

**CITY OF CLEVER, MISSOURI**

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

FOR THE YEAR ENDED  
JUNE 30, 2018

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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 the aggregate remaining fund information of the City of Clever, Missouri, as of and for the year ended June 30, 2018, 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 as 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Clever, Missouri, as of June 30, 2018, 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 issued our report dated October 9, 2018, 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 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 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 City of Clever, Missouri's, internal control over financial reporting and compliance.

  
Decker & DeGood  
Springfield, Missouri  
October 9, 2018



# CITY OF CLEVER, MISSOURI

## STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,470,766	\$ 225,957	\$ 1,696,723
Internal balances	(67,991)	67,991	-
Restricted assets - cash and cash equivalents			
Debt reserves	-	796,295	796,295
Future construction projects	63,195	124,641	187,836
Capital assets:			
Land	56,130	201,303	257,433
Construction in progress	328,898	-	328,898
Other capital assets, net of accumulated depreciation	1,251,360	5,159,621	6,410,981
 Total Assets	 <u>3,102,358</u>	 <u>6,575,808</u>	 <u>9,678,166</u>
<b>LIABILITIES</b>			
Revenue bonds due within one year	-	23,740	23,740
Revenue bonds due in more than one year	-	780,225	780,225
Customer deposits	-	76,580	76,580
 Total Liabilities	 <u>-</u>	 <u>880,545</u>	 <u>880,545</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,636,388	4,552,102	6,188,490
Restricted-			
Debt service	-	159,876	159,876
Unrestricted	1,465,970	983,015	2,448,985
 Total Net Position	 <u>\$ 3,102,358</u>	 <u>\$ 5,694,993</u>	 <u>\$ 8,797,351</u>

See accompanying notes to the basic financial statements.

**CITY OF CLEVER, MISSOURI**  
**STATEMENT OF ACTIVITIES-**  
**(MODIFIED CASH BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 84,605	\$ 8,899	\$ -	\$ -	\$ (75,706)	\$ -	\$ (75,706)
Public safety:							
Police	233,669	28,942	700	-	(204,027)	-	(204,027)
Court	19,096	44,278	-	-	25,182	-	25,182
Street	67,709	-	-	24,651	(43,058)	-	(43,058)
Library	13,802	-	-	-	(13,802)	-	(13,802)
Total governmental activities	418,881	82,119	700	24,651	(311,411)	-	(311,411)
Business-type activities:							
Water	263,485	302,887	-	13,880	-	53,282	53,282
Sewer	313,269	286,283	-	15,675	-	(11,311)	(11,311)
Refuse	148,065	145,713	-	-	-	(2,352)	(2,352)
Total business-type activities	724,819	734,883	-	29,555	-	39,619	39,619
Total Government	\$ 1,143,700	\$ 817,002	\$ 700	\$ 54,206	(311,411)	39,619	(271,792)

General Revenues

Taxes:			
Property taxes for general purposes	162,781	-	162,781
Franchise taxes	73,112	-	73,112
Sales taxes	253,647	95,184	348,831
Missouri motor fuel taxes	86,329	-	86,329
Christian County Sales tax	80,159	-	80,159
Interest on investments	8,233	23,771	32,004
Miscellaneous	14,958	-	14,958
Total general revenues	679,219	118,955	798,174
Change in net position	367,808	158,574	526,382
Net position beginning	2,734,550	5,536,419	8,270,969
Net position ending	\$ 3,102,358	\$ 5,694,993	\$ 8,797,351

See accompanying notes to the basic financial statements.

