



Nicole Galloway, CPA

Missouri State Auditor

City of Clever

Report No. 2020-098

November 2020

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the City of Clever

Payroll Controls and Procedures	The city does not have a separate personnel policy or a provision in the employee handbook authorizing a "safety bonus payment" or "safety incentive payment." Supervisory review performed over biweekly payroll is not sufficient. We identified a payroll calculation error based on the city's policies. City officials allow employees to record leave usage in increments that are not approved by the employee handbook.
Disbursements	The city does not have a long-range plan for the development of a recent real estate purchase and paid significantly more than the appraised value for the 2 properties. Some disbursements allocated to various city funds did not have sufficient documentation to support how the allocation amounts were determined. The city does not have written contracts with an independent contractor (service provider).
Accounting Controls and Procedures	City employees do not always deposit receipts timely. The city does not maintain the change fund at a constant amount and uses it for petty cash expenses. In addition, a petty cash ledger is not maintained to support petty cash transactions.
Budgets and Financial Reporting	City budgets do not include all elements required by state law. City officials did not publish the semiannual financial statements for the 6 months ended December 31, 2019, as required by state law.
Utilities	The city does not have an ordinance or written policies authorizing partial payments, and does not follow established service shutoff procedures for customers who make partial payments. Periodic formal cost studies of utility (water and sewer) rates have not been performed.
Police Department Assets	Controls and documentation over tracking of Police department assets need improvement.

In the areas audited, the overall performance of this entity was **Good**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of Clever

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
Clever, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Clever. We have audited certain operations of the city in fulfillment of our duties. The city engaged Decker and DeGood, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2019. To minimize duplication of effort, we reviewed the CPA firm's audit report. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2019. The objectives of our audit were to:

1. Evaluate the city's internal controls over significant management and financial functions.
2. Evaluate the city's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

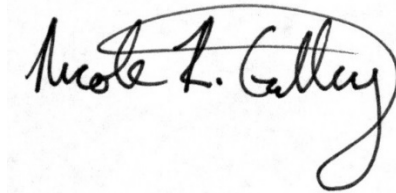
Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal control that is significant to the audit objectives and assessed the design and implementation of such internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the city's management and its audited financial statements and was not subjected to the procedures applied in our audit of the city.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Clever.

An additional report, Report No. 2020-099, *Thirty-Eighth Judicial Circuit, City of Clever Municipal Division*, was issued in November 2020.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Senior Director:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Travis Owens, MBA, CPA, CFE, CGAP
In-Charge Auditor:	Erin N. Dierksen
Audit Staff:	Stephanie M. Kroner Hunter O'Donnell, M.Acct.

City of Clever

Management Advisory Report

State Auditor's Findings

1. Payroll Controls and Procedures

Controls and procedures over payroll and related matters need improvement. The city paid approximately \$225,000 in wages during the year ended June 30, 2019.

1.1 Safety incentive payments

The city does not have a separate personnel policy or a provision in the employee handbook authorizing a "safety bonus payment" or "safety incentive payment." The Board of Aldermen approved and paid safety incentive payments totaling \$900 to 9 city employees (\$100 each) in December 2019. The City Clerk indicated these payments have been a long-term practice of the city to reward employees for performing their job duties without any at-fault accidents.

Incentive payments were made without a formalized and clearly defined process of how the additional compensation was to be earned, giving the appearance of year-end bonuses, that may violate the Missouri Constitution. Without a formalized process being documented, the individuals participating in the program, as well as the individuals evaluating performance, cannot have a clear understanding of what level of performance is necessary to earn the incentive payments. Establishing clear and defined goals to be achieved in order to earn incentive payments, including what data sources will be used to measure progress toward goals, provides clarity to the employee and management, as well as to the public. Ensuring the goals to be achieved represent performance that warrants incentive payments, and not just performance of standard job duties, can reduce the perception these payments are merely additional compensation, and would make the executive incentive program more likely to be allowable under the Missouri Constitution.

