

CITY OF CARTERVILLE, MISSOURI

Independent Auditor's Report
and Financial Statements

For the year ended October 31, 2022

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

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of City of Carterville, Missouri, as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise City of Carterville, Missouri's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash balances of each fund of City of Carterville, Missouri as of October 31, 2022, 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, 2022, or the changes in financial position and cash flows 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 opinions.

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

As described in Note 1 of the financial statements, the financial statements are presented by City of Carterville, Missouri on the basis of accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles prescribed or permitted by Missouri Law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws. 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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
February 13, 2023

CITY OF CARTERVILLE, MISSOURI
Statement of Receipts, Disbursements, and Changes in Cash
All Funds - Regulatory Basis
For the year ended October 31, 2022

Funds	Beginning Cash November 1, 2021	Receipts	Disbursements	Ending Cash October 31, 2022
General	\$ 173,969	\$ 805,686	\$ 724,254	\$ 255,401
Street	129,492	112,313	186,017	55,788
Capital Improvement	27,823	65,617	54,083	39,357
General Obligation Bond Debt Service	129,118	19	63,502	65,635
Water and Sewer	961,438	785,063	1,256,529	489,972
Revenue Bond Debt Service	35,292	83,360	105,956	12,696
Revenue Bond Debt Service Reserve	59,000	10,800	-	69,800
Depreciation and Replacement	43,943	40,527	31,300	53,170
	<u>\$ 1,560,075</u>	<u>\$ 1,903,385</u>	<u>\$ 2,421,641</u>	<u>\$ 1,041,819</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, 2022

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Taxes	\$ 180,000	\$ 168,118	\$ (11,882)
Intergovernmental Revenues	206,857	235,584	28,727
Licenses, Permits and Fees	127,874	147,206	19,332
Fines and Forfeitures	95,950	80,616	(15,334)
Court Bonds Collected	-	2,023	2,023
Charges for Services	135,000	119,671	(15,329)
Park Receipts	1,000	11,968	10,968
Use of Money and Property	7,200	17,457	10,257
Insurance Proceeds	7,000	17,405	10,405
Other	1,200	5,638	4,438
	<u>\$ 762,081</u>	<u>\$ 805,686</u>	<u>\$ 43,605</u>
Disbursements:			
Administration	\$ 140,029	\$ 219,193	\$ (79,164)
Police	250,860	290,579	(39,719)
Court Bonds Refunded	-	- 61	(61)
Municipal Court	37,635	57,001	(19,366)
Parks	-	11,262	(11,262)
Refuse	135,000	125,115	9,885
ARPA Expenses	198,557	5,961	192,596
Operating Transfers	-	15,082	(15,082)
	<u>\$ 762,081</u>	<u>\$ 724,254</u>	<u>\$ 37,827</u>
Excess of Receipts Over (Under) Disbursements		\$ 81,432	
Beginning Cash		173,969	
Ending Cash		\$ 255,401	

* 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, 2022

	<u>Budget *</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Receipts:			
Taxes	\$ 31,200	\$ 25,543	\$ (5,657)
Intergovernmental Revenues	78,750	86,770	8,020
	<u>\$ 109,950</u>	<u>\$ 112,313</u>	<u>\$ 2,363</u>
Disbursements:			
Fuel	\$ 2,000	\$ 2,712	\$ (712)
Insurance	2,500	8,385	(5,885)
Materials and Supplies	4,000	20,477	(16,477)
Professional Fees	1,450	28,202	(26,752)
Repairs and Maintenance	5,000	48,434	(43,434)
Signs	1,500	919	581
Street Paving	71,000	46,350	24,650
Street Projects	-	6,813	(6,813)
Utilities	22,500	20,974	1,526
Other	-	2,751	(2,751)
	<u>\$ 109,950</u>	<u>\$ 186,017</u>	<u>\$ (76,067)</u>
Excess of Receipts Over (Under) Disbursements		\$ (73,704)	
Beginning Cash		<u>129,492</u>	
Ending Cash		<u>\$ 55,788</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, 2022

