$ 1,162,057	\$ 280,301	\$ 2,375,167

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

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

III.D. LONG-TERM DEBT (CONTINUED)

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, 2021 are as follows:

October 31,	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 50,000	\$ 13,178	\$ 35,000	\$ 33,275	\$ 66,706	\$ 10,377
2023	55,000	11,603	65,000	36,878	68,269	8,065
2024	60,000	9,878	65,000	35,850	74,871	5,619
2025	60,000	8,033	65,000	34,823	76,552	3,000
2026	60,000	6,143	70,000	33,775	48,769	807
2027-2031	165,000	7,009	365,000	147,373	-	-
2032-2036	-	-	415,000	100,730	-	-
2037-2041	-	-	410,000	40,595	-	-
2042	-	-	100,000	1,100	-	-
	<u>\$ 450,000</u>	<u>\$ 55,844</u>	<u>\$ 1,590,000</u>	<u>\$ 464,399</u>	<u>\$ 335,167</u>	<u>\$ 27,868</u>

III.E. FUND CONSOLIDATION

The Park and Use Tax and Building Payment Funds were consolidated with the General Fund for the year.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

IV. INTERFUND TRANSFERS

Interfund transfers for the year ended October 31, 2021 were as follows:

Fund	Transfers In	Transfers Out
Water and Sewer	\$ -	\$ 72,642
Revenue Bond Debt Service	33,699	-
Revenue Bond Depreciation and Replacement	38,943	-
Total	<u>\$ 72,642</u>	<u>\$ 72,642</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.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2021

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.

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. TAX ABATEMENTS

There were no tax abatements during the year.

VIII. SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for the year ending October 31, 2022. Future potential impacts may include a decrease in certain revenues, reduced customer traffic and the temporary closure of operating hours of our offices.

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.