

CITY OF CALVERTON PARK, MISSOURI

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2020

Draft

CITY OF CALVERTON PARK, MISSOURI
FINANCIAL REPORT

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position - Modified Cash Basis	9
Statement of Activities - Modified Cash Basis	10
Fund Financial Statements:	
Balance Sheet - Modified Cash Basis - Governmental Fund	11
Reconciliation of the Balance Sheet - Modified Cash Basis of the Governmental Fund to the Statement of Net Position - Modified Cash Basis	12
Statement of Revenues, Expenditures, and Change in Fund Balance - Modified Cash Basis - Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance - Modified Cash Basis of the Governmental Fund to the Statement of Activities - Modified Cash Basis	14
Notes to Financial Statements	15
SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance - Modified Cash Basis - Budget and Actual - General Fund	25
Notes to Schedule of Revenues, Expenditures, and Change in Fund Balance - Modified Cash Basis - Budget and Actual	29

15450 South Outer Forty Rd., Suite 135
Chesterfield, MO 63017
636.532.9525

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
CITY OF CALVERTON PARK, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of the **CITY OF CALVERTON PARK, MISSOURI** (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A-3; 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 City'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 City'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 and the major fund of the City as of June 30, 2020, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A-3.

Basis of Accounting

We draw attention to Note A-3 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 this matter.

Other Matters - Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note A-3.

The management's discussion and analysis 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 it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June XX, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich LLP

Chesterfield, Missouri
June XX, 2021

CITY OF CALVERTON PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

As management of the City of Calverton Park (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$484,011. The City has unrestricted net position of (\$81,548).
- As of the close of the current fiscal year, the City's governmental fund reported an ending fund balance of \$143,350.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position - modified cash basis presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities - modified cash basis presents information showing how the City's net position changed during the most recent fiscal year.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include administration, police, municipal court, street and health, building, emergency management, and sewer lateral.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City only maintains one governmental fund. It should be noted that the City does not have any fiduciary or proprietary funds.

Governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are

CITY OF CALVERTON PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

generally included on their balance sheet. 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet - modified cash basis and the governmental fund statement of revenues, expenditures, and change in fund balance - modified cash basis provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities.

The City maintains one governmental fund, the General Fund.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate legal compliance with the respective adopted budget.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplemental information. The MD&A and the budgetary comparison schedule represent additional financial information. Such information provides users of this report with data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

A condensed version of the statement of net position - modified cash basis follows:

CITY OF CALVERTON PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30		2020 Change	
	2020	2019	Amount	Percent
ASSETS				
Current assets	\$ 249,817	415,812	(165,995)	(40) %
Capital assets, net of depreciation	413,225	463,859	(50,634)	(11)
Total Assets	<u>663,042</u>	<u>879,671</u>	<u>(216,629)</u>	(25)
LIABILITIES				
Current liabilities	106,467	121,107	(14,640)	(12)
Noncurrent liabilities	72,564	101,861	(29,297)	(29)
Total Liabilities	<u>179,031</u>	<u>222,968</u>	<u>(43,937)</u>	(20)
NET POSITION				
Net investment in capital assets	340,661	361,998	(21,337)	(6)
Restricted	224,898	196,540	28,358	14
Unrestricted	(81,548)	98,165	(179,713)	(183)
Total Net Position	<u>\$ 484,011</u>	<u>656,703</u>	<u>(172,692)</u>	(26) %

As noted, net position may serve over time as a useful indicator of the City's financial position. As illustrated above, assets exceed liabilities by \$484,011 at the close of June 30, 2020.

One of the largest net position amounts reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses those capital assets to provide services to citizens; consequently, those assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the statement of activities - modified cash basis are as follows:

CITY OF CALVERTON PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

	For The Years Ended June 30		2020 Change	
	2020	2019	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 293,644	349,427	(55,783)	(16) %
Operating grants and contributions	93,308	92,577	731	1
Capital grants and contributions	-	96,000	(96,000)	100
Total Program Revenues	<u>386,952</u>	<u>538,004</u>	<u>(151,052)</u>	(28)
General revenues:				
Property taxes	31,606	32,953	(1,347)	(4)
Utility tax	86,155	89,493	(3,338)	(4)
Cable franchise tax	7,752	10,737	(2,985)	(28)
Sales and use tax	340,879	345,972	(5,093)	(1)
Investment income	842	3,843	(3,001)	(78)
Gain on sale of capital assets		21,220	(21,220)	(100)
Miscellaneous	43,161	24,626	18,535	75
Total General Revenues	<u>510,395</u>	<u>528,844</u>	<u>(18,449)</u>	(3)
Total Revenues	<u>897,347</u>	<u>1,066,848</u>	<u>(169,501)</u>	(16)
EXPENSES				
Administration	200,245	192,155	8,090	4
Police	708,175	733,225	(25,050)	(3)
Municipal court	110,176	102,657	7,519	7
Emergency management	10,697	9,441	1,256	13
Street	17,831	32,470	(14,639)	(45)
Building	4,070	3,319	751	23
Sewer lateral	12,519	-	12,519	(100)
Interest on long-term debt	6,326	268	6,058	2,260
Total Expenses	<u>1,070,039</u>	<u>1,073,535</u>	<u>(3,496)</u>	(0)
CHANGE IN NET POSITION	(172,692)	(6,687)	(166,005)	(2,483)
NET POSITION, JULY 1	<u>656,703</u>	<u>663,390</u>	<u>(6,687)</u>	(1)
NET POSITION, JUNE 30	<u>\$ 484,011</u>	<u>656,703</u>	<u>(172,692)</u>	(26) %

Revenues increased in the current fiscal year primarily due to the conveyance of land from St. Louis County that has been zoned for commercial purposes and an increase in public safety sales tax revenue. Expenses increased in the current fiscal year due to an increase in police salaries and related payroll taxes and benefits.

CITY OF CALVERTON PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the City's governmental fund is to provide information on inflows and balances of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At June 30, 2020, total fund balance was \$143,350, of which (\$81,548) was unassigned.

The fund balance in the City's General Fund decreased by \$151,355 or 51% of the prior year fund balance. The change in the current year's General Fund balance is mainly due to an increase in police salaries and other expenditures.

CAPITAL ASSETS

The City has invested \$413,225, net of accumulated depreciation, at June 30, 2020 in a broad range of capital assets, including land, buildings, equipment, and vehicles. This amount represents a net decrease for the current fiscal year (including additions and deductions) of \$50,634. The City's capital assets, net of accumulated depreciation, consisted of:

	June 30	
	2020	2019
Land	\$ 97,500	97,500
Buildings and improvements	175,361	184,449
Vehicles	100,034	136,894
Equipment	40,330	45,016
Total	\$ 413,225	463,859

Additional information on the City's capital assets can be found in Note C in the notes to the financial statements.

DEBT ADMINISTRATION

As of June 30, 2020, the City had two outstanding capital leases for two police vehicles and a police surveillance system. The outstanding long-term obligation on this capital leases as of June 30, 2020 was \$72,564. Additional information on the City's long-term debt can be found in Note D in the notes to the financial statements.

**CITY OF CALVERTON PARK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

BUDGETARY HIGHLIGHTS

Revenues were \$126,150 under the final budgeted amount of \$1,021,681 and expenditures were \$6,610 over the final budgeted amount of \$1,040,276.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the year ending June 30, 2021, the City projects General Fund revenues of \$1,017,602 and expenditures of \$1,022,485.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City Treasurer's office at the City of Calverton Park, 52 Young Drive, Calverton Park, MO 63135 or telephone, 314-524-1212.

Draft

CITY OF CALVERTON PARK, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash	\$ 143,350
Cash - restricted	106,467
Capital assets:	
Land	97,500
Other capital assets, net of accumulated depreciation	315,725
Total Assets	663,042
LIABILITIES	
Court bonds	106,467
Noncurrent liabilities:	
Due within one year	31,073
Due in more than one year	41,491
Total Liabilities	179,031
NET POSITION	
Net investment in capital assets	340,661
Restricted for:	
Police training	2,427
Public safety	56,801
Sewer lateral	165,670
Unrestricted	(81,548)
Total Net Position	\$ 484,011

