

CITY OF CLEVER, MISSOURI

BASIC FINANCIAL STATEMENTS
(MODIFIED CASH BASIS)
WITH SUPPLEMENTARY DATA
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Clever, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Clever, Missouri, as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the City'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 modified cash basis of accounting described in Note A; this includes determining that the modified cash 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 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 *Governmental 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clever, Missouri, as of June 30, 2020, and the respective changes in modified cash basis financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

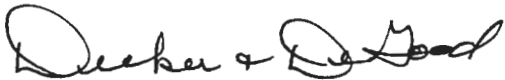
Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The budget to actual supplementary information on page 28-29 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the City of Clever, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City of Clever, Missouri's 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 Clever, Missouri's, internal control over financial reporting and compliance.



Decker & DeGood
Springfield, Missouri
December 11, 2020

CITY OF CLEVER, MISSOURI

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,985,866	\$ 341,413	\$ 2,327,279
Internal balances	(84,960)	84,960	-
Restricted assets - cash and cash equivalents			
Debt reserves	-	1,337,326	1,337,326
Future construction projects	152,004	71,899	223,903
Capital assets:			
Land	56,130	201,303	257,433
Construction in progress	45,459	4,803	50,262
Other capital assets, net of accumulated depreciation	1,860,816	4,943,246	6,804,062
 Total Assets	4,015,315	6,984,950	11,000,265
LIABILITIES			
Revenue bonds due within one year	-	25,930	25,930
Revenue bonds due in more than one year	-	729,484	729,484
Customer deposits	-	76,850	76,850
 Total Liabilities	-	832,264	832,264
NET POSITION			
Net investment in capital assets	1,962,405	4,465,837	6,428,242
Restricted-			
Debt service	-	159,204	159,204
Unrestricted	2,052,910	1,527,645	3,580,555
 Total Net Position	\$ 4,015,315	\$ 6,152,686	\$ 10,168,001

See accompanying notes to the basic financial statements.

CITY OF CLEVER, MISSOURI
STATEMENT OF ACTIVITIES-
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 75,761	\$ 14,724	\$ -	\$ -	\$ (61,037)	\$ -	\$ (61,037)
Public safety:							
Police	331,882	-	90,477	6,210	(235,195)	-	(235,195)
Court	20,237	28,522	-	-	8,285	-	8,285
Street	87,798	-	-	64,460	(23,338)	-	(23,338)
Park	1,392	-	-	-	(1,392)	-	(1,392)
Library	81,377	-	-	-	(81,377)	-	(81,377)
Total governmental activities	598,447	43,246	90,477	70,670	(394,054)	-	(394,054)
Business-type activities:							
Water	279,459	353,577	-	-	-	74,118	74,118
Sewer	322,549	335,359	-	-	-	12,810	12,810
Refuse	170,549	153,577	-	-	-	(16,972)	(16,972)
Total business-type activities	772,557	842,513	-	-	-	69,956	69,956
Total Government	\$ 1,371,004	\$ 885,759	\$ 90,477	\$ 70,670	(394,054)	69,956	(324,098)

General Revenues		
Taxes:		
Property taxes for general purposes	171,915	171,915
Franchise taxes	77,119	77,119
Sales taxes	322,175	429,029
Missouri motor fuel taxes	84,362	84,362
Christian County Sales tax	87,018	87,018
Interest on investments	14,711	59,041
Miscellaneous	12,792	14,620
Total general revenues and transfers	770,092	923,104
Change in net position	376,038	599,006
Net position beginning	3,639,277	9,568,995
Net position ending	\$ 4,015,315	\$ 10,168,001

See accompanying notes to the basic financial statements.