# CITY OF CLEVER, MISSOURI

## BALANCE SHEET- (MODIFIED CASH BASIS) GOVERNMENTAL FUND JUNE 30, 2018

	General Fund	Street Fund	Nonmajor Library Fund	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,291,403	\$ 99,200	\$ 80,163	\$ 1,470,766
Restricted assets- cash and cash equivalents				
Park improvements	10,239	-	-	10,239
Street and sidewalk improvements	52,956	-	-	52,956
<b>TOTAL ASSETS</b>	<b>\$ 1,354,598</b>	<b>\$ 99,200</b>	<b>\$ 80,163</b>	<b>\$ 1,533,961</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Due to other funds	\$ 67,991	\$ -	\$ -	\$ 67,991
<b>Total Liabilities</b>	<b>67,991</b>	<b>-</b>	<b>-</b>	<b>67,991</b>
<b>FUND BALANCES</b>				
Fund Balances -				
Restricted-Streets	224,052	99,200	-	323,252
Restricted-Library	-	-	80,163	80,163
Assigned	10,239	-	-	10,239
Unassigned	1,052,316	-	-	1,052,316
<b>Total Fund Balances</b>	<b>1,286,607</b>	<b>99,200</b>	<b>80,163</b>	<b>1,465,970</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,354,598</b>	<b>\$ 99,200</b>	<b>\$ 80,163</b>	<b>\$ 1,533,961</b>

### Reconciliation to Statement of Net Position:

Total Fund Balances - Total Government Funds	\$ 1,465,970
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,636,388</u>
Net position of governmental activities	<u>\$ 3,102,358</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, 2018**

	General Fund	Street Fund	Nonmajor Library Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 162,781	\$ -	\$ -	\$ 162,781
Franchise taxes	73,112	-	-	73,112
Sales taxes	190,368	63,279	-	253,647
Intergovernmental:				
Missouri motor fuel taxes	86,329	-	-	86,329
Christian County sales tax	19,891	60,268	-	80,159
Licenses, permits & fees	7,789	-	1,110	8,899
Fines & forfeitures	44,278	-	-	44,278
Fee for services-Resource Officer	28,942	-	-	28,942
Interest	6,882	257	1,094	8,233
Grants	25,351	-	-	25,351
Miscellaneous	14,958	-	-	14,958
Total Revenues	<u>660,681</u>	<u>123,804</u>	<u>2,204</u>	<u>786,689</u>
<b>EXPENDITURES</b>				
Current:				
General government	75,440	-	-	75,440
Public safety				
Police	216,967	-	-	216,967
Court	19,096	-	-	19,096
Street	17,486	633	-	18,119
Library	-	-	12,956	12,956
Capital outlay	67,704	107,238	-	174,942
Total Expenditures	<u>396,693</u>	<u>107,871</u>	<u>12,956</u>	<u>517,520</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	263,988	15,933	(10,752)	269,169
<b>FUND BALANCES - BEGINNING</b>	<u>1,022,619</u>	<u>83,267</u>	<u>90,915</u>	<u>1,196,801</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,286,607</u>	<u>\$ 99,200</u>	<u>\$ 80,163</u>	<u>\$ 1,465,970</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, 2018

Net change in fund balances--local governmental funds	\$ 269,169
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
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.	
Capital outlay	174,942
Depreciation expense	<u>(76,303)</u>
Change in net position of governmental activities	<u>\$ 367,808</u>

See accompanying notes to the basic financial statements.

# CITY OF CLEVER, MISSOURI

## STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

PROPRIETARY FUNDS

JUNE 30, 2018

ASSETS	ENTERPRISE FUNDS		
	Water	Sewer	Total
Current Assets:			
Cash and cash equivalents	\$ 131,146	\$ 94,811	\$ 225,957
Due from other funds	35,238	32,753	67,991
Total Current Assets	<u>166,384</u>	<u>127,564</u>	<u>293,948</u>
Noncurrent Assets:			
Restricted assets-cash and cash equivalents			
Debt reserves	696,360	99,935	796,295
Future construction projects	93,140	31,501	124,641
Capital assets:			
Land	133,114	68,189	201,303
Other capital assets, net of accumulated depreciation	2,406,298	2,753,323	5,159,621
Total Noncurrent Assets	<u>3,328,912</u>	<u>2,952,948</u>	<u>6,281,860</u>
Total Assets	<u>3,495,296</u>	<u>3,080,512</u>	<u>6,575,808</u>
LIABILITIES			
Current Liabilities:			
Amount due within one year- revenue bonds	15,347	8,393	23,740
Total Current Liabilities	<u>15,347</u>	<u>8,393</u>	<u>23,740</u>
Noncurrent Liabilities:			
Revenue bonds	605,734	174,491	780,225
Customer deposits	76,850	-	76,850
Total Noncurrent Liabilities	<u>682,584</u>	<u>174,491</u>	<u>857,075</u>
Total Liabilities	<u>697,931</u>	<u>182,884</u>	<u>880,815</u>
NET POSITION			
Net investment in capital assets	1,913,474	2,638,628	4,552,102
Restricted-Debt service	108,076	51,800	159,876
Unrestricted	775,815	207,200	983,015
Total Net Position	<u>\$ 2,797,365</u>	<u>\$ 2,897,628</u>	<u>\$ 5,694,993</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, 2018**

