

CITY OF CARUTHERSVILLE, MISSOURI

AUDIT REPORT

JUNE 30, 2015

**THE CITY OF CARUTHERSVILLE, MISSOURI
YEAR ENDED JUNE 30, 2015**

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THE CITY OF CARUTHERSVILLE, MISSOURI
YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Caruthersville, Missouri

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and the business-type activities of the City of Caruthersville, Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Caruthersville, Missouri's basic 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 cash basis of accounting described in Note 1.E; this includes determining that the cash basis 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Unrecorded Bank Accounts and Police Fines and Utility Revenues

Because of the unavailability of the accounting records and failure for inclusion in the financial statements, we were unable to form an opinion regarding the activity in the bank accounts that are under the City's federal identification number but not on the City's books, namely the Fireman's Memorial Fund for Randy McDonald, the Public Library General Fund, the Fireman's Fund, the Judicial Education Fund, the Pee-Wee Football account, the Caruthersville Comm. Tennis Association, the City Fireman Fund, the Firemen Thermal Energy Camera account and the Randy McDonald Scholarship Fund.

Because of the ongoing investigation of the former court clerk we were unable to form an opinion regarding the amount reported as police fines.

Because of the inadequacy in the accounting records we were unable to form an opinion regarding the amount reported as utility revenues.

Qualified Opinions

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities and the business-type activities of the City of Caruthersville, Missouri, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with the basis of accounting as described in note 1.E.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Caruthersville, Missouri's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The budgetary comparison schedules on pages 19-26 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, budgetary comparison schedules the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the City of Caruthersville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Caruthersville, Missouri's internal control over financial reporting and compliance.

Metheny + Smith

December 16, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF CARUTHERSVILLE, MISSOURI
GOVERNMENT- WIDE STATEMENT OF NET POSITION
CASH BASIS
YEAR ENDED JUNE 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash equivalents	\$ 1,008,945	\$ 447,173	\$ 1,456,118
Restricted Cash			
Special Revenue Funds	3,525,167	0	3,525,167
Meter Deposits	0	124,517	124,517
Total Assets	<u>\$ 4,534,112</u>	<u>\$ 571,690</u>	<u>\$ 5,105,802</u>
LIABILITIES & NET POSITION			
Restricted			
Special Revenue	\$ 3,525,167	\$ 0	\$ 3,525,167
Meter Deposits	0	124,517	124,517
Unrestricted	1,008,945	447,173	1,456,118
Total Liabilities & Net position	<u>\$ 4,534,112</u>	<u>\$ 571,690</u>	<u>\$ 5,105,802</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

CITY OF CARUTHERSVILLE, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Cash Disbursements	Program cash receipts			Net(Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 296,593	\$ 0	\$ 0	\$ 0	\$ (296,593)
Public Safety	1,500,967	118,279	1,803	0	(1,380,885)
Humane Shelter	78,596	0	0	0	(78,596)
Parks/Recreation	578,392	102,184	0	0	(476,208)
Maintenance	11,725	0	0	0	(11,725)
Infrastructure	4,583	0	0	0	(4,583)
Municipal Court	100,463	0	0	0	(100,463)
Street	323,012	0	0	0	(323,012)
Sewer Extension	122,525	0	0	0	(122,525)
Cemetery	47,973	0	0	0	(47,973)
Library	131,094	0	0	0	(131,094)
Health & Sanitation	458,053	420,581	0	0	(37,472)
Airport	28,001	0	0	0	(28,001)
Airport Fuel	7,248	0	0	0	(7,248)
Police Fund	966	1,186	0	0	220
Economic Development	44,471	0	0	0	(44,471)
Tourism	7,246	0	0	0	(7,246)
Summer Food	135,641	0	137,997	0	2,356
Sales Tax	425,487	0	0	0	(425,487)
Community Revitalization	377,645	0	0	177,070	(200,575)
Capital Projects	229,334	0	0	0	(229,334)
Wastewater Bond	64,896	128,421	0	0	63,525
MO DOT Airport Grant	490,230	0	0	591,141	100,911
Asset Forfeiture	207,343	0	0	0	(207,343)
Total Governmental Activities	5,672,484	770,651	139,800	768,211	(3,993,822)
Business-type activities:					
Water	769,442	837,477	0	0	68,035
Sewer	274,930	205,632	0	0	(69,298)
Total business-type activities	1,044,372	1,043,109	0	0	(1,263)
Total	\$ 6,716,856	\$ 1,813,760	\$ 139,800	\$ 768,211	\$ (3,995,085)

The accompanying Notes to Financial Statements are an integral part of this statement

CITY OF CARUTHERSVILLE, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES-CONTINUED
CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in Net Assets:			
Net program (disbursements) receipts	\$ (3,993,822)	\$ (1,263)	\$ (3,995,085)
General receipts:			
Taxes & Licences	2,193,747	0	2,193,747
Fines	64,223	0	64,223
Gaming Revenue	1,560,236	0	1,560,236
Interest	8,157	1,561	9,718
Miscellaneous	170,981	14,257	185,238
Interfund Transfers	146,994	(146,994)	0
Total general receipts	<u>4,144,338</u>	<u>(131,176)</u>	<u>4,013,162</u>
Change in Net Position	150,516	(132,439)	18,077
Net Position-Beginning	4,383,596	704,129	5,087,725
Net Position-Ending	<u>\$ 4,534,112</u>	<u>\$ 571,690</u>	<u>\$ 5,105,802</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