Draft

CITY OF CALVERTON PARK, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) And Change In Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	
Governmental Activities				
Administration	\$ 200,245	12,802	-	(187,443)
Police	708,175	266,206	26,935	(415,034)
Municipal court	110,176	-	-	(110,176)
Emergency management	10,697	-	6,487	(4,210)
Street	17,831	-	59,886	42,055
Building	4,070	-	-	(4,070)
Sewer lateral	12,519	14,636	-	2,117
Interest on long-term debt	6,326	-	-	(6,326)
Total Governmental Activities	<u>\$ 1,070,039</u>	<u>293,644</u>	<u>93,308</u>	<u>(683,087)</u>
General Revenues				
Taxes:				
Property				31,606
Utility				86,155
Cable franchise				7,752
Sales and use				340,879
Investment income				842
Miscellaneous				43,161
Total General Revenues				<u>510,395</u>
CHANGE IN NET POSITION				(172,692)
NET POSITION, JULY 1				<u>656,703</u>
NET POSITION, JUNE 30				<u>\$ 484,011</u>

CITY OF CALVERTON PARK, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUND
JUNE 30, 2020

	General Fund
ASSETS	
Cash	\$ 143,350
Cash - restricted	106,467
Total Assets	\$ 249,817
 LIABILITIES AND FUND BALANCE	
Liabilities	
Court bonds	\$ 106,467
Fund Balance	
Restricted for:	
Police training	2,427
Public safety	56,801
Sewer lateral	165,670
Unassigned	(81,548)
Total Fund Balance	143,350
Total Liabilities And Fund Balance	\$ 249,817

Draft

CITY OF CALVERTON PARK, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020

Total Fund Balance - Governmental Fund \$ 143,350

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. The cost of the assets is \$714,358 and the accumulated depreciation is \$301,133. 413,225

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund. Long-term liabilities at year-end consist of:

Capital lease obligations outstanding (72,564)

Total Net Position Of Governmental Activities \$ 484,011

Draft

CITY OF CALVERTON PARK, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
REVENUES	
Taxes	\$ 518,526
Licenses and inspection fees	12,755
Investment income	842
Intergovernmental	29,340
Sewer lateral fees	14,636
Police fees and court costs	263,688
Other	55,744
Total Revenues	<u>895,531</u>
EXPENDITURES	
Current:	
Administration	187,483
Police	655,578
Municipal court	107,292
Emergency management	9,005
Street	17,103
Building	4,070
Capital outlay	30,732
Debt service:	
Principal	29,297
Interest	6,326
Total Expenditures	<u>1,046,886</u>
NET CHANGE IN FUND BALANCE	(151,355)
FUND BALANCE, JULY 1	<u>294,705</u>
FUND BALANCE, JUNE 30	<u><u>\$ 143,350</u></u>

CITY OF CALVERTON PARK, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - MODIFIED CASH BASIS OF THE GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Net Change In Fund Balance - Governmental Fund \$ (151,355)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$53,681 exceeded capital outlays over the capitalization threshold \$3,047 in the current period. (50,634)

Lease proceeds are reported as financing sources in the governmental fund and thus contribute to the net change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental fund but reduces the liability in the statement of net position.

Repayments of capital lease 29,297

Change In Net Position Of Governmental Activities \$ (172,692)

CITY OF CALVERTON PARK, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF CALVERTON PARK, MISSOURI** (the City), was incorporated on November 24, 2014 and operates under a Mayor and Board of Aldermen form of government. The City provides various services including general administrative services, police protection, emergency management, streets and health, municipal court, and sewer lateral.

The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City does not currently have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Individual funds are not displayed but the statements distinguish governmental activities, which normally are supported by taxes and intergovernmental revenues, from business-type activities, which rely on a significant extent on fees and charges for support.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund. The City only has one governmental fund, the General Fund.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

CITY OF CALVERTON PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Measurement Focus

In the government-wide statement of net position - modified cash basis and the statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, all governmental funds utilize a "current financial resources" measurement focus as applied to 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.

Basis of Accounting

In the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenses/expenditures when they result from cash transactions with a provision for depreciation in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

If the City utilized the basis of accounting recognized as accounting principles generally accepted in the United States of America, the fund financial statements for the governmental fund would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City has only one fund, the General Fund, which is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF CALVERTON PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Cash and Investments

State statutes authorize the City to invest in certificates of deposit, certain obligations or guaranteed obligations of the United States and its agencies, collateralized repurchase agreements, bankers' acceptances, commercial paper, and money market accounts. Investments are reported at fair value.

5. Property Taxes

The City's property taxes are levied in October of each year based on the assessed value as of the prior January 1 for all taxable real property located within the City. Payment is due upon receipt of billing and becomes delinquent after December 31. Property taxes are billed and collected by St. Louis County and remitted by the County to the City. The City receives 98.5% of property tax collections (1/2% is paid to the St. Louis County Assessor and 1% is paid to the St. Louis County Collector for their services).