While the use of an incentive program may be allowable if implemented and executed appropriately, the absence of consistent documentation about performance goals to be met and the lack of defined objective criteria to determine the achievement of incentives gives the appearance the payments represent additional compensation for past performance. In addition, including employees in the program without always formally notifying them and documenting their inclusion creates an appearance the incentive payment represents additional compensation for past performance. Article III, Section 39, Missouri Constitution, prohibits the granting of additional compensation for services rendered. As stated in Attorney General's Opinion No. 72-1955 (June 14, 1955), ". . . a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered." In addition, Article VI, Sections 23 and 25, Missouri Constitution prohibit local governments from granting money to any private individual, except as otherwise provided by law.

1.2 Timesheets

Supervisory review performed over biweekly payroll is not sufficient. Reviews performed did not detect errors between employee timesheets and/or



City of Clever
Management Advisory Report - State Auditor's Findings

the data entered into the payroll accounting system. On a biweekly basis, timesheets and accounting records are reviewed by the Mayor and Mayor Pro-tem. However, during our review of 2 payroll periods during the year ended June 30, 2019, the hours reported on 5 of 16 (31 percent) timesheets differed from the hours on corresponding paycheck stubs by amounts ranging from 15 minutes to 3 hours. In addition, employees are not required to sign timesheets. Most city employees, with the exception of police officers and the Police Chief,¹ did not sign their timesheets for the pay periods reviewed. Employees did not sign 8 of the 16 (50 percent) timesheets we reviewed.

Lack of sufficient supervisory reviews may lead to incorrect employee compensation. To ensure the accuracy of the hours worked, timesheets should be signed by the employees and reviewed and approved by the supervisor or a member of the Board. In addition, 29 CFR Section 516.2(a) of the Fair Labor Standards Act (FLSA) requires employers maintain accurate records of actual time worked by employees.

1.3 Holiday pay

We identified a payroll calculation error based on the city's policies. The city's personnel policy indicates the city is to reduce the amount of holiday time paid when the employee's hours worked in a week plus holiday hours exceed 40 hours so that the employee is not paid for more than 40 hours, unless the employee is required to physically work on the holiday.

For the work week ending December 29, 2019, we identified a concern regarding compliance with this policy for the 2 paid holidays (Christmas Eve and Christmas). The City Clerk is responsible for performing payroll calculations. For the Utility Clerk (who had worked an extra hour previously in the pay period), she reduced the 16 hours of holiday pay to 15 hours in compliance with the personnel policy. As a result, this employee received compensation for 40 hours of work instead of 41 hours. However, the City Clerk (who also worked an extra hour previously in the pay period) did not reduce her holiday pay to 15 hours and received compensation for 41 hours of work. The City Clerk could not explain why she did not reduce her hours as required by city policy.

Inconsistent practices could increase the risk of unfair and inequitable treatment of employees and potential litigation based on existing city policies.

1.4 Leave usage

City officials allows employees to record leave usage in increments that are not approved by the employee handbook. The city employee handbook dated November 21, 2017, states vacation leave may only be taken in 2 hour increments and sick leave may only be taken in 1 hour increments. The employee handbook was updated on February 19, 2019, to allow vacation

¹ We reviewed timesheets for 11 employees with 6 employees being police officers.



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Management Advisory Report - State Auditor's Findings

leave in 1 hour increments and sick leave in 1/2 hour increments. We reviewed leave usage for all pay periods and all city employees during 2019. We noted 7 of 14 (50 percent) city employees reviewed who took vacation and/or sick leave in unallowable increments under both the 2017 and 2019 dated handbooks. We noted instances where employees took (1) vacation leave in 1/4 and 3/4 hour increments and (2) sick leave in 1/6, 1/4, 1/3, and 3/4 hour increments. The poor supervisory review of timesheets discussed in section 1.2 likely contributed to this problem.