FUND FINANCIAL STATEMENTS

**CITY OF CARUTHERSVILLE, MISSOURI
BALANCE SHEET
CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Governmental Funds</u>
ASSETS			
Cash and Cash equivalents	\$ 1,008,945	\$ 0	\$ 1,008,945
Restricted Cash			
Special Revenue Funds	<u>0</u>	<u>3,525,167</u>	<u>3,525,167</u>
TOTAL ASSETS	<u>\$ 1,008,945</u>	<u>\$ 3,525,167</u>	<u>\$ 4,534,112</u>
LIABILITIES			
Restricted			
Special Revenue	\$ 0	\$ 3,525,167	\$ 3,525,167
Unrestricted	<u>1,008,945</u>	<u>0</u>	<u>1,008,945</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 1,008,945</u>	<u>\$ 3,525,167</u>	<u>\$ 4,534,112</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

CITY OF CARUTHERSVILLE, MISSOURI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Governmental Funds
RECEIPTS			
Taxes	\$ 833,196	\$ 1,359,375	\$ 2,192,571
Charges for Services	220,463	550,188	770,651
Fines and Forfeitures	64,223	0	64,223
Licenses and Permits	1,176	0	1,176
Grants	1,803	906,208	908,011
Investment income	458	7,699	8,157
Gaming Revenue	1,560,236	0	1,560,236
Miscellaneous	93,418	77,563	170,981
TOTAL RECEIPTS	2,774,973	2,901,033	5,676,006
DISBURSEMENTS			
General Government	296,593	0	296,593
Public Safety	1,500,967	0	1,500,967
Humane Shelter	78,596	0	78,596
Parks/Recreations	578,392	0	578,392
Maintenance	11,725	0	11,725
Infrastructure	4,583	0	4,583
Municipal Court	100,463	0	100,463
Street	0	323,012	323,012
Sewer Extension	0	122,525	122,525
Cemetery	0	47,973	47,973
Library	0	131,094	131,094
Sanitary	0	458,053	458,053
Airport	0	28,001	28,001
Airport Fuel	0	7,248	7,248
Police School Fund	0	966	966
Economic Dev	0	44,471	44,471
Tourism	0	7,246	7,246
Summer Food	0	135,641	135,641
Sales Tax	0	425,487	425,487
Community Revitalization	0	377,645	377,645
Waste Water Bond	0	64,896	64,896
Sales tax Capital improvements	0	229,334	229,334
MO DOT Airport Grant	0	490,230	490,230
Asset Forfeiture	0	207,343	207,343
TOTAL DISBURSEMENTS	2,571,319	3,101,165	5,672,484
OTHER FINANCING SOURCES (USES)			
Transfers in (out)-Net	(109,523)	256,517	146,994
TOTAL OTHER FINANCING SOURCES (USES)	(109,523)	256,517	146,994
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES			
	94,131	56,385	150,516
CASH BASIS FUND BALANCE-Beginning of year	914,814	3,468,782	4,383,596
CASH BASIS FUND BALANCE-End of year	\$ 1,008,945	\$ 3,525,167	\$ 4,534,112

The accompanying Notes to the Financial Statements are an integral part of this statement

CITY OF CARUTHERSVILLE, MISSOURI
STATEMENT OF NET POSITION
CASH BASIS - PROPRIETARY FUNDS
JUNE 30, 2015

	Water & Sewer
ASSETS	
Cash and Cash equivalents	\$ 447,173
Restricted Cash	
Meter Deposits	124,517
TOTAL ASSETS	\$ 571,690
LIABILITIES	
Restricted	
Meter Deposits	\$ 124,517
Unrestricted	
	447,173
TOTAL LIABILITIES & NET POSITION	\$ 571,690

The accompanying Notes to the Financial Statements are an integral part of this statement

CITY OF CARUTHERSVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
CASH BASIS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

Business-Type Activities-Enterprise Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 837,477	\$ 205,632	\$ 1,043,109
Interest	1,561	0	1,561
Fees	7,724	2,054	9,778
Miscellaneous	4,479	0	4,479
Total operating revenues	<u>851,241</u>	<u>207,686</u>	<u>1,058,927</u>
Operating expenses:			
Salaries & Benefits	234,781	137,383	372,164
Utilities	68,428	54,300	122,728
Supplies	53,345	7,258	60,603
Repair & Maintenance	68,010	39,560	107,570
Postage	10,146	0	10,146
Professional fees	9,001	0	9,001
Gas/Oil/Tires	11,731	7,339	19,070
Uniforms	1,334	452	1,786
Training	1,477	881	2,358
Insurance	18,490	14,400	32,890
Chemicals	45,594	0	45,594
Sales Tax	25,867	0	25,867
Capital expenditures	210,822	0	210,822
Permits & Fees	10,416	13,357	23,773
Total operating expenses	<u>769,442</u>	<u>274,930</u>	<u>1,044,372</u>
Net operating income (loss)	81,799	(67,244)	14,555
Other Financing Sources (Uses)			
Transfers in (out)	<u>(214,238)</u>	<u>67,244</u>	<u>(146,994)</u>
Total Sources (Uses)	<u>(214,238)</u>	<u>67,244</u>	<u>(146,994)</u>
Change in Net Position	(132,439)	0	(132,439)
Net Position-Beginning of year	<u>704,129</u>	<u>0</u>	<u>704,129</u>
Net Position-End of year	<u>\$ 571,690</u>	<u>\$ 0</u>	<u>\$ 571,690</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Caruthersville, Missouri have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The City of Caruthersville, Missouri (the City) operates under an elected Mayor/Council form of government, and provides the following major services: public safety (police and fire), highways and streets, water services, sewer services, solid waste services, recreation and parks and general administrative services. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body to establish governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The City's reporting entity includes the Mayor/Council and all related organizations for which the City exercises oversight responsibility.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity. The criteria includes, but is not limited to whether the City exercises oversight responsibility (which included financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability of fiscal matters), scope of public service, and special financing relationship.

