

**SMITH & DAVIS**  
CERTIFIED PUBLIC ACCOUNTANTS

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November 7, 2016

The Honorable Mayor and the City Council  
The City of Caruthersville, Missouri

In planning and performing our audit of the financial statements of the City of Caruthersville, Missouri, for the year ended June 30, 2016, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The paragraphs below summarize our comments and suggestions regarding these matters. A separate report dated November 7, 2016, contains our report on reportable conditions in the City's internal control structure. This letter does not affect our report dated November 7, 2016, on the financial statements of the City of Caruthersville.

#### Cash Receipts Coding

During our audit of cash receipts, we noted several coding errors. Care should be taken to code items properly so that statements are meaningful and that budget analysis may be performed.

#### Controls over Water Department Expenditures

During our audit of cash disbursements in the water department, we noted many areas where improvement is needed. We could not find where the water primacy was paid. Many months of sales tax and some vendor payments were paid late and cost the city over \$2,500 in penalties and late fees. Sales tax was paid on a body shop repair when the city is exempt from paying sales tax on purchases. Bank reconciliations are not completed monthly. We recommend that all required reports be filed timely, that all vendors be paid timely, that invoices be reviewed before payment ensuring that sales tax was not charged to the city, and that monthly bank reconciliations be completed.

#### Voided Tickets

During our audit of municipal court revenue, we noted that all tickets had not been turned in to the court.

We recommend that controls be established to ensure that a reconciliation of unissued, voided and issued traffic tickets be maintained so that all tickets will be processed timely and that all voided tickets be reviewed.

Grant Administration

During the prior year audit, we discovered that grant reimbursement had not been requested on DNR LWCF Grant Project #29-01606 and alerted the City to this fact. The expenses for this grant were paid October 2014. As of this audit, reimbursement still had not been requested. The City is due approximately \$13,178 in grant funds. Controls should be established to ensure grants are managed appropriately.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matters, or to assist you in implementing the recommendations.

Sincerely,

A handwritten signature in cursive script that reads "Smith & Davis".

Certified Public Accountants

**CITY OF CARUTHERSVILLE, MISSOURI**

**AUDIT REPORT**

**JUNE 30, 2016**

**THE CITY OF CARUTHERSVILLE, MISSOURI  
YEAR ENDED JUNE 30, 2016**

**Table of Contents**

	<u>Page</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
<i>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</i>	
Statement of Net Position - Cash Basis	3
Statement of Activities - Cash Basis	4-5
<i>FUND FINANCIAL STATEMENTS:</i>	
Balance Sheet - Cash Basis - Governmental Funds	6
Statement of Cash Receipts and Disbursements and Changes In Cash Basis Fund Balances - Governmental funds	7
Statement of Net Position - Cash Basis - Proprietary Funds	8
Statement of Revenues, Expenses, and Changes in Fund Net Position - Cash Basis - Proprietary Funds	9
Notes to Basic Financial Statements	10-17
<i>SUPPLEMENTARY INFORMATION:</i>	
Budgetary Comparison Schedule - Cash Basis - General Fund	18-20
Budgetary Comparison Schedule - Cash Basis - Special Revenue Fund	21-24
Budgetary Comparison Schedule - Cash Basis - Proprietary Fund	25
<i>OTHER REQUIRED REPORTS:</i>	
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 <i>Government Auditing Standards</i>	26-27
Schedule of Findings and Responses	28-29

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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 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, 2016, 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***

Because of the 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 Public Library General 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.

### ***Qualified Opinion***

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion paragraph, 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 2016, 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.

### ***Basis of Accounting***

We draw attention to Note 1.E. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### ***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 information on pages 18-25 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was 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, the budgetary comparison information is 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 November 7, 2016, 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.