CITY OF CLEVER, MISSOURI

BALANCE SHEET-
(MODIFIED CASH BASIS)
GOVERNMENTAL FUND
JUNE 30, 2020

	General Fund	Street Fund	<u>Nonmajor Library Fund</u>	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,741,456	\$ 244,410	\$ -	\$ 1,985,866
Restricted assets- cash and cash equivalents				
Park improvements	30,635	-	-	30,635
Street and sidewalk improvements	<u>121,369</u>	-	-	<u>121,369</u>
 TOTAL ASSETS	 <u>\$ 1,893,460</u>	 <u>\$ 244,410</u>	 <u>\$ -</u>	 <u>\$ 2,137,870</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Due to other funds	\$ 84,960	\$ -	\$ -	\$ 84,960
 Total Liabilities	 <u>84,960</u>	 <u>-</u>	 <u>-</u>	 <u>84,960</u>
 FUND BALANCES				
Fund Balances -				
Restricted-Streets	121,369	244,410	-	365,779
Restricted-Library	-	-	-	-
Assigned	30,634	-	-	30,634
Unassigned	<u>1,656,497</u>	-	-	<u>1,656,497</u>
 Total Fund Balances	 <u>1,808,500</u>	 <u>244,410</u>	 <u>-</u>	 <u>2,052,910</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,893,460</u>	 <u>\$ 244,410</u>	 <u>\$ -</u>	 <u>\$ 2,137,870</u>

Reconciliation to Statement of Net Position:

Total Fund Balances - Total Government Funds	\$ 2,052,910
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,962,405</u>
Net position of governmental activities	<u>\$ 4,015,315</u>

See accompanying notes to the basic financial statements.

CITY OF CLEVER, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
(MODIFIED CASH BASIS)
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES	General Fund	Street Fund	Nonmajor Library Fund	Total Governmental Funds
Taxes:				
Property taxes	\$ 171,915	\$ -	\$ -	\$ 171,915
Franchise taxes	77,119	-	-	77,119
Sales and use taxes	250,156	72,019	-	322,175
Intergovernmental:				
Missouri motor fuel taxes	84,362	-	-	84,362
Christian County sales tax	29,006	58,012	-	87,018
Licenses, permits & fees	14,724	-	-	14,724
Fines & forfeitures	28,522	-	-	28,522
Interest	13,538	-	1,173	14,711
Grants- Police Resource Office	90,477	-	-	90,477
NRA	6,210	-	-	6,210
Safe Kids	6,500	-	-	6,500
Sidewalk	7,170	-	-	7,170
Sidewalk Tap 3321	50,790	-	-	50,790
Miscellaneous	12,792	-	-	12,792
Total Revenues	<u>843,281</u>	<u>130,031</u>	<u>1,173</u>	<u>974,485</u>
EXPENDITURES				
Current:				
General government	73,591	-	-	73,591
Public safety				
Police	305,746	-	-	305,746
Court	20,237	-	-	20,237
Street	3,328	25,023	-	28,351
Park	-	-	-	-
Library	-	-	-	-
Capital outlay	164,619	4,785	-	169,404
Total Expenditures	<u>567,521</u>	<u>29,808</u>	<u>-</u>	<u>597,329</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>275,760</u>	<u>100,223</u>	<u>1,173</u>	<u>377,156</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out) - Christian County Library	-	-	(81,377)	(81,377)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(81,377)</u>	<u>(81,377)</u>
Net change in fund balances	275,760	100,223	(80,204)	295,779
FUND BALANCES - BEGINNING	<u>1,532,740</u>	<u>144,187</u>	<u>80,204</u>	<u>1,757,131</u>
FUND BALANCES - ENDING	<u>\$ 1,808,500</u>	<u>\$ 244,410</u>	<u>\$ -</u>	<u>\$ 2,052,910</u>

See accompanying notes to the basic financial statements.

CITY OF CLEVER, MISSOURI
 RECONCILIATION OF STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 (MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances--local governmental funds	\$	295,779
<p style="margin-left: 20px;">Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p style="margin-left: 20px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		169,404
Depreciation expense		(89,145)
		(89,145)
Change in net position of governmental activities	\$	376,038

See accompanying notes to the basic financial statements.