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Taxes	\$ 36,000	\$ 50,535	\$ 14,535
Operating Transfers	-	15,082	15,082
Total Receipts	\$ 36,000	\$ 65,617	\$ 29,617
Disbursements:			
Capital Outlay	\$ 36,000	\$ 54,083	\$ (18,083)
Excess of Receipts Over (Under) Disbursements		\$ 11,534	
Beginning Cash		27,823	
Ending Cash		\$ 39,357	

* 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
General Obligation Bond Debt Service Fund - Regulatory Basis
For the year ended October 31, 2022

Receipts:		
Taxes		<u>\$ 19</u>
Disbursements:		
Debt Service		<u>\$ 63,502</u>
Excess of Receipts Over (Under) Disbursements		\$ (63,483)
Beginning Cash		<u> 129,118</u>
Ending Cash		<u><u>\$ 65,635</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, 2022

	<u>Budget *</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Receipts:			
Charges for Services	\$ 604,500	\$ 765,361	\$ 160,861
Fees	25,810	10,761	(15,049)
Meter Deposits	-	8,941	8,941
	<u> </u>	<u> </u>	<u> </u>
Total Receipts	<u>\$ 630,310</u>	<u>\$ 785,063</u>	<u>\$ 154,753</u>
Disbursements:			
Personal Costs	\$ 225,600	\$ 214,702	\$ 10,898
Center Creek Wastewater Treatment Board	125,000	102,057	22,943
Computer Support and Repairs	-	15,124	(15,124)
Due and Subscriptions	850	856	(6)
Equipment Rent and Repairs	4,500	18,248	(13,748)
Fuel	5,000	12,847	(7,847)
Health Insurance	69,160	40,000	29,160
Heritage Acres Contract	27,000	25,515	1,485
Insurance	25,600	31,314	(5,714)
Legal and Professional	13,700	16,146	(2,446)
Miscellaneous	12,550	2,583	9,967
Office Supplies	1,850	2,700	(850)
Postage	8,000	8,533	(533)
Repairs and Maintenance	18,400	5,833	12,567
Supplies and Materials	21,000	54,424	(33,424)
Telephone and Internet	2,200	2,922	(722)
Uniforms	1,400	533	867
Utilities	56,500	59,501	(3,001)
Water Testing	-	1,470	(1,470)
Water Tower Contract	12,000	12,417	(417)
Capital Outlay	-	470,377	(470,377)
Capital Lease	-	23,031	(23,031)
Meter Deposits Refunded	-	709	(709)
Operating Transfers	-	134,687	(134,687)
	<u> </u>	<u> </u>	<u> </u>
Total Disbursements	<u>\$ 630,310</u>	<u>\$ 1,256,529</u>	<u>\$ (626,219)</u>
Excess of Receipts Over (Under) Disbursements		\$ (471,466)	
Beginning Cash		<u>961,438</u>	
Ending Cash		<u>\$ 489,972</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
Revenue Bond Debt Service Fund - Regulatory Basis
For the year ended October 31, 2022

	Budget *	Actual	Variance - Favorable (Unfavorable)
Receipts:			
Operating Transfers	\$ 110,000	\$ 83,360	\$ (26,640)
Disbursements:			
Debt Service	\$ 110,000	\$ 105,956	\$ 4,044
Excess of Receipts Over (Under) Disbursements		\$ (22,596)	
Beginning Cash		35,292	
Ending Cash		\$ 12,696	

* 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 Reserve Fund - Regulatory Basis
For the year ended October 31, 2022

Receipts:		
Operating Transfers		<u>\$ 10,800</u>
Disbursements:		
Debt Service		<u>\$ -</u>
Excess of Receipts Over (Under) Disbursements		\$ 10,800
Beginning Cash		<u>59,000</u>
Ending Cash		<u><u>\$ 69,800</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