*Smith & Davis*

November 7, 2016

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-wide financial statements

Fund financial statements:

Governmental funds

Proprietary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS



**CITY OF CARUTHERSVILLE, MISSOURI**  
**GOVERNMENT- WIDE STATEMENT OF NET POSITION**  
**CASH BASIS**  
**YEAR ENDED JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash equivalents	\$ 859,225	\$ 332,013	\$ 1,191,238
Restricted Cash			
Special Revenue Funds	3,819,645	0	3,819,645
Meter Deposits	0	139,653	139,653
Total Assets	<u>\$ 4,678,870</u>	<u>\$ 471,666</u>	<u>\$ 5,150,536</u>
<b>LIABILITIES &amp; NET POSITION</b>			
Restricted			
Special Revenue	\$ 3,819,645	\$ 0	\$ 3,819,645
Meter Deposits	0	139,653	139,653
Unrestricted	859,225	332,013	1,191,238
Total Liabilities & Net position	<u>\$ 4,678,870</u>	<u>\$ 471,666</u>	<u>\$ 5,150,536</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, 2016**

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	
<b>Governmental activities:</b>					
General government	\$ 332,578	\$ 0	\$ 0	\$ 0	(332,578)
Public Safety	1,519,214	119,920	2,254	0	(1,397,040)
Humane Shelter	77,533	0	0	0	(77,533)
Parks/Recreation	571,326	100,480	0	0	(470,846)
Maintenance	12,255	0	0	0	(12,255)
Infrastructure	20,394	0	0	0	(20,394)
Municipal Court	107,348	0	0	0	(107,348)
Street	282,280	0	0	0	(282,280)
Sewer Extension	83,196	0	0	0	(83,196)
Cemetery	60,158	0	0	0	(60,158)
Library	155,720	0	0	0	(155,720)
Health & Sanitation	579,796	458,013	0	0	(121,783)
Airport	26,178	0	0	0	(26,178)
Airport Fuel	22,697	0	0	0	(22,697)
Police Fund	6,299	760	0	0	(5,539)
Economic Development	39,444	0	0	0	(39,444)
Tourism	9,380	0	0	0	(9,380)
Summer Food	176,716	0	153,078	0	(23,638)
Sales Tax	308,312	0	0	0	(308,312)
Community Revitalization	33,374	0	0	42,311	8,937
Sales tax Capital Improvements	232,577	0	0	0	(232,577)
Wastewater Bond-Principal	32,982	127,835	0	0	94,853
Wastewater Bond-Interest	31,914	0	0	0	(31,914)
MO DOT Airport Grant	327,695	0	0	234,815	(92,880)
Asset Forfeiture	77,435	0	0	0	(77,435)
<b>Total Governmental Activities</b>	<b>5,126,801</b>	<b>807,008</b>	<b>155,332</b>	<b>277,126</b>	<b>(3,887,335)</b>
<b>Business-type activities:</b>					
Water	900,408	866,407	0	0	(34,001)
Sewer	306,052	228,726	0	0	(77,326)
<b>Total business-type activities</b>	<b>1,206,460</b>	<b>1,095,133</b>	<b>0</b>	<b>0</b>	<b>(111,327)</b>
<b>Total</b>	<b>\$ 6,333,261</b>	<b>\$ 1,902,141</b>	<b>\$ 155,332</b>	<b>\$ 277,126</b>	<b>\$ (3,998,662)</b>

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, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in Net Assets:			
Net program (disbursements) receipts	\$ (3,887,335)	\$ (111,327)	\$ (3,998,662)
<b>General receipts:</b>			
Real Estate and Personal Property Taxes	476,023	0	476,023
Franchise Taxes	488,400	0	488,400
Sales Tax	836,566	0	836,566
Other Taxes and Licenses	333,107	0	333,107
Fines	68,281	0	68,281
Gaming Revenue	1,665,019	0	1,665,019
Interest	8,621	394	9,015
Miscellaneous	137,172	29,813	166,985
Interfund Transfers	18,904	(18,904)	0
Total general receipts	<u>4,032,093</u>	<u>11,303</u>	<u>4,043,396</u>
Change in Net Position	144,758	(100,024)	44,734
Net Position-Beginning	4,534,112	571,690	5,105,802
Net Position-Ending	<u>\$ 4,678,870</u>	<u>\$ 471,666</u>	<u>\$ 5,150,536</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, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash equivalents	\$ 859,225	\$ 0	\$ 859,225
Restricted Cash			
Special Revenue Funds	<u>0</u>	<u>3,819,645</u>	<u>3,819,645</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 859,225</u></b>	<b><u>\$ 3,819,645</u></b>	<b><u>\$ 4,678,870</u></b>
<b>LIABILITIES</b>			
Restricted			
Special Revenue	\$ 0	\$ 3,819,645	\$ 3,819,645
Unrestricted	<u>859,225</u>	<u>0</u>	<u>859,225</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u>\$ 859,225</u></b>	<b><u>\$ 3,819,645</u></b>	<b><u>\$ 4,678,870</u></b>

