

*CITY OF CARL JUNCTION, MISSOURI*

Annual Financial Report

*Year ended April 30, 2005*

MENSE, CHURCHWELL & MENSE, P.C.  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Carl Junction  
Carl Junction, MO 64834

We have audited the accompanying financial statements of cash receipts, disbursements and changes in cash balances – all funds; and cash receipts, disbursements, and changes in cash balance – budget and actual for each fund of the City of Carl Junction, Missouri, as of and for the year ended April 30, 2005. These financial statements are the responsibility of the City of Carl Junction, Missouri's management. 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Carl Junction, Missouri has prepared these financial statements using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are not intended to be a complete presentation of the financial position and results of operations of the City of Carl Junction, Missouri in conformity with accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the cash basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

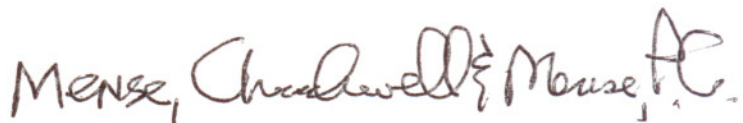
**INDEPENDENT AUDITOR'S REPORT  
(CONTINUED)**

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Carl Junction, Missouri as of April 30, 2005, or the changes in its financial position for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of all funds of the City of Carl Junction, Missouri as of April 30, 2005, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2005, on our consideration of City of Carl Junction, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carl Junction, Missouri's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



MENSE, CHURCHWELL & MENSE, P. C.  
Certified Public Accountants

Joplin, Missouri  
June 22, 2005



## CITY OF CARL JUNCTION, MISSOURI

## Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - All Funds

For the year ended April 30, 2005

| Funds                 | Beginning<br>Cash Balances<br>May 1, 2004 | Cash<br>Receipts       | Disbursements          | Ending<br>Cash Balances<br>April 30, 2005 |
|-----------------------|---|------------------------|------------------------|---|
| General Fund          | \$ 212,521.91                             | \$ 1,194,742.13        | \$ 1,285,268.62        | \$ 121,995.42                             |
| Special Revenue Funds | 722,304.40                                | 822,863.86             | 801,046.51             | 744,121.75                                |
| Debt Service Fund     | 628,428.05                                | 153,059.67             | 532,721.00             | 248,766.72                                |
| Capital Projects Fund | 72,746.27                                 | 804,927.16             | 732,201.20             | 145,472.23                                |
| Enterprise Funds      | 932,612.74                                | 1,182,018.48           | 1,446,330.43           | 668,300.79                                |
|                       | <u>\$ 2,568,613.37</u>                    | <u>\$ 4,157,611.30</u> | <u>\$ 4,797,567.76</u> | <u>\$ 1,928,656.91</u>                    |

The notes to the financial statements are an integral part of the statement.

**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
General Fund  
For the year ended April 30, 2005

|   | Original<br>Budget     | Final<br>Budget        | Actual                 | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------------|------------------------|------------------------|--|
| <b>Cash Receipts</b>  |                        |                        |                        |  |
| Taxes   | \$ 485,000.00          | \$ 485,000.00          | \$ 586,349.77          | \$ 101,349.77                          |
| Intergovernmental   | -                      | -                      | 215,989.81             | 215,989.81                             |
| Licenses and permits  | 17,000.00              | 17,000.00              | 30,878.57              | 13,878.57                              |
| Charges for services  | 59,200.00              | 59,200.00              | 76,120.89              | 16,920.89                              |
| Fines, forfeits and penalties                                 | 65,000.00              | 65,000.00              | 91,651.18              | 26,651.18                              |
| Uses of money and property                                    | 22,600.00              | 22,600.00              | 22,680.65              | 80.65                                  |
| Miscellaneous and insurance proceeds                          | 4,250.00               | 4,250.00               | 28,534.46              | 24,284.46                              |
| Transfers in  | 195,131.00             | 290,000.00             | 142,536.80             | (147,463.20)                           |
| <b>Total Cash Receipts</b>                                    | <b>\$ 848,181.00</b>   | <b>\$ 943,050.00</b>   | <b>\$ 1,194,742.13</b> | <b>\$ 251,692.13</b>                   |
| <b>Disbursements</b>  |                        |                        |                        |  |
| Animal control  | \$ 5,500.00            | \$ 5,500.00            | \$ 3,486.34            | \$ 2,013.66                            |
| Auto expense  | 1,100.00               | 1,100.00               | 1,876.95               | (776.95)                               |
| Capital outlay  | 101,025.00             | 209,025.00             | 341,067.42             | (132,042.42)                           |
| Education and training  | 8,200.00               | 8,200.00               | 6,960.08               | 1,239.92                               |
| Election expense  | 2,000.00               | 2,000.00               | 3,541.68               | (1,541.68)                             |
| Fringe benefits   | 122,308.00             | 122,308.00             | 141,104.41             | (18,796.41)                            |
| Gas and oil   | 16,000.00              | 23,000.00              | 22,054.97              | 945.03                                 |
| Insurance   | 41,301.00              | 54,585.00              | 67,880.12              | (13,295.12)                            |
| Janitorial expense  | 1,620.00               | 1,620.00               | 2,400.00               | (780.00)                               |
| Laboratory fees   | 3,500.00               | 3,500.00               | 1,560.00               | 1,940.00                               |
| Membership dues   | 2,500.00               | 2,500.00               | 4,796.43               | (2,296.43)                             |
| Miscellaneous   | 11,400.00              | 63,000.00              | 21,985.30              | 41,014.70                              |
| Office supplies and expense                                   | 32,400.00              | 32,400.00              | 30,594.09              | 1,805.91                               |
| Other supplies  | 6,775.00               | 6,775.00               | 11,298.40              | (4,523.40)                             |
| Payroll expense   | 548,950.00             | 561,910.00             | 559,146.20             | 2,763.80                               |
| Prisoner expense  | 3,500.00               | 3,500.00               | 4,935.45               | (1,435.45)                             |
| Professional fees   | 19,325.00              | 19,325.00              | 12,971.70              | 6,353.30                               |
| Rent  | 900.00                 | 900.00                 | 900.00                 | -                                      |
| Repairs and maintenance                                       | 11,650.00              | 11,650.00              | 22,764.85              | (11,114.85)                            |
| Retirement  | 2,923.00               | 2,923.00               | 3,035.95               | (112.95)                               |
| Telephone   | 12,150.00              | 12,150.00              | 11,073.42              | 1,076.58                               |
| Uniforms  | 3,500.00               | 3,500.00               | 1,992.63               | 1,507.37                               |
| Utilities   | 9,000.00               | 9,000.00               | 7,842.23               | 1,157.77                               |
| <b>Total Disbursements</b>                                    | <b>\$ 967,527.00</b>   | <b>\$ 1,160,371.00</b> | <b>\$ 1,285,268.62</b> | <b>\$ (124,897.62)</b>                 |
| <b>Excess of Cash Receipts<br/>Over (Under) Disbursements</b> | <b>\$ (119,346.00)</b> | <b>\$ (217,321.00)</b> | <b>\$ (90,526.49)</b>  | <b>\$ 126,794.51</b>                   |
| Cash - Beginning of Year                                      | 212,521.91             | 212,521.91             | 212,521.91             | -                                      |
| Cash - End of Year  | <u>\$ 93,175.91</u>    | <u>\$ (4,799.09)</u>   | <u>\$ 121,995.42</u>   | <u>\$ 126,794.51</u>                   |

The notes to the financial statements are an integral part of the statement.