For fiscal year 2020, the City's tax rate per \$100 of assessed valuation was \$0.348 for residential real property, \$0.422 for commercial real property, and \$0.298 for personal property.

6. Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the financial statements where applicable. Capital assets are defined by the City as assets with an initial cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The City has elected not to record the historical cost of infrastructure placed in service prior to January 1, 2004.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is being computed on the straight-line method using asset lives as follows:

Asset	Years
Buildings and improvements	40
Machinery and equipment	7
Furniture and fixtures	7
Vehicles	5

CITY OF CALVERTON PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Restricted Cash

Certain resources set aside for court bonds are classified as restricted assets because their use is limited.

8. Compensated Absences

The policy for vacation pay allows employees to take time off with pay and requires vacation leave to be used prior to the next anniversary date.

The policy for sick pay allows employees to take 5 days (City Clerk) or 3 days (all other full-time employees) each year and cannot be carried over to the next year.

Because of the accounting method used, the City does not record a liability for unused vacation or sick time.

9. Use of Estimates

The preparation of financial statements requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end. Actual results could differ from those estimates.

10. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted -- The portion of fund balance that is subject to external restrictions constrained to specific purposes imposed by agreement, through constitutional provisions or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the Board of Aldermen, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the Board of Aldermen has designated authority.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Fund Balance Policies (Continued)

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least restricted.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 17% (2 months reserves) of annual current operating expenditures for the fiscal year.

NOTE B - CASH AND INVESTMENTS

1. Deposits

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.

As of June 30, 2020, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of June 30, 2020, the City had no investments:

Investments Policies

Custodial Credit Risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The City does not have a written investment policy covering custodial credit risk over investments.

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

CITY OF CALVERTON PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have a written investment policy covering concentration of credit risk.

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The City only has no investment as of June 30, 2020.

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets - governmental activities:

	For The Year Ended June 30, 2020			Balance June 30 2020
	Balance June 30 2019	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 97,500	-	-	97,500
Capital assets being depreciated:				
Buildings and improvements	363,500	-	-	363,500
Vehicles	184,303	-	-	184,303
Equipment	66,008	3,047	-	69,055
Total Capital Assets Being Depreciated	613,811	3,047	-	616,858
Less - Accumulated depreciation for:				
Buildings and improvements	179,051	9,088	-	188,139
Vehicles	47,409	36,860	-	84,269
Equipment	20,992	7,733	-	28,725
Total Accumulated Depreciation	247,452	53,681	-	301,133
Total Capital Assets Being Depreciated, Net	366,359	(50,634)	-	315,725
Capital Assets, Net	\$ 463,859	(50,634)	-	413,225

CITY OF CALVERTON PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

	For The Year Ended June 30 2020
Administration	\$ 9,088
Police	42,901
Emergency management	<u>1,692</u>
Total	<u>\$ 53,681</u>

NOTE D - LONG-TERM DEBT

A summary of changes in general long-term debt is as follows:

	For The Year Ended June 30, 2020			Amounts Due Within One Year	
	Balance June 30 2019	Additions	Payments		Balance June 30 2020
Capital lease obligations	\$ 101,861	-	29,297	72,564	31,073

The City has entered into lease agreements for financing the acquisition of certain police vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Interest rates on the capital leases range from 0% to 8.04%. The capitalized value of the police vehicle and equipment at June 30, 2020 was \$140,230 less accumulated depreciation of \$46,462.

The following is a schedule of future minimum lease payments:

	For The Years Ending June 30
2021	\$ 35,623
2022	35,623
2023	<u>9,101</u>
Total Minimum Lease Payments	<u>80,347</u>
Less - Amount representing interest	<u>7,783</u>
Present Value Of Future Minimum Lease Payments	<u>\$ 72,564</u>

CITY OF CALVERTON PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - PENSION PLAN

The City's single employer defined contribution plan provides benefits for all of its employees through a simplified employer pension plan (the Plan) administered by Lord Abbett. The Plan was adopted during 1987. Benefits under the Plan depend solely on amounts contributed to the Plan plus earnings. Employees are eligible to participate after one year of service. Participant accounts are participant directed.