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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Governmental Funds</u>
<b>RECEIPTS</b>			
Taxes	\$ 794,378	\$ 1,338,585	\$ 2,132,963
Charges for Services	220,400	586,608	807,008
Fines and Forfeitures	68,281	0	68,281
Licenses and Permits	1,133	0	1,133
Grants	2,254	430,204	432,458
Investment income	547	8,074	8,621
Gaming Revenue	1,665,019	0	1,665,019
Miscellaneous	29,012	108,160	137,172
<b>TOTAL RECEIPTS</b>	<u>2,781,024</u>	<u>2,471,631</u>	<u>5,252,655</u>
<b>DISBURSEMENTS</b>			
General Government	332,578	0	332,578
Public Safety	1,519,214	0	1,519,214
Humane Shelter	77,533	0	77,533
Parks/Recreations	571,326	0	571,326
Maintenance	12,255	0	12,255
Infrastructure	20,394	0	20,394
Municipal Court	107,348	0	107,348
Street	0	282,280	282,280
Sewer Extension	0	83,196	83,196
Cemetery	0	60,158	60,158
Library	0	155,720	155,720
Sanitary	0	579,796	579,796
Airport	0	26,178	26,178
Airport Fuel	0	22,697	22,697
Police School Fund	0	6,299	6,299
Economic Dev	0	39,444	39,444
Tourism	0	9,380	9,380
Summer Food	0	176,716	176,716
Sales Tax	0	308,312	308,312
Community Revitalization	0	33,374	33,374
Waste Water Bond	0	64,896	64,896
Sales tax Capital improvements	0	232,577	232,577
MO DOT Airport Grant	0	327,695	327,695
Asset Forfeiture	0	77,435	77,435
<b>TOTAL DISBURSEMENTS</b>	<u>2,640,648</u>	<u>2,486,153</u>	<u>5,126,801</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)-Net	<u>(290,096)</u>	<u>309,000</u>	<u>18,904</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(290,096)</u>	<u>309,000</u>	<u>18,904</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES</b>			
	(149,720)	294,478	144,758
<b>CASH BASIS FUND BALANCE-Beginning of year</b>	1,008,945	3,525,167	4,534,112
<b>CASH BASIS FUND BALANCE-End of year</b>	<u>\$ 859,225</u>	<u>\$ 3,819,645</u>	<u>\$ 4,678,870</u>

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, 2016**

	<b>Water &amp; Sewer</b>
<b>ASSETS</b>	
Cash and Cash equivalents	\$ 332,013
Restricted Cash	
Meter Deposits	139,653
<b>TOTAL ASSETS</b>	<b>\$ 471,666</b>
<b>LIABILITIES</b>	
Restricted	
Meter Deposits	\$ 139,653
Unrestricted	332,013
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 471,666</b>

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, 2016**

Business-Type Activities-Enterprise Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
<b>Operating revenues:</b>			
Charges for services	\$ 858,172	\$ 228,452	\$ 1,086,624
Interest	394	0	394
Fees	8,235	274	8,509
Miscellaneous	21,880	7,933	29,813
Total operating revenues	<u>888,681</u>	<u>236,659</u>	<u>1,125,340</u>
<b>Operating expenses:</b>			
Salaries & Benefits	245,697	145,550	391,247
Utilities	90,105	58,484	148,589
Supplies	58,570	10,769	69,339
Repair & Maintenance	64,695	67,833	132,528
Postage	8,022	0	8,022
Professional fees	21,175	0	21,175
Gas/Oil/Tires	10,984	5,372	16,356
Uniforms	2,008	0	2,008
Training	1,660	346	2,006
Insurance	19,439	17,698	37,137
Chemicals	80,871	0	80,871
Sales Tax	32,281	0	32,281
Capital expenditures	261,282	0	261,282
Permits & Fees	3,619	0	3,619
Total operating expenses	<u>900,408</u>	<u>306,052</u>	<u>1,206,460</u>
Net operating income (loss)	(11,727)	(69,393)	(81,120)
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	(88,297)	69,393	(18,904)
Total Sources (Uses)	<u>(88,297)</u>	<u>69,393</u>	<u>(18,904)</u>
Change in Net Position	(100,024)	(0)	(100,024)
Net Position-Beginning of year	<u>571,690</u>	<u>0</u>	<u>571,690</u>
Net Position-End of year	<u>\$ 471,666</u>	<u>\$ (0)</u>	<u>\$ 471,666</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, 2016**

