

CITY OF CARTERVILLE, MISSOURI

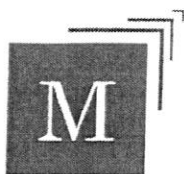
Independent Auditor's Report
and Financial Statements

For the year ended October 31, 2019

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 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, 2019 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", is written above the printed name of the firm.

The Mense CPA Firm, LLC
Certified Public Accountants

Joplin, Missouri
April 4, 2020

CITY OF CARTERVILLE, MISSOURI
Statement of Receipts, Disbursements, and Changes in Cash
All Funds - Regulatory Basis
For the year ended October 31, 2019

| Funds | Beginning Cash November 1, 2018 | Receipts | Disbursements | Ending Cash October 31, 2019 |
|--------------------------------------|---------------------------------------|---------------------|---------------------|------------------------------------|
| General | \$ 237,915 | \$ 507,816 | \$ 786,418 | \$ (40,687) |
| Street | (113,163) | 211,126 | 97,963 | - |
| Capital Improvements | 20,112 | 42,346 | 32,678 | 29,780 |
| Park | (35,975) | 78,168 | 42,193 | - |
| Use Tax and Building Payment | 90,283 | 11,392 | - | 101,675 |
| General Obligation Bond Debt Service | 80,547 | 134,037 | 77,663 | 136,921 |
| Street Project | 5,303 | 808 | 6,111 | - |
| Water and Sewer | 22,183 | 758,952 | 740,682 | 40,453 |
| Revenue Bond Debt Service | 52,583 | 115,049 | 111,553 | 56,079 |
| Revenue Bond Debt Service Reserve | 117,746 | 2,384 | - | 120,130 |
| Water and Sewer Project | 505 | 3 | 508 | - |
| | <u>\$ 478,039</u> | <u>\$ 1,862,081</u> | <u>\$ 1,895,769</u> | <u>\$ 444,351</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, 2019

| | Budget * | Actual | Variance - Favorable (Unfavorable) |
|--|-------------------|--------------------|--|
| Receipts: | | | |
| Taxes | \$ 214,547 | \$ 167,196 | \$ (47,351) |
| Intergovernmental Revenues | - | 8,599 | 8,599 |
| Licenses, Permits & Fees | 156,419 | 117,740 | (38,679) |
| Fines and Forfeitures | 117,924 | 108,679 | (9,245) |
| Court Bonds Collected | - | 8,328 | 8,328 |
| Charges for Services | 20,000 | 16,338 | (3,662) |
| Use of Money and Property | 3,600 | 6,877 | 3,277 |
| Sale of Assets | - | 27,241 | 27,241 |
| Other | - | 18,323 | 18,323 |
| Capital Lease Proceeds | - | 28,495 | 28,495 |
| | <u>\$ 512,490</u> | <u>\$ 507,816</u> | <u>\$ (4,674)</u> |
| Total Receipts | <u>\$ 512,490</u> | <u>\$ 507,816</u> | <u>\$ (4,674)</u> |
| Disbursements: | | | |
| Administration | \$ 78,315 | \$ 101,931 | \$ (23,616) |
| Police | 302,980 | 338,826 | (35,846) |
| Municipal Court | 41,195 | 46,531 | (5,336) |
| Refuse | 90,000 | 119,675 | (29,675) |
| Court Bonds Refunded | - | 6,042 | (6,042) |
| Operating Transfers | - | 173,413 | (173,413) |
| | <u>\$ 512,490</u> | <u>\$ 786,418</u> | <u>\$ (273,928)</u> |
| Total Disbursements | <u>\$ 512,490</u> | <u>\$ 786,418</u> | <u>\$ (273,928)</u> |
| Excess of Receipts Over (Under) Disbursements | | \$ (278,602) | |
| Beginning Cash | | <u>237,915</u> | |
| Ending Cash | | <u>\$ (40,687)</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, 2019

| | Budget * | Actual | Variance - Favorable (Unfavorable) |
|--|-------------------|-------------------|--|
| Receipts: | | | |
| Taxes | \$ 37,000 | \$ 32,212 | \$ (4,788) |
| Intergovernmental Revenues | 82,200 | 76,574 | (5,626) |
| Operating Transfers | - | 102,340 | 102,340 |
| | <u>\$ 119,200</u> | <u>\$ 211,126</u> | <u>\$ 91,926</u> |
| Total Receipts | | | |
| Disbursements: | | | |
| Public Works | <u>\$ 119,200</u> | <u>\$ 97,963</u> | <u>\$ 21,237</u> |
| Excess of Receipts Over (Under) Disbursements | | \$ 113,163 | |
| Beginning Cash | | <u>(113,163)</u> | |
| Ending Cash | | <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
Capital Improvement Fund - Regulatory Basis
For the year ended October 31, 2019

| | Budget * | Actual | Variance - Favorable (Unfavorable) |
|--|-----------|-----------|--|
| Receipts: | | | |
| Taxes | \$ 40,000 | \$ 42,346 | \$ 2,346 |
| Disbursements: | | | |
| Capital Outlay | \$ 40,000 | \$ 32,678 | \$ 7,322 |
| Excess of Receipts Over (Under) Disbursements | | \$ 9,668 | |
| Beginning Cash | | 20,112 | |
| Ending Cash | | \$ 29,780 | |