CITY OF CLEVER, MISSOURI

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

PROPRIETARY FUNDS

JUNE 30, 2020

ASSETS	ENTERPRISE FUNDS		
	Water	Sewer	Total
Current Assets:			
Cash and cash equivalents	\$ 142,614	\$ 198,799	\$ 341,413
Due from other funds	44,583	40,377	84,960
Total Current Assets	<u>187,197</u>	<u>239,176</u>	<u>426,373</u>
Noncurrent Assets:			
Restricted assets-cash and cash equivalents			
Debt reserves	1,237,391	99,935	1,337,326
Future construction projects	71,899	-	71,899
Capital assets:			
Land	133,114	68,189	201,303
Construction in progress	-	4,803	4,803
Other capital assets, net of accumulated depreciation	2,291,292	2,651,954	4,943,246
Total Noncurrent Assets	<u>3,733,696</u>	<u>2,824,881</u>	<u>6,558,577</u>
Total Assets	<u>3,920,893</u>	<u>3,064,057</u>	<u>6,984,950</u>
LIABILITIES			
Current Liabilities:			
Amount due within one year- revenue bonds	16,748	9,182	25,930
Total Current Liabilities	<u>16,748</u>	<u>9,182</u>	<u>25,930</u>
Noncurrent Liabilities:			
Revenue bonds	572,954	156,530	729,484
Customer deposits	76,850	-	76,850
Total Noncurrent Liabilities	<u>649,804</u>	<u>156,530</u>	<u>806,334</u>
Total Liabilities	<u>666,552</u>	<u>165,712</u>	<u>832,264</u>
NET POSITION			
Net investment in capital assets	1,906,603	2,559,234	4,465,837
Restricted-Debt service	103,852	55,352	159,204
Unrestricted	1,243,886	283,759	1,527,645
Total Net Position	<u>\$ 3,254,341</u>	<u>\$ 2,898,345</u>	<u>\$ 6,152,686</u>

See accompanying notes to the basic financial statements.

CITY OF CLEVER, MISSOURI
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
(MODIFIED CASH BASIS) PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	ENTERPRISE FUNDS		
	Water	Sewer	Total
OPERATING REVENUES:			
Charges for services: -Utilities	\$ 310,053	\$ 291,859	\$ 601,912
-Refuse fees	153,577	-	153,577
Miscellaneous	1,396	432	1,828
Total Operating Revenues	<u>465,026</u>	<u>292,291</u>	<u>757,317</u>
OPERATING EXPENSES:			
Contract labor	280	31,455	31,735
Depreciation	92,302	102,629	194,931
Dues and subscriptions	848	901	1,749
Group insurance	12,428	12,248	24,676
Insurance	10,000	21,364	31,364
Miscellaneous	8,157	532	8,689
Office supplies and postage	4,147	3,924	8,071
Payroll taxes	4,516	4,516	9,032
Pensions	2,478	2,455	4,933
Professional fees	8,929	5,617	14,546
Refuse fees	170,549	-	170,549
Repairs & maintenance	6,075	19,603	25,678
Salaries	58,524	58,524	117,048
Supplies	1,949	14,491	16,440
Telephone	2,386	2,403	4,789
Uniforms	1,433	1,409	2,842
Utilities	36,658	30,411	67,069
Vehicle expense	2,069	2,346	4,415
Total Operating Expenses	<u>423,728</u>	<u>314,828</u>	<u>738,556</u>
OPERATING INCOME (LOSS)	<u>41,298</u>	<u>(22,537)</u>	<u>18,761</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest expense and agents fees	(26,184)	(7,723)	(33,907)
Interest income	38,387	5,943	44,330
Capital improvement sales tax	106,854	-	106,854
Total Non-operating Revenues (Expenses)	<u>119,057</u>	<u>(1,780)</u>	<u>117,277</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>160,355</u>	<u>(24,317)</u>	<u>136,038</u>
CAPITAL CONTRIBUTIONS:			
Meter set sales	11,004	-	11,004
Hook up fees	32,520	43,500	76,020
Total Capital Contributions	<u>43,524</u>	<u>43,500</u>	<u>87,024</u>
CHANGE IN NET POSITION	203,879	19,183	223,062
TOTAL NET POSITION - BEGINNING	<u>3,050,462</u>	<u>2,879,162</u>	<u>5,929,624</u>
TOTAL NET POSITION - ENDING	<u>\$ 3,254,341</u>	<u>\$ 2,898,345</u>	<u>\$ 6,152,686</u>