**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, 2016**

**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, 2016**

**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. General Fund expenditures exceeded the budget \$36,247.

**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, 2016**

**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, 2016 the carrying value of the City's deposits was \$5,150,536 and the bank balance was \$5,173,872. Of the bank balance, \$778,335 was covered by federal deposit insurance (FDIC) and \$4,395,537 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, 2016, are as follows:

Special Revenues	\$ <u>3,819,345</u>
------------------	---------------------

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, 2016, are as follows:

Water Meter Deposits	\$ <u>139,653</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, 2016**

**Annual Debt Service Requirements**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2016, are as follows:

Year Ending June 30	Business-type Activities Bonds Payable	
	Principal	Interest
2017	\$ 33,733	\$ 31,163
2018	34,500	30,396
2019	35,284	29,612
2020	36,086	28,810
2021	36,907	27,989
2022-2026	197,509	126,971
2027-2031	221,000	103,480
2032-2036	247,289	77,191
2037-2041	276,705	47,775
2042-2046	281,414	14,963
Total	<u>\$ 1,400,427</u>	<u>\$ 518,350</u>

**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. The pension liability, if any, is not reflected in the financial statements.

**CITY OF CARUTHERSVILLE, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**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 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. The trial was canceled October 2015 and there has been no activity since.

There are three complaints (Erica Grady v. Caruthersville, Paula Smith v. Caruthersville and Rannotta Carter v. Caruthersville) filed with the EEOC and Missouri Commission on Human Rights. The City will contest these cases vigorously. The amount or range of loss, if any, cannot be determined at this stage in the proceedings.

**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 \$234,815 for an airport t-hanger grant and \$42,311 for an enhancement grant both from the Missouri Department of Transportation. The City also received \$153,078 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.

**CITY OF CARUTHERSVILLE, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**NOTE 15. EQUITABLE SHARING PROGRAM**

Asset forfeiture funds may be used by law enforcement agencies for law enforcement operations, training, equipment, etc. This year \$77,435 of the forfeiture funds received in prior years were spent on police vehicles, training, equipment, supplies and overtime.

**NOTE 16. TRAFFIC FINE REVENUE**

According to RSMo. 479.359, 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.

**NOTE 17. SUBSEQUENT EVENTS**

Several subsequent events took place in October 2016. The HVAC will be replaced at the recreation center at a cost of \$384,000 to be paid out of the sales tax fund. The trash charge was lowered \$1 and the minimum sewer charge was increased \$1 in order to comply with bond covenants. Walmart announced that it is closing its Caruthersville store which will cause the City to lose a substantial amount of sales tax revenue and real estate tax revenue.