**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
Special Revenue Funds  
For the year ended April 30, 2005

|   | Original<br>Budget    | Final<br>Budget        | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------------|------------------------|----------------------|--|
| <b>Cash Receipts</b>  |                       |                        |                      |  |
| Taxes   | \$ 310,000.00         | \$ 310,000.00          | \$ 340,032.57        | \$ 30,032.57                           |
| Intergovernmental   | 200,000.00            | 200,000.00             | 430,025.68           | 230,025.68                             |
| Licenses and permits  | 1,000.00              | 1,000.00               | 727.50               | (272.50)                               |
| Charges for services  | 20,000.00             | 20,000.00              | 15,718.83            | (4,281.17)                             |
| Uses of money and property                                    | 5,700.00              | 5,700.00               | 36,359.28            | 30,659.28                              |
| Miscellaneous and insurance proceeds                          | 500.00                | 500.00                 | -                    | (500.00)                               |
| <b>Total Cash Receipts</b>                                    | <b>\$ 537,200.00</b>  | <b>\$ 537,200.00</b>   | <b>\$ 822,863.86</b> | <b>\$ 285,663.86</b>                   |
| <b>Disbursements</b>  |                       |                        |                      |  |
| Auto expense  | \$ 750.00             | \$ 750.00              | \$ 590.43            | \$ 159.57                              |
| Capital outlay  | 24,110.00             | 89,525.00              | 104,445.49           | (14,920.49)                            |
| Clothing allowance  | 350.00                | 350.00                 | 499.98               | (149.98)                               |
| Education and training  | 200.00                | 200.00                 | -                    | 200.00                                 |
| Fringe benefits   | 20,955.00             | 20,955.00              | 20,552.25            | 402.75                                 |
| Gas and oil   | 5,300.00              | 7,360.00               | 10,449.44            | (3,089.44)                             |
| Insurance   | 9,040.00              | 9,040.00               | 12,966.72            | (3,926.72)                             |
| Membership dues   | 2,000.00              | 2,000.00               | 2,265.99             | (265.99)                               |
| Miscellaneous   | 3,000.00              | 3,000.00               | 3,742.35             | (742.35)                               |
| Office supplies and expense                                   | 1,000.00              | 1,000.00               | 2,354.93             | (1,354.93)                             |
| Other supplies  | 26,475.00             | 29,800.00              | 27,392.04            | 2,407.96                               |
| Payroll expense   | 120,459.00            | 134,999.00             | 128,588.78           | 6,410.22                               |
| Professional fees   | 11,625.00             | 11,625.00              | 34,758.40            | (23,133.40)                            |
| Repairs and maintenance                                       | 102,400.00            | 102,400.00             | 128,349.97           | (25,949.97)                            |
| Retirement  | 551.00                | 551.00                 | 643.13               | (92.13)                                |
| Street lighting   | 18,500.00             | 18,500.00              | 23,854.73            | (5,354.73)                             |
| Telephone   | 1,820.00              | 1,820.00               | 1,606.41             | 213.59                                 |
| Transfers out   | 195,131.00            | 290,000.00             | 290,000.00           | -                                      |
| Utilities   | 8,200.00              | 8,200.00               | 7,985.47             | 214.53                                 |
| <b>Total Disbursements</b>                                    | <b>\$ 551,866.00</b>  | <b>\$ 732,075.00</b>   | <b>\$ 801,046.51</b> | <b>\$ (68,971.51)</b>                  |
| <b>Excess of Cash Receipts<br/>Over (Under) Disbursements</b> | <b>\$ (14,666.00)</b> | <b>\$ (194,875.00)</b> | <b>\$ 21,817.35</b>  | <b>\$ 216,692.35</b>                   |
| Cash - Beginning of Year                                      | 722,304.40            | 722,304.40             | 722,304.40           | -                                      |
| Cash - End of Year  | <b>\$ 707,638.40</b>  | <b>\$ 527,429.40</b>   | <b>\$ 744,121.75</b> | <b>\$ 216,692.35</b>                   |

The notes to the financial statements are an integral part of the statement.



**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
Debt Service Fund  
For the year ended April 30, 2005

|   | Original<br>Budget          | Final<br>Budget             | Actual                      | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------------------|-----------------------------|-----------------------------|--|
| Cash Receipts   |                             |                             |                             |  |
| Taxes   | \$ 130,000.00               | \$ 130,000.00               | \$ 151,238.81               | \$ 21,238.81                           |
| Uses of money and property                            | 5,000.00                    | 5,000.00                    | 1,820.86                    | (3,179.14)                             |
| Total Cash Receipts                                   | <u>\$ 135,000.00</u>        | <u>\$ 135,000.00</u>        | <u>\$ 153,059.67</u>        | <u>\$ 18,059.67</u>                    |
| Disbursements   |                             |                             |                             |  |
| Debt service  | <u>\$ 111,050.00</u>        | <u>\$ 598,050.00</u>        | <u>\$ 532,721.00</u>        | <u>\$ 65,329.00</u>                    |
| Total Disbursements                                   | <u>\$ 111,050.00</u>        | <u>\$ 598,050.00</u>        | <u>\$ 532,721.00</u>        | <u>\$ 65,329.00</u>                    |
| Excess of Cash Receipts<br>Over (Under) Disbursements | \$ 23,950.00                | \$ (463,050.00)             | \$ (379,661.33)             | \$ 83,388.67                           |
| Cash - Beginning of Year                              | <u>628,428.05</u>           | <u>628,428.05</u>           | <u>628,428.05</u>           | <u>-</u>                               |
| Cash - End of Year                                    | <u><u>\$ 652,378.05</u></u> | <u><u>\$ 165,378.05</u></u> | <u><u>\$ 248,766.72</u></u> | <u><u>\$ 83,388.67</u></u>             |

The notes to the financial statements are an integral part of the statement.

**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
Capital Projects Fund  
For the year ended April 30, 2005

|   | Original<br>Budget | Final<br>Budget | Actual        | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------|---------------|--|
| Cash Receipts   |                    |                 |               |  |
| Intergovernmental                                     | \$ -               | \$ -            | \$ 656,526.27 | \$ 656,526.27                          |
| Uses of money and property                            | -                  | -               | 937.69        | 937.69                                 |
| Transfers in  | -                  | -               | 147,463.20    | 147,463.20                             |
| Total Cash Receipts                                   | \$ -               | \$ -            | \$ 804,927.16 | \$ 804,927.16                          |
| Disbursements   |                    |                 |               |  |
| Capital outlay  | \$ -               | \$ -            | \$ 658,644.88 | \$ (658,644.88)                        |
| Transfers out   | -                  | -               | 73,556.32     | (73,556.32)                            |
| Total Disbursements                                   | \$ -               | \$ -            | \$ 732,201.20 | \$ (732,201.20)                        |
| Excess of Cash Receipts<br>Over (Under) Disbursements | \$ -               | \$ -            | \$ 72,725.96  | \$ 72,725.96                           |
| Cash - Beginning of Year                              | -                  | -               | 72,746.27     | 72,746.27                              |
| Cash - End of Year                                    | \$ -               | \$ -            | \$ 145,472.23 | \$ 145,472.23                          |

The notes to the financial statements are an integral part of the statement.



**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
Enterprise Fund  
For the year ended April 30, 2005

|   | Original<br>Budget     | Final<br>Budget        | Actual                 | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------------|------------------------|------------------------|--|
| <b>Cash Receipts</b>  |                        |                        |                        |  |
| Charges for services  | \$ 937,775.00          | \$ 937,775.00          | \$ 1,056,206.11        | \$ 118,431.11                          |
| Intergovernmental   | -                      | -                      | 6,201.00               | 6,201.00                               |
| Use of money and property                                     | 3,500.00               | 3,500.00               | 6,942.81               | 3,442.81                               |
| Other   | 28,000.00              | 28,000.00              | 39,112.24              | 11,112.24                              |
| Transfers in  | -                      | -                      | 73,556.32              | 73,556.32                              |
| <b>Total Cash Receipts</b>                                    | <b>\$ 969,275.00</b>   | <b>\$ 969,275.00</b>   | <b>\$ 1,182,018.48</b> | <b>\$ 212,743.48</b>                   |
| <b>Disbursements</b>  |                        |                        |                        |  |
| Auto expense  | \$ 1,500.00            | \$ 1,500.00            | \$ 1,230.59            | \$ 269.41                              |
| Capital outlay  | 280,915.00             | 711,315.00             | 542,462.00             | 168,853.00                             |
| Clothing allowance  | 1,100.00               | 1,100.00               | 865.65                 | 234.35                                 |
| Debt service  | 55,000.00              | 55,000.00              | 153,241.39             | (98,241.39)                            |
| Education and training  | 200.00                 | 200.00                 | 268.67                 | (68.67)                                |
| Fringe benefits   | 47,285.00              | 47,285.00              | 47,411.84              | (126.84)                               |
| Gas and oil   | 6,000.00               | 6,000.00               | 11,165.89              | (5,165.89)                             |
| Insurance   | 20,614.00              | 20,614.00              | 18,951.36              | 1,662.64                               |
| Laboratory fees   | -                      | -                      | 192.00                 | (192.00)                               |
| Membership dues   | 4,000.00               | 4,000.00               | 8,408.73               | (4,408.73)                             |
| Miscellaneous   | 3,000.00               | 3,000.00               | 19,563.90              | (16,563.90)                            |
| Office supplies and expense                                   | 14,000.00              | 14,000.00              | 14,885.20              | (885.20)                               |
| Other supplies  | 46,970.00              | 46,970.00              | 78,966.09              | (31,996.09)                            |
| Payroll expense   | 273,727.00             | 273,727.00             | 261,764.46             | 11,962.54                              |
| Professional fees   | 25,250.00              | 41,950.00              | 61,277.17              | (19,327.17)                            |
| Repairs and maintenance                                       | 51,100.00              | 87,500.00              | 132,911.57             | (45,411.57)                            |
| Retirement  | 1,526.00               | 1,526.00               | 1,866.08               | (340.08)                               |
| Telephone   | 3,250.00               | 3,250.00               | 2,669.26               | 580.74                                 |
| Transfers out   | 104,200.00             | 104,200.00             | -                      | 104,200.00                             |
| Utilities   | 77,150.00              | 77,150.00              | 88,228.58              | (11,078.58)                            |
| <b>Total Disbursements</b>                                    | <b>\$ 1,016,787.00</b> | <b>\$ 1,500,287.00</b> | <b>\$ 1,446,330.43</b> | <b>\$ 53,956.57</b>                    |
| <b>Excess of Cash Receipts<br/>Over (Under) Disbursements</b> | <b>\$ (47,512.00)</b>  | <b>\$ (531,012.00)</b> | <b>\$ (264,311.95)</b> | <b>\$ 266,700.05</b>                   |
| Cash - Beginning of Year                                      | 932,612.74             | 932,612.74             | 932,612.74             | -                                      |
| Cash - End of Year  | <u>\$ 885,100.74</u>   | <u>\$ 401,600.74</u>   | <u>\$ 668,300.79</u>   | <u>\$ 266,700.05</u>                   |