B. GOVERNMENT - WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. These statements include the financial activities of the primary government. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Government-wide statements are prepared on the cash basis of accounting.

The Statement of Net Position presents the financial condition of the City on the cash basis of accounting at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Revenue that are presented as general revenue include all property taxes, sales taxes, and interest and investment earnings. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

C. FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the City's funds. A balance sheet on the cash basis of accounting and statement of revenues, expenditures, and changes in fund balances on the cash basis of accounting is presented. The City considers each of its funds to be major and each is displayed in separate columns. In the fund financial statements of the City, capital assets acquired for use in governmental activities are accounted for as expenditures in the Capital Projects Fund upon acquisition.

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

D. FUND ACCOUNTING

Accounts of the City are organized on the basis of legally established funds, each of which is considered a separate accounting entity. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets arising from cash transactions, fund balance, revenues received, and expenditures paid. The funds presented in the accompanying financial statements include all funds established and controlled by the City. The purpose of these funds is:

Governmental Funds

General Fund

The general fund accounts for all activities except those required to be accounted for in another fund. Revenues in this fund are derived from taxes, fees, and other sources that usually are not designated for any specific purposes. The revenues are used for general ongoing government services such as administration, maintenance and police and fire protection.

Special Revenue Funds

(Library, Public Health, Airport, Cemetery Funds, etc.) These funds generally account for the expenditures of revenues that have been restricted to specific programs or projects (including expenditures for major facility purchases classified as capital projects).

Proprietary Funds

Enterprise Funds

(Water and Sewer Funds) Enterprise funds account for activities that are usually self-sustaining, principally through user charges for services rendered.

E. BASIS OF ACCOUNTING

In the Government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a cash basis of accounting. This basis recognizes cash and cash equivalents and changes therein resulting from receipts and disbursements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed for provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

F. BUDGETS & BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) In accordance with Chapter 67, RSMo, the City adopts a budget for each fund.
- (2) Prior to July, the Mayor, who serves as the budget officer, submits to the city council a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all City funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- (3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the city council, the budget document is available for public inspection
- (4) The budget is legally enacted by a vote of the city council.
- (5) Budgeted amounts are as originally adopted by the city council, and as amended during the year.
- (6) Budgets for City funds are prepared and adopted on the cash basis recognizing revenues when collected and expenditures when paid.

Missouri Budgetary Statute, Chapter 67 RSMO, requires budgets to be amended before exceeding budgeted amounts in any fund.

G. INVESTMENTS

Investments are limited to bank savings accounts and certificates of deposit and are carried at cost.

H. RESTRICTED CASH

"Restricted Cash" includes cash deposited in bank accounts legally restricted for specified uses such as water meter deposit funds, special revenue funds and federal grant funds.

I. CAPITAL ASSETS

Capital outlays of the various funds are recorded as expenditures when incurred. The capital outlays represent the cost of land, infrastructure, buildings, improvements, and furniture and equipment. The City does not maintain a record of its capital assets and they are not recorded in the cash basis financial statements.

J. LONG-TERM OBLIGATIONS

All long-term obligations arising from cash basis transactions of the governmental and proprietary funds are not reported as liabilities in the fund financial statements or the government-wide statements. The debt proceeds are reported as other financing sources in the year of issuance, and payment of principle and interest are reported as expenditures in the year paid. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide financial statements.

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

K. VACATION & SICK PAY

Vacation time and sick leave are considered expenditures in the year paid. Vacation time, in most cases, if unused, is lost. Employees are allowed six days sick leave each year and can accumulate up to thirty days which can be used for an extended illness. The City does not compensate employees for unused vacation or sick days.

L. ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

M. INTERFUND ACTIVITY

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

Interfund transfers are flows of assets from one fund to another when repayment is not expected and reported as transfer in and out.

NOTE - 2 CASH AND INVESTMENT COLLATERALIZATION

As required by Missouri law, the City's depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount of the City's deposits at all times. As of June 30, 2015 the carrying value of the City's deposits was \$5,105,802 and the bank balance was \$5,152,834. Of the bank balance, \$1,250,000 was covered by federal deposit insurance (FDIC) and \$3,902,834 was covered by pledged securities.

NOTE - 3 RESTRICTED ASSETS

The amounts reported as restricted assets in the governmental activities are deposited in a financial institution and are related to Community Revitalization and Special Revenues.

The restricted assets as of June 30, 2015, are as follows:

Special Revenues	\$ <u>3,525,167</u>
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The amounts reported as restricted assets in the business-type activities are deposited in a financial institution and are related to the USDA bond account and the meter deposit liability.

The restricted assets as of June 30, 2015, are as follows:

Water Meter Deposits	\$ <u>124,517</u>
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NOTE - 4 TAXES

Property taxes attach as an enforceable lien on property as of Jan 1. Taxes are levied on November 1 and payable by December 31. The City bills and collects its own property taxes. City property tax revenues are recognized as revenues in the year in which they are collected.