**NOTE 18. DATE OF MANAGEMENT REVIEW**

Subsequent events have been evaluated through November 7, 2016, 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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED</b>				
<i>Taxes</i>				
City Collector	\$ 252,000	\$ 252,000	\$ 260,324	\$ 8,324
Intangible Tax & Interest	1,300	1,300	544	(756)
Public Utility Tax	20,000	20,000	25,084	5,084
Housing Authority	7,000	7,000	8,472	1,472
M&M Replacement	10,500	10,500	11,554	1,054
Franchise Taxes	527,000	527,000	488,400	(38,600)
Total Taxes	<u>817,800</u>	<u>817,800</u>	<u>794,378</u>	<u>(23,422)</u>
<i>Charges for Services</i>				
Street Breaks	1,000	1,000	0	(1,000)
Fire Calls	1,750	1,750	475	(1,275)
Rural Fire Protection Fees	10,000	10,000	14,392	4,392
Shelter Fees	300	300	53	(247)
Police Housing Reimb	105,000	105,000	105,000	0
Recreation Center	102,000	102,000	100,480	(1,520)
	<u>220,050</u>	<u>220,050</u>	<u>220,400</u>	<u>350</u>
<i>Fines and Forfeitures</i>				
Training	0	0	2,402	2,402
Police Fines	62,000	62,000	65,879	3,879
	<u>62,000</u>	<u>62,000</u>	<u>68,281</u>	<u>6,281</u>
<i>Licenses and Permits</i>				
Permits & fees	1,200	1,200	1,133	(67)
<i>Grants</i>				
Police overtime grant	0	0	2,254	2,254
	<u>0</u>	<u>0</u>	<u>2,254</u>	<u>2,254</u>
<i>Investment Income</i>				
	<u>450</u>	<u>450</u>	<u>547</u>	<u>97</u>
Insurance Recovery	5,000	5,000	8,466	3,466
Sale of Assets	500	500	0	(500)
State Gaming Revenue	1,475,000	1,475,000	1,665,019	190,019
Armory rental	5,000	5,000	4,900	(100)
Assessors Fund	4,000	4,000	7,423	3,423
Miscellaneous	8,000	8,000	8,223	223
	<u>1,497,500</u>	<u>1,497,500</u>	<u>1,694,031</u>	<u>196,531</u>
<b>TOTAL REVENUES COLLECTED</b>	<u>2,599,000</u>	<u>2,599,000</u>	<u>2,781,024</u>	<u>179,622</u>

(Continued)

**CITY OF CARUTHERSVILLE, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
CASH BASIS - GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES PAID</b>				
<i>Administrative</i>				
Personal services	\$ 147,002	\$ 147,002	\$ 144,997	\$ 2,005
Material and supplies	8,000	8,000	12,524	(4,524)
Other services and charges	159,134	159,134	175,057	(15,923)
Total Administrative	<u>314,136</u>	<u>314,136</u>	<u>332,578</u>	<u>(18,442)</u>
<i>Police Department</i>				
Personal services	705,325	705,325	695,098	10,227
Material and supplies	20,000	20,000	24,196	(4,196)
Other services and charges	455,240	455,240	444,234	11,006
Total Police Department	<u>1,180,565</u>	<u>1,180,565</u>	<u>1,163,528</u>	<u>17,037</u>
<i>Fire Department</i>				
Personal services	197,000	197,000	200,246	(3,246)
Material and supplies	4,000	4,000	3,857	143
Other services and charges	144,813	144,813	151,583	(6,770)
Total Fire Department	<u>345,813</u>	<u>345,813</u>	<u>355,686</u>	<u>(9,873)</u>
<i>Humane Shelter</i>				
Personal services	29,722	29,722	36,058	(6,336)
Material and supplies	5,400	5,400	4,008	1,392
Other services and charges	33,361	33,361	37,467	(4,106)
Total Humane Shelter	<u>68,483</u>	<u>68,483</u>	<u>77,533</u>	<u>(9,050)</u>
<i>Recreation</i>				
Personal services	219,820	219,820	229,649	(9,829)
Material and supplies	13,000	13,000	13,402	(402)
Other services and charges	311,193	311,193	328,275	(17,082)
Total Recreation	<u>544,013</u>	<u>544,013</u>	<u>571,326</u>	<u>(27,313)</u>
<i>Maintenance</i>				
Personal services	0	0	0	0
Material and supplies	1,000	1,000	1,007	(7)
Other services and charges	13,371	13,371	11,248	2,123
Total Maintenance	<u>14,371</u>	<u>14,371</u>	<u>12,255</u>	<u>2,116</u>
<i>Infrastructure</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	38,000	38,000	20,394	17,606
Total Infrastructure	<u>38,000</u>	<u>38,000</u>	<u>20,394</u>	<u>17,606</u>

(Continued)

CITY OF CARUTHERSVILLE, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 CASH BASIS - GENERAL FUND  
 YEAR ENDED JUNE 30, 2016