The notes to the financial statements are an integral part of the statement.

## CITY OF CARL JUNCTION, MISSOURI

Notes to the Financial Statements

April 30, 2005

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### I.A. INTRODUCTION

The City of Carl Junction, Missouri is incorporated and operates as a fourth class city as provided for in Chapter 79 of the Missouri Revised Statutes (RSMO). The City operates under an elected Mayor/Board of Aldermen form of government. The City's major operations include health services, public safety, recreation and parks, and general administrative services. In addition, the City provides water and sewer services.

The accompanying financial statements present the cash receipts, disbursements, and changes in cash balances of all funds of the City of Carl Junction, Missouri, and comparisons of such information with the corresponding budgeted information for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Enterprise Fund.

#### I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

- I.B.1.** These financial statements present the financial information of the City of Carl Junction, Missouri, the primary government.

Component units of the City are based on significant influence which the City exercises over such units. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City has no component units.

#### I.B.2. FUNDS AND ACCOUNT GROUPS

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

##### **Governmental Fund Types**

**General Fund** – The General Fund is the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes.



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (CONTINUED)**

**I.B.2. FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**Governmental Fund Types (Continued)**

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and payment of governmental fund type debt including general obligation bonds.

**Capital Projects Fund** – The Capital Projects Fund is used to account for transfers from the General Fund and proceeds from grants which are used for payment on City construction projects.

**I.C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements are prepared on the cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

**I.D. BUDGETARY DATA**

The City is required by State Statutes to prepare an annual operating budget. The budget shall present a complete financial plan for the ensuing budget year and shall include at least the following information:

- (1) A budget message;
- (2) Estimated receipts and a comparative statement of actual or estimated receipts for the two preceding years itemized by year, fund, and source;

**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I.D. BUDGETARY DATA (CONTINUED)**

- (3) Proposed disbursements together with a comparative statement of actual or estimated disbursements for the two preceding years itemized by year, fund, activity and object;
- (4) Amount required for debt payment; and
- (5) A general budget summary.

The Board of Aldermen follow these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to May 1, Mayor submits to the City Council a proposed operating budget for the fiscal year commencing May 1.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to May 1, the budget is legally enacted through passage of an ordinance.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Proprietary Funds.

The budget may be revised. If total disbursements are increased the City shall adopt a resolution setting forth the facts and reasons making the increase necessary. In no event shall total authorized expenditures from a fund exceed the estimated revenues plus the unencumbered beginning balance.

**I.E. CASH AND INVESTMENTS**

The City maintains a demand deposit account that is available for use by all funds. Cash applicable to a particular fund is readily identifiable.

The City is allowed to invest in obligations of the United States Government or any agency thereof, maturing and becoming payable not more than three years from date of purchase. In addition the City may enter into repurchase agreements maturing and becoming payable within ninety days, secured by United States Governmental Agencies or Instrumentality's of any maturity.



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I.F. CASH RECEIPTS AND DISBURSEMENTS**

**I.F.1 Sales Tax**

The City levies a one percent sales tax and a one-half percent transportation on taxable sales within the City. The tax is collected by the Missouri Department of Revenue and remitted to the City. Pursuant to ordinance the transportation tax is restricted to street improvements and repairs.

**I.F.2 Property Taxes**

Property taxes are an enforceable lien on property as of January 1. Taxes are levied November 1 and are due and payable in full by December 31, unpaid taxes become delinquent after December 31. The City bills and collects its own property taxes.

The assessed valuation of the tangible taxable property for the calendar year 2004 for purposes of local taxation was:

|                   |                      |
|-------------------|----------------------|
| Real Estate       | \$ 42,375,117        |
| Personal Property | <u>11,670,805</u>    |
|                   | <u>\$ 54,045,922</u> |

The tax levy of \$100.00 of the assessed valuation of tangible property for the calendar year was:

|              |                 |
|--------------|-----------------|
| General      | \$ .5090        |
| Debt Service | <u>.2455</u>    |
|              | <u>\$ .7545</u> |

**I.F.3 Compensated Absences**

Vacation and sick leave are considered to be expenditures in the year paid. Vacation leave may not accrue from one year to the next. Unused vacation leave is paid in the event of termination. An employee may accumulate up to 45 days of sick leave. Unused sick leave is forfeited upon termination. At April 30, 2005, the liability for unused sick leave had not been determined. The City compensates employees for overtime worked by accruing compensatory time off at the rate of 1.5 times the employee's normal rate of pay and 2 times for Sundays and holidays. An employee

**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I.F.3 Compensated Absences (Continued)**

may accrue up to 40 hours of compensatory time off per year. At April 30, 2005 the estimated unused accrued compensatory time off was amounted to approximately \$8,525.98. The amount attributed to enterprise funds could not be determined. The amount to be paid from current resources is not significant.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**II.A. BUDGET COMPLIANCE**

The General Fund and Special Revenue Fund disbursements exceeded the adopted budget. The overage was funded by the available beginning cash balance in the Special Revenue Fund. However, the total authorized expenditures in the General Fund exceeded the estimated revenues plus the unencumbered beginning balance in the final budget.

**II.B. PLEDGED SECURITIES**

The City has adequate collateral pledged to secure the City's deposits in excess of federal depository insurance as indicated in Note III.A.1.

**II.C. GENERAL OBLIGATION DEBT**

**II.C.1 General Obligation Bonds (State Revolving Fund Program) Series 1994**

The bond ordinance relating to the General Obligation Bonds (State Revolving Fund Program) Series 1994 contains a number of restrictions or covenants that are financial related.

The ordinance authorizing the issuance of the general obligation bonds above requires the following fund and account be maintained by the City in connection therewith:

- a) Debt Service Fund
- b) Depreciation and Replacement Account



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**II.C.1 General Obligation Bonds (State Revolving Fund Program) Series 1994  
(Continued)**

**Distributions from the Construction Fund**

The City has assigned the proceeds of the Bonds held in the Construction Account to the State Environmental Improvements and Energy Resources Authority (the Authority) to secure the City's obligations under the Ordinance. Moneys in the Construction Account shall be disbursed to the City for the sole purpose of paying the cost of extending and improving the sewerage system in accordance with the plans and specifications prepared by the Consulting Engineer, Allgeier, Martin & Associates, Inc., approved by the Governing Body of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the Governing Body of the City, and for paying the costs and expenses incident to the issuance of the Bonds.

Requisitions shall be submitted for withdrawals from the Construction Account and accompanied by a certificate executed by the Authorized Representative that such payment is being made for a purpose within the scope of the Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof.

**Application of Moneys in the Debt Service Fund**

The City covenants that all amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the principal of and interest on the Bonds as and when the same become due. The City will administer and allocate all of the moneys held in the Debt Service Fund on the dates and in the amounts as provided.

**Tax Covenant**

For the purpose of providing for the payment of the principal of and interest on the Bonds as the same become due, there shall be levied upon all of the taxable tangible property, real and personal, within the City a direct ad valorem tax sufficient to produce the additional amounts necessary for the payment of such principal and interest and other amounts as the same becomes due and payable in each year.



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**II.C. GENERAL OBLIGATION DEBT (CONTINUED)**

**II.C.1 General Obligation Bonds (State Revolving Fund Program) Series 1994 (Continued)**

**Tax Covenant (Continued)**

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected. The proceeds derived from said taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Mayor or chief financial officer of the City is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes are collected.