* 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, 2019

| | Budget * | Actual | Variance - Favorable (Unfavorable) |
|--|-----------------|------------------|--|
| Receipts: | | | |
| Use of Money and Property | \$ 4,700 | \$ 7,061 | \$ 2,361 |
| Other | - | 34 | 34 |
| Operating Transfers | - | 71,073 | 71,073 |
| Total Receipts | <u>\$ 4,700</u> | <u>\$ 78,168</u> | <u>\$ 73,468</u> |
| Disbursements: | | | |
| Recreation | <u>\$ 4,700</u> | <u>\$ 42,193</u> | <u>\$ (37,493)</u> |
| Excess of Receipts Over (Under) Disbursements | | \$ 35,975 | |
| Beginning Cash | | <u>(35,975)</u> | |
| Ending Cash | | <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
Use Tax and Building Payment Fund - Regulatory Basis
For the year ended October 31, 2019

| | Budget * | Actual | Variance - Favorable (Unfavorable) |
|--|------------------|-------------------|--|
| Receipts: | | | |
| Taxes | \$ 20,000 | \$ 11,387 | \$ (8,613) |
| Other | - | 5 | 5 |
| Total Receipts | <u>\$ 20,000</u> | <u>\$ 11,392</u> | <u>\$ (8,608)</u> |
| Disbursements: | | | |
| Capital Outlay | <u>\$ 20,000</u> | <u>\$ -</u> | <u>\$ 20,000</u> |
| Excess of Receipts Over (Under) Disbursements | | \$ 11,392 | |
| Beginning Cash | | <u>90,283</u> | |
| Ending Cash | | <u>\$ 101,675</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
General Obligation Bond Debt Service Fund - Regulatory Basis
For the year ended October 31, 2019

| | <u>Actual</u> |
|--|--------------------------|
| Receipts: | |
| Taxes | \$ 131,506 |
| Use of Money and Property | <u>2,531</u> |
| Total Receipts | <u>\$ 134,037</u> |
| Disbursements: | |
| Debt Service | \$ 70,538 |
| Other | <u>7,125</u> |
| Total Disbursements | <u>\$ 77,663</u> |
| Excess of Receipts Over (Under) Disbursements | \$ 56,374 |
| Beginning Cash | <u>80,547</u> |
| Ending Cash | <u><u>\$ 136,921</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 - Regulatory Basis
For the year ended October 31, 2019

| | <u>Actual</u> |
|--|-----------------------------|
| Receipts: | |
| Use of Money and Property | <u>\$ 808</u> |
| Disbursements: | |
| Public Works | <u>\$ 6,111</u> |
| Excess of Receipts Over (Under) Disbursements | \$ (5,303) |
| Beginning Cash | <u>5,303</u> |
| Ending Cash | <u><u>\$ -</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, 2019

| | Budget * | Actual | Variance - Favorable (Unfavorable) |
|--|-------------------|-------------------|--|
| Receipts: | | | |
| Charges for Services | \$ 622,420 | \$ 727,379 | \$ 104,959 |
| Fees | 11,600 | 15,464 | 3,864 |
| Sales Tax | 4,900 | 4,682 | (218) |
| Meter Deposits | - | 9,711 | 9,711 |
| Use of Property and Money | - | 564 | 564 |
| Other | - | 1,152 | 1,152 |
| Total Receipts | <u>\$ 638,920</u> | <u>\$ 758,952</u> | <u>\$ 120,032</u> |
| Disbursements: | | | |
| Water - | | | |
| Administration | \$ 76,620 | \$ 77,844 | \$ (1,224) |
| Public Works | 226,030 | 201,133 | 24,897 |
| Sewer - | | | |
| Administration | 55,360 | 71,613 | (16,253) |
| Public Works | 113,490 | 113,440 | 50 |
| Center Creek Wastewater Treatment Board | 108,000 | 92,758 | 15,242 |
| Heritage Contract | 16,320 | 23,604 | (7,284) |
| Water/Sewer Repairs | 43,100 | 39,937 | 3,163 |
| Meter Deposits Refunded | - | 6,008 | (6,008) |
| Operating Transfers | - | 114,345 | (114,345) |
| Total Disbursements | <u>\$ 638,920</u> | <u>\$ 740,682</u> | <u>\$ (101,762)</u> |
| Excess of Receipts Over (Under) Disbursements | | \$ 18,270 | |
| Beginning Cash | | <u>22,183</u> | |
| Ending Cash | | <u>\$ 40,453</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, 2019