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

The assessed valuation of the tangible taxable property for calendar year 2014 for purposes of local taxation was:

Real Estate	\$ 30,859,360
Personal Property	<u>12,404,304</u>
Total	<u>\$ 43,263,664</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2014 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 0.0423	\$ 0.0423
Special Sewer Tax	0.5922	0.5922
Library Fund	0.1691	0.1691
Public Health	0.0952	0.0952
Cemetery Fund	<u>0.2009</u>	<u>0.2009</u>
	<u>\$ 1.0997</u>	<u>\$ 1.0997</u>

NOTE 5 - LONG-TERM DEBT

Business-type Activities:

As of June 30, 2015, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

Bonds Payable:

\$1,500,000 Revenue Bonds, Series A interest rate 2.25%, maturity date 11/1/2046	\$ 1,433,409
	<u> </u>
Total Business-type activity debt	<u>\$ 1,433,409</u>

Current Portion	\$ 32,983
Noncurrent Portion	<u>1,400,426</u>
Total bonds payable	<u>\$ 1,433,409</u>

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

Type of Debt	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amounts Due within One Year
Business-type Activities:					
Bonds Payable	\$ 1,465,658	\$ 0	\$ (32,249)	\$ 1,433,409	\$ 32,983
Total Ent. Fund Debt	<u>\$ 1,465,658</u>	<u>\$ 0</u>	<u>\$ (32,249)</u>	<u>\$ 1,433,409</u>	<u>\$ 32,983</u>

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2015, are as follows:

Year Ending June 30	Business-type Activities Bonds Payable	
	Principal	Interest
2016	\$ 32,983	\$ 31913
2017	33,733	31163
2018	34,500	30396
2019	35,284	29612
2020	36,086	28810
2021-2025	193,116	131364
2026-2030	216,088	108392
2031-2035	241,792	82688
2036-2040	270,555	53925
2041-2045	302,738	21742
2043-2046	36,534	260
Total	<u>\$ 1,433,409</u>	<u>\$ 550,265</u>

NOTE 6 - CAPITAL LEASE COMMITMENTS

The following schedule presents a summary of the capital lease commitments as of June 30, 2015.

	Present Value of Minimum Lease Payments	Interest	Total Minimum Lease Pmnts.
Original issue amount of \$632,070; Dated 12-1-00 Payable to Focus Bank.	\$ 120,000	\$ 20,074	\$ 140,074
For acquisition of the library	\$ 120,000	\$ 20,074	\$ 140,074

The present value of the capital leases is as follows:

Year Ending June 30	Amount
2016	\$ 120,000
Total	<u>\$ 120,000</u>

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 7. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintains two separate enterprise funds; the Water Division and the Sewer Division. The requirement for segment information of the individual enterprise funds is effectively met in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position of the Proprietary funds shown in basic financial statements of this report.

NOTE 8. OTHER SUPPLEMENTARY INFORMATION

Supplementary information generally consists of combining statements supporting amounts in the basic financial statements or schedules providing additional detail or demonstrating compliance with legal or contractual provisions. Due to the size of the City, no combining statements are necessary since all funds are reported as major funds in the basic financial statements.

NOTE 9 - RETIREMENT PLAN

Plan Description

The City of Caruthersville participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600-70.755. As such, it is the system's responsibility to administer the laws in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and it is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Footnote disclosures are not yet available from LAGERS.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The City has received funds from various federally assisted grant programs which are subject to compliance audits and certain expenditures may be disallowed. The effect of such adjustments, if any, cannot be determined.

The City participates in the Missouri P.E.R.M. Insurance Program and therefore, may be subject to additional assessment in case of unusual losses by the Program.

There is currently pending in the Circuit Court of Pemiscot County, Missouri, a lawsuit entitled: VNM, a minor child by and through her next friend and natural mother, Bridget McCaig v. the City of Caruthersville, the case number of which is: 13 PE-CC00080. This is claim alleges a dangerous condition under playground equipment. The outcome of this matter and range of loss, if any cannot be predicted but should be covered by MOPERM.

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

There are two other possible contingencies where the cases have not be filed: Rannotta Carter concerning an injury and Lashelle Robinson alleging liability related to a death. The City has or will refer the matters to MOPERM.

There is an unasserted claim against the mayor alleging sexual and racial harassment. No case has been filed.

NOTE 11- COMMUNITY REVITALIZATION FUND

As part of the development agreement between Aztar Missouri Gaming Corporation now The Isle Capri (Lady Luck Casino) and the City, a fund administered by local banks, in the amount of \$500,000.00 was established for the purpose of making loans to local merchants and property owners/tenants for use in upgrading store facades and residences in the designated riverfront zone. On September 21, 1998 the City Council changed the name of the fund from Aztar Riverfront Zone Fund to Community Revitalization Fund. In the future, the funds will be used for special projects determined by the City Council.

NOTE 12- CARUTHERSVILLE PUBLIC LIBRARY

Only revenue actually received and expenditures made by the City are reported in these financial statements. The City library board, per Missouri statute, has exclusive control of all other moneys collected to the credit of the library fund. Other revenue and related expenditures, such as public donations, memorials, etc., are received and disbursed under the control of the Library Board of Directors and are not reported in these financial statements.

NOTE 13 - CARUTHERSVILLE MUNICIPAL CORPORATION

The Caruthersville Municipal Corporation was formed in May, 2009, to obtain a loan from USDA for a public safety building. The Corporation acts in conjunction with the City as a leaseholder.