Chapter 5 of the city's current employee handbook states that vacation leave may be used in 1 hour increments and sick leave may be used in 1/2 hour increments. Failure to follow city policies or update policies to current practices regarding leave amounts could result in unfair and inequitable treatment of employees. In addition, Board officials cannot ensure hours worked and leave taken by employees are properly documented.

Recommendations

The Board of Aldermen:

- 1.1 Establish clear consistent and clearly defined criteria and/or performance goals to be met in order for employees to earn incentive payments prior to the period the incentive is to be paid or discontinue the practice of issuing safety incentive payments.
- 1.2 Ensure all timesheets are properly signed and approved, and someone matches employee work hours on the payroll register to the approved timesheets.
- 1.3 Ensure practices related to reduction of time during holiday weeks are consistently applied to all employees.
- 1.4 Ensure leave is taken in allowed increments per city policy.

Auditee's Response

- 1.1 *The city will discontinue this incentive program.*
- 1.2 *The employee standard operating procedures have been updated to require employee signatures on timesheets or time cards.*

Timesheets will be reviewed by the employee's supervisor. A second review will be completed by a combination of 2 elected officials (mayor, mayor pro-tem, or an alderman) as a standard operating procedure. This second review will include a comparison of approved timesheets to the payroll register to ensure hours were entered correctly.

- 1.3 *The personnel policy regarding holiday pay will be strictly adhered to as identified in the employee handbook.*



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Management Advisory Report - State Auditor's Findings

1.4 *Leave increments will be taken in compliance with the employee handbook. The employee handbook leave time increments have been updated to allow for 1/2 hour increments for compensatory time, vacation time, and holidays. Sick time has been updated to allow for 1/4 hour increments.*

Supervisors and secondary reviewers of timesheets will adhere to this policy and verify the leave usage increment times comply with city policy.

2. Disbursements

Documentation and controls over disbursements need improvement. The city disbursements totaled approximately \$1.5 million during the year ended June 30, 2019.

2.1 Real estate purchase

The city does not have a long-range plan for the development of a recent real estate purchase and paid significantly more than the appraised value for the 2 properties.

In March 2020, the city purchased 2 lots of land next to city hall for approximately \$33,000 without documentation supporting the reason for the purchase. The City Clerk indicate the city purchased the land to possibly expand city hall in the future. The land was appraised at \$20,000 in December 2019. In January 2020, the Board authorized the Mayor to negotiate a purchase price exceeding the appraised value (up to \$35,000) but city officials could not provide documentation explaining why they made this decision or why the purchase price significantly exceeded the appraised value. The city has no immediate plans for development of these lots.

To ensure efficient and effective use of city resources, the Board should have a documented plan, including a cost-benefit analysis, for the use of city-owned properties. Good business practice requires real estate purchases be formally and independently appraised to ensure a reasonable price is paid. Adequate documentation for the cost and intended use of the land purchase would improve transparency and provide additional assurance that city funds are spent responsibly.

2.2 Allocations

Some disbursements allocated to various city funds did not have sufficient documentation to support how the allocation amounts were determined.

- Several employees perform tasks related to multiple city functions, but the city has no documentation to justify the allocations of salaries and fringe benefits expenses to various funds. Salaries and fringe benefits for 4 employees (City Clerk, Utility Clerk, Public Works/Water Superintendent, and the maintenance worker) totaling approximately \$211,000 are allocated between 4 funds (General, Water, Sewer, and Municipal Court) based upon an annual estimate of the percentage of time



City of Clever
Management Advisory Report - State Auditor's Findings

employees spend on tasks that benefit each fund. However, the city could not provide documentation of the estimates and the percentages have not changed in recent years. According to the City Clerk, these estimates are not based on a study of actual personnel time spent on specific tasks or consideration of the fund benefitting from each task, and they are not periodically updated.