The City's contribution for each employee and interest allocated to the employee's account are fully vested after five years continuous service. The City contributes an amount equal to 4% of the employees' base salary each month. The City has made the required 4% contributions, which amounted to \$16,941 for the year ended June 30, 2020.

NOTE F - RELATED PARTY TRANSACTIONS

The City uses the services of a company owned by an employee's family for street and property maintenance. Maintenance expenses paid to this company were \$24,435 for the year ended June 30, 2020.

NOTE G - OPERATING LEASES

The City has a noncancelable operating lease for office equipment. Future minimum lease payments as of June 30, 2020 are as follows:

For The Years Ending June 30	
2021	\$ 3,494
2022	3,494
2023	<u>2,330</u>
Total	<u>\$ 9,318</u>

Total rent expense was \$3,494 for the year ended June 30, 2020.

NOTE H - SEWER LATERAL CONTINGENCY

The City is collecting \$28 a year on all residential property containing six or fewer dwelling units to provide funds to pay the cost of certain repairs of defective lateral sewer lines serving such dwelling units. The owner of the dwelling unit may recover \$4,000 of owner's costs in repairing the defective lateral sewer lines.

CITY OF CALVERTON PARK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - SEWER LATERAL CONTINGENCY (Continued)

The City has established a separate bank account for the fees collected and sewer line repair costs paid. Reimbursements to owners are limited to amounts available in the sewer account. If no amounts are available in the sewer account, all eligible projects will be maintained on a waiting list until additional fees are received. Under no circumstances will the City make payments from its general account for sewer line repairs.

NOTE I - COMMITMENTS

The City has an agreement for codification services for the City code for a total contract price of \$12,185 of which \$3,720 was paid in fiscal year 2017. No payments were made during fiscal years 2019 and 2020. The remaining contract balance as of June 30, 2020 is \$8,465.

NOTE J - 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 covering each of those risks of loss. Health insurance is provided by a third-party insurance company. Settled claims did not exceed this commercial coverage in any of the past three years.

NOTE K - RESTRICTED NET POSITION

The government-wide statement of net position reports \$224,898 of restricted net position, all of which is restricted by enabling legislation.

NOTE L - CONTINGENCIES

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. Various suits and claims against the City are presently pending. It is management's opinion that any liability resulting from pending suits in excess of insurance coverage will not have a material effect on the basic financial statements of the City at June 30, 2020.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June XX, 2021, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION SECTION

Draft

CITY OF CALVERTON PARK, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - MODIFIED CASH BASIS -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Taxes			
Real estate and personal property	\$ 37,600	31,606	(5,994)
Capital improvement	92,000	84,822	(7,178)
Utility	86,000	86,155	155
Cigarette	2,600	2,638	38
Gasoline	35,000	35,618	618
Public safety	77,784	70,088	(7,696)
Road and bridges	10,000	8,891	(1,109)
Sales and use	189,860	183,331	(6,529)
Motor vehicle	16,877	15,377	(1,500)
Total Taxes	<u>547,721</u>	<u>518,526</u>	<u>(29,195)</u>
Licenses and Inspection Fees	<u>12,600</u>	<u>12,755</u>	<u>155</u>
Investment Income	<u>3,010</u>	<u>842</u>	<u>(2,168)</u>
Intergovernmental			
Grants	<u>37,500</u>	<u>29,340</u>	<u>(8,160)</u>
Sewer Lateral Fees	<u>-</u>	<u>14,636</u>	<u>14,636</u>
Police Fines and Court Costs	<u>315,450</u>	<u>263,688</u>	<u>(51,762)</u>
Other			
Abatement assessment	15,000	26,770	11,770
Insurance proceeds	3,600	9,219	5,619
Cable TV franchise	10,700	7,752	(2,948)
Miscellaneous	76,100	12,003	(64,097)
Total Other	<u>105,400</u>	<u>55,744</u>	<u>(49,656)</u>
Total Revenues	<u>1,021,681</u>	<u>895,531</u>	<u>(126,150)</u>
EXPENDITURES			
Administration			
Salaries	38,509	34,551	(3,958)
Payroll taxes	2,946	2,264	(682)
Pension	1,478	1,200	(278)
Attorney fees	11,000	10,357	(643)
Attorney fees - MOPERM	15,000	-	(15,000)
Audit/accounting/professional fees	9,000	120	(8,880)
Bank charges/payroll processing fees	3,000	5,511	2,511
Code enforcement expenses	4,200	4,797	597