**II.C.2 Capital Lease Obligations**

On June 1, 2004, the City entered into a lease-purchase agreement with Commerce Bank, NA for a police vehicle. The lease is payable annually at \$6,413.24, final payment due June 1, 2006, subject to non-appropriation of funds. Total cost of vehicle is \$19,239.72.

On February 4, 2004, the City entered into a lease-purchase agreement with Commerce Bank, NA for a New Holland tractor. The lease is payable annually at \$6,541.11, final payment due February 4, 2006, subject to non-appropriation of funds. Total cost of the tractor is \$19,623.33.

On January 8, 2004, the City entered into a lease-purchase agreement with Commerce Bank, NA for a police vehicle. The lease is payable annually at \$6,765.62, final payment due January 8, 2006, subject to non-appropriation of funds. Total cost of vehicle is \$20,296.86.

**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**II.C. GENERAL OBLIGATION DEBT (CONTINUED)**

**II.C.2 Capital Lease Obligations (Continued)**

On March 1, 1999, the City entered into a lease-purchase agreement with Freeman Health Systems for a City Hall facility. The lease is payable monthly at \$329.17, final payment due February 1, 2009, subject to non-appropriation of funds. Total cost of building is \$40,000.

On December 6, 1995, the City entered into a municipal lease and option agreement with Municipal Financial Group, Inc. to erect two new water towers, drill a new well and install 8" water lines. The lease is payable at \$34,576.75 semi-annually, final payment due December 6, 2005 subject to non-appropriation of funds. Total cost of the project is \$537,598.85.

**II.C.3 Notes Payable**

On October 21, 1997, the City purchased a building to be used by the Street Department and Water Department. In connection with the purchase, the City assumed a promissory note in the amount of \$75,000.00, the beneficiary of which is the Beth I. Henkley Trust. Payments are due with interest at 9% at \$1,098.77 per month, final payment by August 8, 2005.

On July 30, 2004, the City executed a promissory note in the amount of \$54,412.00 from the Missouri Department of Natural Resources to finance the costs of construction of ballpark lighting. Payments are due semiannually at \$2,951.50, final payment by February 1, 2014.

**II.D. BOND DEFEASANCE**

On June 1, 2004, the City transferred \$512,943.75 from the Debt Service Fund to an escrow account to provide for refunding of \$500,000.00 of Series 1994 General Obligation Bonds.

GASB Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of April 30, 2005, the outstanding balances of bond series that have been refunded and defeased in substance by transferring funds to irrevocable escrow accounts to provide for all future debt payments was \$490,000.00.



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**II.E. ENTERPRISE FUND DEBT**

**II.E.1 Revenue Bonds (State Revolving Fund Program) Series 2002**

The bond ordinance relating to the Revenue Bonds (State Revolving Fund Program) Series 2002 contains a number of restrictions or covenants that are financial related. The ordinance authorizing the issuance of the revenue bonds above requires the following accounts be maintained by the City in connection therewith:

- a) Construction Account
- b) Reserve Account
- c) Debt Service Account
- d) Principal Account
- e) Interest Account

**Distributions from the Construction Fund**

The City has assigned the proceeds of the Bonds held in the Construction Account to the State Environmental Improvements and Energy Resources Authority (the Authority) to secure the City's obligations under the Ordinance. Moneys in the Construction Account shall be disbursed to the City for the sole purpose of paying the cost of extending and improving the sewerage system in accordance with the plans and specifications prepared by the Consulting Engineer, Allgeier, Martin & Associates, Inc., approved by the Governing Body of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the Governing Body of the City, and for paying the costs and expenses incident to the issuance of the Bonds.

Requisitions shall be submitted for withdrawals from the Construction Account and accompanied by a certificate executed by the Authorized Representative that such payment is being made for a purpose within the scope of the Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof.

**Application of Moneys in the Revenue Fund**

The City covenants that all amounts paid and credited to the Revenue Fund shall be expended and used by the City for the sole purpose of paying the principal of and interest on the Bonds as and when the same become due. The City will administer and allocate all of the moneys held in the Revenue Fund on the dates and in the amounts as provided.

**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**II.E. ENTERPRISE FUND DEBT (CONTINUED)**

**II.E.1 Revenue Bonds (State Revolving Fund Program) Series 2002 (Continued)**

**Rate Covenant**

The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the waterworks system to produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the system; (b) pay the principal of and interest on the bonds as and when due; (c) enable the City to have in each fiscal year net revenues of not less than 110% of the amount required to be paid by the City in the fiscal year on account of both principal of and interest on all system revenue bonds at the time outstanding, provided that interest on any SRF program bonds will be reduced by the SRF subsidy, if any; and (d) provide reasonable and adequate reserves for the payment of the bonds and the interest thereon and for the protection and benefit of the system as provided. The City will require prompt payment of accounts for services rendered by or through the system and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

**II.E.2 Revenue Bonds (State Revolving Fund Program) Series 2003**

The bond ordinance relating to the Revenue Bonds (State Revolving Fund Program) Series 2003 contains a number of restrictions or covenants that are financial related.

The ordinance authorizing the issuance of the revenue bonds above requires the following accounts be maintained by the City in connection therewith:

- a) Construction Account
- b) Reserve Account
- c) Debt Service Account
- d) Principal Account
- e) Interest Account

**Distributions from the Construction Fund**

The City has assigned the proceeds of the Bonds held in the Construction Account to the State Environmental Improvements and Energy Resources Authority (the Authority) to secure the City's obligations under the Ordinance. Moneys in the Construction Account shall be disbursed to the City for the sole purpose of paying the cost of extending and improving the waterworks system in accordance with the plans and specifications prepared by the Consulting Engineer, Allgeier, Martin & Associates, Inc., approved by the Governing Body of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**II.E. ENTERPRISE FUND DEBT (CONTINUED)**

**II.E.2 Revenue Bonds (State Revolving Fund Program) Series 2003 (Continued)**

deemed advisable by the Consulting Engineer and approved by the Governing Body of the City, and for paying the costs and expenses incident to the issuance of the Bonds.

Requisitions shall be submitted for withdrawals from the Construction Account and accompanied by a certificate executed by the Authorized Representative that such payment is being made for a purpose within the scope of the Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof.

**Application of Moneys in the Revenue Fund**

The City covenants that all amounts paid and credited to the Revenue Fund shall be expended and used by the City for the sole purpose of paying the principal of and interest on the Bonds as and when the same become due. The City will administer and allocate all of the moneys held in the Revenue Fund on the dates and in the amounts as provided.

**Rate Covenant**

The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the waterworks system to produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the system; (b) pay the principal of and interest on the bonds as and when due; (c) enable the City to have in each fiscal year net revenues of not less than 110% of the amount required to be paid by the City in the fiscal year on account of both principal of and interest on all system revenue bonds at the time outstanding, provided that interest on any SRF program bonds will be reduced by the SRF subsidy, if any; and (d) provide reasonable and adequate reserves for the payment of the bonds and the interest thereon and for the protection and benefit of the system as provided. The City will require prompt payment of accounts for service rendered by or through the system and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES**

**III.A. DEPOSITS AND INVESTMENTS**

**Deposits -**

The City's policies regarding deposits of cash are discussed in Note I.E. The table presented below is designed to disclose the level of custody credit risk assumed by the City based upon how its deposits were insured or secured with collateral at April 30, 2005. The categories of credit risk are defined as follows:

- Category 1 - Insured by FDIC, commercial insurance, or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 - Uninsured and uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not the City's name).

| Type of Deposits | Total Bank<br>Balance | Custody Credit Risk Category |             |                       | Total Carrying<br>Value |
|------------------|-----------------------|------------------------------|-------------|-----------------------|-------------------------|
|                  |                       | 1                            | 2           | 3                     |                         |
| Demand deposits  | \$2,200,676.39        | \$100,000.00                 | \$ -        | \$2,100,676.39        | \$1,927,956.91          |
| Total Deposits   | <u>\$2,200,676.39</u> | <u>\$100,000.00</u>          | <u>\$ -</u> | <u>\$2,100,676.39</u> | \$1,927,956.91          |
| Petty cash       |                       |                              |             |                       | <u>700.00</u>           |
|                  |                       |                              |             |                       | <u>\$1,928,656.91</u>   |

**Investments -**

The City's policies and applicable laws regarding investments are discussed in Note I.E. During the year ended April 30, 2005 the City invested idle funds in interest bearing deposit accounts with the Community Bank & Trust.