- In March 2019 the City Clerk attended a conference. The city allocated the registration fees (\$455) 50 percent to the General Fund, 25 percent to the Water Fund, and 25 percent to the Sewer Fund; expenses for lodging and meal costs (\$491) fully to the General Fund; and mileage costs (\$236) equally between the Water and Sewer Funds. These allocations were not consistent with how the City Clerk's payroll costs are allocated. Her payroll allocation is 40 percent to the General Fund, 25 percent to the Water Fund, 25 percent to the Sewer Fund, and 10 percent to the Municipal Court Fund.

The proper allocation of expenses is necessary to accurately determine the results of operations of specific activities, thus enabling the city to establish the level of taxation and/or user charges necessary to meet all operating costs. To ensure restricted funds are used for intended purposes, the allocation of expenses to city funds should be based on specific criteria, such as the number of hours worked by each employee, if possible, or by determining a reasonable basis to allocate costs for employees.

2.3 Written contracts

The city does not have written contracts with an independent contractor (service provider). During the year ended June 30, 2019, the city paid \$10,400 for building and/or permit code inspection services without a written contract.

Clear and detailed written contracts, including reporting requirements and provisions to allow for proper monitoring, are necessary to ensure all parties are aware of their duties and responsibilities, prevent misunderstandings, and ensure city monies are used appropriately and effectively. Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

Recommendations

The Board of Aldermen:

- 2.1 Develop plans, including a cost-benefit analysis prior to purchase, for the use and purchase of real estate. In addition, the Board should maintain documentation to support each purchase decision especially when the purchase price exceeds the appraised value.
- 2.2 Ensure payroll costs and other expenses are properly allocated to the appropriate funds, and supported by adequate documentation, which is retained.



Auditee's Response

2.3 Enter into written contracts defining services provided and benefits received with all applicable vendors.

2.1 *The city will create a documented operating procedure for the purchase of real estate. The procedure will include a documented plan, including a cost-benefit analysis for the property, the reason for the purchase, and the intended future use of the property.*

The documentation will include all appraisals, contracts, and Board meeting minutes associated with the purchase. Adequate reasoning for any purchases that exceed fair market value will be documented.

2.2 *To properly allocate operating expenses to the city's funds, if employees are paid a percentage of their salary from different funds, their salary allocation will be used to determine as the allocation for the expense.*

There are some exceptions, such as when the City Clerk attends training that is not relevant to the Municipal Court. In this example, the expenses would be divided equally between the remaining funds associated with her payroll allocation. Also, if an employee's salary is allocated among multiple funds but an operating expense is targeted toward or benefits only one specific job duty, the expense will only be paid from the appropriate fund.

Going forward, we will periodically review the allocation of employee salaries by reviewing their job duties and average amount of time spent on different tasks to determine the proper allocation percentages among multiple funds.

2.3 *The city will have written contracts with all independent contractors that will include reporting requirements and provisions for reporting to the Board.*

3. Accounting Controls and Procedures

Accounting controls and procedures need improvement. During the year ended June 30, 2019, city receipts totaled approximately \$2.2 million for all funds. The city receives payments for utility services (water, sewer, and trash), franchise fees, property taxes, sales taxes, municipal court fines and fees, and other miscellaneous revenues.

3.1 Deposits

City employees do not always deposit receipts timely. We reviewed all receipts collected for the week ended May 17, 2019. Receipts totaling \$4,996 were collected on May 16, 2019, and not deposited until May 28, 2019.



City of Clever
Management Advisory Report - State Auditor's Findings

To safeguard receipts and to reduce the risk of loss, theft, or misuse of monies received, procedures should be established to ensure all payments received are deposited timely.

3.2 Change fund

The city does not maintain the change fund at a constant amount and uses it for petty cash expenses. In addition, a petty cash ledger is not maintained to support petty cash transactions.