	<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	\$ 68,200	\$ 68,200	\$ 73,877	\$ (5,677)
Material and supplies	2,000	2,000	1,265	735
Other services and charges	28,820	28,820	32,206	(3,386)
Total Municipal Court	<u>99,020</u>	<u>99,020</u>	<u>107,348</u>	<u>(8,328)</u>
<b>TOTAL EXPENDITURES PAID</b>	<u>2,604,401</u>	<u>2,604,401</u>	<u>2,640,648</u>	<u>(36,247)</u>
Revenues Collected Over/Under				
Expenditures Paid	(5,401)	(5,401)	140,376	145,777
Other Financing Sources (Uses)				
Transfers in/(out)	<u>(176,353)</u>	<u>(176,353)</u>	<u>(290,096)</u>	<u>(113,743)</u>
Net Changes In Fund Balances	(181,754)	(181,754)	(149,720)	32,034
Fund Balances - Beginning of Year	1,008,945	1,008,945	1,008,945	0
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 827,191</u>	<u>\$ 827,191</u>	<u>\$ 859,225</u>	<u>\$ 32,034</u>

**CITY OF CARUTHERSVILLE, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
CASH BASIS - SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED</b>				
<i>Taxes</i>				
City Collector	\$ 202,455	\$ 202,455	\$ 215,699	\$ 13,244
Intangible Tax & Interest	1,310	1,310	466	(844)
Public Utility Tax	19,850	19,850	21,515	1,665
Housing Authority	7,300	7,300	7,266	(34)
M&M Replacement	9,050	9,050	9,910	860
Sales Tax	815,000	815,000	836,566	21,566
Tourism Tax	2,800	2,800	4,398	1,598
Vehicle Tax	70,000	70,000	74,269	4,269
Gasoline Tax	165,000	165,000	168,496	3,496
Total Taxes	<u>1,292,765</u>	<u>1,292,765</u>	<u>1,338,585</u>	<u>45,820</u>
<i>Intergovernmental</i>				
Grants	602,427	602,427	430,204	(172,223)
Total Intergovernmental	<u>602,427</u>	<u>602,427</u>	<u>430,204</u>	<u>(172,223)</u>
<i>Charges for Services</i>				
Garbage Fees	454,000	454,000	451,601	(2,399)
Mosquito Control	6,400	6,400	6,412	12
Sewer Surcharge	125,000	125,000	127,835	2,835
Police School	1,000	1,000	760	(240)
	<u>586,400</u>	<u>586,400</u>	<u>586,608</u>	<u>208</u>
<i>Investment Income</i>				
	<u>7,296</u>	<u>7,296</u>	<u>8,074</u>	<u>778</u>
Fuel Sales Revenue	20,000	20,000	19,557	(443)
Lots & Graves	9,000	9,000	19,450	10,450
Internment fees	12,000	12,000	6,900	(5,100)
Rents	19,320	19,320	19,885	565
Crops	6,000	6,000	6,233	233
Donations	0	0	1,216	1,216
Miscellaneous	0	0	7,509	7,509
Lease/Contract	28,000	28,000	27,410	(590)
	<u>94,320</u>	<u>94,320</u>	<u>108,160</u>	<u>13,840</u>
<b>TOTAL REVENUES COLLECTED</b>	<u>2,583,208</u>	<u>2,583,208</u>	<u>2,471,631</u>	<u>(111,577)</u>

(Continued)