**III.B. RESTRICTED ASSETS**

The following amounts of the respective ending cash balances of the following funds are restricted as follows:

|                             |                    |
|-----------------------------|--------------------|
| General Fund-               |                    |
| Customer Deposits and Bonds | \$ <u>6,257.99</u> |



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)**

**III.B. RESTRICTED ASSETS (CONTINUED)**

|                   |                     |
|-------------------|---------------------|
| Enterprise Fund-  |                     |
| Replacements      | \$ 9,555.40         |
| Customer Deposits | <u>82,413.39</u>    |
|                   | <u>\$ 91,968.79</u> |

The amounts above are composed of:

|   |                     |
|---|---------------------|
| Deposits- Community Bank and Trust, Carl Junction, Missouri | <u>\$ 98,226.78</u> |
|---|---------------------|

**III.C. LONG-TERM DEBT**

The City's long-term debt is to be repaid from governmental type funds and proprietary type funds.

As of April 30, 2005, the long-term debt consisted of the following:

Bonds Payable

|  |                       |
|--|-----------------------|
| 1994 Series General Obligation Bonds (State Revolving Fund Program) Series 1994, original issue amount \$1,300,000, dated November 1, 1994, interest rates from 5.25% to 7.20%, final maturity January 2014. | \$ 660,000.00         |
| 2002 Series Revenue Bonds (State Revolving Fund Program) Series 2002, original issue amount \$860,000, dated May 8, 2002, interest rates from 3.00% to 5.15%, final maturity January 2023.                   | 785,000.00            |
| 2003 Series Revenue Bonds (State Revolving Fund Program) Series 2003, original issue amount \$1,760,000.00, dated April 3, 2003, interest rates from 2.00% to 4.70%, final maturity January 2024.            | <u>1,685,000.00</u>   |
| Total Long-Term Debt   | <u>\$3,130,000.00</u> |

Capital Lease Obligations

|  |              |
|--|--------------|
| Lease purchase agreement on police vehicle, \$6,413.24 payable annually, final payment due June 1, 2006    | \$ 12,048.39 |
| Lease purchase agreement on tractor, \$6,541.11 payable annually, final payment due February 4, 2006       | 6,296.96     |
| Lease purchase agreement on police vehicle, \$6,765.62 payable annually, final payment due January 8, 2006 | 6,507.90     |



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)**

**III.C. LONG-TERM DEBT (CONTINUED)**

Capital Lease Obligations (Continued)

|   |                     |
|---|---------------------|
| Lease purchase agreement on building, \$329.17 payable monthly,<br>final payment due February 1, 2009                   | 15,141.42           |
| Municipal lease agreement on water project, payable semi-annually at<br>\$34,576.75, final payment due December 6, 2005 | <u>33,594.12</u>    |
| Total Capital Lease Obligations   | <u>\$ 73,588.79</u> |

Notes Payable

|  |                     |
|--|---------------------|
| Note payable on a building, payable monthly at \$1,098.77, final payment<br>due August 8, 2005               | \$ 4,313.28         |
| Note payable on ballpark lighting, payable semiannually at \$2,951.50,<br>final payment due February 1, 2014 | <u>51,460.50</u>    |
| Total Notes Payable  | <u>\$ 55,773.78</u> |

Accrued Compensated Absences

|   |                    |
|---|--------------------|
| Accrued compensated absences are comprised of compensatory time off | <u>\$ 8,525.98</u> |
|---|--------------------|

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2005:

| <u>Type of Debt</u>                 | <u>Balance</u><br><u>April 30, 2004</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u><br><u>April 30, 2005</u> |
|-------------------------------------|---|------------------|-------------------|---|
| General Obligation<br>Bonds Payable | \$1,170,000.00                          | \$ -0-           | 510,000.00        | \$ 660,000.00                           |
| Revenue Bonds Payable               | 2,585,000.00                            | -0-              | 115,000.00        | 2,470,000.00                            |
| Capital Lease<br>Obligations        | 176,379.23                              | 18,461.63        | 121,252.07        | 73,588.79                               |

**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**III. DETAILED NOTES ON FUNDS AND ACCOUNT BALANCES (CONTINUED)**

**III.C. LONG-TERM DEBT (CONTINUED)**

Changes in Long-Term Debt (Continued)

|                              |                       |                     |                      |                        |
|------------------------------|-----------------------|---------------------|----------------------|------------------------|
| Notes Payable                | 16,507.69             | 54,412.00           | 15,145.91            | 55,773.78              |
| Accrued Compensated Absences | <u>7,465.05</u>       | <u>1,060.93</u>     | <u>-0-</u>           | <u>8,525.98</u>        |
| Total Long-Term Debt         | <u>\$3,955,351.97</u> | <u>\$ 73,934.56</u> | <u>\$ 761,397.98</u> | <u>\$ 3,267,888.55</u> |

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt of the City as of April 30, 2005 are as follows:

| Year Ending<br>April 30,                | Long-Term<br>Debt     | Capital Lease<br>Obligations | Notes<br>Payable    |
|---|-----------------------|------------------------------|---------------------|
| 2006                                    | \$ 308,044.18         | \$ 58,246.76                 | \$ 10,297.44        |
| 2007                                    | 304,025.02            | 10,363.28                    | 5,903.00            |
| 2008                                    | 349,755.02            | 3,950.04                     | 5,903.00            |
| 2009                                    | 342,417.94            | 3,291.30                     | 5,903.00            |
| 2010                                    | 329,317.52            |                              | 5,903.00            |
| 2011-2015                               | 1,583,125.10          |                              | 21,945.50           |
| 2016-2020                               | 954,500.06            |                              |                     |
| 2021-2024                               | <u>653,236.26</u>     |                              |                     |
| Total Principal and interests           | \$4,824,421.10        | \$ 75,851.38                 | \$ 55,854.94        |
| Less interest                           | <u>1,694,421.10</u>   | <u>2,262.59</u>              | <u>81.16</u>        |
| Principal Outstanding at April 30, 2005 | <u>\$3,130,000.00</u> | <u>\$ 73,588.79</u>          | <u>\$ 55,773.78</u> |



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**IV. POST EMPLOYMENT BENEFITS**

**IV.A. EMPLOYEE PENSION PLAN**

1. Plan Description

The City of Carl Junction participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

2. Funding Status

The City of Carl Junction's full-time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 0.8% (general), 0.6% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

3. Annual Pension Cost

For 2004, the political subdivision's annual pension cost of \$33,339 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2002 and/or February 28, 2003 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women.

**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**IV. POST EMPLOYMENT BENEFITS (CONTINUED)**

**IV.A. EMPLOYEE PENSION PLAN (CONTINUED)**

3. Annual Pension Cost (Continued)

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2004 was 15 years.

| Fiscal<br>Year<br><u>Ending</u> | <u>Three-Year Trend Information</u> |  |                                     |
|---------------------------------|-------------------------------------|--|-------------------------------------|
|                                 | Annual<br>Pension<br>Cost (APC)     | Percentage<br>of APC<br><u>Contributed</u> | Net<br>Pension<br><u>Obligation</u> |
| 06/30/02                        | \$24,435                            | 100%                                       | \$0                                 |
| 06/30/03                        | \$32,320                            | 100%                                       | \$0                                 |
| 06/30/04                        | \$33,339                            | 100%                                       | \$0                                 |

**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Funding Progress

|                                       | (a)                                    | (b)   | (b-a)  | (a/b)           | (c)  | ((b-a)/c)                                       |
|---------------------------------------|--|---|--|-----------------|--|---|
| Actuarial<br>Valuation<br><u>Date</u> | Actuarial<br>Value<br><u>of Assets</u> | Entry Age<br>Actuarial<br>Liability<br><u>Liability</u> | Unfunded<br>Accrued<br>Liability<br><u>(UAL)</u> | Funded<br>Ratio | Annual<br>Covered<br>Payroll<br><u>Payroll</u> | UAL as a<br>Percentage of<br>Covered<br>Payroll |
| 02/28/02                              | \$ 433,286                             | \$237,697   | \$ (195,589)                                     | 182%            | \$ 475,288                                     |   |
| 02/28/03                              | 486,599                                | 315,134   | (171,465)  | 154%            | 698,683  |   |
| 02/28/04                              | 548,664                                | 371,485   | (177,179)  | 148%            | 736,235  |   |

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**V. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these various risks by carrying commercial insurance.