	ENTERPRISE FUNDS		
	Water	Sewer	Total
OPERATING REVENUES:			
Charges for services: -Utilities	\$ 302,887	\$ 286,283	\$ 589,170
-Refuse fees	145,713	-	145,713
Total Operating Revenues	448,600	286,283	734,883
OPERATING EXPENSES:			
Contract labor	1,527	33,927	35,454
Depreciation	89,221	99,984	189,205
Dues and subscriptions	1,873	1,873	3,746
Group insurance	7,360	7,360	14,720
Insurance	5,907	17,527	23,434
Miscellaneous	1,494	1,161	2,655
Office supplies and postage	4,543	4,495	9,038
Payroll taxes	3,624	3,624	7,248
Pensions	1,848	1,848	3,696
Professional fees	6,827	6,771	13,598
Refuse fees	148,065	-	148,065
Repairs & maintenance	8,678	19,290	27,968
Salaries	47,739	47,739	95,478
Supplies	1,703	19,750	21,453
Telephone	3,757	3,373	7,130
Uniforms	1,314	1,403	2,717
Utilities	46,050	32,922	78,972
Vehicle expense	2,495	1,796	4,291
Total Operating Expenses	384,025	304,843	688,868
OPERATING INCOME (LOSS)	64,575	(18,560)	46,015
NON-OPERATING REVENUES (EXPENSES):			
Interest expense and agents fees	(27,525)	(8,426)	(35,951)
Interest income	23,771	-	23,771
Capital improvement sales tax	95,184	-	95,184
Total Non-operating Revenues (Expenses)	91,430	(8,426)	83,004
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	156,005	(26,986)	129,019
CAPITAL CONTRIBUTIONS:			
Meter set sales	3,880	-	3,880
Hook up fees	10,000	15,675	25,675
Total Capital Contributions	13,880	15,675	29,555
CHANGE IN NET POSITION	169,885	(11,311)	158,574
TOTAL NET POSITION - BEGINNING	2,627,480	2,908,939	5,536,419
TOTAL NET POSITION - ENDING	\$ 2,797,365	\$ 2,897,628	\$ 5,694,993

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, 2018**

	ENTERPRISE FUNDS		
	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 450,970	\$ 286,283	\$ 737,253
Payments to suppliers	(232,706)	(110,361)	(343,067)
Payments to employees and contracted labor	(62,098)	(94,498)	(156,596)
Net Cash Provided by Operating Activities	156,166	81,424	237,590
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Increase in due from other funds	(8,338)	(7,817)	(16,155)
Net Cash (Used for) NonCapital Financing Activities	(8,338)	(7,817)	(16,155)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital improvement sales tax	95,184	-	95,184
Hook ups and meter sets	13,880	15,675	29,555
Payments for capital acquisitions	(228,196)	(46,365)	(274,561)
Payment of Principal	(14,691)	(8,025)	(22,716)
Payment of Interest	(27,525)	(8,426)	(35,951)
Net Cash (Used for) Capital and Related Financing Activities	(161,348)	(47,141)	(208,489)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest earned	23,771	-	23,771
Net Cash Provided by Investing Activities	23,771	-	23,771
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>10,251</b>	<b>26,466</b>	<b>36,717</b>
<b>BALANCE - BEGINNING OF THE YEAR</b>	<b>910,395</b>	<b>199,781</b>	<b>1,110,176</b>
<b>BALANCE - END OF THE YEAR</b>	<b>\$ 920,646</b>	<b>\$ 226,247</b>	<b>\$ 1,146,893</b>
<b>SUMMARY OF CASH</b>			
Cash and cash equivalents	\$ 131,146	\$ 94,811	\$ 225,957
Restricted Assets: Cash and cash equivalents	789,500	131,436	920,936
Total Cash and cash equivalents	\$ 920,646	\$ 226,247	\$ 1,146,893
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating Income (Loss)	\$ 64,575	\$ (18,560)	\$ 46,015
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation expense	89,221	99,984	189,205
Increase in meter deposits	2,370	-	2,370
Net Cash Provided by Operating Activities	\$ 156,166	\$ 81,424	\$ 237,590

See accompanying notes to the basic financial statements.