(Continued)

CITY OF CALVERTON PARK, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - MODIFIED CASH BASIS -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)			
Administration (Continued)			
Elections	600	723	123
Insurance - medical	15,580	10,574	(5,006)
Insurance	38,300	55,189	16,889
Insurance - workers' compensation	520	93	(427)
Maintenance	15,000	26,491	11,491
Membership dues/seminars	1,500	801	(699)
Mileage	200	274	74
Miscellaneous	2,220	6,598	4,378
Office supplies	1,200	1,645	445
Postage	1,600	1,276	(324)
Public notice	1,000	-	(1,000)
Recodification	1,860	-	(1,860)
Board compensation	6,000	6,163	163
Utilities	18,000	18,856	856
Capital outlay	3,447	19,537	16,090
Total Administration	<u>192,160</u>	<u>207,020</u>	<u>14,860</u>
Police			
Salaries	433,890	441,970	8,080
Payroll taxes	32,280	33,436	1,156
Pension	16,000	14,266	(1,734)
Dispatching	16,100	15,540	(560)
Gas and oil	22,000	18,737	(3,263)
Information technology	13,000	14,093	1,093
Insurance - medical	62,000	69,685	7,685
Insurance - workers' compensation	13,000	14,286	1,286
Membership dues	5,275	3,892	(1,383)
Office supplies	1,300	1,322	22
Prisoner evidence supplies	800	2,290	1,490
Professional fees	3,375	2,816	(559)
Telephone and cable	2,200	719	(1,481)
Training	-	5,202	5,202
Uniform expense and vests	8,808	9,211	403
Vehicle operation and maintenance	17,125	3,600	(13,525)
Miscellaneous	5,658	4,513	(1,145)
Debt service:			
Principal retirement	35,432	29,297	(6,135)
Interest and other costs	-	6,326	6,326
Capital outlay	7,434	7,880	446
Total Police	<u>695,677</u>	<u>699,081</u>	<u>3,404</u>

(Continued)

CITY OF CALVERTON PARK, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - MODIFIED CASH BASIS -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

EXPENDITURES (Continued)	Original And Final Budget	Actual	Over (Under) Budget
Municipal Court			
Bank charges	800	2,892	2,092
System maintenance	5,600	5,352	(248)
Salaries	42,091	40,556	(1,535)
Payroll taxes	3,220	2,900	(320)
Pension	1,684	1,208	(476)
Insurance - workers' compensation	160	140	(20)
Insurance - medical/dental	15,580	11,909	(3,671)
Temporary - court clerk	300	351	51
Telephone	1,340	3,674	2,334
Mileage	165	36	(129)
Prosecuting attorney	10,345	11,936	1,591
Prosecuting clerk	2,821	2,404	(417)
Judge	11,940	11,936	(4)
Defendants' case management	1,800	1,343	(457)
Prisoner housing	8,000	6,420	(1,580)
Membership dues/seminars	500	85	(415)
Office supplies	3,200	4,150	950
Capital outlay	5,894	2,884	(3,010)
Total Municipal Court	115,440	110,176	(5,264)
Emergency Management			
Salaries	5,200	5,200	-
Membership dues/seminars	175	-	(175)
Miscellaneous	175	140	(35)
Office supplies	200	-	(200)
Rental	1,000	-	(1,000)
Telephone and cable	2,080	1,668	(412)
Training	300	-	(300)
COVID-19	-	1,997	1,997
Capital outlay	400	-	(400)
Total Emergency Management	9,530	9,005	(525)
Street			
Salaries	1,000	150	(850)
Payroll taxes	92	-	(92)
Pension	42	-	(42)
Insurance - workers' compensation	191	28	(163)
Ice and snow removal	10,000	16,925	6,925
Tree work	1,000	-	(1,000)
Capital Outlay	10,600	431	(10,169)
Total Street	22,925	17,534	(5,391)

(Continued)

CITY OF CALVERTON PARK, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - MODIFIED CASH BASIS -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)			
Building			
Salaries	3,940	3,363	(577)
Payroll taxes	264	300	36
Pension	110	267	157
Insurance - workers' compensation	230	140	(90)
Total Building	4,544	4,070	(474)
Total Expenditures	1,040,276	1,046,886	6,610
 NET CHANGE IN FUND BALANCE	\$ (18,595)	(151,355)	(132,760)
 FUND BALANCE, JULY 1		294,705	
 FUND BALANCE, JUNE 30		\$ 143,350	