NOTE 14. GRANTS AND CONTRIBUTIONS

The City received \$591,141 for an airport apron expansion & t hanger grant and \$177,070 for an enhancement grant both from the Missouri Department of Transportation. The City also received \$137,997 from the USDA for the summer food program.

The City has competed a project for playground equipment for the developmentally delayed. The project cost \$31,404 and will be partially funded with a 45% grant from the Department of Natural Resources. Reimbursement had not been requested as of year end.

NOTE 15. EQUITABLE SHARING PROGRAM

Asset forfeiture funds may be used by law enforcement agencies for law enforcement operations, training, equipment, etc. This year \$207,344 of the forfeiture funds received in prior years were spent on police vehicles, computers, equipment and supplies.

NOTE 16. TRAFFIC FINE REVENUE

According to RSMo. 302.341, a city must report an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations. In the City of Caruthersville this percentage is less than one percent.

**CITY OF CARUTHERSVILLE, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE 17. DATE OF MANAGEMENT REVIEW

Subsequent events have been evaluated through December 16, 2015, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**CITY OF CARUTHERSVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CASH BASIS - GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
<i>Taxes</i>				
City Collector	\$ 245,000	\$ 245,000	\$ 260,296	\$ 15,296
Intangible Tax & Interest	2,000	2,000	1,395	(605)
Public Utility Tax	20,000	20,000	21,576	1,576
Housing Authority	3,000	3,000	12,196	9,196
M&M Replacement	11,500	11,500	10,623	(877)
Franchise Taxes	560,000	560,000	527,110	(32,890)
Total Taxes	<u>841,500</u>	<u>841,500</u>	<u>833,196</u>	<u>(8,304)</u>
<i>Charges for Services</i>				
Street Breaks	1,000	1,000	0	(1,000)
Fire Calls	1,000	1,000	1,750	750
Rural Fire Protection Fees	5,500	5,500	11,200	5,700
Shelter Fees	500	500	329	(171)
Police Housing Reimb	105,000	105,000	105,000	0
Recreation Center	115,000	115,000	102,184	(12,816)
	<u>228,000</u>	<u>228,000</u>	<u>220,463</u>	<u>(7,537)</u>
<i>Fines and Forfeitures</i>				
Police Fines	60,000	60,000	64,223	4,223
<i>Licenses and Permits</i>				
Permits & fees	2,500	2,500	1,176	(1,324)
<i>Grants</i>				
DED ADA Grant-Exchange Building			1,803	1,803
	<u>0</u>	<u>0</u>	<u>1,803</u>	<u>1,803</u>
<i>Investment Income</i>				
	550	550	458	(92)
Insurance Recovery	5,000	5,000	53,571	48,571
Sale of Assets	1,000	1,000	100	(900)
State Gaming Revenue	1,465,000	1,465,000	1,560,236	95,236
Armory rental	3,500	3,500	6,300	2,800
Arts Council	0	0	528	528
Assessors Fund	1,500	1,500	7,410	5,910
Miscellaneous	5,000	5,000	25,509	20,509
	<u>1,481,000</u>	<u>1,481,000</u>	<u>1,653,654</u>	<u>172,654</u>
TOTAL REVENUES COLLECTED	<u>2,613,550</u>	<u>2,613,550</u>	<u>2,774,973</u>	<u>161,423</u>

(Continued)

**CITY OF CARUTHERSVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CASH BASIS - GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES PAID				
<i>Administrative</i>				
Personal services	\$ 125,981	\$ 125,981	\$ 118,818	\$ 7,163
Material and supplies	17,000	17,000	16,857	143
Other services and charges	168,036	168,036	160,918	7,118
Total Administrative	<u>311,017</u>	<u>311,017</u>	<u>296,593</u>	<u>14,424</u>
<i>Police Department</i>				
Personal services	600,000	600,000	586,627	13,373
Material and supplies	20,000	20,000	19,436	564
Other services and charges	586,800	586,800	572,179	14,621
Total Police Department	<u>1,206,800</u>	<u>1,206,800</u>	<u>1,178,242</u>	<u>28,558</u>
<i>Fire Department</i>				
Personal services	192,000	192,000	193,330	(1,330)
Material and supplies	4,000	4,000	4,140	(140)
Other services and charges	137,001	137,001	125,255	11,746
Total Fire Department	<u>333,001</u>	<u>333,001</u>	<u>322,725</u>	<u>10,276</u>
<i>Humane Shelter</i>				
Personal services	35,982	35,982	35,863	119
Material and supplies	7,200	7,200	5,432	1,768
Other services and charges	37,250	37,250	37,301	(51)
Total Humane Shelter	<u>80,432</u>	<u>80,432</u>	<u>78,596</u>	<u>1,836</u>
<i>Recreation</i>				
Personal services	218,000	218,000	217,692	308
Material and supplies	13,500	13,500	13,345	155
Other services and charges	315,400	315,400	347,355	(31,955)
Total Recreation	<u>546,900</u>	<u>546,900</u>	<u>578,392</u>	<u>(31,492)</u>
<i>Maintenance</i>				
Personal services	0	0	0	0
Material and supplies	1,000	1,000	402	598
Other services and charges	13,000	13,000	11,323	1,677
Total Maintenance	<u>14,000</u>	<u>14,000</u>	<u>11,725</u>	<u>2,275</u>
<i>Infrastructure</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	4,600	4,600	4,583	17
Total Infrastructure	<u>4,600</u>	<u>4,600</u>	<u>4,583</u>	<u>17</u>