To safeguard against possible loss, theft, or misuse, change funds should be maintained at a constant amount and the funds should be periodically counted and reconciled to the authorized balance. If needed, a separate petty cash fund should be established and maintained on an imprest basis. A petty cash ledger should also be maintained documenting receipts, disbursements, and the balance of the petty cash fund. Petty cash funds should only be reimbursed through a city disbursement approved by the Board.

Recommendations

The Board of Aldermen:

- 3.1 Ensure receipts are deposited timely.
- 3.2 Maintain the change fund at a constant amount and reconcile the fund to the authorized balance with each deposit. If needed, a petty cash fund should be established and maintained on an imprest basis. A petty cash ledger should also be maintained.

Auditee's Response

- 3.1 *To ensure proper segregation of duties, the City Clerk will not make deposits. The Assistant City Clerk will make the deposits. If the Assistant City Clerk is not available to make a timely deposit in accordance with the standard operating procedure, the City Clerk will make the deposit with a secondary accompaniment of the Mayor or one member of the Board.*
- 3.2 *The city no longer has a petty cash fund, and will maintain the change fund on a constant basis.*

4. Budgets and Financial Reporting

Budgeting and financial reporting procedures need improvement.

4.1 Budgets

The city budgets do not include all elements required by state law. Actual budgets do not contain a budget message, the actual beginning and estimated ending cash balance for each fund, a budget summary, and balances of the city's indebtedness.



City of Clever
Management Advisory Report - State Auditor's Findings

A complete and well-planned budget, in addition to meeting statutory guidelines, can serve as a useful management tool by establishing specific financial expectations for each area of city operations. It also assists in setting tax levies and utility rates, and informing the public about city operations and current finances. Section 67.010, RSMo, requires the budget present a complete financial plan for the ensuing budget year and sets specific requirements for information to be included in the budget.

4.2 Published financial statements

City officials did not publish the semiannual financial statements as required by state law. The semiannual financial statements were not published for the 6 months ended December 31, 2019. As a result, information regarding the city's financial activity and condition is not available to all citizens.

Section 79.160, RSMo, requires the Board to prepare and publish financial statements semiannually that include a full and detailed account of the receipts, disbursements, and indebtedness of the city. In addition, city code Section 110.100 states "The Board of Aldermen shall semi-annually each year, at times to be set by the Board of Aldermen, make out and spread upon their records a full and detailed account and statement of the receipts and expenditures and indebtedness of the City for the half year ending with the last day of the month immediately preceding the date of such report, which account and statement shall be published in some newspaper in the City."

Recommendations

The Board of Aldermen:

- 4.1 Ensure annual budgets contain all information required by state law.
- 4.2 Publish semiannual financial statements as required by state law and city code.

Auditee's Response

- 4.1 *The city will add a budget summary, budget message, actual beginning and estimated ending cash balances, and balances of the city's indebtedness in accordance with Section 67.010, RSMo.*
- 4.2 *The city will ensure that financial statements are published in a local newspaper semiannually in accordance with Section 79.160, RSMo, and city code 110.100.*

5. Utilities

Utility operations need improvement. The city collected approximately \$853,000 for monthly water, sewer, and trash services during the year ended June 30, 2019.

5.1 Partial payments

The city does not have an ordinance or written policies authorizing partial payments, and does not follow established service shutoff procedures for customers who make partial payments. Partial payments were not approved by someone independent of the utility's accounting functions and written



City of Clever
Management Advisory Report - State Auditor's Findings

payment agreements for partial payments did not exist. It is not clear whether these customers should be subject to shutoff procedures.

City code Section 700.100 states failure to pay a bill by the 17th of the month following the month water and sewer services were provided shall result in disconnection of the service. Good business practices require adequate collection procedures be established to ensure accounts are collected timely and bad debts are kept to a minimum.

5.2 Utility rates

Periodic formal cost studies of utility (water and sewer) rates have not been performed. The current water rates were established in 2001 and have not changed since then. Sewer rates last increased in July 2018, but no information could be provided regarding how city officials determined the new rate. As a result, there is no assurance the utility rates are set at an appropriate level.