Draft

CITY OF CALVERTON PARK, MISSOURI
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

Budgetary Data

The City's policy is to adopt an annual budget for the General Fund in accordance with the modified cash basis of accounting. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to June each year, proceedings are held with input from citizens and City personnel regarding the annual operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any fund balance at the end of such year.
- b. Prior to June 30, the budget is legally adopted and enacted through passage of an ordinance.
- c. Formal budgetary integration is employed as a management control device during the year.
- d. Budget amendments must be approved by the Board of Aldermen. The current year budget includes amendments.
- e. All annual appropriations lapse at fiscal year-end.

Expenditures exceeded appropriations for the year ended June 30, 2020 as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund	\$ 1,040,276	1,046,886	6,610

These over expenditures were covered by current year revenues or available fund balance.

15450 South Outer Forty Rd., Suite 135
Chesterfield, MO 63017
636.532.9525

SIKICH.COM

**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
CITY OF CALVERTON PARK, MISSOURI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the **CITY OF CALVERTON PARK, MISSOURI** (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated **June XX, 2021**. That report noted the financial statements were prepared on the modified cash basis of accounting.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described below that we consider to be a significant deficiency.

The deficiency criteria and condition are that material adjustments had to be made to the City's year-end financial statements. The deficiency cause and effect are the City did not adequately include court account bank activity in the general ledger. The City will ensure all court account bank transactions are included in the financial statements and provide additional review of year-end financial records.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliances or other matters that are required to be reported under *Government Auditing Standards*.

CITY'S RESPONSE TO FINDING

The City's response to the finding is described above. This response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

Sikich LLP

Chesterfield, Missouri

June XX, 2021

15450 South Outer Forty Rd., Suite 135
Chesterfield, MO 63017
636.532.9525

SIKICH.COM

Honorable Mayor and Board of Aldermen
CITY OF CALVERTON PARK, MISSOURI

We have audited the financial statements of the governmental activities and the major fund of the **CITY OF CALVERTON PARK, MISSOURI** (the City) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 8, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of depreciation expense of its depreciable capital assets is based upon management's assumptions regarding the useful lives of these assets.

Management makes various other accounting estimates related to investments and long-term debt. These estimates are based on market value and historical experience.

We evaluated the key factors and the assumptions used to develop the above estimates and determined they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements considered to be material, either individually or in the aggregate. Refer to the attached schedule labeled Adjusting Journal Entries for a summary of the corrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June XX, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the supplemental information, as listed in the table of contents of the financial report, which accompany the financial statements. With respect to this supplemental information, we made certain inquiries of management and evaluated the form, content, and methods

of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The management's discussion and analysis 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 it.

Restriction on Use

This information is intended solely for the information and use of management, the Mayor, and the Board of Aldermen, and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Chesterfield, Missouri

June XX, 2021

Draft

CITY OF CALVERTON PARK, MISSOURI

**ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1			
To record prior year adjusting journal entries.			
12100	Court Cash	5,787.00	
1220	Court Bond Account	27,818.00	
2000	Accounts Payable	3,014.00	
2100	Other Payable		8,352.00
22000	Court Bonds Liability		27,818.00
3900	General Fund Balance		449.00
Total		<u>36,619.00</u>	<u>36,619.00</u>
Adjusting Journal Entries JE # 2			
To remove workers comp for payable and reallocate amounts between accounts.			
5164	Police - Worker's Comp Insurance	14,286.00	
5174	Police - Prop P expense	838.00	
5209	Building - Worker's Comp In	140.00	
6319	Court - Worker's Comp Insurance	140.00	
5431	Worker's Comp Insurance	93.00	
5514	Street - Worker's Comp Ins	28.00	
5605	Emrg Mngnt - Miscellaneous	140.00	
2100	Other Payable		13,339.00
5431	Worker's Comp Insurance		2,326.00
Total		<u>15,665.00</u>	<u>15,665.00</u>
Adjusting Journal Entries JE # 3			
To close out immaterial payable accounts for cash basis.			
2200	Payroll Liabilities	227.00	
2100	Other Payable		17.00
2600	State Police Training		19.00
5413	City - Miscellaneous		191.00
Total		<u>227.00</u>	<u>227.00</u>
Adjusting Journal Entries JE # 4			
To correct transfer from General Fund cash to Sewer Fund cash.			
3000	Loan	23,000.00	
5426	City - Sewer Lateral Repairs		23,000.00
Total		<u>23,000.00</u>	<u>23,000.00</u>
Adjusting Journal Entries JE # 5			
To correct court bond cash.			
22000	Court Bonds Liability	16,106.00	
1220	Court Bond Account		16,106.00
Total		<u>16,106.00</u>	<u>16,106.00</u>
Adjusting Journal Entries JE # 6			
To correct court bond.			
4005	Court - Court Fines	7,091.00	
12100	Court Cash		7,091.00
Total		<u>7,091.00</u>	<u>7,091.00</u>