(Continued)

CITY OF CARUTHERSVILLE, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 CASH BASIS - GENERAL FUND
 YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Municipal Court</i>				
Personal services	\$ 73,500	\$ 73,500	\$ 75,015	\$ (1,515)
Material and supplies	1,000	1,000	2,088	(1,088)
Other services and charges	27,500	27,500	23,360	4,140
Total Municipal Court	<u>102,000</u>	<u>102,000</u>	<u>100,463</u>	<u>1,537</u>
TOTAL EXPENDITURES PAID	<u>2,598,750</u>	<u>2,598,750</u>	<u>2,571,319</u>	<u>27,431</u>
Revenues Collected Over/Under				
Expenditures Paid	14,800	14,800	203,654	188,854
Other Financing Sources (Uses)				
Transfers in/(out)	<u>(210,918)</u>	<u>(210,918)</u>	<u>(109,523)</u>	<u>101,395</u>
Net Changes In Fund Balances	(196,118)	(196,118)	94,131	290,249
Fund Balances - Beginning of Year	914,814	914,814	914,814	0
FUND BALANCES - END OF YEAR	<u>\$ 718,696</u>	<u>\$ 718,696</u>	<u>\$ 1,008,945</u>	<u>\$ 290,249</u>

**CITY OF CARUTHERSVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CASH BASIS - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
<i>Taxes</i>				
City Collector	\$ 211,500	\$ 211,500	\$ 221,122	\$ 9,622
Intangible Tax & Interest	1,850	1,850	1,382	(468)
Public Utility Tax	17,800	17,800	18,506	706
Housing Authority	2,550	2,550	8,360	5,810
M&M Replacement	9,900	9,900	9,111	(789)
Sales Tax	755,000	755,000	859,144	104,144
Tourism Tax	6,100	6,100	2,883	(3,217)
Vehicle Tax	70,000	70,000	75,869	5,869
Gasoline Tax	156,000	156,000	162,998	6,998
Total Taxes	<u>1,230,700</u>	<u>1,230,700</u>	<u>1,359,375</u>	<u>128,675</u>
<i>Intergovernmental</i>				
Grants	953,484	953,484	906,208	(47,276)
Total Intergovernmental	<u>953,484</u>	<u>953,484</u>	<u>906,208</u>	<u>(47,276)</u>
<i>Charges for Services</i>				
Garbage Fees	425,000	425,000	414,152	(10,848)
Mosquito Control	6,600	6,600	6,429	(171)
Sewer Surcharge	138,650	138,650	128,421	(10,229)
Police School	1,400	1,400	1,186	(214)
	<u>571,650</u>	<u>571,650</u>	<u>550,188</u>	<u>(21,462)</u>
<i>Investment Income</i>				
Fuel Sales Revenue	8,000	8,000	10,264	2,264
Lots & Graves	20,000	20,000	23,700	3,700
Rents	6,000	6,000	12,375	6,375
Crops	4,200	4,200	2,080	(2,120)
Donations	50,000	50,000	0	(50,000)
Miscellaneous	0	0	247	247
Lease/Contract	23,500	23,500	28,897	5,397
	<u>111,700</u>	<u>111,700</u>	<u>77,563</u>	<u>(34,137)</u>
TOTAL REVENUES COLLECTED	<u>2,878,479</u>	<u>2,878,479</u>	<u>2,901,033</u>	<u>22,554</u>

(Continued)

**CITY OF CARUTHERSVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CASH BASIS - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES PAID				
<i>Street</i>				
Personal services	\$ 98,900	\$ 98,900	\$ 95,861	\$ 3,039
Material and supplies	4,000	4,000	2,282	1,718
Other services and charges	224,218	224,218	224,869	(651)
Total Street	<u>327,118</u>	<u>327,118</u>	<u>323,012</u>	<u>4,106</u>
<i>Sewer Extension</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	162,000	162,000	122,525	39,475
Total Sewer Extension	<u>162,000</u>	<u>162,000</u>	<u>122,525</u>	<u>39,475</u>
<i>Cemetery</i>				
Personal services	0	0	0	0
Material and supplies	200	200	119	81
Other services and charges	48,300	48,300	47,854	446
Total Cemetery	<u>48,500</u>	<u>48,500</u>	<u>47,973</u>	<u>527</u>
<i>Library</i>				
Personal services	78,000	78,000	67,784	10,216
Material and supplies	2,000	2,000	1,911	89
Other services and charges	71,900	71,900	61,399	10,501
Total Library	<u>151,900</u>	<u>151,900</u>	<u>131,094</u>	<u>20,806</u>
<i>Sanitary</i>				
Personal services	47,238	47,238	59,589	(12,351)
Material and supplies	1,500	1,500	549	951
Other services and charges	430,990	430,990	397,915	33,075
Total Sanitary	<u>479,728</u>	<u>479,728</u>	<u>458,053</u>	<u>21,675</u>
<i>Airport</i>				
Personal services	0	0	0	0
Material and supplies	0	0	493	(493)
Other services and charges	29,300	29,300	27,508	1,792
Total Airport	<u>29,300</u>	<u>29,300</u>	<u>28,001</u>	<u>1,299</u>
<i>Airport Fuel</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	8,000	8,000	7,248	752
Total Airport Fuel	<u>8,000</u>	<u>8,000</u>	<u>7,248</u>	<u>752</u>

(Continued)