**CITY OF CLEVER, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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 or 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, 2018. Investments are carried at cost, which approximates fair value.



**CITY OF CLEVER, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2018**

**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, 2018, 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, 2018

**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 either are not in spendable form or because they are legally or contractually 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, 2018**

**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** - The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to a specific purpose. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

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 no formal minimum fund balance policies or any formal stabilization arrangements in place.

**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, 2018**

**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, 2018:

**Business-type Activities -Water & Sewer Fund**

Reserve	\$ 796,295
Future construction	<u>124,641</u>
Total Reserves	<u><u>\$ 920,936</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 2017 was \$ 24,801,769 with the levy of .6216 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, 2018**

**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, 2018**

**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, 2018, expenditures did not exceed appropriations in the major funds.

**Legal Debt Margin**

The City's assessed value supports a general obligation bond limit of \$ 2,480,177. The City did not have any general obligation bonds outstanding as of June 30, 2018.

**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, 2018**

**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, 2018 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 56,130	\$ -	\$ -	\$ 56,130
Construction in progress	\$ 301,507	\$ 27,391	\$ -	\$ 328,898
Capital assets, being depreciated:				
Buildings	\$ 91,694	\$ 5,599	\$ -	\$ 97,293
Infrastructure	1,222,340	140,557	-	1,362,897
Equipment	122,435	1,395	-	123,830
Vehicles	128,441	-	-	128,441
Total capital assets being depreciated	1,564,910	147,551	-	1,712,461
Less: Accumulated depreciation for:				
Buildings	59,014	1,290	-	60,304
Infrastructure	132,716	54,198	-	186,914
Equipment	89,250	5,823	-	95,073
Vehicles	103,818	14,992	-	118,810
Total accumulated depreciation	384,798	76,303	-	461,101
Total capital assets being depreciated, net	\$ 1,180,112	\$ 71,248	\$ -	\$ 1,251,360
Governmental activities capital assets, net	\$ 1,537,749	\$ 98,639	\$ -	\$ 1,636,388



**CITY OF CLEVER, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)**

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

**Governmental Activities:**

General government	\$ 9,164
Police	16,702
Streets	49,590
Library	847
	<u>76,303</u>
	<u><u>\$ 76,303</u></u>

**Business Type Activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 201,303	\$ -	\$ -	\$ 201,303
Capital assets being depreciated:				
Building	\$ 261,926	\$ 10,793	\$ -	\$ 272,719
Plant	7,163,301	203,296	-	7,366,597
Equipment	414,666	472	-	415,138
Vehicle	59,068	60,000	-	119,068
Total capital assets being depreciated	<u>7,898,961</u>	<u>274,561</u>	<u>-</u>	<u>8,173,522</u>
Less accumulated depreciation for:				
Building	72,141	6,490	-	78,631
Plant	2,550,763	155,002	-	2,705,765
Equipment	171,702	24,412	-	196,114
Vehicle	30,090	3,301	-	33,391
	<u>2,824,696</u>	<u>189,205</u>	<u>-</u>	<u>3,013,901</u>
Total capital assets being depreciated, net	<u><u>\$ 5,074,265</u></u>			<u><u>\$ 5,159,621</u></u>
Business-type activities capital assets, net	<u><u>\$ 5,275,568</u></u>			<u><u>\$ 5,360,924</u></u>

**CITY OF CLEVER, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2018

**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	\$ 89,221
Sewer Fund	<u>99,984</u>
	<u>\$ 189,205</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, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Revenue bonds payable	<u>\$ 826,681</u>	<u>\$ -</u>	<u>\$ 22,716</u>	<u>\$ 803,965</u>	<u>\$ 23,740</u>