P.O. Box 1457
1000 Washington Square
Washington, MO 63090
636.239.4785

SIKICH.COM

**COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL
AND OTHER COMMENTS TO MANAGEMENT**

Honorable Mayor and Board of Aldermen
CITY OF CALVERTON PARK, MISSOURI

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. 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 **CITY OF CALVERTON PARK, MISSOURI** (the City'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.

During our audit, we also identify certain matters which we communicate only to management. While many of these matters are operational in nature, they may include internal control deficiencies that do not meet the definition of a significant deficiency or material weakness. We have chosen to communicate these matters in this communication. This letter does not affect our report dated June XX, 2021, on the financial statements of the City.

This communication is intended solely for the information and use of management, the Mayor, and the Board of Aldermen, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sikich LLP

Chesterfield, Missouri
June XX, 2021

CITY OF CALVERTON PARK, MISSOURI
SCHEDULE OF MANAGEMENT COMMENTS
AND RECOMMENDATIONS

Findings for the year ended June 30, 2020:

1. COMMENT

As noted in the prior year, the City has not transferred the sewer lateral revenues from periods prior to fiscal year 2015 to the sewer lateral bank account. This money is restricted for sewer projects and should be transferred to the sewer lateral bank account as soon as it is received by the City.

RECOMMENDATION

The City transferred the current fiscal year sewer lateral funds to the sewer lateral bank account on a timely basis. However, there are still prior fiscal year sewer lateral funds that have not been transferred. We recommend the City transfer these restricted funds to the sewer lateral bank account as well.

2. COMMENT

As noted in the prior year, the City does not have an accounting policies and procedures manual documenting cash receipts, month-end and year-end closing procedures, fuel purchasing, and investments. Documented policies will help ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good manual should aid in the training of new employees and allow for delegation to other employees of some accounting functions. Written procedures will help reduce misunderstandings, duplicated procedures, and potential fraud possibilities.

RECOMMENDATION

We recommend the City develop an accounting procedures manual in order to communicate its accounting procedures to other personnel and also to document the approved procedures. It will take some time and effort for management to develop a manual; however, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. The policies should include all aspects of the City's accounting.

3. COMMENT

As noted in the prior year, the court bond outstanding list consists of bonds that are very old. The courts are currently in the process of reviewing older bonds for proper resolution.

RECOMMENDATION

We encourage the City to continue to review the court bond outstanding list to ensure all outstanding bonds are current and have been addressed for proper resolution.

CITY OF CALVERTON PARK, MISSOURI
SCHEDULE OF MANAGEMENT COMMENTS
AND RECOMMENDATIONS

4. COMMENT

As noted in the prior year, we noted the City is not obtaining approvals or retaining supporting documentation for journal entries as outlined in the City's journal entry policy.

RECOMMENDATION

We recommend the City document review and approval of all journal entries and retain supporting documentation for all journal entries as outlined in the City's policy.

5. COMMENT

As noted in the prior year, during our cash receipts testing, we noted some receipt copies were not initialed as approved and included in deposits as part of the review process of cash receipt transactions.

RECOMMENDATION

We recommend a documented review of all receipts recorded in the receipt books verifying their inclusion in bank deposits by someone other than the employee accepting the cash receipts at the City Hall window.

6. COMMENT

At June 30, 2020, the general fund balance was (\$81,548) and the amount of excess expenditures budgeted for 2021 is \$4,883. The City's Fund Balance Policy's target is to maintain an unrestricted fund balance of not less than 17% of annual operating expenditures for the fiscal year.

RECOMMENDATION

We recommend the City review its budgeted amounts for 2021 and consider if there are ways to revise the future revenues and expenditures.