Section 67.042, RSMo, provides that fees may be increased if supported by a statement of costs that shows the increase is necessary to cover costs of providing the service. To ensure utility rates are set to cover the cost of providing the related services, the city should periodically perform and document a detailed cost study of the city's utility costs, including depreciation, and establish rates to cover the total cost of operations without generating excessive profits.

Recommendations

The Board of Aldermen:

- 5.1 Discontinue allowing customer partial payments or establish an ordinance allowing them. If a partial payment ordinance is established, also create policies and procedures governing the process that should include at least (1) each customer having a written payment plan and (2) approval of each plan by someone independent of the utility's accounting functions.
- 5.2 Ensure formal reviews of utility rates are performed periodically to determine if revenues are sufficient to cover all costs of providing the services without generating excessive profits.

Auditee's Response

- 5.1 *The city has revised the ordinance (via Bill 17-2020) to reflect a set dollar amount for disconnections and set dollar amounts for partial payments. The Board will continue to receive monthly reports of past due utility balances to review for compliance with city code.*
- 5.2 *The city has engaged the Missouri Rural Water Association to conduct a formal review of utility rates, which is in progress. The Public Works Director has set a policy that a formal rate study will be completed every 2 years.*



6. Police Department Assets

Controls and documentation over tracking of Police department assets need improvement.

Property receipt forms are used by the Police department to track city assets assigned to police officers and the Police Chief such as badges, vehicles, firearms, cell phones, uniforms, computers, and other assets. All assets assigned to a new officer are listed on the form and the form is then approved by a supervising officer. The forms are not always signed by the police officer at the time assets are issued. We reviewed 6 property receipt forms from the 2 years ended June 30, 2020, and noted only 4 of the 6 forms included a handwritten or electronic signature by the officer receiving police assets and/or the issuing officer.

Adequate capital asset records and procedures are necessary to provide controls over city property; to safeguard city assets that are susceptible to loss, theft, or misuse; and to provide a basis for proper financial reporting and insurance coverage.

Recommendation

The Board of Aldermen and the Police department work together to ensure property receipt forms are properly signed.

Auditee's Response

Document 1 - The property receipt form was manually signed by the employee for all issued items listed, but was not signed by the Quartermaster.

Document 2 - Neither the employee or issuing personnel applied a signature. This document had no follow-up due to the death of the issuing employee who was substituting for the Quartermaster who had been deployed overseas.

A top to bottom and complete overhaul of policies, procedures, forms, and more started in April 2019 and continues with updates as necessary. The department is continuing efforts to improve lines of responsibility. All aspects of the department have been changed, altered, and improved since April 2019. Our improvements will include an accountability procedure for incoming and outgoing employees that requires 3 sets of eyes and signatures including the incoming/departing employee, Quartermaster, and Police Chief.

City of Clever

Organization and Statistical Information

The City of Clever is located in Christian County. The city was incorporated in 1909 and is currently a fourth-class city. The city had 10 full-time employees on June 30, 2019.

City operations include utility services (water, sewer, and sanitation), public safety (police), street maintenance, and recreational facilities (parks).

Mayor and Board of Aldermen

The city government consists of a mayor and 4-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor and Board of Aldermen at June 30, 2019, are identified below. The Mayor is paid \$250 per month, the Mayor Pro-Tem is paid \$150 per month, and the remaining board members are paid \$100 per month. The compensation of these officials is established by ordinance.

Jaredd King, Mayor (1)
Scott Hackworth, Mayor Pro-Tem
Josiah Fuller, Alderman
Charlene Fraser, Alderwoman (2)
Vacant, Alderman (3)

(1) Replaced by Dale Maisel, who was elected in June 2020.

(2) Replaced by Jeanie Priebe, who was appointed to the position in November 2019 and subsequently elected in June 2020.

(3) Chris McPhail was appointed in August 2019 and subsequently elected in June 2020.