Depreciation and Replacement Fund - Regulatory Basis

For the year ended October 31, 2022

	<u>Budget *</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Receipts:			
Operating Transfers	<u>\$ 37,000</u>	<u>\$ 40,527</u>	<u>\$ 3,527</u>
Disbursements:			
System Repairs	<u>\$ 37,000</u>	<u>\$ 31,300</u>	<u>\$ 5,700</u>
Excess of Receipts Over (Under) Disbursements		\$ 9,227	
Beginning Cash		<u>43,943</u>	
Ending Cash		<u>\$ 53,170</u>	

* Original and Final Budget

The accompanying notes are an integral part of this statement.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

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 main 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, 2022

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, 2022

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 2022 for purposes of local taxation was:

Real Estate	\$ 11,334,710
Personal Property	4,976,700
State Assessed Railroad and Utility	<u>1,056,483</u>
Total	<u>\$ 17,367,893</u>

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

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 2022 for the purpose of local taxation was:

General Revenue	\$	0.6037
Debt Service		<u>0.6266</u>
Total	\$	<u><u>1.2303</u></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

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:

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.A. REVENUE BOND COVENANTS (CONTINUED)

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

- 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

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.

Moneys 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.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.A. REVENUE BOND COVENANTS (CONTINUED)

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

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.

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 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

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.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

II.A. REVENUE BOND COVENANTS (CONTINUED)

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

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.
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 Ordinances.

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, 2022 did not contain all required information. (RSM0 67.010)

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

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

II.B. STATUTORY COMPLIANCE (CONTINUED)

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, 2022. The City does not have any other policies for custodial credit risk.

At October 31, 2022, the City’s carrying amount of deposits was \$1,041,294 and the bank balance was \$1,106,216. 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 \$856,216 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, 2022 were as follows:

General Fund

Law Enforcement Training	\$ 6,696
Judicial Education	107
	<hr/>
	\$ 6,803
	<hr/>

Water and Sewer Fund

Customer Deposits	\$ 44,487
Combined Waterworks and Sewerage System	
Revenue Bods, Series 2021, Project Account	270,623
	<hr/>
	\$ 315,110
	<hr/>

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

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, 2022

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%. \$ 400,000

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%. 775,000

Total Revenue Bonds \$ 1,555,000

CITY OF CARTERVILLE, MISSOURI
Notes to Financial Statements
October 31, 2022

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%.

\$ 70,000

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%.

198,459

Total Capital Lease Obligations \$ 268,459

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	\$ 450,000	\$ -	\$ 50,000	\$ 400,000
Revenue Bonds	1,590,000	-	35,000	1,555,000
Capital Lease Obligations	335,167	-	66,708	268,459
Total	<u>\$ 2,375,167</u>	<u>\$ -</u>	<u>\$ 151,708</u>	<u>\$ 2,223,459</u>

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

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, 2022 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>
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	48,767	807
2027	60,000	4,253	70,000	26,469	-	-
2028-2032	105,000	2,756	375,000	139,250	-	-
2033-2037	-	-	420,000	89,640	-	-
2038-2042	-	-	425,000	34,439	-	-
	<u>\$ 400,000</u>	<u>\$ 42,666</u>	<u>\$ 1,555,000</u>	<u>\$ 431,124</u>	<u>\$ 268,459</u>	<u>\$ 17,491</u>

III.E. FUND CONSOLIDATION

The American Rescue Plan Act (ARPA) Fund was consolidated with the General Fund.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2022

IV. INTERFUND TRANSFERS

Interfund transfers for the year ended October 31, 2022 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Water and Sewer	\$ -	\$ 134,987
Revenue Bond Debt Service	83,360	-
Revenue Bond Debt Reserve	10,800	-
Revenue Bond Depreciation and Replacement	40,527	-
Total	<u>\$ 134,687</u>	<u>\$ 134,987</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, 2022

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

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.