**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Financial Statements (Continued)  
April 30, 2005

**V.A. GRANT PROGRAM INVOLVEMENT**

The City receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State Agencies. Such audits could result in a request for reimbursement by the Federal and State Agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

**V.B. INTERFUND TRANSFERS**

Interfund transfers for the year ended April 30, 2005 consisted of the following:

| <u>Fund</u>      | <u>Transfers to:</u> | <u>Transfers from:</u> |
|------------------|----------------------|------------------------|
| General          | \$ 142,536.80        | \$ -                   |
| Special Revenue  | -                    | 290,000.00             |
| Capital Projects | 147,463.20           | 73,556.32              |
| Enterprise       | 73,556.32            | -                      |
| Total            | <u>\$ 363,556.32</u> | <u>\$ 363,556.32</u>   |

**V.B. LITIGATION**

The City is party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include provisions for loss on contingencies that may result from these proceedings, due to the insurance coverage maintained by the City. The City feels that any settlement or judgment not covered by insurance would not have a material effect on the financial condition of the City.

**VI. SEGMENT INFORMATION ON ENTERPRISE FUNDS**

The City maintains two enterprise funds that provide a variety of public services as defined in Note I.A. Selected financial information for business segments of enterprise funds for the year ended April 30, 2005, is presented as follows:

|                         | <u>Sewer Fund</u>    | <u>Water Fund</u>    |
|-------------------------|----------------------|----------------------|
| Operating Revenues      | \$ 480,932.48        | \$ 601,676.01        |
| Operating Income (Loss) | \$ 1,957.93          | \$(346,088.84)       |
| Net Income (Loss)       | \$ 71,547.91         | \$(339,730.98)       |
| Total Assets            | \$ 480,917.52        | \$ 187,383.27        |
| Total Liabilities       | \$ 5,228.99          | \$ 77,184.40         |
| Total Equity            | <u>\$ 475,688.53</u> | <u>\$ 110,198.87</u> |

## CITY OF CARL JUNCTION, MISSOURI

 Combining Statement of Cash Receipts,  
 Disbursements and Changes in Cash Balances  
 Special Revenue Funds  
 For the year ended April 30, 2005

|   | Street<br>and Alley  | Parks                 | City<br>Sales Tax     | Municipal<br>Court  | Total                |
|---|----------------------|-----------------------|-----------------------|---------------------|----------------------|
| <b>Cash Receipts</b>  |                      |                       |                       |                     |                      |
| Taxes   | \$ 99,441.25         | \$ -                  | \$ 240,591.32         | \$ -                | \$ 340,032.57        |
| Intergovernmental   | 430,025.68           | -                     | -                     | -                   | 430,025.68           |
| Licenses and permits  | 727.50               | -                     | -                     | -                   | 727.50               |
| Charges for services  | -                    | 15,718.83             | -                     | -                   | 15,718.83            |
| Fines, forfeits and penalties                                 | -                    | -                     | -                     | 93,753.14           | 93,753.14            |
| Uses of money and property                                    | 31,011.42            | -                     | 5,347.86              | -                   | 36,359.28            |
| <b>Total Cash Receipts</b>                                    | <b>\$ 561,205.85</b> | <b>\$ 15,718.83</b>   | <b>\$ 245,939.18</b>  | <b>\$ 93,753.14</b> | <b>\$ 916,617.00</b> |
| <b>Disbursements</b>  |                      |                       |                       |                     |                      |
| Auto expense  | \$ 590.43            | \$ -                  | \$ -                  | \$ -                | \$ 590.43            |
| Capital outlay  | 35,566.43            | 68,879.06             | -                     | -                   | 104,445.49           |
| Clothing allowance  | 499.98               | -                     | -                     | -                   | 499.98               |
| Fines, forfeits and penalties                                 | -                    | -                     | -                     | 93,753.14           | 93,753.14            |
| Fringe benefits   | 20,552.25            | -                     | -                     | -                   | 20,552.25            |
| Gas and oil   | 8,096.16             | 2,353.28              | -                     | -                   | 10,449.44            |
| Insurance   | 10,971.84            | 1,994.88              | -                     | -                   | 12,966.72            |
| Membership dues   | 2,265.99             | -                     | -                     | -                   | 2,265.99             |
| Miscellaneous   | 2,146.98             | 1,592.37              | -                     | 3.00                | 3,742.35             |
| Office supplies and expense                                   | 2,354.93             | -                     | -                     | -                   | 2,354.93             |
| Other supplies  | 14,978.69            | 12,413.35             | -                     | -                   | 27,392.04            |
| Payroll expense   | 95,705.32            | 32,883.46             | -                     | -                   | 128,588.78           |
| Professional fees   | 34,758.40            | -                     | -                     | -                   | 34,758.40            |
| Repairs and maintenance                                       | 124,803.63           | 3,546.34              | -                     | -                   | 128,349.97           |
| Retirement  | 643.13               | -                     | -                     | -                   | 643.13               |
| Street lighting   | 23,854.73            | -                     | -                     | -                   | 23,854.73            |
| Telephone   | 1,227.02             | 379.39                | -                     | -                   | 1,606.41             |
| Transfers out (in)  | -                    | (29,369.00)           | 319,369.00            | -                   | 290,000.00           |
| Utilities   | 1,878.16             | 6,107.31              | -                     | -                   | 7,985.47             |
| <b>Total Disbursements</b>                                    | <b>\$ 380,894.07</b> | <b>\$ 100,780.44</b>  | <b>\$ 319,369.00</b>  | <b>\$ 93,756.14</b> | <b>\$ 894,799.65</b> |
| <b>Excess of Cash Receipts<br/>Over (Under) Disbursements</b> | <b>\$ 180,311.78</b> | <b>\$ (85,061.61)</b> | <b>\$ (73,429.82)</b> | <b>\$ (3.00)</b>    | <b>\$ 21,817.35</b>  |
| <b>Cash - Beginning of Year</b>                               | <b>35,954.71</b>     | <b>106,498.91</b>     | <b>579,847.78</b>     | <b>3.00</b>         | <b>722,304.40</b>    |
| <b>Cash - End of Year</b>                                     | <b>\$ 216,266.49</b> | <b>\$ 21,437.30</b>   | <b>\$ 506,417.96</b>  | <b>\$ -</b>         | <b>\$ 744,121.75</b> |

The notes to the financial statements are an integral part of the statement.



**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
Street and Alley Fund  
For the year ended April 30, 2005

|   | Original<br>Budget    | Final<br>Budget       | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------------|-----------------------|----------------------|--|
| <b>Cash Receipts</b>  |                       |                       |                      |  |
| Taxes   | \$ 90,000.00          | \$ 90,000.00          | \$ 99,441.25         | \$ 9,441.25                            |
| Intergovernmental   | 200,000.00            | 200,000.00            | 430,025.68           | 230,025.68                             |
| Licenses and permits  | 1,000.00              | 1,000.00              | 727.50               | (272.50)                               |
| Uses of money and property                                    | 1,200.00              | 1,200.00              | 31,011.42            | 29,811.42                              |
| Miscellaneous and insurance proceeds                          | 500.00                | 500.00                | -                    | (500.00)                               |
| <b>Total Cash Receipts</b>                                    | <b>\$ 292,700.00</b>  | <b>\$ 292,700.00</b>  | <b>\$ 561,205.85</b> | <b>\$ 268,505.85</b>                   |
| <b>Disbursements</b>  |                       |                       |                      |  |
| Auto expense  | \$ 750.00             | \$ 750.00             | \$ 590.43            | \$ 159.57                              |
| Capital outlay  | 21,870.00             | 21,870.00             | 35,566.43            | (13,696.43)                            |
| Clothing allowance  | 350.00                | 350.00                | 499.98               | (149.98)                               |
| Education and training  | 200.00                | 200.00                | -                    | 200.00                                 |
| Fringe benefits   | 20,955.00             | 20,955.00             | 20,552.25            | 402.75                                 |
| Gas and oil   | 5,000.00              | 5,000.00              | 8,096.16             | (3,096.16)                             |
| Insurance   | 7,430.00              | 7,430.00              | 10,971.84            | (3,541.84)                             |
| Membership dues   | 2,000.00              | 2,000.00              | 2,265.99             | (265.99)                               |
| Miscellaneous   | 1,500.00              | 1,500.00              | 2,146.98             | (646.98)                               |
| Office supplies and expense                                   | 1,000.00              | 1,000.00              | 2,354.93             | (1,354.93)                             |
| Other supplies  | 17,775.00             | 17,775.00             | 14,978.69            | 2,796.31                               |
| Payroll expense   | 98,728.00             | 98,728.00             | 95,705.32            | 3,022.68                               |
| Professional fees   | 11,625.00             | 11,625.00             | 34,758.40            | (23,133.40)                            |
| Repairs and maintenance                                       | 97,400.00             | 97,400.00             | 124,803.63           | (27,403.63)                            |
| Retirement  | 551.00                | 551.00                | 643.13               | (92.13)                                |
| Street lighting   | 18,500.00             | 18,500.00             | 23,854.73            | (5,354.73)                             |
| Telephone   | 1,400.00              | 1,400.00              | 1,227.02             | 172.98                                 |
| Utilities   | 1,700.00              | 1,700.00              | 1,878.16             | (178.16)                               |
| <b>Total Disbursements</b>                                    | <b>\$ 308,734.00</b>  | <b>\$ 308,734.00</b>  | <b>\$ 380,894.07</b> | <b>\$ (72,160.07)</b>                  |
| <b>Excess of Cash Receipts<br/>Over (Under) Disbursements</b> | <b>\$ (16,034.00)</b> | <b>\$ (16,034.00)</b> | <b>\$ 180,311.78</b> | <b>\$ 196,345.78</b>                   |
| <b>Cash - Beginning of Year</b>                               | <b>35,954.71</b>      | <b>35,954.71</b>      | <b>35,954.71</b>     | <b>-</b>                               |
| <b>Cash - End of Year</b>                                     | <b>\$ 19,920.71</b>   | <b>\$ 19,920.71</b>   | <b>\$ 216,266.49</b> | <b>\$ 196,345.78</b>                   |

The notes to the financial statements are an integral part of the statement.