See accompanying notes to the basic financial statements.

CITY OF CLEVER, MISSOURI
STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	ENTERPRISE FUNDS		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 465,026	\$ 292,291	\$ 757,317
Payments to suppliers	(265,908)	(146,702)	(412,610)
Payments to employees and contract labor	(65,518)	(65,497)	(131,015)
Net Cash Provided by Operating Activities	133,600	80,092	213,692
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital improvement sales tax	106,854	-	106,854
Hook ups and meter sets	43,524	43,500	87,024
Acquisition and construction of capital assets	(26,582)	(50,453)	(77,035)
Payment of Principal	(16,032)	(8,779)	(24,811)
Payment of Interest	(26,184)	(7,721)	(33,905)
Net Cash Provided by (Used for) Capital and Related Financing Activities	81,580	(23,453)	58,127
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	38,387	5,943	44,330
Net Cash Provided by Investing Activities	38,387	5,943	44,330
NET INCREASE IN CASH AND CASH EQUIVALENTS	253,567	62,582	316,149
BALANCE - BEGINNING OF THE YEAR	1,198,337	236,154	1,434,491
BALANCE - END OF THE YEAR	\$ 1,451,904	\$ 298,736	\$ 1,750,640
SUMMARY OF CASH			
Cash and cash equivalents	\$ 142,614	\$ 198,799	\$ 341,413
Restricted Assets: Cash and cash equivalents	1,309,290	99,937	1,409,227
Total Cash and cash equivalents	\$ 1,451,904	\$ 298,736	\$ 1,750,640
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating Income (Loss)	\$ 41,298	\$ (22,537)	\$ 18,761
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation expense	92,302	102,629	194,931
Net Cash Provided by Operating Activities	\$ 133,600	\$ 80,092	\$ 213,692

See accompanying notes to the basic financial statements.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

FINANCIAL REPORTING ENTITY

PRIMARY GOVERNMENT

The City of Clever’s primary government is a general purpose local government formed as a council-mayor form of municipal government under the laws of the State of Missouri. The governing body is an elected four-member City Council, with the Mayor serving as the president of the Council. The City operates the general government activities of the community, including police protection, street and road maintenance, parks, sewer and various administrative functions.

BLENDED COMPONENT UNITS

The financial statements of the City present the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on accounting principles generally accepted in the United States of America. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit’s Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The City's funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Funds

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Street Fund

The Street Fund was set up to account for the operating and capital purchases for the streets in the City of Clever as paid for by 3/8 cent sales tax and Missouri Motor Fuel taxes.

Proprietary Fund

Water and Sewer Fund

This fund is used to account for the operations and extension of the Water and Sewer departments.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Governmental Fund

Library Fund

The Library Fund was set up to account for the operating and capital purchases for a library in Clever.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets, cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transactions or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificate of deposits or short-term investments with an original maturity of three months or less.

INVESTMENTS

Investments would be certificates of deposits acquired with cash whose original maturity term exceeds three months. Which the City had none for the fiscal year ended June 30, 2020. Investments are carried at cost, which approximates fair value.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

DUE FROM OTHER FUNDS

Receivables and payables to other funds arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

Inventories

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased.