**CITY OF CARUTHERSVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CASH BASIS - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Police School</i>	\$	\$	\$	\$
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	3,000	3,000	966	2,034
Total Police School	<u>3,000</u>	<u>3,000</u>	<u>966</u>	<u>2,034</u>
<i>Economic Development</i>				
Personal services	0	0	0	0
Material and supplies	500	500	195	305
Other services and charges	45,732	45,732	44,276	1,456
Total Economic Development	<u>46,232</u>	<u>46,232</u>	<u>44,471</u>	<u>1,761</u>
<i>Tourism Tax</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	7,400	7,400	7,246	154
Total Tourism Tax	<u>7,400</u>	<u>7,400</u>	<u>7,246</u>	<u>154</u>
<i>Summer Food Program</i>				
Personal services	96,896	96,896	75,887	21,009
Material and supplies	62,800	62,800	49,970	12,830
Other services and charges	19,122	19,122	9,784	9,338
Total Summer Food Program	<u>178,818</u>	<u>178,818</u>	<u>135,641</u>	<u>43,177</u>
<i>Sales Tax</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	440,922	440,922	425,487	15,435
Total Sales Tax	<u>440,922</u>	<u>440,922</u>	<u>425,487</u>	<u>15,435</u>
<i>Sales Tax Capital Improvement</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	237,000	237,000	229,334	7,666
Total Sales Tax Capital Improvemen	<u>237,000</u>	<u>237,000</u>	<u>229,334</u>	<u>7,666</u>
<i>Community Revitalization</i>				
Personal services	0	0	5,216	(5,216)
Material and supplies	0	0	0	0
Other services and charges	392,158	392,158	372,429	19,729
Total Community Revitalization	<u>392,158</u>	<u>392,158</u>	<u>377,645</u>	<u>14,513</u>

(Continued)

**CITY OF CARUTHERSVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CASH BASIS - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Waste Water Bond</i>				
Personal services	\$ 0	\$ 0	\$ 0	\$ 0
Material and supplies	0	0	0	0
Other services and charges	80,000	80,000	64,896	15,104
Total Waste Water Bond	<u>80,000</u>	<u>80,000</u>	<u>64,896</u>	<u>15,104</u>
<i>Asset Forfeiture Fund</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	216,783	216,783	207,343	9,440
Total Asset Forfeiture Fund	<u>216,783</u>	<u>216,783</u>	<u>207,343</u>	<u>9,440</u>
<i>MO DOT Airport Grand Fund</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	578,430	578,430	490,230	88,200
Total Asset Forfeiture Fund	<u>578,430</u>	<u>578,430</u>	<u>490,230</u>	<u>88,200</u>
TOTAL EXPENDITURES PAID	<u>3,387,289</u>	<u>3,387,289</u>	<u>3,101,165</u>	<u>286,124</u>
Revenues Collected Over/Under				
Expenditures Paid	(508,810)	(508,810)	(200,132)	308,678
Other Financing Sources (Uses)				
Transfers in/(out)	<u>210,918</u>	<u>210,918</u>	<u>256,517</u>	<u>45,599</u>
Net Changes In Fund Balances	(297,892)	(297,892)	56,385	354,277
Fund Balances - Beginning of Year	<u>3,468,782</u>	<u>3,468,782</u>	<u>3,468,782</u>	<u>0</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,170,890</u>	<u>\$ 3,170,890</u>	<u>\$ 3,525,167</u>	<u>\$ 354,277</u>

**CITY OF CARUTHERSVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CASH BASIS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
<i>Charges for Service</i>				
Water	\$ 912,000	\$ 912,000	\$ 827,137	\$ (84,863)
Meter Services	9,000	9,000	25,871	16,871
Meter Deposit Interest	10,000	10,000	201	(9,799)
Meter Deposit Excess	2,000	2,000	(15,731)	(17,731)
Sewer Use	250,000	250,000	205,632	(44,368)
Interest	500	500	1,561	1,061
Fees	9,700	9,700	9,778	78
Total Charges for Services	<u>1,193,200</u>	<u>1,193,200</u>	<u>1,054,449</u>	<u>(138,751)</u>
 <i>Miscellaneous</i>	 2,500	 2,500	 4,478	 1,978
TOTAL REVENUES COLLECTED	<u>1,195,700</u>	<u>1,195,700</u>	<u>1,058,927</u>	<u>(136,773)</u>
EXPENDITURES PAID				
<i>Water</i>				
Personal services	199,031	199,031	163,613	35,418
Material and supplies	60,000	60,000	53,345	6,655
Other services and charges	640,786	640,786	552,484	88,302
Total Water	<u>899,817</u>	<u>899,817</u>	<u>769,442</u>	<u>130,375</u>
 <i>Sewer</i>				
Personal services	107,000	107,000	106,181	819
Material and supplies	13,000	13,000	7,258	5,742
Other services and charges	157,800	157,800	161,491	(3,691)
Total Sewer	<u>277,800</u>	<u>277,800</u>	<u>274,930</u>	<u>2,870</u>
TOTAL EXPENDITURES PAID	<u>1,177,617</u>	<u>1,177,617</u>	<u>1,044,372</u>	<u>133,245</u>
Revenues Collected Over/Under				
Expenditures Paid	18,083	18,083	14,555	(3,528)
Other Financing Sources (Uses)				
Transfers in/(Out)	<u>0</u>	<u>0</u>	<u>(146,994)</u>	<u>(146,994)</u>
Net Changes In Net Position	18,083	18,083	(132,439)	(150,522)
Net Position - Beginning of Year	<u>704,129</u>	<u>704,129</u>	<u>704,129</u>	<u>0</u>
NET POSITION - END OF YEAR	<u>\$ 722,212</u>	<u>\$ 722,212</u>	<u>\$ 571,690</u>	<u>\$ (150,522)</u>

OTHER REQUIRED REPORTS

METHENY & SMITH
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Caruthersville, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the City of Caruthersville, Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Caruthersville, Missouri's basic financial statements and have issued our report thereon dated December 16, 2015

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Caruthersville, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Caruthersville, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Caruthersville, Missouri's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2015-001 thru 2015-003 to be material weaknesses.