Financial Activity

A summary of the city's financial activity for the year ended June 30, 2019, obtained from the city's audited financial statements follows:



City of Clever
Organization and Statistical Information

CITY OF CLEVER, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
(MODIFIED CASH BASIS)
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES	General Fund	Street Fund	Nonmajor Library Fund	Total Governmental Funds
Taxes:				
Property taxes	\$ 165,328	\$ -	\$ -	\$ 165,328
Franchise taxes	80,022	-	-	80,022
Sales and use taxes	213,364	68,433	-	281,797
Intergovernmental:				
Missouri motor fuel taxes	85,683	-	-	85,683
Christian County sales tax	39,782	48,897	-	88,679
Licenses, permits & fees	13,337	-	-	13,337
Fines & forfeitures	17,744	-	-	17,744
Fee for services-Resource Officer	78,101	-	-	78,101
Interest	15,790	218	1,784	17,792
Grants	188,210	-	-	188,210
Miscellaneous	21,373	-	298	21,671
Total Revenues	<u>918,734</u>	<u>117,548</u>	<u>2,082</u>	<u>1,038,364</u>
EXPENDITURES				
Current:				
General government	93,739	-	-	93,739
Public safety				
Police	288,371	-	-	288,371
Court	17,530	-	-	17,530
Street	18,223	377	-	18,600
Park	1,508	-	-	1,508
Library	-	-	2,041	2,041
Capital outlay	253,043	72,184	-	325,227
Total Expenditures	<u>672,414</u>	<u>72,561</u>	<u>2,041</u>	<u>747,016</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	246,320	44,987	41	291,348
FUND BALANCES - BEGINNING	<u>1,286,607</u>	<u>99,200</u>	<u>80,163</u>	<u>1,465,970</u>
FUND BALANCES - ENDING	<u>\$ 1,532,927</u>	<u>\$ 144,187</u>	<u>\$ 80,204</u>	<u>\$ 1,757,318</u>



City of Clever
Organization and Statistical Information

CITY OF CLEVER, MISSOURI

BALANCE SHEET-
(MODIFIED CASH BASIS)
GOVERNMENTAL FUND
JUNE 30, 2019

	General Fund	Street Fund	Nonmajor Library Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,532,820	\$ 144,187	\$ 80,204	\$ 1,757,211
Restricted assets- cash and cash equivalents				
Park improvements	10,479	-	-	10,479
Street and sidewalk improvements	74,587	-	-	74,587
TOTAL ASSETS	\$ 1,617,886	\$ 144,187	\$ 80,204	\$ 1,842,277
LIABILITIES AND FUND BALANCES				
Due to other funds	\$ 84,959	\$ -	\$ -	\$ 84,959
Total Liabilities	84,959	-	-	84,959
FUND BALANCES				
Fund Balances -				
Restricted-Streets	308,492	144,187	-	452,679
Restricted-Library	-	-	80,204	80,204
Assigned	10,479	-	-	10,479
Unassigned	1,213,956	-	-	1,213,956
Total Fund Balances	1,532,927	144,187	80,204	1,757,318
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,617,886	\$ 144,187	\$ 80,204	\$ 1,842,277

Reconciliation to Statement of Net Position:

Total Fund Balances - Total Government Funds	\$ 1,757,318
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,881,959
Net position of governmental activities	<u>\$ 3,639,277</u>