CAPITAL ASSETS

The City's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The City has elected not to go back 20 years and record estimated cost of streets less depreciation, but started in 2004 recording capital outlay of street projects and then depreciating the assets from twenty to forty years.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$ 1,500 is used to report capital assets. The range of estimated useful lives by the type of asset is as follows:

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Statements - continued

Site improvements	10-50 years
Buildings and utility plants	50 years
Furniture and equipment	5-10 years
Infrastructure	20-40 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds where proceeds were used to finance construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. For the year ended June 30, 2020, the City did not capitalize any interest.

Pensions

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

LONG-TERM DEBT

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components:

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable - Amounts that cannot be spent because they are in a nonspendable form or are required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE CLASSIFICATIONS - continued

Assigned - Amounts constrained by the City’s intent to be used for specific purposes but that are neither restricted nor committed.

Unassigned – Amounts are residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories and include all deficit amounts in all other governmental funds.

It is the City’s policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also the City policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The City has a formal minimum fund balance policy of retaining from three to six months of operating cash.

Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

REVENUES, EXPENDITURES AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City’s taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government	Merchants Licenses and fees
Police	Fines and forfeits, operating and capital grants
Street	Capital grants for road improvements
Building inspections	Planning and zoning fees
Library	Fines

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Restrictions of Net Position:

The City records restrictions to indicate that a portion of the net position is legally segregated for a specific future use. The following details the description and amount of all restrictions used by the City as of June 30, 2020:

Business-type Activities -Water & Sewer Fund

Debt Reserve	<u>\$ 159,204</u>
Total Reserves	<u><u>\$ 159,204</u></u>

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Valuation for 2019 was \$ 27,045,683 with the levy of .6047 cents for general fund only.

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

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

- a. *Interfund loans.* Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. *Interfund reimbursements.* Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS - continued

- c. *Interfund transfer.* Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances resulting from cash transaction or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. *Internal balances.* Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the “Governmental” and “Business-Type Activities” columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. *Internal activities.* Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures and changes in fund balance—budget and actual includes the budgeted expenditures for the year, along with management’s estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with an other method of accounting (modified cash basis) for all governmental funds.

Excess of expenditures over appropriations

For the year ended June 30, 2020, expenditures did not exceed appropriations in the major funds.

Legal Debt Margin

The City's assessed value supports a general obligation bond limit of \$ 2,704,568. The City did not have any general obligation bonds outstanding as of June 30, 2020.

Compliance with Bond Reserve Ordinances

The City is in compliance with significant requirements regarding debt reserves.

DETAILED NOTES ON ALL FUNDS

NOTE B – DEPOSITS AND INVESTMENTS

Deposits. Certificates of deposits are classified as investments but are considered deposits for custodial risk determination. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City does have a written investment policy on custodial credit risk which all investments are either insured or registered in the City's name and held by the City's agent.

NOTE C – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2020 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 56,130	\$ -	\$ -	\$ 56,130
Construction in progress	\$ 243,303	\$ 40,558	\$ 238,402	\$ 45,459
Capital assets, being depreciated:				
Buildings	\$ 423,917	\$ -	\$ -	\$ 423,917
Infrastructure	1,401,763	310,103	-	1,711,866
Equipment	131,524	14,504	-	146,028
Vehicles	175,592	33,319	27,395	181,516
Total capital assets being depreciated	2,132,796	357,926	27,395	2,463,327
Less: Accumulated depreciation for:				
Buildings	67,133	9,551	-	76,684
Infrastructure	233,495	58,655	-	292,150
Equipment	101,396	5,759	-	107,155
Vehicles	138,737	15,180	27,395	126,522
Total accumulated depreciation	540,761	89,145	27,395	602,511
Total capital assets being depreciated, net	\$ 1,592,035	\$ 268,781	\$ -	\$ 1,860,816
Governmental activities capital assets, net	\$ 1,891,468	\$ 309,339	\$ 238,402	\$ 1,962,405

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:	
General government	\$ 2,170
Police	26,136
Streets	59,447
Parks	1,392
	<u>89,145</u>
	<u>\$ 89,145</u>