| | <u>Actual</u> |
|--|-------------------------|
| Receipts: | |
| Use of Money and Property | \$ 704 |
| Operating Transfers | <u>114,345</u> |
| Total Receipts | <u>\$ 115,049</u> |
| Disbursements: | |
| Debt Service | \$ 111,375 |
| Other | <u>178</u> |
| Total Disbursements | <u>\$ 111,553</u> |
| Excess of Receipts Over (Under) Disbursements | \$ 3,496 |
| Beginning Cash | <u>52,583</u> |
| Ending Cash | <u><u>\$ 56,079</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 Reserve Fund - Regulatory Basis
For the year ended October 31, 2019

| | <u>Actual</u> |
|--|-------------------------------|
| Receipts: | |
| Use of Money and Property | <u>\$ 2,384</u> |
| Disbursements: | |
| Debt Service | <u>\$ -</u> |
| Excess of Receipts Over (Under) Disbursements | \$ 2,384 |
| Beginning Cash | <u>117,746</u> |
| Ending Cash | <u><u>\$ 120,130</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, 2019

| | <u>Actual</u> |
|--|-----------------------------|
| Receipts: | |
| Use of Money and Property | <u>\$ 3</u> |
| Disbursements: | |
| Public Works | <u>\$ 508</u> |
| Excess of Receipts Over (Under) Disbursements | \$ (505) |
| Beginning Cash | <u>505</u> |
| Ending Cash | <u><u>\$ -</u></u> |

The accompanying notes are an integral part of this statement.

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2019

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, 2019

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, 2019

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 2019 for purposes of local taxation was:

| | |
|-------------------------------------|----------------------|
| Real Estate | \$ 9,109,970 |
| Personal Property | 3,236,235 |
| State Assessed Railroad and Utility | <u>1,215,868</u> |
| | <u>\$ 13,562,073</u> |

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2019

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 2019 for the purpose of local taxation was:

| | |
|-------------------|------------------|
| General Fund | \$.6396 |
| Debt Service Fund | 1.3935 |
| Total | <u>\$ 2.0331</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, 2019

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, 2019

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, 2019 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 General Fund had deficit cash balances at October 31, 2019.

Appropriations - The City overspent the budget in the General, Park and Water and Sewer 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, 2019. The City does not have any other policies for custodial credit risk.

At October 31, 2019, the City's carrying amount of deposits was \$443,476 and the bank balance was \$542,915. 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 \$292,915 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, 2019

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

III.B. RESTRICTED ASSETS

Restricted assets as of October 31, 2019 were as follows:

Water and Sewer Fund

Customer Deposits

\$ 40,744

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, 2019

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%. \$ 260,000

\$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%. 290,000

Total General Obligation Bonds \$ 550,000

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%. \$ 895,000

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, 2019

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%.

\$ 125,000

Capital Lease of Police Vehicle, dated December 14, 2018, payable in monthly installments of \$527. Final payment due December 5, 2023. Original balance was \$28,496. Interest rate 4.10%.

24,147

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%.

81,248

Total Capital Lease Obligations

\$ 230,395

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2019

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 | \$ 600,000 | \$ - | \$ 50,000 | \$ 550,000 |
| Revenue Bonds | 950,000 | - | 55,000 | 895,000 |
| Capital Lease Obligations | 258,467 | 28,495 | 56,567 | 230,395 |
| Total | <u>\$ 1,808,467</u> | <u>\$ 28,495</u> | <u>\$ 161,567</u> | <u>\$ 1,675,395</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, 2019 are as follows:

| | <u>General Obligation Bonds</u> | | <u>Revenue Bonds</u> | | <u>Capital Lease Obligations</u> | |
|-------------|---------------------------------|-------------------|----------------------|-------------------|----------------------------------|------------------|
| October 31, | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ 50,000 | \$ 18,601 | \$ 60,000 | \$ 52,875 | \$ 28,894 | \$ 9,746 |
| 2021 | 50,000 | 17,226 | 65,000 | 49,350 | 34,620 | 8,364 |
| 2022 | 50,000 | 17,731 | 65,000 | 45,450 | 35,386 | 6,848 |
| 2023 | 55,000 | 14,040 | 70,000 | 41,400 | 36,193 | 5,291 |
| 2024 | 60,000 | 12,085 | 75,000 | 37,050 | 36,657 | 3,680 |
| 2025-2029 | 285,000 | 26,623 | 450,000 | 107,713 | 58,645 | 3,361 |
| 2030 | - | - | 110,000 | 3,438 | - | - |
| | <u>\$ 550,000</u> | <u>\$ 106,306</u> | <u>\$ 895,000</u> | <u>\$ 337,276</u> | <u>\$ 230,395</u> | <u>\$ 37,290</u> |

CITY OF CARTERVILLE, MISSOURI

Notes to Financial Statements

October 31, 2019

IV. INTERFUND TRANSFERS

Interfund transfers for the year ended October 31, 2019 were as follows:

| Fund | Transfers In | Transfers Out |
|---------------------------|-------------------|-------------------|
| General | \$ - | \$ 173,413 |
| Street | 102,340 | - |
| Park | 71,073 | - |
| Water and Sewer | - | 114,345 |
| Revenue Bond Debt Service | 114,345 | - |
| Total | <u>\$ 287,758</u> | <u>\$ 287,758</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, 2019

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. 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.