City of Clever
Organization and Statistical Information

CITY OF CLEVER, MISSOURI
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
(MODIFIED CASH BASIS) PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	ENTERPRISE FUNDS		
	Water	Sewer	Total
OPERATING REVENUES:			
Charges for services: -Utilities	\$ 337,117	\$ 286,716	\$ 623,833
-Refuse fees	147,982	-	147,982
Total Operating Revenues	<u>485,099</u>	<u>286,716</u>	<u>771,815</u>
OPERATING EXPENSES:			
Contract labor	536	27,842	28,378
Depreciation	96,117	103,261	199,378
Dues and subscriptions	2,286	2,187	4,473
Group insurance	11,154	11,154	22,308
Insurance	10,716	20,841	31,557
Miscellaneous	605	525	1,130
Office supplies and postage	4,216	4,172	8,388
Payroll taxes	3,980	3,980	7,960
Pensions	2,242	2,242	4,484
Professional fees	4,415	14,031	18,446
Refuse fees	151,599	-	151,599
Repairs & maintenance	3,861	38,827	42,688
Salaries	52,024	52,024	104,048
Supplies	1,058	19,464	20,522
Telephone	3,506	3,714	7,220
Uniforms	1,491	1,507	2,998
Utilities	40,210	31,677	71,887
Vehicle expense	2,689	1,675	4,364
Total Operating Expenses	<u>392,705</u>	<u>339,123</u>	<u>731,828</u>
OPERATING INCOME (LOSS)	<u>92,394</u>	<u>(52,407)</u>	<u>39,987</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest expense and agents fees	(26,869)	(8,059)	(34,928)
Interest income	46,702	-	46,702
Capital improvement sales tax	102,006	-	102,006
Total Non-operating Revenues (Expenses)	<u>121,839</u>	<u>(8,059)</u>	<u>113,780</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>214,233</u>	<u>(60,466)</u>	<u>153,767</u>
CAPITAL CONTRIBUTIONS:			
Meter set sales	10,864	-	10,864
Hook up fees	28,000	42,000	70,000
Total Capital Contributions	<u>38,864</u>	<u>42,000</u>	<u>80,864</u>
CHANGE IN NET POSITION	<u>253,097</u>	<u>(18,466)</u>	<u>234,631</u>
TOTAL NET POSITION - BEGINNING	<u>2,797,365</u>	<u>2,897,628</u>	<u>5,694,993</u>
TOTAL NET POSITION - ENDING	<u>\$ 3,050,462</u>	<u>\$ 2,879,162</u>	<u>\$ 5,929,624</u>



City of Clever
Organization and Statistical Information

CITY OF CLEVER, MISSOURI
STATEMENT OF NET POSITION
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
JUNE 30, 2019

ASSETS	ENTERPRISE FUNDS		
	Water	Sewer	Total
Current Assets:			
Cash and cash equivalents	\$ 279,090	\$ 104,718	\$ 383,808
Due from other funds	44,583	40,377	84,960
Total Current Assets	<u>323,673</u>	<u>145,095</u>	<u>468,768</u>
Noncurrent Assets:			
Restricted assets-cash and cash equivalents			
Debt reserves	824,175	99,935	924,110
Future construction projects	95,072	31,501	126,573
Capital assets:			
Land	133,114	68,189	201,303
Other capital assets, net of accumulated depreciation	2,357,012	2,708,933	5,065,945
Total Noncurrent Assets	<u>3,409,373</u>	<u>2,908,558</u>	<u>6,317,931</u>
Total Assets	<u>3,733,046</u>	<u>3,053,653</u>	<u>6,786,699</u>
LIABILITIES			
Current Liabilities:			
Amount due within one year- revenue bonds	16,032	8,779	24,811
Total Current Liabilities	<u>16,032</u>	<u>8,779</u>	<u>24,811</u>
Noncurrent Liabilities:			
Revenue bonds	589,702	165,712	755,414
Customer deposits	76,850	-	76,850
Total Noncurrent Liabilities	<u>666,552</u>	<u>165,712</u>	<u>832,264</u>
Total Liabilities	<u>682,584</u>	<u>174,491</u>	<u>857,075</u>
NET POSITION			
Net investment in capital assets	1,996,692	2,656,207	4,652,899
Restricted-Debt service	112,300	53,576	165,876
Unrestricted	941,470	169,379	1,110,849
Total Net Position	<u>\$ 3,050,462</u>	<u>\$ 2,879,162</u>	<u>\$ 5,929,624</u>