Business-type long-term debt as of June 30, 2018 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.	\$ 182,884
Less: amount due within one year	<u>(8,393)</u>
Amount due in more than one year	<u>\$ 174,491</u>

**CITY OF CLEVER, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE D – LONG-TERM DEBT (Continued)**

Business-type long-term debt as of June 30, 2018 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.	\$ 621,081
Less: amount due within one year	<u>(15,347)</u>
Amount due in more than one year	<u><u>\$ 605,734</u></u>

The annual requirements to amortize bonded debt as of June 30, 2018 follows:

Year Ending June 30	Principal	Interest	Totals
2019	\$ 23,740	\$ 34,927	\$ 58,667
2020	24,811	33,857	58,668
2021	25,930	32,738	58,668
2022	27,099	31,569	58,668
2023	28,321	30,347	58,668
2024-2028	161,958	131,381	293,339
2029-2033	201,927	91,413	293,340
2034-2038	168,735	49,638	218,373
2039-2042	141,444	11,787	153,231
	<u><u>\$ 803,965</u></u>	<u><u>\$ 447,657</u></u>	<u><u>\$ 1,251,622</u></u>

**CITY OF CLEVER, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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.

	<u>2017 Valuation</u>
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, 2018, 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	5
Active employees	7

**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 2.7 % General and 3.2% Police of annual covered payroll.



**CITY OF CLEVER, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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,		
2018	\$	8,180
2017		7,062
2016		6,750

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, 2018**

REVENUES	General Fund			
	Budget		Actual	Variance With Final Budget
	Original	Final		
Taxes:				
Property taxes	\$ 147,000	\$ 147,000	\$ 162,781	\$ 15,781
Franchise taxes	85,650	85,650	73,112	(12,538)
Sales taxes	175,000	175,000	190,368	15,368
Intergovernmental:				
Missouri motor fuel taxes	73,500	73,500	86,329	12,829
Christian County sales tax	-	-	19,891	19,891
Licenses & permits	11,200	11,200	7,789	(3,411)
Fines & forfeitures	62,050	62,050	44,278	(17,772)
Fee for services-Resource Officer	-	-	28,942	28,942
Interest	2,300	2,300	6,882	4,582
Grants	-	-	25,351	25,351
Miscellaneous	3,700	3,700	14,958	11,258
Total Revenues	<u>560,400</u>	<u>560,400</u>	<u>660,681</u>	<u>100,281</u>
EXPENDITURES				
Current:				
General government	96,154	75,440	75,440	-
Public safety:				
Police	270,893	216,967	216,967	-
Court	24,623	19,096	19,096	-
Street	22,872	17,486	17,486	-
Capital outlay	101,888	67,704	67,704	-
Total Expenditures	<u>516,430</u>	<u>396,693</u>	<u>396,693</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ 43,970</u>	<u>\$ 163,707</u>	263,988	<u>\$ 100,281</u>
FUND BALANCES - BEGINNING			<u>1,022,619</u>	
FUND BALANCES - ENDING			<u>\$ 1,286,607</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, 2018**

	Street Fund			
	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes:				
Sales tax	\$ 65,000	\$ 65,000	\$ 63,279	\$ (1,721)
Intergovernmental:				
Christian County sales tax	6,000	6,000	60,268	54,268
Interest	-	-	257	257
Total Revenues	<u>71,000</u>	<u>71,000</u>	<u>123,804</u>	<u>52,804</u>
EXPENDITURES				
Current:				
Street	-	633	633	-
Capital outlay	103,900	107,238	107,238	-
Total Expenditures	<u>103,900</u>	<u>107,871</u>	<u>107,871</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ (32,900)</u>	<u>\$ (36,871)</u>	15,933	<u>\$ 52,804</u>
FUND BALANCES - BEGINNING			<u>83,267</u>	
FUND BALANCES - ENDING			<u>\$ 99,200</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, 2018, 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 October 9, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

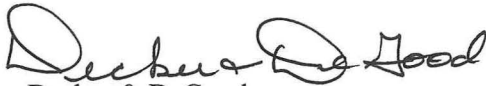


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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.

A handwritten signature in black ink, appearing to read "Decker & DeGood", is written over the printed name.

Decker & DeGood  
Springfield, Missouri  
October 9, 2018