Business Type Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 201,303	\$ -	\$ -	\$ 201,303
Construction in progress	\$ -	\$ 4,803	\$ -	\$ 4,803
Capital assets being depreciated:				
Building	\$ 307,394	\$ -	\$ -	\$ 307,394
Plant	7,398,312	65,315	-	7,463,627
Equipment	415,138	6,917	-	422,055
Vehicle	158,380	-	-	158,380
Total capital assets being depreciated	<u>8,279,224</u>	<u>72,232</u>	<u>-</u>	<u>8,351,456</u>
Less accumulated depreciation for:				
Building	86,537	8,341	-	94,878
Plant	2,866,869	156,371	-	3,023,240
Equipment	210,924	16,684	-	227,608
Vehicle	48,950	13,534	-	62,484
	<u>3,213,280</u>	<u>194,930</u>	<u>-</u>	<u>3,408,210</u>
Total capital assets being depreciated, net	<u>\$ 5,065,944</u>			<u>\$ 4,943,246</u>
Business-type activities capital assets, net	<u>\$ 5,267,247</u>			<u>\$ 5,149,352</u>

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation expense was charged to functions as follows in the Statement of Activities:

Business-type Activities:

Water Fund	\$ 92,302
Sewer Fund	<u>102,628</u>
	<u>\$ 194,930</u>

NOTE D – LONG-TERM DEBT

Business-type Activities

The following is a summary of debt transactions of the City for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue bonds payable	\$ 780,225	\$ -	\$ 24,811	\$ 755,414	\$ 25,930

Business-type long-term debt as of June 30, 2020 follows for the **Sewer Fund**:

1999A Waterworks and Sewerage System Revenue Bonds, dated December 1, 1999, due in monthly installments through December 1, 2034, bearing interest of 4.5%, interest payable monthly.	\$ 165,712
Less: amount due within one year	<u>(9,182)</u>
Amount due in more than one year	<u>\$ 156,530</u>

CITY OF CLEVER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D – LONG-TERM DEBT (Continued)

Business-type long-term debt as of June 30, 2020 follows for the **Water Fund**:

2008, USDA, Rural Development Loan, dated February 19, 2008, bearing interest of 4.375%, due in monthly payments of \$ 2,662 for 24 months then \$ 3,518 until bond issue is paid off.	\$ 589,702
Less: amount due within one year	<u>(16,748)</u>
Amount due in more than one year	<u><u>\$ 572,954</u></u>

The annual requirements to amortize bonded debt as of June 30, 2020 follows:

Year Ending <i>June 30</i>	Principal	Interest	Totals
2021	\$ 25,930	\$ 32,738	\$ 58,668
2022	27,099	31,569	58,668
2023	28,321	30,347	58,668
2024	29,598	29,069	58,667
2025	30,934	27,735	58,669
2026-2030	176,896	116,443	293,339
2031-2035	194,078	73,651	267,729
2036-2040	176,268	34,811	211,079
2041-2042	<u>66,290</u>	<u>2,510</u>	<u>68,800</u>
	<u><u>\$ 755,414</u></u>	<u><u>\$ 378,873</u></u>	<u><u>\$ 1,134,287</u></u>

CITY OF CLEVER, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – DEFINED BENEFIT PENSION PLAN

Benefits provided

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	2019 Valuation
Benefit Multiplier:	1.00%
Final Average Salary:	5 years
Member Contributions:	4%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms

At February 28, 2020, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	6
Active employees	10

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employers contribution rates are 2.3% General and 3.6% Police of annual covered payroll.

CITY OF CLEVER, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

Contributions required by State Statute and made for each of the past three years are as follows:

Year Ending: June 30,		
2020	\$	8,885
2019		8,864
2018		8,180

These contributions represent 100 percent of the required contribution in each fiscal year.

NOTE F – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City. In the past three years, the City has had no losses that exceeded commercial insurance coverage.