**CITY OF CARL JUNCTION, MISSOURI**  
**Statement of Cash Receipts, Disbursements,**  
**and Changes in Cash Balances - Budget and Actual**  
**Park Fund**  
**For the year ended April 30, 2005**

|   | Original<br>Budget          | Final<br>Budget            | Actual                     | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------------------|----------------------------|----------------------------|--|
| <b>Cash Receipts</b>  |                             |                            |                            |  |
| Charges for services  | \$ 20,000.00                | \$ 20,000.00               | \$ 15,718.83               | \$ (4,281.17)                          |
| <b>Total Cash Receipts</b>                                    | <u>\$ 20,000.00</u>         | <u>\$ 20,000.00</u>        | <u>\$ 15,718.83</u>        | <u>\$ (4,281.17)</u>                   |
| <b>Disbursements</b>  |                             |                            |                            |  |
| Capital outlay  | \$ 2,240.00                 | \$ 67,655.00               | \$ 68,879.06               | \$ (1,224.06)                          |
| Gas and oil   | 300.00                      | 2,360.00                   | 2,353.28                   | 6.72                                   |
| Insurance   | 1,610.00                    | 1,610.00                   | 1,994.88                   | (384.88)                               |
| Miscellaneous   | 1,500.00                    | 1,500.00                   | 1,592.37                   | (92.37)                                |
| Other supplies  | 8,700.00                    | 12,025.00                  | 12,413.35                  | (388.35)                               |
| Payroll expense   | 21,731.00                   | 36,271.00                  | 32,883.46                  | 3,387.54                               |
| Repairs and maintenance                                       | 5,000.00                    | 5,000.00                   | 3,546.34                   | 1,453.66                               |
| Telephone   | 420.00                      | 420.00                     | 379.39                     | 40.61                                  |
| Transfers out (in)  | (29,369.00)                 | (29,369.00)                | (29,369.00)                | -                                      |
| Utilities   | 6,500.00                    | 6,500.00                   | 6,107.31                   | 392.69                                 |
| <b>Total Disbursements</b>                                    | <u>\$ 18,632.00</u>         | <u>\$ 103,972.00</u>       | <u>\$ 100,780.44</u>       | <u>\$ 3,191.56</u>                     |
| <b>Excess of Cash Receipts<br/>Over (Under) Disbursements</b> | <u>\$ 1,368.00</u>          | <u>\$ (83,972.00)</u>      | <u>\$ (85,061.61)</u>      | <u>\$ (1,089.61)</u>                   |
| <b>Cash - Beginning of Year</b>                               | <u>106,498.91</u>           | <u>106,498.91</u>          | <u>106,498.91</u>          | <u>-</u>                               |
| <b>Cash - End of Year</b>                                     | <u><u>\$ 107,866.91</u></u> | <u><u>\$ 22,526.91</u></u> | <u><u>\$ 21,437.30</u></u> | <u><u>\$ (1,089.61)</u></u>            |

The notes to the financial statements are an integral part of the statement.

**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
City Sales Tax Fund  
For the year ended April 30, 2005

|   | Original<br>Budget          | Final<br>Budget             | Actual                      | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------------------|-----------------------------|-----------------------------|--|
| Cash Receipts   |                             |                             |                             |  |
| Taxes   | \$ 220,000.00               | \$ 220,000.00               | \$ 240,591.32               | \$ 20,591.32                           |
| Uses of money and property                            | 4,500.00                    | 4,500.00                    | 5,347.86                    | 847.86                                 |
| Total Cash Receipts                                   | <u>\$ 224,500.00</u>        | <u>\$ 224,500.00</u>        | <u>\$ 245,939.18</u>        | <u>\$ 21,439.18</u>                    |
| Disbursements   |                             |                             |                             |  |
| Transfers out   | <u>\$ 224,500.00</u>        | <u>\$ 319,369.00</u>        | <u>\$ 319,369.00</u>        | <u>\$ -</u>                            |
| Total Disbursements                                   | <u>\$ 224,500.00</u>        | <u>\$ 319,369.00</u>        | <u>\$ 319,369.00</u>        | <u>\$ -</u>                            |
| Excess of Cash Receipts<br>Over (Under) Disbursements | \$ -                        | \$ (94,869.00)              | \$ (73,429.82)              | \$ 21,439.18                           |
| Cash - Beginning of Year                              | <u>579,847.78</u>           | <u>579,847.78</u>           | <u>579,847.78</u>           | <u>-</u>                               |
| Cash - End of Year                                    | <u><u>\$ 579,847.78</u></u> | <u><u>\$ 484,978.78</u></u> | <u><u>\$ 506,417.96</u></u> | <u><u>\$ 21,439.18</u></u>             |

The notes to the financial statements are an integral part of the statement.



**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
Waterworks Operation and Maintenance Account  
For the year ended April 30, 2005

|   | Original<br>Budget    | Final<br>Budget        | Actual                 | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------------|------------------------|------------------------|--|
| <b>Cash Receipts</b>  |                       |                        |                        |  |
| Charges for services  | \$ 532,700.00         | \$ 532,700.00          | \$ 571,569.67          | \$ 38,869.67                           |
| Use of money and property                                     | 2,000.00              | 2,000.00               | 943.93                 | (1,056.07)                             |
| Other   | 27,000.00             | 27,000.00              | 30,752.74              | 3,752.74                               |
| <b>Total Cash Receipts</b>                                    | <b>\$ 561,700.00</b>  | <b>\$ 561,700.00</b>   | <b>\$ 603,266.34</b>   | <b>\$ 41,566.34</b>                    |
| <b>Disbursements</b>  |                       |                        |                        |  |
| Auto expense  | \$ 750.00             | \$ 750.00              | \$ 640.19              | \$ 109.81                              |
| Capital outlay  | 224,535.00            | 611,535.00             | 469,237.30             | 142,297.70                             |
| Clothing allowance  | 550.00                | 550.00                 | 379.51                 | 170.49                                 |
| Debt service  | -                     | -                      | 99,217.12              | (99,217.12)                            |
| Education and training  | 100.00                | 100.00                 | -                      | 100.00                                 |
| Fringe benefits   | 20,690.00             | 20,690.00              | 20,739.13              | (49.13)                                |
| Gas and oil   | 5,000.00              | 5,000.00               | 8,482.90               | (3,482.90)                             |
| Insurance   | 10,281.00             | 10,281.00              | 8,976.96               | 1,304.04                               |
| Membership dues   | 2,000.00              | 2,000.00               | 6,142.77               | (4,142.77)                             |
| Miscellaneous   | 1,500.00              | 1,500.00               | 16,392.42              | (14,892.42)                            |
| Office supplies and expense                                   | 7,000.00              | 7,000.00               | 7,511.85               | (511.85)                               |
| Other supplies  | 12,275.00             | 12,275.00              | 23,744.84              | (11,469.84)                            |
| Payroll expense   | 136,517.00            | 136,517.00             | 129,774.70             | 6,742.30                               |
| Professional fees   | 11,625.00             | 11,625.00              | 28,185.76              | (16,560.76)                            |
| Repairs and maintenance                                       | 44,100.00             | 44,100.00              | 72,547.25              | (28,447.25)                            |
| Retirement  | 761.00                | 761.00                 | 922.93                 | (161.93)                               |
| Telephone   | 1,650.00              | 1,650.00               | 1,355.01               | 294.99                                 |
| Transfers out   | 76,200.00             | 76,200.00              | -                      | 76,200.00                              |
| Utilities   | 51,700.00             | 51,700.00              | 55,645.97              | (3,945.97)                             |
| <b>Total Disbursements</b>                                    | <b>\$ 607,234.00</b>  | <b>\$ 994,234.00</b>   | <b>\$ 949,896.61</b>   | <b>\$ 44,337.39</b>                    |
| <b>Excess of Cash Receipts<br/>Over (Under) Disbursements</b> | <b>\$ (45,534.00)</b> | <b>\$ (432,534.00)</b> | <b>\$ (346,630.27)</b> | <b>\$ 85,903.73</b>                    |
| Cash - Beginning of Year                                      | 413,115.99            | 413,115.99             | 413,115.99             | -                                      |
| Cash - End of Year  | <u>\$ 367,581.99</u>  | <u>\$ (19,418.01)</u>  | <u>\$ 66,485.72</u>    | <u>\$ 85,903.73</u>                    |

The notes to the financial statements are an integral part of the statement.