**CITY OF CARUTHERSVILLE, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
CASH BASIS - SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES PAID</b>				
<i>Street</i>				
Personal services	\$ 52,564	\$ 52,564	\$ 51,367	\$ 1,197
Material and supplies	4,000	4,000	8,979	(4,979)
Other services and charges	215,773	215,773	221,934	(6,161)
Total Street	<u>272,337</u>	<u>272,337</u>	<u>282,280</u>	<u>(9,943)</u>
<i>Sewer Extension</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	173,990	173,990	83,196	90,794
Total Sewer Extension	<u>173,990</u>	<u>173,990</u>	<u>83,196</u>	<u>90,794</u>
<i>Cemetery</i>				
Personal services	0	0	0	0
Material and supplies	9,000	9,000	231	8,769
Other services and charges	51,388	51,388	59,927	(8,539)
Total Cemetery	<u>60,388</u>	<u>60,388</u>	<u>60,158</u>	<u>230</u>
<i>Library</i>				
Personal services	91,970	91,970	74,782	17,188
Material and supplies	3,500	3,500	3,511	(11)
Other services and charges	57,029	57,029	77,427	(20,398)
Total Library	<u>152,499</u>	<u>152,499</u>	<u>155,720</u>	<u>(3,221)</u>
<i>Sanitary</i>				
Personal services	102,000	102,000	101,059	941
Material and supplies	1,500	1,500	3,485	(1,985)
Other services and charges	475,274	475,274	475,252	22
Total Sanitary	<u>578,774</u>	<u>578,774</u>	<u>579,796</u>	<u>(1,022)</u>
<i>Airport</i>				
Personal services	0	0	0	0
Material and supplies	500	500	5	495
Other services and charges	25,279	25,279	26,173	(894)
Total Airport	<u>25,779</u>	<u>25,779</u>	<u>26,178</u>	<u>(399)</u>
<i>Airport Fuel</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	20,000	20,000	22,697	(2,697)
Total Airport Fuel	<u>20,000</u>	<u>20,000</u>	<u>22,697</u>	<u>(2,697)</u>

(Continued)

**CITY OF CARUTHERSVILLE, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
CASH BASIS - SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016**

	<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	9,000	9,000	6,299	2,701
<b>Total Police School</b>	<u>9,000</u>	<u>9,000</u>	<u>6,299</u>	<u>2,701</u>
<i>Economic Development</i>				
Personal services	0	0	0	0
Material and supplies	500	500	116	384
Other services and charges	40,632	40,632	39,328	1,304
<b>Total Economic Development</b>	<u>41,132</u>	<u>41,132</u>	<u>39,444</u>	<u>1,688</u>
<i>Tourism Tax</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	9,500	9,500	9,380	120
<b>Total Tourism Tax</b>	<u>9,500</u>	<u>9,500</u>	<u>9,380</u>	<u>120</u>
<i>Summer Food Program</i>				
Personal services	83,587	83,587	102,014	(18,427)
Material and supplies	65,070	65,070	56,670	8,400
Other services and charges	13,984	13,984	18,032	(4,048)
<b>Total Summer Food Program</b>	<u>162,641</u>	<u>162,641</u>	<u>176,716</u>	<u>(14,075)</u>
<i>Sales Tax</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	899,344	899,344	308,312	591,032
<b>Total Sales Tax</b>	<u>899,344</u>	<u>899,344</u>	<u>308,312</u>	<u>591,032</u>
<i>Sales Tax Capital Improvement</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	234,227	234,227	232,577	1,650
<b>Total Sales Tax Capital Improvement</b>	<u>234,227</u>	<u>234,227</u>	<u>232,577</u>	<u>1,650</u>
<i>Community Revitalization</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	69,465	69,465	33,374	36,091
<b>Total Community Revitalization</b>	<u>69,465</u>	<u>69,465</u>	<u>33,374</u>	<u>36,091</u>

(Continued)

**CITY OF CARUTHERSVILLE, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
CASH BASIS - SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016**

	<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	65,000	65,000	64,896	104
Total Waste Water Bond	<u>65,000</u>	<u>65,000</u>	<u>64,896</u>	<u>104</u>
<i>Asset Forfeiture Fund</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	86,007	86,007	77,435	8,572
Total Asset Forfeiture Fund	<u>86,007</u>	<u>86,007</u>	<u>77,435</u>	<u>8,572</u>
<i>MO DOT Airport Grant Fund</i>				
Personal services	0	0	0	0
Material and supplies	0	0	0	0
Other services and charges	362,456	362,456	327,695	34,761
Total Asset Forfeiture Fund	<u>362,456</u>	<u>362,456</u>	<u>327,695</u>	<u>34,761</u>
<b>TOTAL EXPENDITURES PAID</b>	<u>3,222,539</u>	<u>3,222,539</u>	<u>2,486,153</u>	<u>736,386</u>
Revenues Collected Over/Under				
Expenditures Paid	(639,331)	(639,331)	(14,522)	624,809
Other Financing Sources (Uses)				
Transfers in/(out)	<u>0</u>	<u>0</u>	<u>309,000</u>	<u>309,000</u>
Net Changes In Fund Balances	(639,331)	(639,331)	294,478	933,809
Fund Balances - Beginning of Year	<u>3,525,167</u>	<u>3,525,167</u>	<u>3,525,167</u>	<u>0</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,885,836</u>	<u>\$ 2,885,836</u>	<u>\$ 3,819,645</u>	<u>\$ 933,809</u>