NOTE G – GRANTS

Intergovernmental awards received by the City are subject to audit and adjustment by the grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agencies. No disallowed costs have resulted from this audit and management believes that further examination will not result in any disallowed costs.

NOTE H – INTERNAL BALANCES AND TRANSFERS

The internal balance between the General Fund and the Water and Sewer Fund represents operating expenses paid from the General Fund account that will be reimbursed by the Water and Sewer Fund in the subsequent year.

CITY OF CLEVER, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - (MODIFIED CASH BASIS)
MAJOR GOVERNMENTAL FUNDS-UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES	General Fund			
	Budget		Actual	Variance With Final Budget
	Original	Final		
Taxes:				
Property taxes	\$ 157,000	\$ 171,915	\$ 171,915	\$ -
Franchise taxes	93,600	77,119	77,119	-
Sales taxes	205,000	250,156	250,156	-
Intergovernmental:				
Missouri motor fuel taxes	73,500	84,362	84,362	-
Christian County sales tax	-	29,006	29,006	-
Licenses & permits	6,300	14,724	14,724	-
Fines & forfeitures	40,000	28,522	28,522	-
Interest	7,000	13,538	13,538	-
Grants	85,000	161,147	161,147	-
Miscellaneous	14,500	12,792	12,792	-
Total Revenues	<u>681,900</u>	<u>843,281</u>	<u>843,281</u>	<u>-</u>
 EXPENDITURES				
Current:				
General government	108,803	73,591	73,591	-
Public safety:				
Police	427,172	305,746	305,746	-
Court	21,584	20,237	20,237	-
Street	-	3,328	3,328	-
Park	6,600	-	-	-
Capital outlay	197,200	164,619	164,619	-
Total Expenditures	<u>761,359</u>	<u>567,521</u>	<u>567,521</u>	<u>-</u>
 EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ (79,459)</u>	<u>\$ 275,760</u>	275,760	<u>\$ -</u>
 FUND BALANCES - BEGINNING			<u>1,532,740</u>	
 FUND BALANCES - ENDING			<u>\$ 1,808,500</u>	

CITY OF CLEVER, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - (MODIFIED CASH BASIS)
MAJOR GOVERNMENTAL FUNDS-UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2020

	Street Fund			Variance With Final Budget
	Budget		Actual	
	Original	Final		
REVENUES				
Taxes:				
Sales tax	\$ 65,000	\$ 72,019	\$ 72,019	\$ -
Intergovernmental:				
Christian County sales tax	58,000	58,012	58,012	-
Interest	-	-	-	-
Total Revenues	<u>123,000</u>	<u>130,031</u>	<u>130,031</u>	<u>-</u>
EXPENDITURES				
Current:				
Street	129,200	25,023	25,023	-
Capital outlay	-	4,785	4,785	-
Total Expenditures	<u>129,200</u>	<u>29,808</u>	<u>29,808</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ (6,200)</u>	<u>\$ 100,223</u>	100,223	<u>\$ -</u>
FUND BALANCES - BEGINNING			<u>144,187</u>	
FUND BALANCES - ENDING			<u>\$ 244,410</u>	

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

Honorable Mayor and Board of Aldermen
Clever, Missouri

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clever, Missouri, as of and for the year ended June 30, 2020, and the related notes to the modified cash basis financial statements, which collectively comprise the City of Clever, Missouri's basic financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clever, 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 Clever, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clever, Missouri's internal control.

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 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. *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.

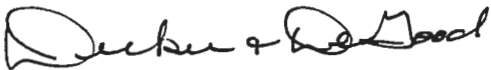
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify a deficiencies in internal control that we consider to be material weaknesses. The bank account for the accounts 1010 had not been reconciled due to improper handling of transfers and street grants. Bank accounts should always reconcile and books not carried forward until all issues are resolved.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clever, Missouri's financial statements are free of 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*.

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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Decker & DeGood
Springfield, Missouri
December 11, 2020