**CITY OF CARL JUNCTION, MISSOURI**  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Budget and Actual  
Sewer Operation and Maintenance Account  
For the year ended April 30, 2005

|   | Original<br>Budget    | Final<br>Budget       | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------------|-----------------------|----------------------|--|
| <b>Cash Receipts</b>  |                       |                       |                      |  |
| Charges for services  | \$ 405,000.00         | \$ 405,000.00         | \$ 480,932.48        | \$ 75,932.48                           |
| Use of money and property                                     | 1,500.00              | 1,500.00              | 5,070.21             | 3,570.21                               |
| Other   | 1,000.00              | 1,000.00              | 8,359.50             | 7,359.50                               |
| Transfers in  | -                     | -                     | 73,556.32            | 73,556.32                              |
| <b>Total Cash Receipts</b>                                    | <b>\$ 407,500.00</b>  | <b>\$ 407,500.00</b>  | <b>\$ 567,918.51</b> | <b>\$ 160,418.51</b>                   |
| <b>Disbursements</b>  |                       |                       |                      |  |
| Auto expense  | \$ 750.00             | \$ 750.00             | \$ 590.40            | \$ 159.60                              |
| Capital outlay  | 99,780.00             | 99,780.00             | 73,224.70            | 26,555.30                              |
| Clothing allowance  | 550.00                | 550.00                | 486.14               | 63.86                                  |
| Debt service  | 55,000.00             | 55,000.00             | 54,024.27            | 975.73                                 |
| Education and training  | 100.00                | 100.00                | 268.67               | (168.67)                               |
| Fringe benefits   | 26,595.00             | 26,595.00             | 26,672.71            | (77.71)                                |
| Gas and oil   | 1,000.00              | 1,000.00              | 2,682.99             | (1,682.99)                             |
| Insurance   | 10,333.00             | 10,333.00             | 9,974.40             | 358.60                                 |
| Laboratory fees   | -                     | -                     | 192.00               | (192.00)                               |
| Membership dues   | 2,000.00              | 2,000.00              | 2,265.96             | (265.96)                               |
| Miscellaneous   | 1,500.00              | 1,500.00              | 3,171.48             | (1,671.48)                             |
| Office supplies and expense                                   | 7,000.00              | 7,000.00              | 7,373.35             | (373.35)                               |
| Other supplies  | 34,695.00             | 34,695.00             | 55,221.25            | (20,526.25)                            |
| Payroll expense   | 137,210.00            | 137,210.00            | 131,989.76           | 5,220.24                               |
| Professional fees   | 30,325.00             | 30,325.00             | 33,091.41            | (2,766.41)                             |
| Repairs and maintenance                                       | 43,400.00             | 43,400.00             | 45,267.61            | (1,867.61)                             |
| Retirement  | 765.00                | 765.00                | 943.15               | (178.15)                               |
| Telephone   | 1,600.00              | 1,600.00              | 1,314.25             | 285.75                                 |
| Transfers out   | 28,000.00             | 28,000.00             | -                    | 28,000.00                              |
| Utilities   | 25,450.00             | 25,450.00             | 32,582.61            | (7,132.61)                             |
| <b>Total Disbursements</b>                                    | <b>\$ 506,053.00</b>  | <b>\$ 506,053.00</b>  | <b>\$ 481,337.11</b> | <b>\$ 24,715.89</b>                    |
| <b>Excess of Cash Receipts<br/>Over (Under) Disbursements</b> | <b>\$ (98,553.00)</b> | <b>\$ (98,553.00)</b> | <b>\$ 86,581.40</b>  | <b>\$ 185,134.40</b>                   |
| Cash - Beginning of Year                                      | 379,551.73            | 379,551.73            | 379,551.73           | -                                      |
| Cash - End of Year  | <u>\$ 280,998.73</u>  | <u>\$ 280,998.73</u>  | <u>\$ 466,133.13</u> | <u>\$ 185,134.40</u>                   |

The notes to the financial statements are an integral part of the statement.



**CITY OF CARL JUNCTION, MISSOURI**

Schedule of Expenditures of Federal Awards

For the Year Ended April 30, 2005

| <u>Federal Grantor/Pass-through Grantor/Program Title</u>   | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Entity<br/>Identifying<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|---|---------------------------------|
| Department of Homeland Security   |                                    |   |                                 |
| Pass-through programs from:   |                                    |   |                                 |
| State of Missouri Emergency Management Agency   | 97.036                             | N/A   | <u>\$ 54,000.67</u>             |
| TOTAL DEPARTMENT OF HOMELAND SECURITY   |                                    |   | <u><u>\$ 54,000.67</u></u>      |
| Department of Housing and Urban Development   |                                    |   |                                 |
| Pass-through programs from:   |                                    |   |                                 |
| Missouri Department of Economic Development -<br>Community Development Block Grants/State's Program | 14.228                             | N/A   | <u>\$ 549,111.39</u> *          |
| TOTAL DEPT OF HOUSING AND URBAN DEVELOPMENT   |                                    |   | <u><u>\$ 549,111.39</u></u>     |
| Department of Justice   |                                    |   |                                 |
| Direct program:   |                                    |   |                                 |
| Community Oriented Policing Services (COPS) Grant   | 16.710                             | N/A   | <u>\$ 1,034.63</u>              |
| TOTAL DEPARTMENT OF JUSTICE   |                                    |   | <u><u>\$ 1,034.63</u></u>       |
| TOTAL FEDERAL AWARDS  |                                    |   | <u><u>\$ 604,146.69</u></u>     |

\* Denotes major program

See notes to Schedule of Expenditures of Federal Awards

**CITY OF CARL JUNCTION, MISSOURI**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended April 30, 2005

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Carl Junction, Missouri and is presented on the cash basis of accounting wherein amounts are recognized when cash is received or disbursed. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**CITY OF CARL JUNCTION, MISSOURI**  
Summary Schedule of Prior Audit Findings  
For the Year Ended April 30, 2005

There are no prior audit findings that were required to be reported in accordance with section 510(a) of OMB Circular A-133.



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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 Carl Junction  
Carl Junction, MO 64834

We have audited the financial statements of City of Carl Junction, Missouri as of and for the year ended April 30, 2005, and have issued our report thereon dated June 22, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Carl Junction, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Carl Junction, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of



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*  
(CONTINUED)

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MENSE, CHURCHWELL & MENSE, P.C.  
Certified Public Accountants

Joplin, Missouri  
June 22, 2005



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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Board of Aldermen  
City of Carl Junction  
Carl Junction, MO 64834

Compliance

We have audited the compliance of City of Carl Junction, Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended April 30, 2005. City of Carl Junction, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Carl Junction, Missouri's management. Our responsibility is to express an opinion on City of Carl Junction, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Carl Junction, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Carl Junction, Missouri's compliance with those requirements.

In our opinion, City of Carl Junction, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2005.



REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

Internal Control Over Compliance

The management of City of Carl Junction, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Carl Junction, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MENSE, CHURCHWELL & MENSE, P.C.  
Certified Public Accountants

Joplin, Missouri  
June 22, 2005



**CITY OF CARL JUNCTION, MISSOURI**  
Schedule of Findings and Questioned Costs  
For the Year Ended April 30, 2005

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of City of Carl Junction, Missouri.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of City of Carl Junction, Missouri, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions in internal control over major federal awards program were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for City of Carl Junction, Missouri expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:
  - Community Development Block Grants/State's Program - CFDA #14.228
8. The threshold for distinguishing Type A and B programs was \$500,000.
9. City of Carl Junction, Missouri was not determined to be a low risk auditee.