**CITY OF CARUTHERSVILLE, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
CASH BASIS - PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES COLLECTED</b>				
<i>Charges for Service</i>				
Water	\$ 817,000	\$ 817,000	\$ 849,351	\$ 32,351
Meter Services	12,000	12,000	8,821	(3,179)
Meter Deposit Interest	200	200	191	(9)
Meter Depoist Excess	1,200	1,200	14,945	13,745
Sewer Use	232,000	232,000	228,452	(3,548)
Interest	0	0	203	203
Fees	9,700	9,700	8,509	(1,191)
Total Charges for Services	<u>1,072,100</u>	<u>1,072,100</u>	<u>1,110,472</u>	<u>38,372</u>
<i>Miscellaneous</i>	<u>3,000</u>	<u>3,000</u>	<u>14,870</u>	<u>11,870</u>
<b>TOTAL REVENUES COLLECTED</b>	<u>1,075,100</u>	<u>1,075,100</u>	<u>1,125,342</u>	<u>50,242</u>
<b>EXPENDITURES PAID</b>				
<i>Water</i>				
Personal services	220,000	220,000	162,407	57,593
Material and supplies	55,000	55,000	58,570	(3,570)
Other services and charges	640,924	640,924	679,432	(38,508)
Total Water	<u>915,924</u>	<u>915,924</u>	<u>900,409</u>	<u>15,515</u>
<i>Sewer</i>				
Personal services	113,000	113,000	115,732	(2,732)
Material and supplies	10,000	10,000	10,769	(769)
Other services and charges	181,867	181,867	179,552	2,315
Total Sewer	<u>304,867</u>	<u>304,867</u>	<u>306,053</u>	<u>(1,186)</u>
<b>TOTAL EXPENDITURES PAID</b>	<u>1,220,791</u>	<u>1,220,791</u>	<u>1,206,462</u>	<u>14,329</u>
Revenues Collected Over/Under Expenditures Paid	(145,691)	(145,691)	(81,120)	64,571
Other Financing Sources (Uses) Transfers in/(Out)	<u>0</u>	<u>0</u>	<u>(18,904)</u>	<u>(18,904)</u>
Net Changes In Net Position	(145,691)	(145,691)	(100,024)	45,667
Net Position - Beginning of Year	<u>571,690</u>	<u>571,690</u>	<u>571,690</u>	<u>0</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 425,999</u>	<u>\$ 425,999</u>	<u>\$ 471,666</u>	<u>\$ 45,667</u>

**OTHER REQUIRED REPORTS**

**SMITH & DAVIS**  
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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, 2016 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 November 7, 2016.

**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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2016-001 and 2016-002 that we consider 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2016-003.

## 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 responses 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.

*Smith & Davis*

November 7, 2016

CITY OF CARUTHERSVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016

**FINDINGS-FINANCIAL STATEMENT AUDIT**

**2016-001 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.

*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.

**2016-002 Unrecorded Bank Accounts**

*Condition:*

There are seven bank accounts listed on the bank confirmations 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.

*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.

CITY OF CARUTHERSVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016

**2016-003 Expenditures were in excess of appropriations.**

*Condition:*

The total expenditures as reported on the budgetary comparison schedule-cash basis-general fund exceeded the actual budget in the amount of \$36,247.

*Criteria:*

According to RSMO 67.040 after any political subdivision has approved the budget, the political subdivision shall not increase the total amount authorized for expenditure, unless the governing resolution.

*Cause:*

The City prepares a budget annually, but it appears that it is not regularly reviewed and compared

*Recommendation:*

We recommend that the actual results of operations should be compared to the budget amounts corrective action can be considered. These analyses should be reported to the board monthly. Grant activity should also be budgeted.

*Views of Responsible Officials and Planned Corrective Actions:*

The City of Caruthersville agrees with the finding and will provide management oversight to ensure that the budget will be monitored.