Compliance and Other Matters

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

City of Caruthersville, Missouri's Response to Findings

City of Caruthersville, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned responses. City of Caruthersville, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

McHenry + Smith

December 16, 2015

FEDERAL COMPLIANCE SECTION

METHENY & SMITH
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Mayor and City Council
City of Caruthersville, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Caruthersville, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Caruthersville, Missouri's major federal programs for the year ended June 30, 2015. The City of Caruthersville, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Caruthersville, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Caruthersville, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Caruthersville, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Caruthersville, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City of Caruthersville, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Caruthersville, Missouri's internal control over

compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Caruthersville, Missouri's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Metheny & Smith

December 16, 2015

**CITY OF CARUTHERSVILLE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor Pass-through Grantor <u>Program Titles</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>United States Department of Agriculture</u>			
Passed-through Missouri Department of Health and Senior Services			
Summer Food Service Program	10.559	ERS046-101891	\$ 137,997
Community Supplemental Food Program	10.565	SF-078-006	<u>1,330</u>
Total Department of Agriculture			<u>139,327</u>
 <u>United States Department of Transportation</u>			
Passed-through Missouri Department of Transportation			
Airport Improvement Program	20.106	14-081A-1	534,328 *
Highway Planning and Construction	20.205	STP-1700(007)	177,070
Alcohol Open Container Requirements	20.607	14-154-AL-022	<u>1,803</u>
Total Department of Transportation			<u>713,201</u>
Total Federal Financial Assistance			<u>\$ 852,528</u>

*Denotes a major program

The accompanying "Notes to the Schedule of Expenditures of Federal Awards" are an integral part of this schedule.

**CITY OF CARUTHERSVILLE
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes federal grant activity of the City of Caruthersville, Missouri under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Caruthersville, Missouri, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Caruthersville, Missouri.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, *Cost Principles for State, Local and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

NOTE 3 - NONCASH PROGRAMS

The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture.

**CITY OF CARUTHERSVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of the City of Caruthersville, Missouri.
2. Three deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards and are considered material weaknesses.
3. No instances of noncompliance material to the financial statements of the City of Caruthersville was disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for the City of Caruthersville, Missouri, expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Caruthersville, Missouri.
7. The programs tested as a major program included: U. S. Department of Transportation, Airport Improvement Program, CFDA No. 20.106.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Caruthersville, Missouri, did not qualify to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

2015-001 Separation of Duties

Condition:

The utility department clerk and the tax collector are both responsible for billing and receivables, collecting, and making cash deposits in their departments.

Criteria:

Internal controls should be in place that provide reasonable assurance that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Cause:

The small size of the City's office staff limits the extent of separation of duties.

Recommendation:

It does not appear feasible to hire additional personnel to further segregate employee duties or practical to divide the duties any more between the additional staff. For this reason, the city council, the mayor, and the city clerk should be sensitive to the daily operations of the City.

**CITY OF CARUTHERSVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Views of Responsible Officials and Planned Corrective Actions:

The City of Caruthersville agrees with the finding and will provide management oversight to ensure that records will be reviewed and reconciled.

2015-002 Lack of Records - Utility Department

Condition:

During our audit of the utility department, we noted that there were not any control procedures over utility revenues and meter deposits. We could not determine that all revenues and deposits were accounted for.

Criteria:

Internal controls should be in place that provide reasonable assurance that all utility revenues and meter deposits are processed and all that documentation is retained.

Cause:

The breakdown of controls in utility department led to no one taking responsibility for ensuring that all revenues and meter deposits were processed and that all documentation was retained.

Recommendation:

In order to have better controls in the utility department, we recommend that the City implement several procedures:

All billing errors, adjustments and bad debt write-offs should be documented on a report that is approved by the mayor. These reports should be totaled and this total should agree with the adjustments on the monthly report.

The water clerk should maintain supporting documentation for all line items reported on the monthly collector's report.

The water clerk should print the monthly billing journal and maintain in a file to document the amount billed. This file should also include the daily deposits that total to the amount collected per the monthly report.

Views of Responsible Officials and Planned Corrective Actions:

The City of Caruthersville agrees with the finding and the auditor's recommendations will be adopted.

2015-003 Unrecorded Bank Accounts

Condition:

There are nine bank accounts listed on the bank confirmation as belonging to the City of Caruthersville that are not recorded on the City's books.

Criteria:

Only those organizations that are under the City's control and reported on the City's financial statements should be allowed to use the City's federal identification number.

Cause:

Organizations use the City's federal identification number but are not accountable to city government.

**CITY OF CARUTHERSVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Recommendation:

We recommend that only those organizations that are under the City's control and reported on the City's financial statements be allowed to use the City's federal identification number.

Views of Responsible Officials and Planned Corrective Actions:

The City of Caruthersville will take this matter under advisement.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**CITY OF CARUTHERSVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

None.